



Scripture Union

Year in review

Trustees' annual
report & financial
statements

YEAR ENDED
31 MARCH
2019

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' and Strategic Reports) for year ended 31 March 2019

The Trustees are pleased to present their annual directors' report and financial statements of the charitable company for the year ended 31 March 2019 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	Chair (<i>retired 24 January 2019</i>)
	Mr Richard Godden	Chair (<i>appointed as trustee 19 July 2018 and as Chair 24 January 2019</i>)
	Mr Derek Adams	Treasurer (<i>retired as treasurer 19 July 2018 and as trustee 13 October 2018</i>)
	Ms Kim Hurst	Treasurer (<i>from 19 July 2018</i>)
	Mr Clive Beard	
	Mr Stephen Hallett	
	Rev Dr Edward Scrase-Field	
	Mrs Clare Walker	
	Mr Timothy Warren	
Leadership Team	Rev Timothy Hastie-Smith	National Director (<i>until 31 December 2018</i>)
	Dr Myles MacBean	National Director (<i>from 1 January 2019</i>)
	Mr David Thorpe	Managing Director
	Mr Terence Clutterham	Culture & Innovation Director
	Mrs Keren Mallinson	Mission Development Director
	Mr Stephen Vis	Finance & Services Director (<i>from 15 April 2019</i>)
	Mrs Rachel Warwick	Mobilisation Director (<i>from 10 June 2019</i>)
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 in England and Wales (SU), this was a year of continuity and transition as we looked to understand the persistent biblical distinctives of the SU Movement while determining how we best apply them in the cultural context of today's children and young people.

Leaving behind the prayerful celebration of our Jubilee year in 2017 and energised by our renewed focus on those who don't yet know Jesus, we started the not-inconsiderable task of prayerful discernment and strategic planning that will transform what we do and how we do it. All this is so that as a movement of volunteers, local churches, mission partners and staff, we might better connect with the children and young people of our communities; creating contemporary and culturally-appropriate opportunities for them to explore the unchanging truths of the Bible, respond to Jesus and grow in faith.

You will find this theme of continuity and transition reflected throughout this report, including:

- The continued growth of The 95 Campaign as across the Movement and beyond we witness a passionate engagement with our focus on those who don't know Jesus (*pages 4 and 6*).
- The renewed emphasis on SU as 'one movement' with the greater involvement of volunteers in developing content through initiatives such as the Creative Collective (*page 5*).
- Continuation of a series of research projects to better understand today's youngest generation, with a focus this year on Bible engagement, including digital engagement (*pages 6-7*).
- The further reimagining of our residential activities as missional events (*page 7*) and of our partnerships (*page 8*) for the estimated 95% of children and young people not regularly in church (The 95%).
- The increased outreach to The 95% in the 'public space' such as through mission-through-sport initiatives *Jumpers for Goalposts* and *Sticks for Stumps* (*page 7*).
- The increasing use of cross-media material such as *Diary of a Disciple* and *Rooted*, where a single missional concept is realised across face-to-face, print, web and video (*page 7*).
- The increasing impact of our new mission activities where now around 96% of children and young people engaged are not regularly in church (*page 7*).
- The expansion of *Guardians of Ancora* into other languages as we enable digital-native children to explore the Bible in their home environment of digital games (*page 9*).

The year has also been a time of significant change in the senior leadership of the Movement (*see page 8*). We thank God for Keith Civval, Derek Adams and Tim Hastie-Smith who have faithfully served SU for many years and who, during the year, moved on from their roles as Chair of Trustees, Honorary Treasurer and National Director respectively. We thank God, too, for the rich experience brought by Richard Godden as our new Chair of Trustees and Kim Hurst as our new Honorary Treasurer.

Amongst all this detail, perhaps three memories best reflect this time of continuity and transition for me in this year in which I became National Director:

- Our annual conference, where I experienced the reality of a broad movement coming together to recommit ourselves to 'unleashing the Bible' to a new generation.
- An inner-city visit with a member of staff and a local youth pastor, where I experienced the heart-warming impact of relationship building and Bible engagement woven into sports in the public space.
- Getting 'back to the beach', where it all started for SU, and seeing the unchanging place of relationship, Bible and Jesus at the seaside expertly contextualised for today's youngest generation.

John Stott famously called Christians to 'double listening': listening to the unchanging truth of the Word of God that we might believe and obey, while listening to the modern world in order that we might understand that world and relevantly communicate the unchanging truth to it.

Moving forward, we sense we are in the foothills of something big that God has in mind. Once again, we are practising 'double listening' just as Josiah Spiers did over 150 years ago as he went to where the children were, but the gospel wasn't. In a culture changing faster than ever before, we are only beginning to recognise the challenges coming our way, and the opportunities for Christ's church. However, as we seek to discern the unchanging distinctives while transitioning anything else to most effectively reach The 95%, we are above all excited. And we hope you are too!

Myles MacBean
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 SU's operating plan, we sought, from April 2018, to fulfil our long-term vision by pursuing 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%.
- 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%.

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 (**The 95%**), 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

- 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.

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.

Involving volunteers

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 5,561 known opportunities for volunteer involvement – the equivalent of 6,219 working weeks, or 132 full-time staff. Without this body of volunteers, which included 2,096 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, 33 were concerned with governance of the charitable company (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.

