



The call in action

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 January 2018

**CHURCH
MISSION
SOCIETY**



churchmissionsociety.org

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Church Mission Society Group

Registered company limited by guarantee in England and Wales (Company no. 6985330)

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Some years ago, in an innovative and radical move, the Church Mission Society announced its intention to change our way of operating internationally through the establishment of CMS-Africa and subsequently AsiaCMS.



CHAIR OF TRUSTEES' REPORT

CHARLES CLAYTON

It has been one of the privileges of my role as Chair of the Board of Trustees to work with our two sister boards in Africa and Asia who both saw a great deal of change in 2017. The Executive Leader of AsiaCMS, Tan Kang San, moved on and I am happy to announce the appointment of Rev Dr Chan Nam Chen as their new Executive Leader. Nam Chen has been a cross-cultural church planter with different ethnic groups and has served as the senior pastor of a large mission sending church. The work of CMS-Africa also continues to grow its range and type of ministry, and their new building in Nairobi is almost complete. The International Director for CMS-Africa, Dennis Tongoi, confirmed his retirement and Rev Canon Moses Bushendich will be his successor.

Here in the UK, our Partnership for Missional Church (PMC) process continues to grow. Two dioceses continued the PMC programme during 2017 and we are on target to meet our medium term aim of PMC being in eight dioceses or 20 per cent of the Church of England. An independent impact evaluation report has been commissioned on the progress made in the four dioceses and over 80 churches that we have worked with in the past seven years. Its findings are very affirming of the whole process.

In September 2017 a record number of people joined our Pioneer programme. There

is always excellent feedback from our students, and we are delighted to hear students telling us that the course “feels like home”. One student said: “Pioneer studies offer me a gateway to challenge, clarify and contribute to some ongoing conversations while engaged in active ministry and mission.” We have also successfully delivered a year of pioneer training in our first regional pioneer hub, St Cedd’s, in partnership with the Diocese of Chelmsford.

We continue to encourage enterprising individuals to step out of their comfort zone and cross cultures and continents to demonstrate the good news of Jesus in word and deed, and this year it has been very gratifying to see the calibre of people who have approached us. It is equally gratifying to see the quality of the local partners we support around the world, often demonstrating a level of discipleship and commitment, in the face of opposition, that shames us in the global north.

Our Church and Community team took the new Mission Is campaign to five different festivals last year and had 2,051 responses. 1,206 people signed up to receive follow-up emails. We also had a great response to the innovative Mission Is card game with over 830 packs sent out in 2017, and some good responses from those who’ve enjoyed playing a “good old-fashioned mission-themed card game”!

Through 2017, over 28 events were held all over the UK, ranging from a cream tea in

Northamptonshire, a sponsored walking challenge on the South Downs, and several residential conferences which heard news of, and prayed for, our work across the world. In London a group of leaders, all of whom are involved in developing Anglican congregations worshipping in languages other than English, have been learning from one another, facilitated by CMS. We are very grateful for the hundreds of supporters who willingly give of their time to help run, staff and attend these events in many different ways.

Elections were held in 2017 for new Trustees. Not only did we say farewell to Ian Jones, Jonathan Brant and Dione McDonald from our board but we also said goodbye to Bishop Henry Scriven who retired from CMS to serve the church in Thailand for six months. He will be sorely missed for his encyclopaedic knowledge of Latin America and for his godly and servant heart. I am delighted, however, at the appointment of Naomi Aidoo, Rev Canon Andy Bowerman, Ian Bromilow, John Stansfeld and Kevin McKemey as new CMS Trustees and look forward to their contribution in the work of the Board of Trustees.

We have been so grateful for God’s continued grace, for the many letters of support and encouragement, and for the financial gifts which enable us to continue to reach out across the UK and the world enabling people to know and follow Christ.

THE STRATEGIC REPORT OF THE CMS TRUSTEES

The Trustees of Church Mission Society, who are Directors of the Charity for the purposes of the Companies Act 2006, present their annual report and the audited consolidated financial statements for the year ended 31 January 2018.

OBJECTIVES AND ACTIVITIES



What do we want to see? **Our Vision**

Our vision is to see all God's people engaged in God's mission, bringing challenge, change, hope and freedom to the world

As we join in God's mission, through Jesus and in the power of the Spirit, we see that:

- The love of Christ renews people and places
- Pioneering leaders forge new paths of transformation
- People on the margins flourish
- The healing of creation begins



Who are we? **Our Identity**

We are a community of people set free to follow God's call in mission.

