

Company Registration  
Charity Registration England  
Scotland

No 611250  
No 219763  
No SCO 40432

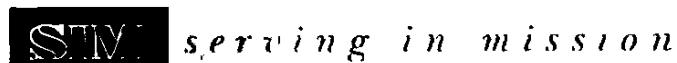
Financial statements for the year ended  
30 September 2010

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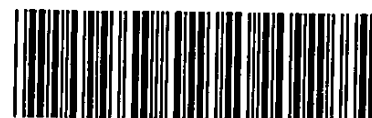
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## SIM International (UK)

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

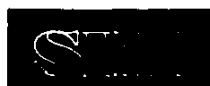


THURSDAY



RM 19/05/2011 252  
COMPANIES HOUSE

**SIM International (UK)**



*serving in mission*

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**Charitable company information**

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**Registered office**

Wetheringsett Manor  
Wetheringsett, Stowmarket  
Suffolk IP14 5QX

**Directors**

Dr I Anderson	(Resigned 19 November 2010)
Mrs S Barbour	
Mr P F Bosson	
Rev M. Burnside	(Resigned 19 November 2010)
Dr T Cudmore	
Rev M Hider	
Rev E H Holmgren	(Resigned 19 November 2010)
Rev A J Hornal	
Mr J Kynaston	(Resigned 19 November 2010)
Dr B Obi	(Resigned 19 November 2010)
Mrs G Phillips	
Mr P Shelley	

**Company Secretary**

Mr P K Gilbert

**Bankers**

Barclays Bank PLC  
543 Norwood Road  
West Norwood  
London SE27 9DW

Cafcash  
Kings Hill  
West Malling  
Kent ME19 4TA

**Solicitors**

Lewis & Dick  
443 Kingston Road  
Ewell  
Surrey KT19 0DG

**Auditors**

Mazars LLP  
The Pinnacle  
160 Midsummer Boulevard  
Milton Keynes MK9 1FF

**Investment Manager**

Blackrock Advisors (UK) Limited  
Murray House  
1 Royal Mint Court, London EC3N 4HH



## Directors' report

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Registered Company number 611250

Registered Charity number England 219763

Registered Charity number Scotland SCO 40432

The directors who are also trustees have pleasure in presenting their report and the financial statements for the year ended 30 September 2010

### Governing instrument

The governing instrument for the charitable company ("the charity") is its Memorandum and Articles of Association. The charity is a company incorporated on 15 September 1958 limited by guarantee and not having share capital. The charitable company was originally incorporated as *Sudan Interior Mission (United Kingdom) Limited*. Subsequent mergers with *Andes Evangelical Mission* extended the work to South America in 1982 and with *International Christian Fellowship* in 1989 added fields in Asia and on 1 October 1998, the merger with Africa Evangelical Fellowship (SAGM) extended the work further into Southern Africa.

There are no specific restrictions imposed in the Memorandum or Articles of Association concerning the way the charitable company can operate.

The objects of the charity are

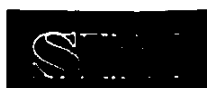
"To develop and encourage interest in Christian Missions; to train and send further missionaries to Africa and such other parts of the world as may be determined by the charitable company, to preach the Gospel of our Lord Jesus Christ with the aim of establishing churches which are self-governing, self-supporting and self-propagating, to receive and account for real and personal property and funds hereafter given it for the furtherance of the work to receive and forward funds so received for the support of such missionaries as shall be engaged in the work of preaching the Gospel of our Lord Jesus Christ in Africa and such other parts of the world as may be determined by the charitable company, to have charge of and direct missionary efforts in the African field and in any other field that may hereafter be determined by the charitable company."

### Directors

The following were directors for the whole of the period from 1 October 2009 to the date of this report unless otherwise stated

Rev A J Horal	(Chairman)
Dr I Anderson	(Resigned 19 November 2010)
Mrs S Barbour	
Mr P F Bosson	
Rev M Burnside	(Resigned 19 November 2010)
Dr T Cudmore	
Rev M Hider	
Rev E H Holmgren	(Resigned 19 November 2010)
Mr J Kynaston	(Resigned 19 November 2010)
Dr B Obi	(Resigned 19 November 2010)
Mrs G Phillips	(Deputy Chairman)
Mr P Shelley	

In accordance with the Memorandum and Articles of Association, Mr P Bosson and Rev A Horal retire from office and, being eligible, offer themselves for re-election



## **Directors' report (continued)**

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

Once a new director has been appointed, they undertake a full briefing programme which describes the charity, its governance, its objects and how these are to be achieved through its vision and purpose. The directors undertake a regular programme of updates to keep themselves up to date with any changes in governance requirements to ensure that they are fully informed of best practice.