Most opportunities for volunteer involvement relate to 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, six people worked with us during the year as part of our 10:2 leadership development (young leader) programme, and 59 people were involved in SU's Creative Collective, a like-minded community of Christian creatives working together to imagine and develop exciting new content ideas that will help share the good news of Jesus with children and young people.

In addition, our local mission partnership programme involves many hundreds of volunteers supporting 120 workers employed by 65 trusts (*see Note 4 to the financial statements, page 27, for an outline of our local mission partnership 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 Trustees 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.

Inspiring others

The 95 Campaign (*see page 4*) has continued to be successful in asserting our key message and has continued to gain momentum beyond SU. It has been central in enabling us to **inspire and work with SU supporters, volunteers and the wider church and Christian community to engage with The 95%**. In addition, SU's National conference – held in January 2019 and attended by many of SU's staff, local mission partner representatives, event leaders, prayer conference members, trustees and council members – did much to inspire the Movement around our distinctive Bible engagement focus; and initiatives like Amplify, a youth peer evangelism project, provided support for young people as they grew in faith. Nevertheless, our impact to make strategic progress in this area was negatively affected by the recruitment of a Director of Mobilisation taking longer than anticipated.

Initiatives and milestones during the year included the following:

- We stepped up the scale and impact of 95 campaigning. The reach of the Campaign continued to broaden as membership grew by 3,150 to nearly 8,000. Of these, 66% were new to the SU database, demonstrating increasing awareness and impact of the Campaign. A second promotional video for the Campaign launched as planned in January 2019.
- We continued to change the focus of our communications to the wider SU community, inspiring volunteers to tell their story. Key messages of all parts of SU being 'one movement' and of 'getting involved' by giving, acting and praying continued to run through our communications activity.
- We engaged with partner organisations to gather new ideas and relationships for reaching The 95%. A review of SU's local mission partners took place during the year and its recommendations are being implemented. Our ongoing strategic review process (*see page 9*) includes consideration of long-term national partnership developments.
- Limited capacity within our mission promotion team meant that we were unable to determine and implement a process of prioritisation for the promotion of effective mission approaches and initiatives for sharing the good news of Jesus with children and young people. This will form part of the strategic planning process.

Developing thought leadership

The former role of Director of Mission Innovation has been refocused as Director of Culture and Innovation and will begin to facilitate thought leadership across the Movement as we **carried out research and evaluation to develop thought leadership for engaging with far more children and young people who are not in church**. The work on Bible engagement, faith formation, and mission and culture has progressed well, with the development of related guidelines and recommendations planned for the coming year.

Initiatives and milestones during the year included the following:

- We evaluated and learned from initial content innovation and from the 150 new missions which took place during the previous year. These models have shaped several mission tools that are now being explored for development by SU's new Development Hub.
- We stimulated more engagement in innovation from the wider SU community. The Development Hub will build on this success and create multiple opportunities for those across the SU community to engage in content innovation and development.
- Helping The 95% to explore the Bible is key to introducing them to Jesus. Some initial research has taken place with young people to help develop principles and best practice for the SU movement.
- We conducted national research into faith formation of children and young people not connected to the church. The research ran behind schedule so presentation of the findings and consultation around it has been rescheduled as an activity for the coming year.

- Our plans to engage the Movement in determining what we mean by 'mission' have been rescheduled as an activity for the coming year and will be a key focus for our thought-leadership work.
- Our plans to evaluate ways of building relationships digitally and face-to-face with The 95% were deferred until the wider, strategic question about the balance of face-to-face and digital engagement has been addressed, recognising the importance of both in the lives of The 95%.

Creating opportunities for children and young people

Progress has been made in **pioneering, developing and multiplying opportunities for children and young people to explore the difference Jesus can make to the challenges and adventures of life**. Strategic work relating to holidays and missions was delayed, however, as resource and capacity was invested in the successful implementation of a new events booking system. The analysis of the mission opportunities created during the year will be a critical component of our future work, including the development of the new strategic plan and the operation of the newly-formed Development Hub.

Initiatives and milestones during the year included the following:

- We extended mission opportunities through the launch of the second year of the Good News Fund. Forty-five grants totalling £57,000 were made during the year to resource local churches and mission partners to go into their community and share the good news of Jesus. Initiatives funded included a mobile climbing wall for a pop-up mission week in Birmingham to support the ongoing Christian work which is taking place in a deprived part of the city, and helping young people to deliver their own mission ideas in Leeds. The impact of each initiative funded is being assessed and this will continue into the coming year.
- We pioneered mission-through-sport initiatives via *Jumpers for Goalposts*, our 2018 football world cup resources campaign. Over 1000 resource packs were ordered so that children and young people were able to find out more about Jesus as well as enjoying the football. Resources for the 2019 cricket world cup, *Sticks for Stumps*, have been developed and mission events planned for all ten host cities. Seven new local grass-root mission-through-sport projects are being delivered in the north east of England with local churches. A pilot sports and faith academy for young people is being developed.
- We developed the use of residential events as a key mission tool. Impact assessment work has progressed in relation to the changing focus of our holiday programme to children and young people outside of the church. Strategic work relating to holidays and missions was delayed (as noted above) and has been deferred to the coming year.
- We undertook both quantitative and qualitative analysis of the 250+ new missions which took place during the year. Around 96% of the children attending the mission events did not regularly attend church.
- We continued to develop our resources for children and young people: a modernised version was launched of *It's Your Move* (resource for children transitioning from Primary to Secondary schools); *Rooted* was developed as a long-term relational model for youth ministry; downloadable resources were developed to be used alongside our award-winning *Diary of a Disciple* series; and the *Light Compendiums* were launched as part of the *Light* range.

