



Scripture Union

Year in review

Trustees' annual
report & financial
statements

YEAR ENDED
31 MARCH
2020

*Sing to the Lord, all the earth! Tell of his
salvation from day to day.*

1 Chronicles 16:23 (ESV)

Contents

Report of the Trustees (incorporating the Directors' report and Strategic Report) for the year ended 31 March 2020	2
Reference and administrative details of the charity, its trustees and advisers	2
Introduction	3
Aims, objectives and activities	4
Aims	4
Main objectives for the year and our Strategic Plan	4
Strategic report	5
Review of activities and performance during the year	5
Involving volunteers.....	5
Monitoring achievement	5
Mobilising others	5
Developing thought leadership	6
Creating opportunities for children and young people	7
Continuing digital transformation	8
Supporting global partnership	8
Impact of COVID-19.....	9
Developing new strategy	10
Plans for next year and beyond	10
Financial review	11
Financial position	11
Reserves policy	12
Principal funding sources.....	12
Fundraising review.....	13
Investment policy and performance.....	13
Principal risks and uncertainties	14
Structure, governance and management.....	15
Governing document and constitution	15
Objects of the charity	15
Recruitment and appointment of trustees	15
Induction and training of trustees	16
Organisational structure	16
Pay policy for senior staff	18
Related parties	18
Grant-making policy and principles	18
Appointment of external auditor	19
Independent Auditor's Report to the Members of Scripture Union	20
Statement of financial activities incorporating an income and expenditure account...	22
Balance sheet	23
Statements of cash flows.....	24
Notes forming part of the financial statements.....	25

Report of the Trustees (incorporating the Directors' and Strategic Reports) for year ended 31 March 2020

The Trustees are pleased to present their annual Directors' report and financial statements of the Charitable Company for the year ended 31 March 2020 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 2019).

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 Richard Godden	Chair
	Ms Kim Hurst	Treasurer
	Mr Clive Beard	<i>(retired 12 October 2019)</i>
	Mr Richard Evans	<i>(appointed 11 July 2019)</i>
	Rev Dr Mark Griffiths	<i>(appointed 11 July 2019)</i>
	Mr Stephen Hallett	
	Mr Junior Johnson	<i>(appointed 5 February 2020)</i>
	Rev Dr Edward Scrase-Field	
	Mrs Clare Walker	<i>(retired 12 October 2019)</i>
	Mr Timothy Warren	
Leadership Team	Dr Myles MacBean	National Director
	Mr David Thorpe	Managing Director <i>(until 15 July 2019)</i>
	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	Pothecary Witham Weld, 70 St Georges Square, London SW1V 3RD	
Auditor	MHA MacIntyre Hudson, 6 th Floor, 2 London Wall Place, London EC2Y 5AU	
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

Scripture Union's (SU's) primary mission is to create opportunities for children and young people to explore the Bible, respond to Jesus and grow in faith. We aim to share the good news of Jesus with The 95 – the 95% of children and young people who are not in church. This report explains how we went about this in the financial year that ended on 31 March 2020.

Of course, just before the end of that year, COVID-19 hit the UK. In the midst of the resulting 'lockdown', it may sometimes seem that everything has changed. Life before the virus feels like another country. Yet, at a deeper level, nothing has changed: God remains sovereign; Jesus continues to offer salvation, calling all people to repentance and faith in him; and he continues to send us to make disciples of all nations. The context has changed but the fundamentals have not and neither has Scripture Union's mission.

During the year, our new strategic thinking moved from a high-level definition to detailed planning and implementation. We are focusing our activities on our primary mission and aiming to create a network of mature Christians who are passionate about taking the Gospel to The 95. Thus in 2019, our *Wonder Zone* holiday club material was designed to help churches connect with The 95 by using themes in which they are interested and we continued to arrange the translation of *Guardians of Ancora* into other languages with a view to reaching The 95 globally.

We aim to meet children and young people where they are. To this end, we have conducted research into what are now known as Generations Z and Alpha and, during 2019, this research began to inform our work. The Mental Health Suite developed over the past year is an example of this that has particularly impressed me. It is endorsed by the Mental Health Foundation and aims to respond to young people's concerns in a way that leads them towards Jesus. We thank God that the material is ideally suited for use during the 'lockdown'.

The year saw changes in the trustees of SU. Clare Walker and Clive Beard retired from office following long service, including in Clive's case as Chair of our Safeguarding Advisory Group. Their commitment and wise counsel are missed but I am delighted that Mark Griffiths, Richard Evans and Junior Johnson have joined the Board. Their diversity of skills and experience is already contributing significantly to our work.

There were also changes in our executive leadership. As long anticipated, David Thorpe stood down after 15 years on the staff, including eight as Managing Director. His calm, measured approach was very reassuring to the Trustees. Among his legacies is our new Leadership Team structure, which Myles MacBean has shaped and built since becoming National Director. In the first half of 2019, Stephen Vis (Finance & Services Director) and Rachel Warwick (Mobilisation Director) completed the team. Since then, it has been subjected to an onerous test by the onset of the 'lockdown' and has come through with flying colours. On behalf of the Trustees, I would like to thank all of the team for their work.

So the year ended 31 March 2020 was a year of continuing change as we sought to focus on our mission in the context of the society in which we now live. The current year is, of course, challenging but, by God's grace, we have proved to be well prepared both in the people that we have and the foundations that they have laid. Above all, Jesus is Lord and we can thus look forward to the future in faith and hope.

Richard Godden
Chairman

Aims, objectives and activities

Aims

SU's overarching aim is to make God's good news known to children and young people and to encourage them to meet God through the Bible and prayer (*see Objects of the Charity, page 15, for more details*). We work to fulfil this aim 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; 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.

The 95 Campaign

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

Since we launched the 95 Campaign in 2017, we've been continuing to focus our mission on reaching the 12 million children and young people across England and Wales who aren't in church.

We know that to envision the Church to reach The 95, we need to help them understand Generations Z and Alpha. Who are they and what are they interested in? If they're not in church, where are they and how can we maximise these opportunities to connect with them? And we need to resource them, so that they are fully equipped to share the good news of Jesus and walk with the 95 as they begin their lifelong journey of faith.

The 95 Campaign remains the core focus of our forthcoming strategy as we seek to raise up a network of mature Christians who are passionate and committed in their calling to take the gospel to those under 18s not in church.

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

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 2019, to fulfil our long-term vision by pursuing the following primary objectives:

- **Mobilising others**: Mobilise the SU Movement and the wider Christian community to engage with The 95 as supporters, volunteers and mission partners.
- **Developing 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.
- **Creating 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.
- **Continuing digital transformation**: Ensure ongoing digital transformation of our thinking and activity.
- **Supporting global partnership**: Support and learn from SU movements globally who are working with children and young people who don't yet know Jesus.