As a community it is God's mission that is our passion. Our common commitment is:

- To participate in mission
- To learn from mission
- To pray for mission



What are our values?

We are people who are:

- Pioneering: we try new things, ask questions, cross boundaries
- Evangelistic: we share Jesus in word and action
- Relational: we get alongside people, becoming a genuine part of the communities where we find ourselves
- Faithful: where others have left or given up, we remain committed for the long haul

As a mission community God calls us to be such people. We commit ourselves to live by these values.



What do we do? Our Call

At Church Mission Society we believe that all God's people are called to join in God's mission, whether that means going overseas or over the road, and we work to set people free to put that call into action.

Put simply, we spend most of our time getting people into mission and mission into people.

Strategically we deliver our purpose in three ways:

- Raising disciples in mission
- Partnering churches in mission
- Maximising our effectiveness in mission

ACHIEVEMENTS AND PERFORMANCE

The following stories illustrate some of the achievements in each of CMS's areas of activity and celebrate both the impact for individual beneficiaries and the wider benefits for society as a whole.

To achieve our mission, we work through the following six mission activities:

- **Mission Partners:** Our mission partners are members of the community who feel called to serve alongside local Christians in other cultures, wherever in the world that may take them.
- **Pioneer Mission Education:** Wherever in the world the mission of Jesus takes place, the church needs pioneer mission leaders to break new ground. This fresh and innovative training programme currently offers certification up to MA level and is particularly for those working in pioneering contexts.
- **Church and Community:** We believe in every member of the church being involved in the mission of Jesus. Over 2,900 CMS members currently live in the UK, so we are concerned for mission locally, as well as in the rest of the world.
- **Mission Grants:** Grants provide seed money and ongoing financial support for key projects and ministries.
- **Local Partners:** Local Partners are gifted, passionate Christian leaders in Asia, Africa, South America and the Middle East. We assist the churches of those who cannot afford the entire support for this pioneering work.
- **Enabling Mission Network:** CMS is committed to seeing indigenous CMS missions established globally – enabling local mission leaders to follow God's leading. This network includes CMS-Africa, AsiaCMS, CMS New Zealand, CMS Ireland, and CMS Australia.

1

MISSION PARTNERS

We are thrilled by people responding to God's call on their lives. As part of this call we currently have 147 mission partners (91 household units), 111 mission associates (71 units) and 28 short termers (19 units).

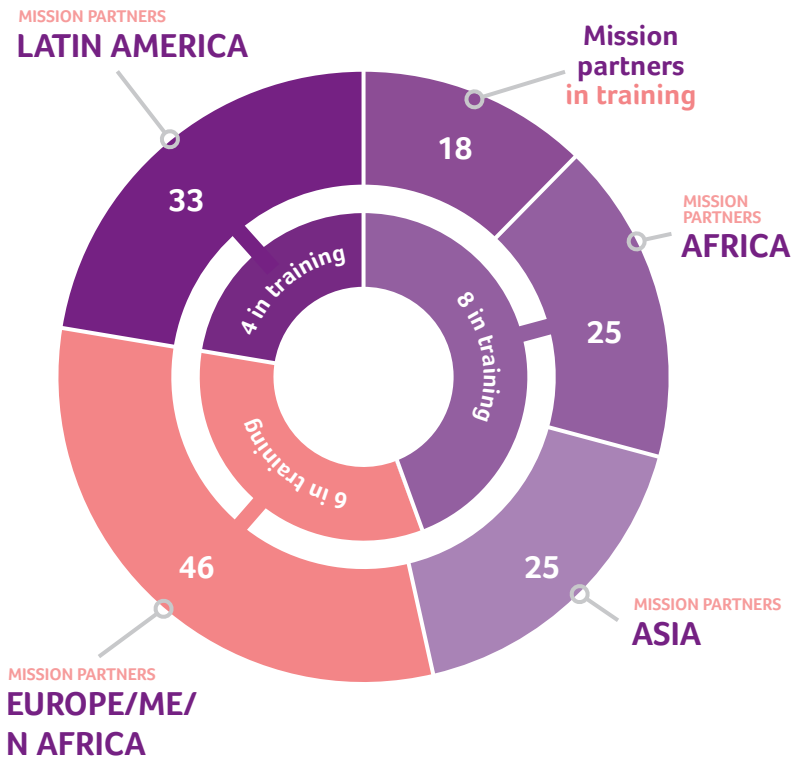
In 2017–18 our mission partners worked in 35 countries. Overall mission partner numbers remained stable compared to the previous year. CMS continues to seek to place people into more challenging mission contexts working with people who are marginalised. Many of our mission partners, particularly in Europe, the Middle East and Africa, are working with churches engaged with serving some of the vast number of refugees. The CMS Mission Is campaign in 2017 brought the continued need for local and global mission more to the fore with Christians and churches in Britain.