Increasing our people and finance capacity

We continued to sustain and grow incrementally our **capacity (people and resources, including volunteers and supporters) for engaging with The 95%**, but strategic planning for significant growth has awaited the appointment of the Director of Mobilisation.

Initiatives and milestones during the year included the following:

- We implemented fundraising and communications initiatives. Whilst we saw growth in top-up and regional fundraising, we saw a decline in individual giving to quarterly appeals and appeals in our supporter magazine, *Connecting You*. Primary research into supporter motivations was completed and the learning from it is being used to improve our propositions.
- We strategically multiplied capacity and impact through partnerships. We delivered, in partnership with others, two youth evangelism conferences. We undertook a review of major schools missions and provided feedback to partners. Further missions are planned for 2019 and discussions around the development of the follow-up resource are underway.
- We continued to develop and simplify tools, systems and processes across the Movement.

Developing character and capability across the Movement

Our aim during the year was to **develop the required organisational characteristics and capabilities to pursue the vision and priorities of the Movement.**

In January, our long serving Chair of Trustees, Keith Civval, retired and formally handed over leadership of the Board to Richard Godden, who joined as a Trustee the previous July. Similarly, migration of National Director responsibilities from Tim Hastie-Smith to Myles MacBean was completed in January after an extended hand-over period from the previous September when Myles joined the staff. David Thorpe will leave his role as Managing Director in the summer of 2019, with organisational leadership moving to Myles MacBean and responsibility for finance and support services moving to Stephen Vis, the recently appointed Director of Finance and Services. We also recently appointed Rachel Warwick, Director of Mobilisation, the absence of whom has impacted the effectiveness of that function and the program of strategic planning that started in January 2019 (*see page 9*).

Other key relevant initiatives and milestones during the year included the following:

- We made good progress in removing lower-priority activity. Further work is required in terms of the focusing of the new strategic plan and we anticipate more activities will be stopped.
- We endeavoured to develop necessary organisational characteristics. A staff engagement survey returned generally positive results with follow-up on a couple of points. Thought leadership will increasingly take a lead on key cultural elements.
- We took steps towards ensuring that the leadership, governance and management of the Movement is adapted in line with the required culture, capabilities and characteristics. The focus is on 'one team' working, increased cross-team working, integrated planning and supporter care.
- This was supported by the completion of our organisational restructure into four integrated departments across Mission Development, Culture and Innovation, Mobilisation, and Finance and Services. Of particular note was the formation of the Development Hub within Mission Development to allow close integrated working between regional mission work, mission events and mission development.

Continuing digital transformation

Our aim during the year was to **ensure ongoing digital transformation.** An integrated platform architecture is beginning to emerge to support current needs and to be ready for future strategic requirements.

Initiatives and milestones during the year included the following:

- We have continued to develop staff digital confidence and capability and new functionality is beginning to be used effectively.

- New resources, such as *Sticks for Stumps* (see page 7), are now being delivered as a series of digital downloads rather than a printed pack.
- We successfully rolled out a new online volunteer management system and have received positive user feedback.
- Our plans to replace the platform supporting *WordLive*, *LightLive* and *SchoolsLive* were affected by the collapse of our external webhosting company. We were able to secure alternative hosting with minimal disruption, but the migration has been deferred until the coming year.

Supporting 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 **support and learn from SU movements globally who are working with children and young people who are not in church**. Initiatives and milestones included the following:

- We worked with SU South Africa towards developing an isiXhosa translation of *Guardians of Ancora*, SU's Bible engagement app for 8-11 year olds. The Brazilian (Portuguese) app is due to launch in the summer of 2019 and three other languages are at an early stage of discussion.
- We considered criteria for establishing priority partnerships across the global SU community but have not yet reached a conclusion.
- We completed a review of our grant-making and international finance processes.

SU in England and Wales gives an agreed percentage of our gift income and unrestricted legacies to other SU movements around the world. Grants approved during the year totalled £213,000, which was higher than the previous year's lower-than-average total of £139,000. Amongst the projects supported were a part-time worker and materials for SU Bulgaria's work in Roma villages; training and salary of a children's ministry worker in Cuba; and partnership working with SU South Africa, SU Burundi, SU Nigeria, SU Lesotho and Open Bible (SU in Ukraine). 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 £122,000 (2018: £161,000) (see the *Statement of financial activities, page 21, and Note 4 to the financial statements, page 27*).

Plans for next year and beyond

The Movement has revised its direction in the last few years, presenting a clear, renewed vision, mission and priority for the coming years (see page 4). In January we started a program of long-term strategic planning to re-envision what the Movement should do and how it should do it, if that vision is to be realised and the mission is to be effectively achieved.