Strategic report

Review of activities and performance during the year

The focus of all 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 4,929 known opportunities for volunteer involvement – the equivalent of 4,610 working weeks, or 98 full-time staff. Without this body of volunteers, which included 1,692 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, 29 were concerned with governance of the Charitable Company (for example, trustees and members of Council) and therefore could not be filled by staff. These contributed the equivalent of an estimated 47 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, four people worked with us during the year as part of our 10:2 leadership development (young leader) programme, and 12 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 118 workers employed by 68 trusts. *(See Note 4 to the financial statements, page 29, 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 the Movement's objectives and, alongside relevant commentary, form the basis of a quarterly progress report: the Mission Update. The Mission Update is prepared by the Leadership Team and endorsed by 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.

Mobilising others

Our aim during the year was to mobilise the SU Movement and the wider Christian community to engage with The 95 as supporters, volunteers and mission partners. Initiatives and milestones during the year included the following:

- The scale and impact of The 95 Campaign *(see page 4)* continued to increase with more supporters, volunteers and mission partners inspired to engage more intentionally with The 95,

and supporting SU in making this happen. The reach of the Campaign broadened, with membership growing by 3,900 to more than 11,750. Of these, 56% were new to the SU database, demonstrating increased awareness and impact of the Campaign. Delivery of our new strategy will give new purpose to the Campaign and its members.

- As part of our investigation into how to step-change the reach and depth of engagement with our potential supporter base, we conducted supporter care research, analysed donor behaviour and reviewed our appeals schedule. A revised Fundraising Strategy has been approved and is being implemented, focusing on donor retention and major donors in the first year, with the aim of improving the donor experience and relationship with SU.
- We explored ways of achieving greater community for supporters. We conducted and analysed high-level research of The 95 Community and the WordLive-commenting community, with one outcome being the inclusion of *Connecting You* prayers to the WordLive daily email to give subscribers a closer connection with the mission of SU.
- We developed a framework to disseminate key emerging information and reports. A plan for communicating Thought Leadership publications has been developed and implemented.
- We investigated how we could acquire missional concepts through the SU community/network. This functionality will form part of the new strategy framework.

Developing thought leadership

We sought during the year to develop thought leadership on key aspects of engaging children and young people who are not in church, and to influence the understanding of all those involved in SU's mission activities through documenting, communicating and advocating the principles. Focused work on faith formation, the cultures of Generations Z and Alpha in relation to our mission with them, and how we explore the Bible with The 95 were foundational in the development of SU's new strategy. A staff edition of a booklet called *Revealing Jesus* – containing a summary of the findings and their implications for SU's future mission activity – was published in February 2020. A limited release of a public version started in June 2020.

Initiatives and milestones during the year included the following:

- By September 2019 staff, local mission partners and volunteers had the opportunity to discuss approaches to thought leadership and to contribute into it from their own understandings. Positive engagement across the topics of Bible engagement, faith formation and SU's strategy has begun. Progress on stimulating all teams and the wider community to engage via social media has been slower than anticipated and this will now be focused on content relating to the initial launch of the new strategy over coming months.
- We gained a movement-wide understanding of The 95/GenZ/Gen Alpha by conducting external primary research. Shared principles and parameters of how we engage in mission with them has been developed and will be shared as part of the roll-out of the new strategy.
- Key tools for practitioners have been developed in response to the findings of the national research conducted last year into the faith formation of children and young people not connected to the church. The findings of research into faith formation of The 95 have been developed into practical guidance to enhance the faith-forming environment of existing and new mission models.
- Research workshops with young people not connected to the church helped to shape principles for engaging The 95 with the Bible. These have been made available to all staff for piloting and were shared with mission and holiday leaders. Further key tools have been developed and launched, and a training module was trialled at the Event Leaders Conferences in January and February 2020.

Creating opportunities for children and young people

Good progress has continued to be made in creating opportunities for children and young people to explore the difference Jesus can make to the challenges and adventures of life. Towards the end of the year the opportunities for direct face-to-face work were reduced as churches and schools responded to the spread of COVID-19 and the introduction of 'lockdown' in mid-March. However, early planning allowed us to be ready to create digital opportunities across the range of our activities for use in the coming year.

Initiatives and milestones during the year included the following:

- Within our strategic planning we developed a sustainable and tested mission framework as the basis for future mission activity.
- We were delighted that our Mental Health suite of resources was endorsed by the Mental Health Foundation, ready for launch during this year's Mental Health Week (18-24 May 2020).
- We produced *Wonder Zone*, our exciting, innovative science-themed holiday club materials, in partnership with The Faraday Institute for Science and Religion.
- We increased the number of opportunities to engage with children and young people through mission through sport, residential, national and local missions and through *Guardians of Ancora*. Information about *Guardians of Ancora* initiatives can be found on pages 8-9.
 - Mission through sport has been established in each region in England and in Wales and continues to be developed, with a focus this year on initiatives in the north east of England.
 - We ran 4 brand-new holidays as part of a programme of 61 residential events. Guest numbers dropped slightly from 2,300 to 2,200, reflecting a general trend in the sector but one we are aiming to reverse in future years.
 - We were thrilled to see Solid, our annual week-end residential experience held during July in the South of England, go from strength to strength, with over 800 children and young people attending with their church group or club. Over 50 churches were involved in this way. By the end of the weekend over 130 people had made a commitment to follow Jesus.
 - We ran 189 new missions during the year in addition to 177 existing missions. This was more than expected, particularly as regional staff had engaged with revised priorities around the new Strategic Plan. Through these 366 missions we had direct contact with nearly 37,500 children and young people, 88% of whom were from a non-church background. This compared to having direct contact with nearly 38,000 children and young people through 407 events the previous year.
 - We saw the further development of our BeachLife initiative as churches in coastal areas in the north west of England work with us to re-imagine beach missions in their localities so that a whole new generation can find out more about the God who is love. From working with one church in 2017, seven projects are now established and have engaged with over a thousand people. For some it has been a life-changing experience, such as the grandmother who watched an event from afar, whilst encouraging her teenage grandchildren to engage with the fun activities. Their interest grew and by 2019 the grandmother and one of her grandchildren were part of the volunteer team, helping others to find out more about Jesus.
- We extended our mission beyond SU staff and volunteers, working closely with a wide range of churches and with our local mission partners. We reviewed our partnership working in the year and mutually ended formal links with 12 local mission partnerships where the strategic alignment of the organisations had reduced or where the local mission partner's trustees had decided to discontinue their mission work.
- We extended mission opportunities through the launch of the third year of the Good News Fund. Twenty-eight grants totalling £27,000 were made during the year to resource local

churches and mission partners to go into their community and share the good news of Jesus. The impact of each initiative funded is being assessed. The Fund has been temporarily closed for applications since March 2020 due to the COVID-19 situation.