The directors also act as trustees for the charitable activities of SIM International (UK) ("SIM UK").

The board utilises sub-committees to govern the operations of the charity and on which appropriately qualified directors serve, as follows:

**Finance and Legal Committee**

Mr P F Bosson (Chairman)

Mr P Shelley

Mrs G Phillips

**People Committee**

Rev M Hider (Chairman)

Mr T Cudmore

Additionally, the directors have established two advisory councils based in Northern Ireland and Scotland.

### **Statement of Directors' responsibilities**

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

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

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts comply with statutory requirements under Company law as stated above and also the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP) issued in March 2005, the Charities (Accounts and Reports) Regulations and the Charities Act 1993.

### **Risk management**

The directors have identified and reviewed the major risks to which the charity is exposed, and have taken steps to mitigate these risks. Risk assessment reviews are in place.

## Directors' report (continued)

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### Principal activity and vision statement

The principal activity of SIM UK is to operate as a charity undertaking missionary and development work in Africa, Asia and South America as expressed in the following Vision Statement

SIM – Serving in Mission  
Partnering the Church in World Mission

By prayer and through the power of the Holy Spirit, our vision is to glorify God in our partnership with others in the body of Christ as we endeavour together to establish a mature church in the world

To achieve this, we are a catalyst and a channel for service in  
  
evangelising the lost,  
ministering to human need, and  
discipling believers into churches equipped to fulfil Christ's Commission

### Public Benefit

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

- Enabling people to know of and live out the Gospel in fellowship with other believers and in lives of service within their communities
- Facilitating people to learn more about the Christian faith and in the deepening of their trust in Jesus Christ
- Providing biblical training for church leaders in growing churches
- Working with churches to alleviate malnutrition and suffering amongst those affected by food shortages and the HIV-AIDS pandemic whether they profess to be Christians or not, and
- Developing capacity in food security, health and social care, and education, by working through churches in the urban and rural communities in which the charity operates

Through its Global Awareness and Volunteer programmes the charity has provided a grounding to people in the knowledge of the Christian faith along with spiritual, moral and cross-cultural training and opportunities for young adults to serve overseas

### Operational Information

There are four principal officers that manage the day to day operations of the charity

Mr K R Walker	UK Director
Mr P K Gilbert	Finance & Operations Director
Miss A Christian	Mobilisation Director
Miss D Haile	Member Care and Development Director

The office at Wetheringsett is organised into two departments: Mobilisation and Finance & Operations. This enables the charity to focus on its core business of encouraging and mobilising people to go overseas and serve for varying periods of time in field locations.



## **Directors' report (continued)**

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### **Review of Activities**

The charity has continued to develop its core activities throughout the year which has resulted in a further 9 (2009:4) new long-term missionaries being sent overseas. At the end of the year there were 141 (2009: 133) long term missionaries serving with SIM UK. In addition there were 85 (2009: 54) associates on placement in October 2010 with a further 19 pending placement, and 65 (2009: 70) others had served with SIM UK during the year. In addition the charity has continued to seek funding for its numerous projects.

The charity's web site [www.sim.co.uk](http://www.sim.co.uk) is increasingly the way that missionary candidates initially connect with SIM UK. The number of visits to the site has increased over the past year. Giving via the website also continued to increase in popularity, with donations via the website increasing by 57% during the financial year.

One of the main objectives of SIM UK is to develop and encourage interest in Christian missions. Consequently SIM UK seeks to develop contacts with churches, bible colleges and individuals in the UK and beyond to make known opportunities for missionary service and support. Contacts made are then developed through existing missionaries and regional staff, its magazine, audio/visual materials and increasingly through its website. Specific missionary assignments are advertised in the Christian media and direct mailings inform supporters of financial needs. These policies have been successful in encouraging interest in Christian missions and also in sending new missionaries to work overseas.