To date, the programme has variously involved the Council, the Leadership Team, and representative volunteers and staff using a variety of face-to-face and online interactions. The conclusions of this strategic planning process will form the basis of SU's budget and operating plan from the 2020-21 financial year onwards, with some early decisions influencing the coming year.

In the meantime, as set out in SU's annual operating plan updated in April 2019, our overall aim for the coming year remains to grow the reach and impact of SU's mission activity. To achieve this, we will focus on the following primary objectives:

- *Mobilise others:* Mobilise the SU movement and the wider Christian community to engage with The 95% as supporters, volunteers and mission partners.
- *Develop thought leadership:* Develop 'thought leadership' on key aspects of engaging children and young people who are not in church, and influence the Movement and beyond through documenting, communicating and advocating the principles.
- *Create opportunities:* Pioneer, develop and multiply opportunities for children and young people to explore the difference Jesus can make to the challenges and adventures of life.
- *Continue digital transformation:* Ensure ongoing digital transformation of our thinking and activity.
- *Support global partnership:* 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 31*) in pursuing these objectives, including in the region of £250,000 for creating opportunities for children and young people to explore the Bible, respond to Jesus and grow in faith, and around £175,000 for continuing digital transformation, £120,000 for mobilising others, £50,000 for mission transformation and support, and £25,000 for thought leadership.

Financial review

Financial position

We thank God and our many supporters for their financial generosity in funding the work of SU, and we are also grateful for the regular prayers and time offered by our supporters and volunteers that multiply the work of the staff teams. For the year ended 31 March 2019, we had an overall deficit of £712,000 which is slightly higher than last year's deficit of £641,000. This was expected and included £614,000 spend on Project and Development Fund (PDF) initiatives, which cover a number of significant one-off initiatives to grow scale and impact of the SU missional activities.

As a result, our balance sheet has reduced, but remains healthy, at £6,563,000. This includes £1,601,000 within the PDF, total restricted funds of £219,000 and total endowment funds of £699,000 (*see Note 13 to the financial statements, page 31*). We expect to continue to spend the PDF reserves over the next two years as we continue to deliver on the strategic plan. 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 £2,491,000 which represents a 7% reduction from £2,686,000 in the previous year. It includes gifts of £122,000 for SU activity overseas. As in recent years, unrestricted legacy income remains strong with a total of £1,185,000 received; however, this is down 25% on last year at £1,568,000. Further details are included in the fundraising performance section below (*page 12*). Holidays and Mission income at £585,000 is 2% higher than last year's £573,000. Publishing sales and royalty income at £1,051,000 is down 39% compared to last year's £1,710,000 as we move away from commercial publishing in line with our strategy. Publishing activity is now much reduced and focused onto a narrow range of products.

Total income at £5,449,000 is £1,214,000 lower than previous year (18% down), whilst total expenditure of £6,199,000 is £1,175,000 lower than last year (16% down), as steps have been taken to reduce operating costs. Further reductions in costs will be delivered in the coming year as we focus on changing the organisation to align to the outcome of the long-term strategic planning (*see page 9*).

For the financial year 2019/20, the Trustees aim to continue to spend down reserves in line with the reserves policy (*see below*), and as such have budgeted General Fund expenditure that exceeds income by £285,000. In addition, expenditure of around £620,000 from PDF reserves is planned, as is a broadly similar amount for 2020/21, subject to the outcome of the strategic review (*see page 9*).

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 2019, the General Fund stood at £2,325,000 (2018: £2,400,000) which represents 5.9 months (2018: 5.7 months) of ongoing unrestricted charitable expenditure for the Movement based on the 2018-19 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 31*).

The level and timing of legacy income is uncertain and therefore continues to be budgeted at a conservative level. Legacy income received above the budgeted levels and contributing to an overall operating surplus for the year may be used to add to designated reserves within the Project and Development Fund (PDF) (*see Note 13 to the financial statements, page 31, 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 totaled £614,000 (2018: £1,377,000) and included £223,000 for continuing digital transformation (*see pages 8-9*), £160,000 for creating opportunities for children and young people to explore the Bible, respond to Jesus and grow in faith (*see page 7*), £132,000 for developing character and capabilities (*see page 8*), £66,000 for inspiring others through movement-wide campaigns (*see page 6*), £20,000 for developing thought leadership (*see pages 6-7*), and £13,000 for increasing our people and finance capacity (*see pages 7-8*). The balance of the Fund at 31 March 2019 was £1,601,000 (2018: £2,090,000) following the transfer of £125,000 (2018: £500,000) from the General Fund which had been boosted by a high level of legacy income (*see Note 13 to the financial statements page 31*). The total amount spent in the year was less than expected as the migration from the old website was delayed following the collapse of our website hosting company, and as local mission partner launches were delayed.

PDF funds are set aside to grow SU's mission scale and impact and the Trustees have plans in place to expend the majority of PDF reserves over the next two years. In line with our objectives for next year we plan to spend an estimated £620,000 for the year (*see page 10 for further information*).

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 21*) includes sales of publications and fees for holidays, training and other events. When setting a price for our paid-for events and 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. We continue to work towards full compliance with the General Data Protection Regulation. 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 fell slightly during the year. However, the expected £79,000 reduction in Google AdWords grants and £26,000 reduction in gift income restricted for development of *Guardians of Ancora* resulted in the overall income received from donations during the year falling by £195,000 from £2,686,000 to £2,491,000. Donations came predominantly from individual supporters (88%), with the balance being received from churches (6%), trusts (4%), and other sources (2%).