Four People in Mission (PiM) conferences were held during the year: two in the UK and one in Cambodia with AsiaCMS and Asian local partners. There was also a smaller UK conference for those CMS PiM serving specifically within the UK context. These are vital times of encouragement, building a mission community, reflection and training for PiM. Our two in-house CMS cross-cultural training conferences called forMission for new short term volunteers and mission associates were held again in multifaith environments.

The International Mission strategy continues to be implemented with defined priorities for Asia, Africa, Latin America, Europe, the Middle East and North Africa. This involves CMS working in new pioneering contexts and countries. Our people in mission are training leaders and growing churches, caring for people at risk, caring for creation, promoting peace and reconciliation and promoting economic sustainability. In 2017 we placed more people in Latin America to work particularly with street children at risk in urban contexts.

Mission partners in Africa have been working on informed advocacy to reduce FGM (female genital mutilation) in African countries, to train new cohorts of mission and church leaders in places such as Gambella in Ethiopia or to improve maternity services in rural hospitals. In the Middle East and North Africa we have a strong cooperation with the Diocese of Jerusalem and the Diocese of Egypt alongside our support for the Alexandria School of Theology. We saw the first graduations from a new MA Leadership training programme in Cairo which was initiated by CMS in partnership with Diocese of Egypt, Vision International University and Europe Middle East Ministries. CMS also played a vital role in the translation of a much-needed Bible into Sorani which was launched in April 2017. In Britain the mission context is becoming more challenging with significant declines in church membership. Alongside Pioneer training and Partnership for Missional Church, CMS has continued to have mission partners reaching out to UK communities, including refugees, people of other faiths, and marginalised people.

We have 147 mission partners across 35 countries, including; Africa, Asia, Europe, Middle East and North Africa, and Latin America



Right: SPLASH Dance Company having a splash!

Bottom: A cake decorated to celebrate the launch of a new Kurdish Bible.

In 2017 CMS work in Latin America has grown – we are now working in new countries in Central America, as well as seeing growth in other countries. Work has grown particularly in Brazil as people have engaged with the poor in the favelas through church planting, community development and working with young girls in high risk situations.

In Asia our People in Mission have contributed to palliative care strategy in Nepal, worked with churches in India to educate and support churches and individuals to halt trafficking of vulnerable people, trained women in theological education and worked with local communities to provide sustainable primary education. In the Philippines People in Mission have sought to encourage the church to adopt wholistic mission practices whether in rural farming settings or in urban contexts like Manila. We still want to recruit more people to serve in the Asia region.

Below are some stories which highlight the impact of our mission partners.



Making a SPLASH in Uganda

A new dance company which integrates dancers with and without disabilities is helping change perceptions around disability in Uganda. Mission partner and dance teacher, Helen Burningham started SPLASH DC (Dance Company) in 2017 in response to witnessing the many challenges people with disabilities face.

“In Kampala you see those in wheelchairs or sitting on the floor looking up and reaching their hand for any penny that someone may drop,” she writes. “I see the lack of dignity and it is a continual reminder to me that there is so much more to do.

“Each person adds their own contribution to the group, bringing a collective statement of equality regardless of difference.... Through our performances we act as role models in terms of inclusion and integration of people with disabilities, giving Uganda a refreshing SPLASH!”

The troupe have performed at several venues, including the international dance and human rights festival, Tuzinne (We Dance) in July 2017 in Kampala. A member of the audience said, “It was amazing and it actually made me tear up because I was so proud of everyone.” Another said, “It was the first I had seen of its kind in Kampala. It was enlightening.”

Helen, who studied dance and theology at university and then did an MA in choreography, has been working with the Children at Risk Action Network in Kampala for the past three years, where one of her roles was teaching creative workshops to girls in the education programme.



New Kurdish Bible

A team of Bible translators in Kurdistan, northern Iraq, working against the backdrop of civil unrest and religious persecution, have completed the first ever translation of the whole Bible into the Central Kurdish Sorani language.