The charity is led by its UK Director who seeks to fulfil its vision as set out on page 4. He is assisted in this by a Mobilisation Department including regional staff in Ireland, Scotland, and the North, South, East and West of England. This team recruits, develops, trains, and cares for new missionary candidates and serving missionaries. It also supports retired missionaries. The Mobilisation Department communicates SIM UK's vision and work by maintaining its website, preparing and distributing literature and electronic media showing the work being undertaken in various parts of the world. Regional staff keep churches and individuals in touch with the work of the mission. The receipt of gifts and other financial, administrative and business functions of the charity are handled by the Finance and Operations Department which also oversees the facilities and other activities at Wetheringsett Manor.

It is with sadness and gratitude we report that Will Elphick, the Mobilisation Director for the past ten years, stepped down at the end of September 2010 in order to take up an appointment as Field Director in Liberia. Mr Elphick has been replaced by Ann Christian, who was the former SIM UK mobiliser in the North of England. Miss Christian previously served in Bolivia and Niger before returning to the UK in July 2007.

SIM UK recognises that it can only achieve its objectives through its missionary members and associates and therefore is committed to care for, and develop them. Dorothy Haile, formerly the SIM International Personnel Director, was appointed Director of Member Care and Development in January 2011 to focus on this important aspect of SIM UK's work.

During the year, the board reviewed its effectiveness in the light of SIM UK's vision and concluded that the charity is best served by a smaller board comprising directors with suitable skills, and the establishment of an Advisory Fellowship comprising supporters of SIM UK who wish to give of their time and skills in order to serve SIM UK in appropriate capacities. Consequently, in July 2010, the board agreed to reduce its membership to a maximum of eight directors and also agreed to the formation of the Advisory Fellowship which the retiring board members were invited to join. In addition, it was agreed to abolish the Executive & Strategy Committee and its responsibilities transferred to the board. The regional councils were also abolished and regional support groups formed to replace them but under the direction of the Executive Director.

## **Directors' report (continued)**

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SIM UK continues to support the church worldwide in its humanitarian outreach and was pleased to host Caiphaz Ngarivhume, Director of SIM's Hope for AIDS projects in Zimbabwe. During his month long stay he spoke at churches around the country to raise awareness of and support for AIDS ministries. His ministry was greatly appreciated and he was able to raise additional prayer and financial support for AIDS ministries in Zimbabwe.

It is encouraging to report God's provision for SIM UK through substantial legacy gifts again this year. Investment income has, in the last two years, been significantly reduced by prevailing economic circumstances but income derived from legacies has allowed SIM UK to support the advancement of the Gospel throughout the world and continue its strategy of regional representation and mobilisation and to increase the resources dedicated to the care of and development of its personnel.

SIM UK continues to collaborate under a Joint Ministry Agreement with SIM offices in USA, Canada, Australia, New Zealand, South Africa, Singapore & Korea. An international office (based in Fort Mill, South Carolina, USA) provides leadership and coordination to SIM activities worldwide. The SIM UK office also acts as an administrative hub for SIM operations in France, Belgium, Italy and Switzerland.

SIM UK is a member of Global Connections (previously the Evangelical Missionary Alliance) and also the Evangelical Alliance. Both of these organisations have similar aims to the charity and seek to promote co-operation between other missionary societies and church groups in the UK.

### **Financial results and state of affairs**

The total income for the year amounted to £3.71m (2009: £4.03m) which included legacies of £.507m (2009: £.616m). Expenditure amounted to £3.47m (2009: £4.01m). Donations to the General Fund held steady despite the continuing difficult economic climate.

In the year ended 30 September 2010, financial markets continued to recover from recession. As a result, in 2010 there were realised gains on the sale of investments of £80,345 and an unrealised profit on investments held of £92,508 compared with an unrealised gain in 2009 of £63,379.

Donations totalling £2,750 (2009: £2,750) have been made in the year to other UK charities having an interest in related activities.

The charity is not dependent upon intangible income and this is not evaluated in the accounts.

### **Investment Policy**

The investment powers given within the Memorandum of Association are as follows:

"To invest any money belonging to the charitable company or held by the charitable company as trustee in or upon such investments, securities or other forms of real or personal property as the charitable company may think fit and in all respects as if the charitable company were the owner beneficially but so that any money which the charitable company holds as trustees other than for its general purposes shall only be invested in such manner as may be permitted by law having regard to the terms of the trust upon which such money is held."

The directors have approved an investment policy which seeks to balance appropriately between total returns on funds invested and an acceptable level of risk. This is achieved by allocating funds between time horizons. Short term funds (up to a year) are invested in appropriate cash deposits. Medium term funds (one to five years) are invested in a combination of cash deposits, fixed interest instruments and equity-related instruments not exceeding 25% of the total funds invested for the medium term. Long term funds (over five years) are invested in a combination of fixed interest instruments and equity-related investments.