Legacies of every size are vital to the ongoing work of SU. Several large legacies contributed to income received from legacies during the year totalling £1,185,000. Whilst this was below the £1,569,000 received the previous year, legacy income for both years significantly exceeded our expectations.

The cost of raising funds during the year decreased from £652,000 to £545,000 (*see Note 4 to the financial statements, page 27*).

We place a high priority on the need to inform supporters of our activities and our magazine *Connecting You* was sent to over 31,000 (2018: 48,000) supporters four times during the year. This reduction was due to implementation of the General Data Protection Regulation (GDPR): the circulation list is now limited only to those who have specifically opted in to receive either *Connecting You* or news and stories.

Investment policy and performance

A portion of SU's reserves available for investment has been identified and held as long-term reserves and invested (£2,660,000 as at 31 March 2019). This includes a capital endowment (£699,000 as at 31 March 2019). 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. The investment objective for the long-term reserves is to outperform a benchmark comprising 75% FTSE-All Share index Total Return, 20% UK Gilts All Stock Total Return and 5% Investment Association Property Total Return Index. 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 diversified portfolio of cash, bonds, high quality equities and property funds, broadly split 3:15:79:3 in percentage terms as at 31 March 2019. To the year ending 31 March 2019, our investment report showed that the fund produced a total return (after fees) of +3.70% (2018: +4.26%). The SU benchmark rose by 5.89% (2018: +1.36%).

Whilst some of the UK stocks in the portfolio have not performed as expected and have been a drag on portfolio performance as a result, the Trustees consider that it is important to look at performance over the longer term as well as individual years. For the five years to 31 March 2019, the fund produced a total return (after fees) of +36.86%. This represents an outperformance of the benchmark which rose +34.22%.

As at 31 March 2019, the portfolio yield was +2.56% (2018: +2.49%).

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 meant that our fundraising strategy will be reviewed by the incoming Director of Mobilisation. 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 (*see page 16*), 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, giving specific consideration to vacancies requiring particular specialist skills. The trustees themselves may proactively approach and co-opt additional trustees to fill vacancies and such appointments are effective until the next Annual Meeting.

The Council appoints new trustees and reappoints 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

The members of the Council are the Members of the Company. The Council appoints the members of the Board of Trustees (who are listed on page 2) and the Board of Trustees appoints the National Director and approves the process for the appointment of other members of the Leadership Team (also listed on page 2). The National Director and, in relation to their respective areas of responsibility, the members of the Leadership Team are responsible for the day-to-day running of SU.

Trustees – The Board of Trustees has ultimate responsibility for the strategic leadership and the management of the affairs of SU in accordance with its Articles of Association and applicable law (including company law and charity law). It has four scheduled meetings each year and meets physically or by conference call on other occasions as necessary. The Board seeks to apply the principles set out in the Charity Governance Code having regard to the aims, beliefs and working principles of SU.

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 trustees and leadership team 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.

Qualifying third party indemnity provisions

During the period and up to the date of this report, the charitable company maintained liability insurance and third-party indemnity provisions for its trustees, under which the charitable company has agreed to indemnify the trustees to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the charitable company.

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 28*).

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 28*).

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 28*). 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 £420,000 were made during the year. (*For a summary of grant allocations, see Note 4 to the financial statements, page 27.*)

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 or three 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 our priority of sharing the good news of Jesus with children and young people who don't yet know him. This may include supporting projects that create local sustainability to achieve that priority.

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.

* * * * *

The Trustees submit their annual report and the audited financial statements for the year ended 31 March 2019. 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 11 July 2019 and signed on their behalf by:



Richard Godden
Chairman



Kim Hurst FCA
Treasurer

Opinion

We have audited the financial statements of Scripture Union (the 'charitable company') for the year ended 31 March 2019 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 2019 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 18, 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.



William Devitt

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

Date: 14 August 2019

Statement of financial activities incorporating an income and expenditure account for the year ended 31 March 2019

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2019 £'000	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2018 £'000
Income and endowments									
<i>Income from generated funds:</i>									
- Income from donations and legacies	3a	2,824	852	-	3,676	3,361	894	-	4,255
- Income from investments	2	59	26	-	85	43	25	-	68
<i>Income from charitable activities:</i>									
- Holidays and missions		585	-	-	585	573	-	-	573
- Other fee income		52	-	-	52	57	-	-	57
- Publishing sales and royalties		1,051	-	-	1,051	1,710	-	-	1,710
Total income		4,571	878	-	5,449	5,744	919	-	6,663
Expenditure									
<i>Expenditure on raising funds:</i>									
- Cost of raising funds		545	-	-	545	652	-	-	652
<i>Expenditure on charitable activities:</i>									
- Face to face mission in England and Wales		2,554	599	-	3,153	2,940	498	-	3,438
- Advocacy		161	-	-	161	-	-	-	-
- Content creation		629	162	-	791	897	240	-	1,137
- Commercial publishing		1,099	-	-	1,099	1,755	-	-	1,755
- International activities		328	122	-	450	223	161	-	384
Total expenditure	4	5,316	883	-	6,199	6,467	899	-	7,366
Net gain/(loss) on investment assets		54	-	(16)	38	69	-	(7)	62
Net (expenditure)/income for the year being net movement in funds		(691)	(5)	(16)	(712)	(654)	20	(7)	(641)
<i>Reconciliation of funds:</i>									
Fund balances brought forward		6,336	224	715	7,275	6,990	204	722	7,916
Fund balances carried forward	13	5,645	219	699	6,563	6,336	224	715	7,275