Continuing digital transformation

Our aim during the year was to ensure ongoing digital transformation of our thinking and activity. Initiatives and milestones included the following:

- We established a clear platform architecture and route map ready to support the Strategic Plan.
- Following the deployment of a new booking system for holiday guests, training was rolled out to volunteer holiday leaders in January 2020. Initial response has been positive.
- We successfully migrated WordLive (our online Bible reading guide) and LightLive and SchoolsLive (resources for working with children and young people) from the legacy web platform to our main website. The old website has subsequently been closed, leading to considerable cost savings.
- We implemented Office 365, including Teams, and drove adoption across the organisation. We have begun to see significant benefits, especially as our response to the COVID-19 situation required homeworking during March 2020 and beyond.

Supporting global partnership

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. Facilitated by the SU International team, globally 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 don't yet know Jesus.

- *Ministry through sport* - We invited delegates from international SU movements to a conference to encourage them with our missional sports models. The conference had to be postponed, however, but although the initiative evolved into a rolling engagement with the Salvation Army, the international element did not happen.

We explored a partnership in sports-based ministry with SU Malawi. Shared goals were agreed, and a detailed proposal is being drawn up for consideration in the coming year.

- *Regional partnerships* - We reviewed our strategy and focus for partnership between our regional teams and international SU movements, the aim being to improve focus and mutual benefit. The recommendations of the review were implemented in partnership with the SU International team.
- *Guardians of Ancora* - *Guardians of Ancora* is our free digital game that gives children a fun, safe play-space where Bible stories come alive as they explore their relationship with God and the Bible. Through partnership with international SU movements, this award-winning app is now available in five languages: English, Welsh (*Arwyr Ancora*), Serbian (*Čuvari Ankore*), Albanian (*Rajet nga Ankora*) and Brazilian Portuguese (*Guardiões da Ancora*). All languages are available in all app stores, in all regions and territories, meaning that language speakers can access their preferred language wherever they happen to be in the world. Two further languages are in development: isiZulu, partnering with SU South Africa; and Spanish, which is a joint partnership between Latino- and European-Spanish-speaking movements.

Using the app in English has been standardised with an English-speaking partnership agreement. To date, 13 global SU movements have become partners, promoting the app in their regions and using it as a mission resource: USA, Canada (English-speaking), South Africa, Solomon Islands, South Sudan, Rwanda, Republic of Ireland, New Zealand, Ghana, Namibia, Kenya, Malawi and Botswana. These partners are excited to be part of the *Guardians of Ancora* project: "This is a great tool to reach out to children. I look forward to reaching out to many children... May God bless you abundantly." A further 10 movements are considering this form of working together, to extend the reach of the app's ministry.

- **Grant funding** – SU England and Wales gives a percentage of our gift income and unrestricted legacies to other SU movements around the world. Grants approved during the year totalled £81,000 (2019: £213,000). Amongst the projects supported were SU Spain's work with disadvantaged children and teenagers, outreach work in Southeast Asia and development of the ministry and support processes of Francophone movements in Africa so that they can become more sustainable. In addition to the grants made from our own resources, we receive gifts from our supporters restricted for international purposes which we use to make grants to support ongoing SU mission and specific SU projects in other parts of the world. Such grants this year totalled £160,000 (2019: £122,000) (*see the Statement of financial activities, page 22, and Note 4 to the financial statements, pages 28-29*).

We have begun work with SU International to establish a shared understanding of the strategic priorities of the global SU family. Our hope is that this will be ready in the coming year and allow us to build a strategic funding framework.

Impact of COVID-19

During February 2020 it became increasingly clear that the COVID-19 (coronavirus) pandemic presented a significant risk to the mission of SU. Early in March an action team was formed and rapidly completed a comprehensive assessment of issues requiring immediate action and a future risk/mitigation analysis. Our policy was, and continues to be, to act in accordance with current government guidelines while planning for increasing future impact. The Trustees are consulted on policy and informed of key executive decisions.

- **Mission activity** – During March decisions were made to postpone or cancel national and regional events up to Easter. During April we took the difficult decision to cancel the summer programme of events, but plans are now underway to hold some missions digitally or in gatherings run within government COVID-19 guidelines and with locally based team members. With face-to-face ministry on hold, field staff have been redeployed onto developing digital content to continue our ministry during 'lockdown', while continuing to maintain relationships with local partners and being trained remotely for their new role within the new Strategic Plan.
- **Mission operations** – Investment during the year to maximise the use of Microsoft Office 365 enabled a smooth move to homeworking for most staff. Since 'lockdown' on 23 March 2020, all staff are working from home except for a minimum skeleton staff who attend the national office twice a week to deal with issues which cannot be undertaken remotely. With careful coordination, critical suppliers continue to support our operation.
- **Financial health** – Timing meant that the immediate impact of COVID-19 on the year's financial performance was minimal. More detail is included in the *Financial position* section (*pages 11-12*).
- **Reputation** – Attention has been paid to ensuring clear and timely communications with all stakeholders via all normal channels, with the website carrying status information on all events. Event leaders were consulted during decision making, and participants booked on cancelled events were contacted and refunds offered, with the option of turning fees paid into donations. Staff have participated in a special programme to telephone supporters to encourage them during their isolation. The overwhelming response from partners, volunteers and supporters has been positive.

- **Forward view** – The future progress of the COVID-19 situation remains uncertain. During April we carried out an impact assessment on our 2020/21 operating plan. We identified where we are critically dependant on specific government policy decisions and planned how to be ready to respond quickly to relaxation of 'lockdown' in specific areas. We will continue to balance our resources between developing the core strategic offering (*see the Developing new strategy section, below*) while creating tactical resources to support mission to children and young people as society transitions out of 'lockdown'. During April we took the difficult decision to cancel our National Conference planned for June 2020 and all remaining holidays and missions in our summer 2020 programme. This has led to a small number of staff being furloughed under the government's Coronavirus Job Retention Scheme on full pay. We entered the 2020/21 financial year with a healthy balance sheet (*see Financial position section, pages 11-12*) but saw early signs of a reduction in gift income and income from the sale of resources. Mitigating action is being taken to support income and to carefully control discretionary expenditure.

Developing new strategy

The Trustees gave their strong support in July 2019 to a high-level Strategic Plan proposed by the Leadership Team. Significant consultation on the Plan subsequently took place with staff, the Strategy Core Team (comprising selected volunteers and staff), a selection of local mission partners, and SU's Council. The overall response was very positive. A core staff team was formed and progressed the work from high level definition to detailed planning and implementation, with the aim of launching the new strategy in June 2020 at SU's conference attended by key volunteers, local mission partners and staff. The conference was subsequently postponed due to COVID-19.

Significant challenges were overcome in balancing effort required on existing operational tasks versus the strategic 'change' related activity. Wherever possible the new Strategic Plan was used to prioritise operational tasks. For example, the re-launch of WordLive and the migration of LightLive and SchoolsLive material from the legacy web platform to our main website (*see page 8*) significantly reduced operational costs that could be redeployed on strategic work.

COVID-19 had little impact on the Strategic Plan during the year as much of the work planned for this period had been completed. However, it is likely to continue to have a major impact through the coming year. The timing of, and mechanism for, launching the strategy framework has been revised given the postponement of the conference and the continuing COVID-19 restrictions. However, the essential new products, services, processes and redefined roles that are required to support the revised launch of the Strategic Plan were ready for June 2020.