## **Directors' report (continued)**

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BlackRock Investment Advisors Limited have continued to act as investment manager for the company's fixed interest and equity investments with the objective of ensuring that funds are invested in portfolios that are well-diversified and with a level of risk commensurate with that deemed appropriate by the directors. This has been achieved through BlackRock Investment Advisors Limited investing in Charittrak funds specifically designed for charities.

### **Reserves policy**

The directors have agreed that sufficient reserves will be held to ensure the sustainability of the charity's strategy through the general economic cycle. Accordingly, reserves will be held to cover 100% of funds allocated to the Special Project Fund plus at least 6 months of General Fund expenditure (calculated as unrestricted funds expenditure less expenditure on projects). Endowment, Restricted and Designated funds are excluded from the reserves calculation along with the Asset Fund which is not liquid. On this basis the reserves should be at least £1 416m and the actual reserves as at 30 September 2010 were £1 621m, thereby meeting the reserves policy.

### **Future plans**

In April 2011, SIM UK will be the subject of a review by its peers from other parts of SIM. The review is a ministry audit that will examine SIM UK and its activities and will assess if SIM UK is fulfilling its God given purpose in the UK. A team of six will spend two weeks examining every aspect of the charity's activities and will report back to the board with its findings and recommendations. This is the first review of this nature conducted in respect of a sending country within the SIM community. It is expected that the recommendations will inform a strategic plan that is currently being developed. The strategic plan will focus on the SIM praying constituency, mobilising people and churches, missionaries and staff, partnerships, finances and operations.

### **Auditors**

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

### **Statement of disclosure to the Auditor**

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

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

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

BY ORDER OF THE BOARD

A handwritten signature in dark ink, appearing to read 'P. F. Bosson'.

Mr P. Bosson, Director

Wetheringsett Manor  
Wetheringsett  
Stowmarket  
Suffolk  
IP14 5QX



## **Independent auditors' report to the members of SIM International (UK)**



We have audited the financial statements of SIM International (UK) for the year ended 30 September 2010 which comprise the Statement of Financial Activities, the Summary Income and Expenditure account, the Statement of Recognised Gains and Losses, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### ***Respective responsibilities of trustees and auditors***

As explained more fully in the Trustees' Responsibilities Statement set out on page 3, 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.

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

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

### ***Scope of the audit of the financial statements***

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### ***Opinion on the financial statements***

#### **In our opinion the financial statements:**

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2010 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

**Independent auditors' report to the members of  
SIM International (UK)**



***Opinion on the other matter prescribed by the Companies Act 2006***

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

***Matters on which we are required to report by exception***

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report

*Stephen Brown*

Stephen Brown (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditors  
The Pinnacle  
160 Midsummer Boulevard  
Milton Keynes  
Bucks  
MK9 1FF

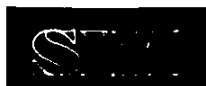
Date 4 April 2011

## Statement of financial activities

### For the year ended 30 September 2010

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2010 £	Total 2009 £
<b>Incoming resources</b>						
Incoming resources from generated funds						
Voluntary income						
Donations and similar income	2	1,018,237	2,106,437	-	3,124,674	3,314,316
Legacies		494,023	13,045	-	507,068	616,678
Interest and investment income	3	38,887	58	324	39,269	50,848
Other incoming resources		36,406	-	-	36,406	52,632
<b>Total incoming resources</b>	<b>4</b>	<b>1,587,553</b>	<b>2,119,540</b>	<b>324</b>	<b>3,707,417</b>	<b>4,034,474</b>
<b>Resources expended</b>						
Cost of generating funds						
Costs of generating voluntary income		41,386	-	-	41,386	55,519
<b>Charitable activities</b>						
Missionaries		-	1,326,719	-	1,326,719	1,184,707
Projects		941,320	526,642	-	1,467,962	2,094,440
Support costs		359,478	242,245	-	601,723	643,299
Governance costs		34,660	-	-	34,660	33,437
<b>Total resources expended</b>	<b>6</b>	<b>1,376,844</b>	<b>2,095,606</b>	<b>-</b>	<b>3,472,450</b>	<b>4,011,402</b>
<b>Net incoming resources before transfers</b>	<b>210,709</b>	<b>23,934</b>	<b>324</b>	<b>234,967</b>	<b>23,072</b>	
Transfers		(89,989)	90,313	(324)	-	-
<b>Net incoming resources for the year</b>	<b>120,720</b>	<b>114,247</b>	<b>-</b>	<b>234,967</b>	<b>23,072</b>	
<b>Other recognised gains and losses</b>						
Realised and unrealised gain on Investments		88,935	-	-	88,935	63,379
Realised gain on Property		83,918	-	-	83,918	-
<b>Net movement in funds</b>		<b>293,573</b>	<b>114,247</b>	<b>-</b>	<b>407,820</b>	<b>86,451</b>
Fund balances brought forward	14	3,112,448	498,003	200,000	3,810,451	3,724,000
<b>Fund balances carried forward</b>	<b>14</b>	<b>3,406,021</b>	<b>612,250</b>	<b>200,000</b>	<b>4,218,271</b>	<b>3,810,451</b>