- 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 benefited from a high level of legacy income which exceeded expectations in both years.
- Expenditure on advocacy is shown separately for the year to 31 March 19 to reflect SU's growing focus on this activity
- The annual deficit resulted from a budgeted operating deficit and planned spending down of the Project and Development Fund (*see reserves policy, page 11*). This was partially offset by higher than budgeted legacy income.

The Notes on pages 24-32 form part of these financial statements.

Notes	2019 £'000	2018 £'000
Fixed assets		

Balance Sheet

As at 31 March 2019

	Notes	2019 £'000	2018 £'000
Tangible assets	7	1,006	1,071
Investments	8a	2,660	2,598
Total Fixed Assets		3,666	3,669
Current assets			
Investments	8b	2,321	3,071
Stocks	9	139	256
Debtors	10	480	823
Cash at bank and in hand		892	470
Total Current Assets		3,832	4,620
Liabilities			
Creditors: amounts falling due within one year	11a	(745)	(828)
Net current assets		3,087	3,792
Total assets less current liabilities		6,753	7,461
Creditors: amounts falling due over one year	11b	(165)	(160)
Provisions for liabilities	12	(25)	(26)
Net assets		6,563	7,275
<i>The funds of the charitable company</i>	13		
Unrestricted funds			
Fixed assets fund		1,006	1,071
Working capital fund		33	160
Project and development fund		1,601	2,090
International fund		680	615
General fund		2,325	2,400
		5,645	6,336
Restricted funds			
Income fund		219	224
Endowment funds			
Endowment fund		699	715
Total charity funds		6,563	7,275

The financial statements were approved and authorised for issue by the Trustees on 11 July 2019 and signed on their behalf by:



Richard Godden
Chairman



Kim Hurst FCA
Treasurer

The Notes on pages 24-32 form part of these financial statements.

Company Registration Number 00039828

Cash flow statement for the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
Net cash (used in) operating activities	<i>See (a) below</i>	(361)	(794)
<i>Cash flows from investing activities</i>			
Interest received	2	59	11
Dividends received	2	26	57
Purchase of tangible fixed assets	7	(28)	(51)
Sale of investments	8a	239	112
Purchase of investments	8a	(207)	(404)
Movement in investment cash	8a	(56)	69
Net cash from/(used in) investing activities		33	(206)
<i>Cash flow from financing activities</i>			
Repayment of borrowings	11a	-	-
Change in cash and cash equivalents for the year		(328)	(1,000)
Cash and cash equivalents at the beginning of the year		3,541	4,541
Total cash and cash equivalents at the end of the year	<i>See (b) below</i>	3,213	3,541

Change in cash and cash equivalents due to exchange rate movements during the year was £6,000 (2018: £6,000).

Notes to cash flow statement

(a) Reconciliation of net income/(expenditure) for the year	Notes	2019 £'000	2018 £'000
Net (expenditure) for the reporting period	<i>See SOFA</i>	(712)	(641)
<i>Adjustments for:</i>			
Depreciation charges	7	93	100
Net (profit) on investments	<i>See SOFA</i>	(38)	(62)
Dividends and interest from investments	2	(85)	(68)
Decrease in stocks	9	117	157
Decrease in debtors	10	343	256
(Decrease) in creditors	11	(78)	(531)
(Increase) in provision for pensions	12	(1)	(5)
Net cash (used in) operating activities		(361)	(794)
(b) Cash and cash equivalents			
	Notes	2019 £'000	2018 £'000
Cash at bank and in hand		892	470
Notice deposits (less than 3 months)	8b	2,321	3,071
Net funds		3,213	3,541

The Notes on pages 24-32 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 15). 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 27*) are:

Finance	Staff time
Technical Services	Staff time
Human Resources	Headcount
Facilities	National Office Headcount
Database	Staff time
Web	Staff time
Fundraising and communications	Staff time
Management / Leadership Team	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 31-32*).
- 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 28*). 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

	2019 £'000	2018 £'000
Interest receivable	59	11
Dividends receivable	26	57
	<u>85</u>	<u>68</u>

Of the investment income, £26,000 (2018: £25,000) was attributable to restricted income with the balance of £59,000 (2018: £43,000) adding to unrestricted funds.