The Strategic Plan significantly influenced spend decisions during the year and will be fully integrated into the budget for the coming year and beyond.

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*). The aim of the Strategic Plan (*see above*) is to ensure that operationally SU fulfils its renewed mission to its priority community, and hence achieve its vision.

The maturity of the Strategic Plan means that it is no longer an overlay on the existing operating plan but is fully integrated into SU's annual operating plan for the coming year, as agreed by the Trustees in April 2020.

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:

- **Mobilising others:** Mobilise the SU Movement and the wider Christian community to engage with The 95 as supporters, volunteers and mission partners.

- **Thought leadership:** Develop 'best in class' understanding of 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.
- **Creating relational opportunities:** Pioneer, develop and multiply opportunities for children and young people to explore and grow in the difference Jesus can make to the challenges and adventures of life
- **Transforming organisational efficiency:** Ensure transformation of cross-functional, mission enabling systems and processes to underpin organisational growth and efficiency.
- **Supporting global partnership:** Support and learn from SU movements globally who have a passion about working with children and young people who don't yet know Jesus.

We plan to use £600,000 of the funds set aside in our Project and Development Fund (*see Note 13 to the financial statements, pages 32-33*) in pursuing these objectives. This includes in the region of £195,000 for creating relational opportunities, £275,000 for transforming organisational efficiency, £100,000 for mobilising others, and £30,000 for establishing thought leadership.

Of specific note, and subject to the ongoing impact of COVID-19, we began to launch incrementally from June 2020 the Strategic Plan's new mission framework for SU.

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 2020 we had an overall deficit of £992,000 which is £280,000 higher than last year's deficit of £712,000. This was primarily due to:

- planned spend on Project and Development Fund (PDF) initiatives of £559,000, which covered a number of significant one-off initiatives to grow scale and impact of SU missional activities (*see Reserves Policy, page 12, for more details*);
- the significant reduction in investments of £314,000 due to the impact of COVID-19 during March 2020;
- a budgeted operating deficit, into which a VAT adjustment relating to a number of years was absorbed.

As a result, our balance sheet has reduced but remains healthy at £5,571,000. This includes £1,392,000 within the PDF, total restricted funds of £176,000 and total endowment funds of £625,000 (*see Note 13 to the financial statements, pages 33-34*). We expect to continue to spend the PDF reserves over the next two to three 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 £2,537,000 which represents a 2% increase from £2,491,000 in the previous year. It includes gifts of £160,000 for SU activity overseas. Unrestricted legacy income of £789,000 was received; however, this is down 33% on last year at £1,185,000. Further details are included in the fundraising performance section below (*page 13*). Holidays and Mission income at £554,000 is 5% lower than last year's £585,000. Publishing sales and royalty income at £853,000 is down 19% compared to last year's £1,051,000 as we continue to 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 £4,870,000 is £579,000 lower than previous year (11% down). Total expenditure of £5,548,000 is £651,000 lower than last year (10% down) despite including the VAT adjustment relating to a number of prior years.

For the year ending 31 March 2021, the Trustees aim to continue to spend reserves in line with the reserves policy (*see below*), and as such have aligned budgeted General Fund expenditure to budgeted income. In addition, expenditure of around £600,000 from PDF reserves is planned.

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, in particular reflecting the developments necessary to deliver our strategy. 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 2020, the General Fund stood at £1,961,000 (2019: £2,325,000) which represents 5.4 months (2019: 5.9 months) of ongoing unrestricted charitable expenditure for the Movement based on the financial statements for year ended 31 March 2020. In addition to the General Fund, the Trustees have set aside designated funds as described below and in Note 13 to the financial statements (*pages 33-34*).

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 may be used to add to designated reserves within the Project and Development Fund (PDF) (*see Note 13 to the financial statements, pages 33-34, for more information*). Spending from the accumulated reserves in the PDF covers the investment cost of a range of significant one-off development initiatives to grow the scale and impact of SU's mission activity. PDF expenditure in the year totalled £559,000 (2019: £614,000) and included £221,000 for continuing digital transformation (*see page 8*), £204,000 for creating opportunities for children and young people to explore the Bible, respond to Jesus and grow in faith (*see pages 7-8*), £60,000 for mobilising others to engage with The 95 *see pages 5-6*), £50,000 for developing capabilities and £24,000 for developing thought leadership (*see page 6*). The balance of the Fund at 31 March 2020 was £1,392,000 (2019: £1,601,000) (*see Note 13 to the financial statements pages 33-34*).

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 to three years. In line with our objectives for next year we plan to spend an estimated £600,000 for the year (*see page 11 for further information*). To help with the transformation of the Movement, the Trustees approved a redesignation of £350,000 from the International Fund to the PDF as at the end of the year. This was due to the level of expenditure from the accumulating balance of the International Fund being constrained in recent years by the receipt of lower-than-anticipated numbers of grant applications meeting our funding criteria.

Continuing investment in mission development projects is needed – particularly for digital engagement with volunteers and The 95 – and additional funding will be sought from major donors 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 22*) 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. This year we worked with Yeomans to review our major donor and grants and trusts fundraising, and with Petra Fundraising to analyse patterns in our individual donor behaviour over the past ten years. Through these reports, and our own internal analysis, a new fundraising strategy has been developed and will be implemented with a three-year structure for donor retention, reactivation, acquisition and uplift, across individual, church, major donor and grants and trusts income streams.

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 Data Protection Act 2018. We ensure that staff are fully trained and understand their responsibilities in their respective areas.

We take pride in treating the wishes of our donors and their privacy with the utmost respect. We contact supporters in the ways that they prefer, adapting them as needed. Supporters can change their preferences at any time, and we will not contact them if they ask us not to. We never share names, addresses or other personal information with third parties for charity, commercial or fundraising purposes. We genuinely appreciate feedback from supporters and the public and we review our fundraising activities in light of feedback and complaints we may receive. During the year we received seven complaints relating to our fundraising activity, none of which were deemed to be highly serious or referred to the Fundraising Regulator.

Fundraising performance

Income received as a result of the managed fundraising programme increased by £46,000 from £2,491,000 to £2,537,000.

Donations received during the year came predominantly from individual supporters (92%), with the balance being received from trusts (6%), churches (1%), and other sources (1%).

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 £789,000. Whilst this was below the £1,185,000 received the previous year, legacy income for both years exceeded our expectations.

The cost of raising funds during the year decreased from £545,000 to £425,000 due to short-term staffing changes (*see Note 4 to the financial statements, pages 28-29*).

We place a high priority on the need to inform supporters of our activities and our magazine *Connecting You* was sent to 30,000 (2019: 31,000) supporters four times during the year.