The notes to the financial statements on pages 13 to 25 form part of these accounts.



## Summary income and expenditure account

### For the year ended 30 September 2010

	Notes	2010 £	2009 £
<b>Income</b>			
Donations and similar income		3,124,674	3,314,316
Legacies		507,068	616,678
Interest and investment income		38,945	48,513
Other incoming resources		36,406	52,632
		<u>3,707,093</u>	<u>4,032,139</u>
<b>Expenditure</b>			
Cost of generating voluntary income		41,386	55,519
Missionaries		1,326,719	1,184,707
Projects		1,467,962	2,094,440
Support costs		601,723	643,299
Governance costs		34,660	33,437
		<u>3,472,450</u>	<u>4,011,402</u>
	6		
<b>Operating surplus for the year</b>		<b>234,643</b>	<b>20,737</b>
Transfer of income from endowment funds		324	2,335
		<u>234,967</u>	<u>23,072</u>
<b>Surplus for the year</b>		<b>234,967</b>	<b>23,072</b>

## Statement of total recognised gains and losses

	2010 £	2009 £
Surplus for the year	234,967	23,072
Unrealised gain on investments	92,508	63,379
Realised gain on sale of investments	80,345	-
<b>Total gains recognised since start of year</b>	<b>407,820</b>	<b>86,451</b>

The charity's incoming resources and resources expended all relate to continuing operations

The charity has no recognised gains or losses other than those included above



## Balance sheet at 30 September 2010

Company Number 611250

	Notes	£	2010 £	£	2009 £
<b>Fixed assets</b>					
Tangible fixed assets	9		878,102		922,956
Investments	10		1,114,532		1,026,045
<b>Current assets</b>			1,992,634		1,949,001
Debtors	11	80,188		130,196	
Cash at bank and in hand		2,453,263		2,082,877	
		2,533,451		2,213,073	
<b>Current liabilities</b>					
Creditors Amounts falling due within one year	12	(307,814)		(351,623)	
<b>Net current assets</b>			2,225,637		1,861,450
<b>Total assets less current liabilities</b>			4,218,271		3,810,451
<b>The funds of the charity:</b>					
Unrestricted income funds	14		3,406,021		3,112,448
Restricted income funds	14		612,250		498,003
Endowment funds	14		200,000		200,000
	15		4,218,271		3,810,451

The notes to the financial statements on pages 13 to 25 form part of these accounts

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

Approved and authorised for issue by the Board on 4<sup>th</sup> MARCH 2011  
and signed on its behalf by

Mr P Bosson, Director



## Notes to the financial statements For the year ended 30 September 2010

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### 1 Company status

SIM International (UK) is a company limited by guarantee and not having a share capital and is a registered charity and is accordingly exempt from taxation on its charitable activities

### 2 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards and comply with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued by the Charity Commission in March 2005

#### 2.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of investments. In view of the charitable nature of the company's activities the statutory formats and headings have been adapted where necessary in order to give a true and fair view and to comply with the Statement of Recommended Practice "Accounting and Reporting by Charities".