For the last eight years, Church Mission Society mission partners J and R have been an integral part of the team, working alongside indigenous Kurds and other foreign nationals drafting text, checking names, terminology and style, and finally checking both the Old and New Testaments so they could be published together for the first time as the complete Bible.

The whole translation of Old and New Testaments took 28 years to complete, and will enable six million native speakers of the Sorani language to hear and read the Bible in their own language for the first time. As well as physical copies, the new translation is available digitally, both through the YouVersion app and a newly designed Kurdish app called Pertukekem (My Book).

The new translation, which has been a joint initiative between Church Mission Society, Biblica and several other linguistics services, was launched at a special ceremony on 3 April by Dr Carl Moeller, CEO of Biblica. Dr Nawzad, general director of public libraries in the Kurdistan region, received the translated Bible and welcomed its contribution to Kurdish culture and mutual understanding between the faiths of Kurdistan.

J said; "It has been a privilege to be a part of this project. Kurds have known healings, dreams and visions from Christ but having the whole Word of God available in written form will crystallise their faith and allow them to pass it on more effectively." Already, the team have begun to receive feedback from Sorani speakers revelling in the impact the new translation is having. One said he felt "empowered" by being able to use the new version on his mobile phone while another related how he had been able to give the text to a local Mullah.

2

PIONEER MISSION EDUCATION

2017–18 was another year of breaking records and breaking new ground for our Pioneer Mission Leadership Training. Our pioneer training was inspected by a team from Durham University and the Church of England.

We received a particular commendation as "an exemplar for pioneer ministry training" which was hugely encouraging. During the year just over 100 students have engaged with us in training. On 11 July 2017 Church Mission Society hosted the biggest ever graduation ceremony for its Pioneer Mission Leadership Training programme, with 24 students receiving Durham University awards signifying the completion of their studies in theology, ministry and mission.

The Bishop of Reading, the Rt Rev Andrew Proud, officiated at the ceremony. He said, "Pioneer leaders have an exciting, pivotal role to play in helping us communicate the love of God to an often confused, hurting and divided world. The growth of the CMS Pioneer Mission Leadership Training programme shows how many people are choosing a pioneer route to ordination and stands as real testament to the quality of CMS's training programme."

In September, the first students enrolled on our new Pioneer Youth Ministry focused certificate, a product of the groundbreaking partnership between CMS and Frontier Youth Trust.

The first pioneer hub certificate has gone well in St Cedd's in Chelmsford diocese and has recruited 15 students for its second round. We have helped a pioneer hub start in South Korea, and we have also lined up pioneer hubs to be launched in the next year or so with London, Carlisle, Bath and Wells with some other potential ones too – so growth is on the horizon. We have published three editions of the Anvil journal, several journal articles, worked in partnership with the Grove Mission and Evangelism series to produce four booklets, and have

NUMBER OF
ORDINANDS

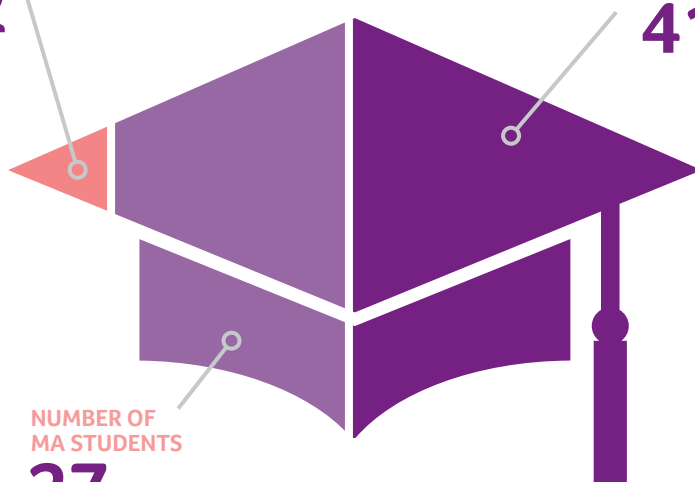
12

NUMBER OF
UNDERGRADUATE
STUDENTS

41

NUMBER OF
MA STUDENTS

27



Number of Undergraduate, MA and Ordinand students in 2017–18

completed two other books which will come out in 2018–19. We were also thrilled that various projects, including a community cafe and a cleaning company, came to fruition out of the Make Good (formerly missional entrepreneurship) course. Read more about the cleaning company below.