Investment policy and performance

A portion of SU's reserves available for investment has been identified and held as long-term reserves and invested (£2,377,000 as at 31 March 2020). This includes a capital endowment (£625,000 as at 31 March 2020). 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. The composition of the benchmark is currently under review. 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 – although volatility in the market can drive significant short-term fluctuations – 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 2:17:77:4 in percentage terms as at 31 March 2020. To the year ended 31 March 2020, our investment report showed that the fund fell (after fees) by -9.66% (2019: produced a total return (after fees) of +3.70%). The SU benchmark fell by -11.55% (2019: rose by +5.89%).

It has been a particularly challenging few months given the onset of the COVID-19 crisis and the disruption this has had to economies globally. Stock markets have fallen sharply in response. At this time in particular, 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 2020 the fund produced a total return (after fees) of +11.76%. This represents an outperformance of the benchmark which rose +9.87%. Whilst the 31 March date captures a small rebound from the market lows of mid-March, the fund has retraced a further 7.8% since then (as at 11 May 2020). As such the return for this just over five-year period (31 March 2015 – 11 May 2020) is 20.49% compared to the benchmark return of 14.76%. As at 31 March 2020, the portfolio yield was +2.5% (2019: +2.56%).

Principal risks and uncertainties

The Movement has a risk management policy 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 Trustees and the suitability of the risk review and management process is monitored by the Audit and Finance Committee (*see pages 17-18*).

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.

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.

Two primary risks have been identified:

Criticism, incident or allegation regarding work with children – 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 review.

We remain deeply saddened by the accounts of abuse suffered by the victims of the late John Smyth, a trustee of SU from 1971-79. A lessons-learned review into SU's past connections with John Smyth has begun and the results are expected in 2020. We are keen to ensure that learning from these past experiences shape and influence our safeguarding practices as we continue to prioritise the safety and wellbeing of those in our care.

Failure to generate sufficient income, falling numbers of supporters and mistrust of charities, particularly fundraising activity – Key elements of the management of this risk are prayer, maintaining a focus on trusting God to provide for His mission, ongoing building of personal relationship with donors, implementation of SU's fundraising strategy, periodic Trustee review of SU's fundraising ethos and strategy and implementation of the strategic plan with a clear focus on income generation and expenditure.

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 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 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

Policies and procedures for the recruitment, appointment and induction of all new trustees are in place and maintained by the Trustees.

Responsibility for trustee recruitment lies with the Chair of Trustees. Each candidate is interviewed by a panel that usually comprises the Chair, one or more trustees and a member of Council. In the case of candidates who the group believes may be called to be trustees, a second interview by the same or similar panel is normally conducted. Each candidate is assessed having regard to the overall composition of the Board of Trustees, including any skills and experience that its then current members lack. 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, willing 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 induction training, information and support to acquire the necessary detail of how the Movement and the Board of Trustees 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 SU's aims, belief and working principles and 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 (*listed on page 2*) and the Trustees appoint 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 Trustees have 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 Trustees seek to apply the principles set out in the Charity Governance Code having regard to the aims, beliefs and working principles of SU. In February 2020, the Trustees approved a document which describes the governance structure of SU, including the division of powers between the Council and the Trustees and the delegation of powers by the Trustees. The document focuses on the legal structure and legal allocation of powers and responsibilities.

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 Trustees 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, comprising up to 36 members (including trustees and leadership team members), normally 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 reporting 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 Trustees. 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 Trustees have delegated certain tasks to the Audit and Finance Committee, comprising trustees and volunteers. The Committee meets regularly and has responsibility for:

- monitoring the integrity of the financial statements and any formal announcement relating to financial performance;
- reviewing the integrity of the internal financial control and financial and risk management systems;

- monitoring and reviewing the performance of the internal audit function;
- reviewing the independence of the external auditor and the provision of any non-audit services;
- reviewing the performance of the external auditor and making recommendations to the Trustees in relation to their appointment, re-appointment and removal and approving their remuneration and terms of engagement;
- monitoring financial performance and approving the annual draft budget for submission to the Trustees;
- reviewing and approving investment policies and reviewing the performance of the investment managers;
- monitoring the pension arrangements and reviewing the performance of insurance companies that provide the relevant pension policies and any pensions advisors;
- monitoring compliance with corporate and charity laws and regulations.

The Nominations and Advisory Committee, comprising members of Council, a trustee and a staff member, is a sub-committee of Council. It meets regularly as required and has responsibility for:

- proposing individuals for admission as members of the Council (other than individuals who are admitted by virtue of being a trustee or member of the Leadership Team).
- helping Council to evaluate itself and its work.

Management and staff

The Trustees delegate to the National Director the day-to-day management of the Movement and the implementation of policies and other decisions of the Trustees. The National Director may sub-delegate the management and implementation and the exercise of powers to members of the Leadership Team (*members listed on page 2*). The Trustees 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 30*).

Related parties

All trustees give of their time freely and no trustee received remuneration during the year. Details of trustees' expenses and any related party transactions are disclosed in Note 6 to the financial statements (*page 30*).

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 29*). 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 and Finance Committee (*see pages 17-18*). Grant allocations amounting to £273,000 were made during the year. For a summary of grant allocations, see Note 4 to the financial statements (*pages 28-29*).

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 SU's Audit and Finance 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

Following a tender process during the autumn of 2019, MHA MacIntyre Hudson was appointed as the Charitable Company's auditor. MHA MacIntyre Hudson has expressed willingness to continue in that capacity.

* * * * *

The Trustees submit their annual report and the audited financial statements for the year ended 31 March 2020. 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 16 July 2020 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 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2020, 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 conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 trustees' annual report.

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

- adequate 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 directors' 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

As explained more fully in the trustees' responsibilities statement, 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.

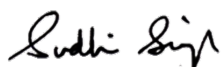
Auditor's responsibilities for the audit of the financial statements

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.

Use of our report

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



Sudhir Singh FCA (Senior Statutory Auditor)
For and on behalf of MHA MacIntyre Hudson
Chartered Accountants and Statutory Auditors
2 London Wall Place
London
EC2Y 5AU

Date: 14 August 2020

Statement of financial activities incorporating an income and expenditure account for the year ended 31 March 2020

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2020 £'000	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2019 £'000
Income and endowments									
<i>Income from generated funds:</i>									
- Income from donations and legacies	2a	2,785	541	-	3,326	2,824	852	-	3,676
- Income from investments	2b	60	26	-	86	59	26	-	85
<i>Income from charitable activities:</i>									
- Holidays and missions		554	-	-	554	585	-	-	585
- Other fee income		51	-	-	51	52	-	-	52
- Publishing sales and royalties		853	-	-	853	1,051	-	-	1,051
Total income		4,303	567	-	4,870	4,571	878	-	5,449
Expenditure									
<i>Expenditure on raising funds:</i>									
- Cost of raising funds		425	-	-	425	545	-	-	545
<i>Expenditure on charitable activities:</i>									
- Face-to-face mission in England and Wales		2,747	448	-	3,195	2,554	599	-	3,153
- Advocacy		316	-	-	316	161	-	-	161
- Content creation		464	2	-	466	629	162	-	791
- Commercial publishing		722	-	-	722	1,099	-	-	1,099
- International activities		264	160	-	424	328	122	-	450
Total expenditure	4	4,938	610	-	5,548	5,316	883	-	6,199
Net (loss)/gain on investment assets		(240)	-	(74)	(314)	54	-	(16)	38
Net (expenditure) for the year being net movement in funds		(875)	(43)	(74)	(992)	(691)	(5)	(16)	(712)
<i>Reconciliation of funds:</i>									
Fund balances brought forward		5,645	219	699	6,563	6,336	224	715	7,275
Fund balances carried forward	13	4,770	176	625	5,571	5,645	219	699	6,563