#### 2.2 Funds

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

##### **Endowment funds**

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

##### **Restricted funds**

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

##### **Unrestricted funds**

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

##### **Transfers between Funds**

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

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

## **Notes to the financial statements**

### **For the year ended 30 September 2010**

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#### **2.3 Income**

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

- (a) Gift aid donations, ordinary donations, dividends and income from the sale of literature and other publicity materials – amount received during the year
- (b) Legacies - when the three criteria of entitlement, measurability and certainty are met
- (c) Tax repayments in respect of tax reclaimed on gift aid donations and investment interest – included in the year in which the related income is due
- (d) Rents and deposit interest – on a receivable basis for the financial year

#### **2.4 Classification of expenditure**

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

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

Support costs are expenditure incurred directly in supporting charitable activities and projects

Governance costs are all costs attributable to the management of the charity's assets, organisational administration and compliance with constitutional and statutory requirements

#### **2.5 Profits on sale of property and investments**

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

#### **2.6 Fixed assets**

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

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

#### **2.7 Foreign currencies**

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



## Notes to the financial statements

### For the year ended 30 September 2010

#### 2.8 Pension costs

Contributions payable to The Evangelical Missionary Alliance (EMA) pension scheme with Legal & General Assurance Society Limited are charged to the Statement of Financial Activities in the period to which they relate.

#### 2.9 Leases

Operating leases

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

#### 2.10 Grants

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

#### 3 Interest and investment income

	2010 £	2009 £
Interest on bank deposits	38,293	49,593
Investment income – listed	976	1,255
	<u>39,269</u>	<u>50,848</u>

#### 4 Total incoming resources

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

A geographical analysis of income is given below

	2010 £	2009 £
UK	3,414,564	3,603,941
Donor agencies (Northern Europe)	137,037	192,933
Other SIM offices	155,816	237,600
	<u>3,707,417</u>	<u>4,034,474</u>



## Notes to the financial statements

### For the year ended 30 September 2010

#### 5 Surplus on mission activities for the year

	2010 £	2009 £
This is stated after charging/crediting		
Gain on exchange	(4,884)	(12,510)
Depreciation of tangible fixed assets	3,887	23,704
Operating lease rentals	3,629	3,580
Auditors' remuneration (inc VAT)	10,281	9,648
	<u>          </u>	<u>          </u>

#### 6 Total resources expended

	Staff costs £	Other costs £	Total 2010 £	Total 2009 £
Costs of generating voluntary income	-	41,386	41,386	55,519
Missionaries	-	1,326,719	1,326,719	1,184,707
Projects	-	1,467,962	1,467,962	2,094,440
Support costs	470,184	131,539	601,723	643,299
Governance costs	14,542	20,118	34,660	33,437
	<u>484,726</u>	<u>2,987,724</u>	<u>3,472,450</u>	<u>4,011,402</u>

Included in resources expended is auditors' remuneration of £8,750 plus VAT (2009 £8,695 plus VAT) for audit work

#### 7 Staff costs

	2010 £	2009 £
Salaries	404,320	407,574
Social security costs	36,252	35,520
Other pension costs	44,154	38,951
	<u>484,726</u>	<u>482,045</u>



## Notes to the financial statements

### For the year ended 30 September 2010

#### 7 Staff costs (continued)

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

	2010	2009
Management	3	4
Administration (including 2 part time employees)	18	17
	<u>21</u>	<u>21</u>

No employee earned over £60,000 (2009 None)

No trustee received any remuneration during the year Three trustees (2009 One) claimed travel expenses totalling £197 (2009 £22) during the year

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

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

#### 8 Taxation

The company is exempt from Corporation Tax as a registered charity



## Notes to the financial statements

### For the year ended 30 September 2010

#### 9 Tangible fixed assets

	Freehold property £	Equipment £	Vehicles £	Total £
<b>Cost</b>				
At 1 October 2009	1,113,423	189,973	12,929	1,316,325
Additions	-	-	-	-
Disposal	(50,150)	-	-	(50,150)
At 30 September 2010	<u>1,063,273</u>	<u>189,973</u>	<u>12,929</u>	<u>1,266,175</u>
<b>Depreciation</b>				
At 1 October 2009	206,014	176,370	10,985	393,369
Charge for the year	-	3,401	486	3,887
Disposal	(9,183)	-	-	(9,183)
At 30 September 2010	<u>196,831</u>	<u>179,771</u>	<u>11,471</u>	<u>388,073</u>
<b>Net book values</b>				
At 30 September 2010	<u>866,442</u>	<u>10,202</u>	<u>1,458</u>	<u>878,102</u>
At 30 September 2009	<u>907,409</u>	<u>13,603</u>	<u>1,944</u>	<u>922,956</u>
Depreciation rate	0%	25%	25%	

The Charity owns and occupies Wetheringsett Manor, Wetheringsett Suffolk which was donated to the Company in 1998. The buildings are carried in the books at £866,442 based on the 1998 valuation plus the cost of improvements, less accumulated depreciation. The buildings are insured for £3.3 million pounds.