3. Income

3a. Income from donations and legacies

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2019 £'000	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2018 £'000
<i>Donations</i>								
Gifts	1,639	852	-	2,491	1,793	893	-	2,686
Legacies	1,185	-	-	1,185	1,568	1	-	1,569
	<u>2,824</u>	<u>852</u>	<u>-</u>	<u>3,676</u>	<u>3,361</u>	<u>894</u>	<u>-</u>	<u>4,255</u>

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

	2019 £'000	2018 £'000
Auditor remuneration: Audit fee	16	15
Auditor remuneration: Other services (corporation tax)	2	5
Depreciation charges	93	100
Operating lease rentals: machinery	3	3
	<u>114</u>	<u>123</u>

4. Expenditure	Grant funding of activities (see below)		Support cost (see below)	Total 2019 £'000	Total 2018 £'000
	£'000	£'000	£'000		
Costs of raising funds	-	200	345	545	652
Face-to-face mission in England and Wales	85	2,586	482	3,153	3,438
Advocacy	-	95	66	161	-
Content creation	-	631	160	791	1,137
Commercial publishing	-	903	196	1,099	1,755
International activities	335	72	43	450	384
Total 2019	420	4,487	1,292	6,199	7,366
Total 2018	487	5,461	1,418	7,366	

Analysis of support costs	Finance £'000	Technical Services £'000	Human Resources £'000	Facilities £'000	Database £'000	Web £'000	Fundraising and Comms £'000	Management/ Leadership Team £'000	Total £'000
	Staff time	Staff time	Headcount	National Office Headcount	Staff time	Staff time	Staff time	Staff time	
Costs of raising funds	62	35	5	31	27	16	141	28	345
Face-to-face mission in England and Wales	68	117	34	47	29	32	29	126	482
Advocacy	-	-	-	-	2	-	38	26	66
Content creation	21	47	3	24	11	16	7	31	160
Commercial publishing	40	36	5	55	6	16	2	36	196
International activities	13	-	1	-	-	-	4	25	43
	204	235	48	157	75	80	221	272	1,292

The basis on which costs have been allocated is outlined in accounting policy (e) (page 25). 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. The support costs shown are therefore a best estimate of the costs that have been so allocated.

Grants payable in furtherance of the charitable company's objects:	Activities undertaken directly	Grant funding of activities	Support costs	Total 2019 £'000	Activities undertaken directly	Grant funding of activities	Support costs	Total 2018 £'000
Scripture Union – Africa	20	109	9	138	7	63	11	81
Scripture Union – England and Wales	30	85	20	135	30	187	20	237
Scripture Union worldwide	15	81	10	106	7	87	12	106
Scripture Union – Europe	15	37	3	55	7	96	6	109
Scripture Union – Former Soviet Republics	15	27	10	52	7	21	18	46
Scripture Union – Americas	-	48	3	51	-	14	5	19
Scripture Union – Asia	4	16	4	24	-	6	5	11
Scripture Union – Pacific	3	10	2	15	-	10	2	12
Scripture Union – rest of Britain & Ireland	-	7	2	9	-	3	2	5
	102	420	63	585	58	487	81	626

Grant allocations amounting to £420,000 (2018: £487,000) were made during the year. This includes £23,500 (2018: £nil) 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 £82,000 (2018: £121,000).

Movement in recognised funding commitments during the year	Charitable commitments accrued £'000
Grant commitments accrued at the start of the year	121
New grant commitments charged to the Statement of Financial Activities during the year	420
Grants paid during the year	(459)
Amount of grant commitments accrued as at 31 March 2019	82

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 9 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:

- Local Mission Partners, whose aims are similar to those of SU and who operate in a particular local area, referred to on pages 5, 6, 11 and 17. 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.
- Great Wood Trust - Scripture Union has use of the Great Wood site under a licence agreement.

5. Staff costs and remuneration of key management personnel

	2019 £'000	2018 £'000
<i>Staff costs:</i>		
Wages and salaries	2,178	2,288
Social security costs	217	227
Reorganisation costs	65	94
<i>Pension costs:</i>		
Scripture Union (L&G) Personal Pension Plan	195	207
Unfunded pension scheme	1	5
	<u>2,656</u>	<u>2,821</u>

	2019 Number	2018 Number
<i>Average number of employees, analysed by function:</i>		
Income generation	5	7
Face to face mission in England and Wales	42	45
Content creation	4	5
Commercial publishing	7	10
International activities	1	1
Administration and support of staff and volunteers	16	13
	<u>75</u>	<u>81</u>

The average number of employees during the year was 75 (2018: 81), including 12 (2018: 18) 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 71 (2018: 74).

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 £370,000 (2018: £330,000).

During the year, four employees (2018: two employees) earned between £60,000 and £70,000, one employee (2018: two employees) earned between £70,000 and £80,000, and one employee (2018: no employee) earned between £80,000 and £90,000, excluding employer pensions contributions.

6. Trustees

Trustees received no emoluments in their role as trustees during the year, but four of the nine trustees received reimbursement of travel expenses totalling £929 (2018: £2,162 reimbursed to five of nine trustees).

7. Tangible fixed assets	Freehold land and buildings £'000	Computer equipment £'000	Fixtures and fittings £'000	Machinery £'000	Total £'000
Cost:					
At 1 April 2018	810	251	250	19	1,330
Additions	-	28	-	-	28
Disposals		(39)	-	-	(39)
At 31 March 2019	810	240	250	19	1,319
Depreciation:					
At 1 April 2018	32	171	37	19	259
Charge for year	17	51	25	-	93
Disposals	-	(39)	-	-	(39)
At 31 March 2019	49	183	62	19	313
Net book value					
At 31 March 2019	761	57	188	-	1,006
At 31 March 2018	778	80	213	-	1,071

At 31 March 2019, the trustees had authorised the capital expenditure budget for the ensuing year of £27,000 (2018: £82,000). Disposals as shown on the SOFA are shown net of depreciation. There were no capital commitments as at 31 March 2019 (2018: £nil).