- 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 in 2019 benefited from legacy income which significantly exceeded expectations.
- The annual net expenditure for restricted and unrestricted funds reflects:
 - planned spending down of the Project and Development Fund of £559,000 (*see reserves policy, page 12*);
 - a significant reduction in investments of £314,000 due to the impact of COVID-19 during March 2020;
 - a budgeted operating deficit, into which a VAT adjustment relating to a number of years was absorbed.

The Notes on pages 25-36 form part of these financial statements.

Balance sheet

As at 31 March 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	7	934	1,006
Investments	8a	2,377	2,660
Total Fixed Assets		3,311	3,666
Current assets			
Investments	8b	2,122	2,321
Stocks	9	171	139
Debtors	10	421	480
Cash at bank and in hand		668	892
Total Current Assets		3,382	3,832
Liabilities			
Creditors: amounts falling due within one year	11a	(948)	(745)
Net current assets		2,434	3,087
Total assets less current liabilities		5,745	6,753
Creditors: amounts falling due over one year	11b	(149)	(165)
Provisions for liabilities	12	(25)	(25)
Net assets		5,571	6,563
The funds of the Charitable Company	13		
Unrestricted funds			
Fixed assets fund		934	1,006
Working capital fund		95	33
Project and development fund		1,392	1,601
International fund		388	680
General fund		1,961	2,325
		4,770	5,645
Restricted funds			
Income fund		176	219
Endowment funds			
Endowment fund		625	699
Total charity funds		5,571	6,563

The financial statements were approved and authorised for issue by the Trustees on 16 July 2020 and signed on their behalf by:



Richard Godden
Chairman



Kim Hurst FCA
Treasurer

The Notes on pages 25-36 form part of these financial statements.

Company Registration Number 00039828

Statements of cash flows

for the year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
Net cash (used in) operating activities	<i>See (a) below</i>	(466)	(361)
<i>Cash flows from investing activities</i>			
Interest received	2b	60	59
Dividends received	2b	26	26
Purchase of tangible fixed assets	7	(12)	(28)
Sale of investments	8a	176	239
Purchase of investments	8a	(229)	(207)
Movement in investment cash	8a	22	(56)
Net cash from investing activities		43	33
<i>Cash flow from financing activities</i>			
Repayment of borrowings	11a	-	-
Change in cash and cash equivalents for the year		(423)	(328)
Cash and cash equivalents at the beginning of the year		3,213	3,541
Total cash and cash equivalents at the end of the year	<i>See (b) below</i>	2,790	3,213

Change in cash and cash equivalents due to exchange rate movements during the year was £130 (2019: £6,000).

Notes to cash flow statement

(a) Reconciliation of net expenditure for the year		2020 £'000	2019 £'000
Net (expenditure) for the reporting period	<i>Notes See SOFA</i>	(992)	(712)
<i>Adjustments for:</i>			
Depreciation charges	7	84	93
Net loss/(profit) on investments	13	314	(38)
Dividends and interest from investments	2b	(86)	(85)
(Increase)/decrease in stocks	9	(32)	117
Decrease in debtors	10	59	343
Increase/(decrease) in creditors	11	187	(78)
(Increase) in provision for pensions	12	-	(1)
Net cash (used in) operating activities		(466)	(361)
(b) Cash and cash equivalents	<i>Notes</i>	2020 £'000	2019 £'000
Cash at bank and in hand	<i>See Balance Sheet</i>	668	892
Notice deposits (less than 3 months)	8b	2,122	2,321
Net funds		2,790	3,213

The Notes on pages 25-36 form part of these financial statements.

1. Accounting policies

The principal accounting policies adopted, judgements and key sources 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 2019) (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 despite the impacts of COVID-19. COVID-19 has been treated as a non-adjusting post balance sheet event. For the year ending 31 March 2021 a balanced operating budget has been set and project and development activity will be funded from the designated Project and Development Fund reserve. A weekly review of income has been implemented. In addition to ownership of a building used as the national office and long-term reserves, SU has a healthy cash balance. Cash flow forecasts indicate that ongoing operational activity will continue beyond 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 16). 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 probability of receipt and when the amount is reliably measurable. 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 of the dividend due has been received.

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 1(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 allocation of support and governance costs is set out in *Note 4 (pages 28-29)*. The basis on which these costs are allocated is:

Finance	Staff time
Technical Services	Headcount
Human Resources	Headcount
Facilities	National Office Headcount
Database	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 33-34*).
- 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. Assets are capitalised when the cost totals £500 or more. 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 30*). 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.
- p) **Financial instruments** – The Charitable Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. The financial assets and financial liabilities of the Charitable Company are as follows:
- **Debtors** – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in Note 10 (*see page 32*). Prepayments, legacies receivable, tax recoverable and accrued income are not financial instruments.
 - **Cash at bank** – is classified as a basic financial instrument and is measured at face value.
 - **Liabilities** – trade creditors, accruals, loans payable and other creditors will be classified as financial instruments and are measured at amortised cost as detailed in Note 11 (*see page 32*). Taxation and social security are not included in the financial instruments' disclosure. Deferred income is not deemed to be a financial liability, as in the cash settlement has already taken place and there is simply an obligation to deliver charitable services rather than cash or another financial instrument.

2. Income

2a. Income from donations and legacies

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2020 £'000	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2019 £'000
Donations	1,996	541	-	2,537	1,639	852	-	2,491
Legacies	789	-	-	789	1,185	-	-	1,185
	<u>2,785</u>	<u>541</u>	<u>-</u>	<u>3,326</u>	<u>2,824</u>	<u>852</u>	<u>-</u>	<u>3,676</u>

2b. Income from investments

	2020 £'000	2019 £'000
Interest receivable	60	59
Dividends receivable	26	26
	<u>86</u>	<u>85</u>

Of the investment income, £26,000 (2019: £26,000) was attributable to restricted income with the balance of £60,000 (2019: £59,000) adding to unrestricted funds.