The directors believe that the value of the Manor and the surrounding land is significantly in excess of the net book value of the buildings and so any depreciation charge on cost to apportion the cover over its estimated useful economic life to a residual value would be immaterial.



## Notes to the financial statements

### For the year ended 30 September 2010

#### 10 Fixed asset investments

<b>Listed investments</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
At market value		
At 1 October	1,026,045	965,372
Additions	151,311	-
Sales & Maturities	(155,332)	(2,706)
Unrealised gain	92,508	63,379
At 30 September	<u>1,114,532</u>	<u>1,026,045</u>
Historical cost at 30 September	<u>1,059,658</u>	<u>1,013,626</u>

It is the charity's policy to hold its investments on a long term basis. Funds are invested in ChariTrak and GiltTrak shares managed by Blackrock Investment Advisors Limited. At 30 September 2010 these investments had a market value of £1,091,981 (2009 £1,001,526)

#### 11 Debtors

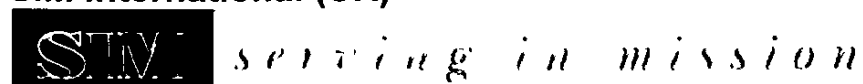
	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Due from other SIM offices	11,481	52,450
Other debtors	5,562	3,407
Missionaries' personal funds (see note 13)	829	4,249
Prepayments and accrued income	62,316	70,090
	<u>80,188</u>	<u>130,196</u>

**Amounts falling due after more than one year  
and included in the debtors above are:**

**Nil**

**Nil**

## SIM International (UK)



### Notes to the financial statements For the year ended 30 September 2010

#### 12 Creditors

	2010 £	2009 £
Due to other SIM offices	100,178	57,082
Taxation and social security	11,069	10,639
Other creditors	40,353	48,120
Missionaries' personal funds (see note 13)	120,884	162,327
Accruals and deferred income	35,330	73,455
	<u>307,814</u>	<u>351,623</u>

#### 13 Missionaries' personal funds

Personal gifts are not treated as the income of the charity and are therefore not shown on the Statement of Financial Activities. They are held on a trust basis for the missionaries concerned. The figures involved are -

	2010 £	2009 £
Balance at the beginning of year	158,077	105,094
Allowances and transfers	644,348	730,268
	<u>802,425</u>	<u>835,362</u>
Less Payments from personal accounts	(682,370)	(677,285)
Balance at the end of the year (See notes 11 and 12)	<u>120,055</u>	<u>158,077</u>

## Notes to the financial statements For the year ended 30 September 2010

### 14 Funds

	Endowment fund £	Restricted funds £	Unrestricted funds				Total funds £
			Asset fund £	Designated funds £	Special project fund £	General fund £	
Balance at 1 October 2008	200,000	523,166	935,236	816,822	919,511	329,265	3,724,000
Net income / (expenditure) for the year	2,335	(27,498)	(12,280)	(48,567)	168,067	(58,985)	23,072
Unrealised gain/(loss) on investments	-	-	-	-	50,763	12,616	63,379
Transfers	(2,335)	2,335	-	-	-	-	-
Balance at 30 September 2009	200,000	498,003	922,956	768,255	1,138,341	282,896	3,810,451
Net income / (expenditure) for the year	324	23,934	(44,854)	138,374	(88,854)	206,043	234,967
Unrealised gain/(loss) on investments	-	-	-	-	63,107	29,401	92,508
Realised gain/(loss) on investments	-	-	-	-	54,810	25,535	80,345
Transfers	(324)	90,313	-	-	(89,989)	-	-
Balance at 30 September 2010	200,000	612,250	878,102	906,629	1,077,415	543,875	4,218,271

The restricted funds include funds for Leprosy & Medical work and other miscellaneous projects, the remainder are funds held for Missionaries under Support Agreements to provide for future expenses (see note 14a)

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

The Designated funds represent amounts set aside for the future use of Mission members and includes £462,090, (2009 £404,520) in respect of the voluntary pension payments mentioned in Note 7

The Special project fund represents amounts set aside for use of the Mission on other projects in the UK and overseas