8. Investments

8a. Fixed asset investments

	2019 £'000	2018 £'000
Investments at market value		
Investment cash	71	15
Fixed Interest & UK Government stocks	402	317
UK Listed Stock Exchange Investments, Unit Trusts and OEICs	2,187	2,266
	2,660	2,598
<i>Movement during the year:</i>		
Market value at 1 April	2,598	2,313
Less: Disposals at open market value	(239)	(112)
Add: Acquisition at cost	207	404
Net gain on revaluation	38	62
Movement in investment cash	56	(69)
Market value at 31 March	2,660	2,598

The historic cost of investments is £1,877,000 (2018: £1,909,000).

8b. Current asset investments

Current asset investments represent short-term cash deposits.

9. Stocks

	2019 £'000	2018 £'000
Work in progress	28	88
Finished goods	111	168
	139	256

10. Debtors	2019	2018
	£'000	£'000
Trade debtors	83	139
Tax recoverable	58	62
Other debtors	33	42
Legacies receivable	119	356
Prepayments and accrued income	187	224
	<u>480</u>	<u>823</u>

Prior to sign-off of the financial statements, SU had been notified of further legacies with an estimated value of £236,000 (2018: £316,000). In accordance with accounting policy (c) as noted on page 24, it was not considered appropriate to accrue for this amount in the financial statements as at 31 March 2019.

11. Creditors

11a. Creditors: amounts falling due within one year	2019	2018
	£'000	£'000
Trade creditors	258	286
Other creditors	36	43
Accruals and deferred income	362	403
Taxation and social security costs	54	61
Interest free loans from supporters	35	35
	<u>745</u>	<u>828</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	2019	2018
	£'000	£'000
Accruals and deferred income	165	160
	<u>165</u>	<u>160</u>

12. Provisions for liabilities	2019	2018
	£'000	£'000
<i>Ex-gratia pensions:</i>		
Balance at start of year	26	31
Pensions paid	(9)	(9)
Increase in provision	8	4
Balance at end of year	<u>25</u>	<u>26</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 25-26) for more details.

13. Statement of funds	Balance 1 April 2018 £'000	Income £'000	Expenditure £'000	Net investment gains £'000	Transfers £'000	Balance 31 March 2019 £'000
Unrestricted funds						
Designated funds:						
Fixed Assets	1,071	-	-	-	(65)	1,006
Working Capital	160	-	-	-	(127)	33
Project and Development	2,090	-	(614)	-	125	1,601
International	615	337	(272)	-	-	680
	<u>3,936</u>	<u>337</u>	<u>(886)</u>	<u>-</u>	<u>(67)</u>	<u>3,320</u>
General fund	2,400	4,234	(4,430)	54	67	2,325
Total unrestricted funds	<u>6,336</u>	<u>4,571</u>	<u>(5,316)</u>	<u>54</u>	<u>-</u>	<u>5,645</u>
Restricted funds						
Income funds:						
Children's evangelism	80	-	(40)	-	-	40
Endowment income	-	26	(26)	-	-	-
Gifts for SU overseas	-	122	(122)	-	-	-
Good News Fund	-	95	(57)	-	-	38
Google AdWords	-	22	(22)	-	-	-
Guardians of Ancora	20	132	(145)	-	-	7
SU Holiday Fund	85	31	(23)	-	-	93
Team support	-	329	(329)	-	-	-
Others	39	121	(119)	-	-	41
Total restricted funds	<u>224</u>	<u>878</u>	<u>(883)</u>	<u>-</u>	<u>-</u>	<u>219</u>
Endowment funds						
Endowment fund	715	-	-	(16)	-	699
Total endowment funds	<u>715</u>	<u>-</u>	<u>-</u>	<u>(16)</u>	<u>-</u>	<u>699</u>
Total funds	<u><u>7,275</u></u>	<u><u>5,449</u></u>	<u><u>(6,199)</u></u>	<u><u>38</u></u>	<u><u>-</u></u>	<u><u>6,563</u></u>

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 *plans for next year and beyond* section (page 10).
- 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 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	-	2,660	600	(935)	2,325
Designated	1,006	-	2,314	-	3,320
Restricted	-	-	219	-	219
Endowment	-	-	699	-	699
Total	1,006	2,660	3,832	(935)	6,563

14. Financial commitments

At 31 March 2019 SU had remaining commitments under non-cancellable leases as follows:

<i>Expiry date</i>	2019 Machinery £'000	2018 Machinery £'000
Within one year	3	3
Two to five years	1	4
Total	4	7

15. Financial instruments

	2019 £'000	2018 £'000
<i>Financial assets:</i>		
Financial assets measured at amortised cost	3,506	4,140
Financial assets measured at fair value through profit or loss	2,660	2,598
	6,166	6,738
<i>Financial liabilities:</i>		
Financial liabilities measured at amortised cost	670	781
	670	781

Financial assets measured at amortised cost comprise cash, debtors and other debtors and current asset investments (short-term cash deposits).

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, provisions for liabilities.



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