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

	2020 £'000	2019 £'000
Auditor remuneration: Audit fee	17	16
Auditor remuneration: Other services (corporation tax)	2	2
Depreciation charges	84	93
Operating lease rentals: machinery	3	3

4. Expenditure

	Grant funding of activities (see below) £'000	Direct costs £'000	Support costs (see below) £'000	Total 2020 £'000	Total 2019 £'000
Costs of raising funds	-	127	298	425	545
Face-to-face mission in England and Wales	27	2,636	532	3,195	3,153
Advocacy	-	154	162	316	161
Content creation	-	323	143	466	791
Commercial publishing	-	600	122	722	1,099
International activities	241	133	50	424	450
Total 2020	<u>268</u>	<u>3,973</u>	<u>1,307</u>	<u>5,548</u>	<u>6,199</u>
Total 2019	<u>420</u>	<u>4,487</u>	<u>1,292</u>	<u>6,199</u>	

Full comparative numbers for year ended 31 March 2019 are included as a separate Note on page 35.

Analysis of support costs

	Finance £'000	Technical Services £'000	Human Resources £'000	Facilities £'000	Database £'000	Fundraising and Comms £'000	Web £'000	Management / Leadership Team £'000	Total 2020 £'000	Total 2019 £'000
Costs of raising funds	56	28	5	24	36	134	-	15	298	345
Face-to-face mission in England and Wales	126	179	37	79	30	24	-	57	532	482
Advocacy	13	14	3	24	3	53	-	52	162	66
Content creation	46	21	6	8	15	4	-	43	143	160
Commercial publishing	28	34	6	24	14	1	-	15	122	196
International activities	19	-	1	-	3	1	-	26	50	43
Total 2020	<u>288</u>	<u>276</u>	<u>58</u>	<u>159</u>	<u>101</u>	<u>217</u>	<u>-</u>	<u>208</u>	<u>1,307</u>	<u>1,292</u>
Total 2019	<u>204</u>	<u>235</u>	<u>48</u>	<u>157</u>	<u>75</u>	<u>221</u>	<u>80</u>	<u>272</u>	<u>1,292</u>	
Basis of activity	Staff time	Headcount	Headcount	National Office Headcount	Staff time	Staff time	Staff time	Staff time		

The basis on which costs have been allocated is outlined in Note 1(e) (page 26). 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.

Included within support costs is £54,000 (2019: £57,000) of Governance costs which comprise all costs associated with meeting the constitutional and statutory requirements of the Charitable Company. It includes internal and external audit costs of £17,000 (2019: £16,000), Board and Council meeting costs £4,000 (2019: £6,000) and an allocation of indirect costs to cover support from members of staff £33,000 (2019: £35,000).

Finance costs for the year have been inflated by Director of Finance and Services costs as Managing Director and Head of Mission Enabling costs were previously allocated to Management/Leadership Team.

Included within Management/Leadership Team is the cost of a mailing to all supporters at the start of 'lockdown' to explain how SU was responding to the COVID-19 pandemic.

Technical Services now includes the costs of Web activities which were shown separately in previous years.

Grant activity in furtherance of the Charitable Company's objects	Activities undertaken directly	Grant funding of activities	Support costs	Total 2020 £'000	Total 2019 £'000
Scripture Union worldwide	48	64	16	128	106
Scripture Union – Africa	34	72	15	121	138
Scripture Union – England and Wales	30	32	8	70	135
Scripture Union – Former Soviet Republics	19	41	8	68	52
Scripture Union – Europe	15	31	6	52	55
Scripture Union – Americas	-	14	2	16	51
Scripture Union – Asia	5	7	1	13	24
Scripture Union – rest of Britain & Ireland	10	3	1	14	9
Scripture Union – Pacific	2	9	1	12	15
Total 2020	163	273	58	494	585
Total 2019	102	420	63	585	

Grant allocations amounting to £273,000 (2019: £420,000) were made during the year. This includes £nil (2019: £23,500) 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 £27,000 (2019: £82,000).

Movement in recognised funding commitments during the year	Charitable commitments accrued £'000
Grant commitments accrued at the start of the year	82
New grant commitments charged to the Statement of Financial Activities during the year	273
Grants paid during the year	(328)
Amount of grant commitments accrued as at 31 March 2020	27

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

SU England and Wales works in partnership with, and makes grants to, independent SU movements around the world as noted on pages 3, 9, 12 and 19.

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, 7, 8, 10 and 19. 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 (see page 32).

5. Staff costs and remuneration of key management personnel

	2020 £'000	2019 £'000
Staff costs		
Wages and salaries	2,034	2,178
Social security costs	201	217
Reorganisation costs	7	65
Pension costs		
Scripture Union (L&G) Personal Pension Plan	193	195
Unfunded pension scheme	-	1
	2,435	2,656
Average number of employees, analysed by function	2020 Number	2019 Number
Income generation	5	5
Advocacy	3	-
Face-to-face mission in England and Wales	36	42
Content creation	6	4
Commercial publishing	6	7
International activities	1	1
Administration and support of staff and volunteers	11	16
	68	75

The average number of employees during the year was 68 (2019: 75), including 17 (2019: 12) 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 62 (2019: 71).

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 £377,000 (2019: £370,000).

During the year, two employees (2019: four employees) earned between £60,000 and £70,000, no employee (2019: one employee) earned between £70,000 and £80,000, and one employee (2019: one employee) earned between £80,000 and £90,000, excluding employer pensions contributions.

6. Related Parties

The Trustees received no emoluments in their role as trustees during the year, but six of the ten trustees received reimbursement of travel expenses totalling £995 (2019: £929 reimbursed to four of nine trustees).

In 2020 there was sale of a laptop for £125 to The Red Trust (Bushey), a charity of which the wife of the Finance and Services Director is a Trustee). In addition, the Culture and Innovation Director was paid £375 for writing notes for one of our Bible reading guides. (2019: No related party transactions).

7. Tangible fixed assets	Freehold land and buildings £'000	Computer equipment £'000	Fixtures and fittings £'000	Machinery £'000	Total £'000
Cost:					
At 1 April 2019	810	240	250	19	1,319
Additions	-	9	3	-	12
Disposals	-	(24)	-	-	(24)
At 31 March 2020	810	225	253	19	1,307
Depreciation:					
At 1 April 2019	49	183	62	19	313
Charge for year	16	41	27	-	84
Disposals	-	(24)	-	-	(24)
At 31 March 2020	65	200	89	19	373
Net book value					
At 31 March 2020	745	25	164	-	934
At 31 March 2019	761	57	188	-	1,006

At 31 March 2020, the Trustees had authorised the capital expenditure budget for the ensuing year of £70,000 (2019: £27,000). Disposals as shown on the SOFA are shown net of depreciation. There were no capital commitments as at 31 March 2020 (2019: £nil).

8. Investments

8a. Fixed asset investments

	2020 £'000	2019 £'000
Investments at market value		
Investment cash	49	71
Fixed Interest & UK Government stocks	398	402
UK Listed Stock Exchange Investments, Unit Trusts and OEICs	1,930	2,187
	2,377	2,660
<i>Movement during the year:</i>		
Market value at 1 April	2,660	2,598
Less: Disposals at open market value	(176)	(239)
Add: Acquisition at cost	229	207
Net (loss)/gain on revaluation	(314)	38
Movement in investment cash	(22)	56
Market value at 31 March	2,377	2,660

The historic cost of investments is £1,934,000 (2019: £1,877,000).