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

## Notes to the financial statements

### For the year ended 30 September 2010

#### 14a The restricted funds are comprised of :

	Missionary Support	Leprosy Fund	Overseas Projects	UK Projects	Total
	£	£	£	£	£
Opening Balance	410,460	87,543	-	-	498,003
Net Income Expenditure	12,911	(782)	253	11,651	23,934
Transfers	-	-	8,189	82,125	90,313
Closing Balance	423,371	86,761	8,342	93,776	612,250

#### 15 Analysis of net assets between funds

	Unrestricted funds	Restricted fund	Endowment fund	Total funds
	£	£	£	£
Tangible fixed assets	878,102	-	-	878,102
Investments	1,114,532	-	-	1,114,532
Current assets	1,721,201	612,250	200,000	2,533,451
Current liabilities	(307,814)	-	-	(307,814)
	<u>3,406,021</u>	<u>612,250</u>	<u>200,000</u>	<u>4,218,271</u>

#### 16 Pension costs

##### Defined contribution pension scheme

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

The pension cost charge represents contributions payable by the charity to the pension schemes and amounted to £44,154, (2009 £38,951). Contributions payable to the pension schemes at the year end amounted to £nil (2009 £nil).

##### Discretionary Supplementary Allowances

As explained in Note 7, the payments of discretionary supplementary allowances do not represent a binding agreement. If funds are available through charitable giving then discretionary supplementary allowances will be paid but there is no contractual obligation to make these payments by the charity. In the opinion of the directors this does not constitute a constructive obligation under Financial Reporting Standard 17 and no additional disclosure is therefore required.



## Notes to the financial statements

### For the year ended 30 September 2010

#### 17 Other financial commitments

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

	2010 £	2009 £
Expiring within two to five years	3,649	3,580

#### 18 Contingent liability

SIM UK participates in The Pensions Trust's Growth Plan (the Plan) The Plan is funded and is not contracted-out of the State scheme The Plan is a multi-employer pension plan

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee

The Trustee commissions an actuarial valuation of the Plan every three years The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date Asset values are calculated by reference to market levels Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them





## Notes to the financial statements

### For the year ended 30 September 2010

#### 18 Contingent liability (continued)

SIM UK paid contributions at the rate of 0% during the accounting period. Members paid contributions of £240 during the accounting period. As at the balance sheet date there was one active member of the Plan employed by SIM, SIM continues to offer membership of the Plan to its members. SIM has closed the Plan to new entrants.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme where the Plan assets are co-mingled for investment purposes, and benefits are paid from the total Plan assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2008 have now been completed and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £742 million and the Plan's Technical Provisions (ie past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	<b>% per annum</b>
- Investment return pre-retirement	7.6
- Investment return post-retirement	
Actives /deferreds	5.1
Pensions	5.6
- Bonuses on accrued benefits	0.0
- Rate of price inflation	3.2

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions, such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary has prepared a funding position update as at 30 September 2009. The market value of the Plan's assets at that date was £765 million and the Plan's Technical Provisions (ie past service liabilities) were £820 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £55 million, equivalent to a funding level of 93%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plan liabilities the Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision the Trustee has taken actuarial advice and has been advised that the shortfall of £29 million (as at 30 September 2008) will be cleared within 10 years if the investment returns from assets are in-line.



## **Notes to the financial statements For the year ended 30 September 2010**

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### **18 Contingent liability (continued)**

with the 'best estimate' assumptions 'Best estimate' means that there is a 50% expectation that the return will be in excess of that assumed and a 50% expectation that the return will be lower than that assumed over the next 10 years These 'best estimate' assumptions are 8.4% per annum pre-retirement, 5.1% per annum post-retirement (actives and deferreds) and 5.6% per annum post-retirement (pensioners)

A copy of the recovery plan must be sent to The Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan) A copy of the recovery plan in respect of the September 2008 valuation was forwarded to The Pensions Regulator on 18 December 2009.

The next full actuarial valuation will be carried out as at 30 September 2011.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan The Trustee's current policy is that it only applies to employers with pre-October 2001 liabilities in the Plan The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis ie the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's pre-October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre-October 2001 liabilities (relating to employment with all the currently participating employers) The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market The amounts of debt can therefore be volatile over time

SIM UK has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2009 As of this date the estimated employer debt of SIM was £181,542.

### **19 Post balance sheet events**

The charitable company received a legacy for the sum of £66,269 in December 2010 and another for £158,333 in February 2011 These amounts have not been included in the financial statements as the exact amounts of the legacies was not able to be reliably estimated prior to the year end