8b. Current asset investments

	2020 £'000	2019 £'000
Virgin Money	2,000	2,000
Scottish Widows	122	321
	2,122	2,321

Current asset investments represent short-term cash deposits.

9. Stocks

	2020 £'000	2019 £'000
Work in progress	69	28
Finished goods	102	111
	171	139

Value of stock recognised as an expense on the SOFA is £198,000 (2019: £309,000).

10. Debtors	2020	2019
	£'000	£'000
Trade debtors	45	83
Tax recoverable	51	58
Other debtors	47	33
Legacies receivable	140	119
Prepayments and accrued income	138	187
	421	480

Prior to sign-off of the financial statements, SU had been notified of further legacies with an estimated value of £224,000 (2019: £236,000). In accordance with Note 1(c) as noted on page 25, it was not considered appropriate to accrue for this amount in the financial statements as at 31 March 2020.

A prepayment for the use of Great Wood Trust's site for our holiday programme covers £30,000 related to summer 2020, with a further £30,000 for summer 2021. The costs of the summer 2020 events programme will be recognised in year ending 31 March 2021 following the cancellation in April 2020 of the programme due to COVID-19.

11. Creditors

11a. Creditors: amounts falling due within one year	2020	2019
	£'000	£'000
Trade creditors	184	258
Accruals and deferred income	415	362
Taxation and social security costs	277	54
Interest free loans from supporters	35	35
Other creditors	37	36
	948	745

Deferred income	2020	2019
	£'000	£'000
Deferred income at 1 April	211	173
Resources deferred during the year	144	211
Amounts released from previous periods	(211)	(173)
Deferred income at 31 March	144	211

Deferred income relates to 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	2020	2019
	£'000	£'000
Accruals and deferred income	149	165
	149	165

12. Provisions for liabilities	2020	2019
	£'000	£'000
Ex-gratia pensions		
Balance at start of year	25	26
Pensions paid	(9)	(9)
Increase in provision	9	8
Balance at end of year	25	25

Ex-gratia pensions are provided to a small number of former staff on an unfunded basis. See Note 1(l) (page 27) for more details.

13. Statement of funds	Balance 1 April 2019 £'000	Income £'000	Expenditure £'000	Net investment gains £'000	Transfers £'000	Balance 31 March 2020 £'000
Unrestricted funds						
Designated funds:						
Fixed Assets	1,006	-	-	-	(72)	934
Working Capital	33	-	-	-	62	95
Project and Development	1,601	-	(559)	-	350	1,392
International	680	247	(189)	-	(350)	388
	<u>3,320</u>	<u>247</u>	<u>(748)</u>	<u>-</u>	<u>(10)</u>	<u>2809</u>
General fund	2,325	4,056	(4,190)	(240)	10	1,961
Total unrestricted funds	<u>5,645</u>	<u>4,303</u>	<u>(4,938)</u>	<u>(240)</u>	<u>-</u>	<u>4,770</u>
Restricted funds						
Income funds:						
Children's evangelism	40	-	(40)	-	-	-
Endowment income	-	26	(26)	-	-	-
Gifts for SU overseas	-	160	(160)	-	-	-
Good News Fund	38	2	(27)	-	-	13
Google AdWords	-	16	(16)	-	-	-
Guardians of Ancora	7	-	(7)	-	-	-
Rooted	-	27	-	-	-	27
SU Holiday Fund	93	20	(21)	-	-	92
Team support	-	293	(293)	-	-	-
Others	41	23	(20)	-	-	44
Total restricted funds	<u>219</u>	<u>567</u>	<u>(610)</u>	<u>-</u>	<u>-</u>	<u>176</u>
Endowment funds						
Endowment fund	699	-	-	(74)	-	625
Total endowment funds	<u>699</u>	<u>-</u>	<u>-</u>	<u>(74)</u>	<u>-</u>	<u>625</u>
Total funds	<u>6,563</u>	<u>4,870</u>	<u>(5,548)</u>	<u>(314)</u>	<u>-</u>	<u>5,571</u>

Full comparative numbers for year ended 31 March 2019 are included as a separate Note on page 36.

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, 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 (pages 10-11).
- The **International Fund** is a provision for the support of projects in SU movements around the world. At the discretion of the Trustees, an agreed percentage of gift income not specifically restricted for other SU movements and unrestricted legacies is transferred to the fund. Grants are made throughout the year and relevant expenditure incurred is charged to the fund as it arises.

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.
- **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.

- **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.
- **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.
- **Rooted** refers to a gift to promote this resource below fully allocated cost to maximise reach and impact.
- **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 2020
<i>Funds</i>	£'000	£'000	£'000	£'000	£'000
General	-	1,752	1,331	(1,122)	1,961
Designated	934	-	1,875	-	2,809
Restricted	-	-	176	-	176
Endowment	-	625	-	-	625
Total	934	2,377	3,382	(1,122)	5,571

14. Financial commitments

At 31 March 2020 SU had remaining commitments under non-cancellable leases as follows:

	2020	2019
<i>Expiry date</i>	Machinery	Machinery
	£'000	£'000
Within one year	1	3
Two to five years	-	1
Total	1	4

The value of lease payments included in the SOFA in the year was £3,000 (2019 - £3,000).

Comparative data for year ended 31 March 2019

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

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 2019 £'000
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

Basis of activity

Staff time

Staff time

Headcount

National
Office
Headcount

Staff time

Staff time

Staff time

Staff time

Grant activity in furtherance of the Charitable Company's objects

	Activities undertaken directly	Grant funding of activities	Support costs	Total 2019 £'000
Scripture Union – Africa	20	109	9	138
Scripture Union – England and Wales	30	85	20	135
Scripture Union worldwide	15	81	10	106
Scripture Union – Europe	15	37	3	55
Scripture Union – Former Soviet Republics	15	27	10	52
Scripture Union – Americas	-	48	3	51
Scripture Union – Asia	4	16	4	24
Scripture Union – Pacific	3	10	2	15
Scripture Union – rest of Britain & Ireland	-	7	2	9
	102	420	63	585

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

Comparative data for year ended 31 March 2019

13. Statement of funds (2019 comparative)

	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
	3,936	337	(886)	-	(67)	3,320
General fund	2,246	4,234	(4,479)	54	67	2,325
Total unrestricted funds	6,182	4,571	(5,365)	54	-	5,645
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	224	878	(883)	-	-	219
Endowment funds						
Endowment fund	715	-	-	(16)	-	699
Total endowment funds	715	-	-	(16)	-	699
Total funds	7,121	5,449	(6,248)	38	-	6,563
Analysis of funds by asset						
	Tangible fixed assets £'000	Investments £'000	Current assets £'000	Liabilities and provisions £'000	Total 2019 £'000	
Funds						
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	



Scripture Union

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