We have run the mission partner pathway twice this year with 13 mission partners in training. In the January term we were joined by two families from New Zealand CMS. It has been great to work and learn together within the wider CMS community and we are looking forward to another family joining us from NZCMS in 2019. We have invested in some significant improvements to the community house this year, and have been delighted to welcome Ruth and Efraim Vilella who have taken over from Harvey and Nancy Kwiyani as house wardens.

Media and public take a shine to CMS-backed ethical cleaning enterprise

It's not often that Church Mission Society enjoys coverage in The Guardian newspaper, but in October 2017, when a new ethical cleaning company was launched into one of the country's most competitive markets, the publication and the public took note. So did Channel 4 and various other media outlets.

Clean for Good was established with the vision of providing a fairer deal for cleaners across London and throughout the UK.

Every day the City relies on an army of “hidden” workers whose hours are anti-social, wages are low and working conditions are often poor. They have little scope for advancement. St Andrew by the Wardrobe, a church in the City, resolved to challenge this situation and set up a cleaning company that could provide suitable work for cleaners and act as an example to other cleaning companies by paying its workers the Living Wage. Clean for Good began as an idea in 2014 when the church sought to find a practical way to help low-paid workers in the wealthy parish. Miriam Goodacre, lay missionary at the church, took the idea of an ethical cleaning company to a “dragon’s den” competition at Greenbelt Festival run in collaboration with Church Mission Society.

Miriam won the prize of a place on CMS’s missional entrepreneurship course, now known as Make Good. Miriam then project managed the planning and setup of the company and, by working in partnership with investors including CMS, a social purpose company was created.

Catherine Pearson, Clean for Good’s business manager, said: “Clean for Good takes the Fairtrade principle and applies it to the cleaning industry – we know there are organisations who want ethical cleaning and who are prepared to pay a fair price for it.”

Clean for Good is a fully accredited Living Wage Employer. Only a handful of small cleaning companies in London have this designation. Since it began trading in June 2017, Clean for Good has secured 34 contracts with an annualised turnover of £262,000. These contracts are being delivered by 14 part-time cleaners, and it is looking to break even during the first half of 2019.



3

CHURCH AND COMMUNITY

Mission Is...

The Mission Is campaign was launched in Liverpool on 13 May, and continued through the summer at festivals with an interactive stand considering Mission Is... The Big Question? People were encouraged to share their perceptions of mission by completing an interactive six-question survey. More than 2,000 people took part in the survey at events such as Big Church Day Out, New Wine and Greenbelt, as well as online through the CMS website.

At the end of the survey, people signed up to one of a range of pathways to receive emails either exploring their calling, praying for mission, giving to mission or learning about mission. In total, 1,206 people signed up to follow one of these pathways. The feedback from those who signed up to the pathway has also been encouraging:

“At a time when the focus on my calling was wavering and under pressure, your bitesize retreat was a daily Godsend. It gave hope, challenge and purpose. There was so much in the messages that it will take much thought and contemplation to fully digest. Thank you.” From another, “I want to thank you for all your emails, they have been thought provoking and the work you are helping to make happen is amazing. As a family we’ve been fascinated and inspired, we’ve talked about the work, opportunities and possibilities for us. Thank you.”

The survey found that nine out of 10 Christians say they believe “everyone is called to mission” and the job of spreading God’s message should not be left to “professional” Christians like vicars and full time Christian workers. Asked for one word to describe mission, 44 per cent of people responded “evangelist”, a strong indication that most Christians still equate mission as directly sharing the gospel message with others. However, despite the willingness and propensity of Christians to be involved in mission, the survey showed Christians are being held back from getting involved in mission by fear (27 per cent) or a lack of training and preparation (17 per cent).

Philip Mounstephen, Executive Leader of CMS, said: “Most Christians know mission is for them and have a clear sense that it embraces all of life. But while many people have a strong sense of call, just as many struggle with it, and know they need help. Churches and mission agencies must work together to set Christians free from the

fear and uncertainty preventing them getting involved, and equip the 90 per cent of Christians who believe that mission is their calling.”

Busting mission myths

Following on from the results of the Mission Is survey, the next stage of the campaign involved helping people to engage with mission by exploring some mission myths. We launched a new series of Bible studies called What is Mission?, unpacking four popular mission myths. The studies are available on the CMS website, and include notes for discussion and a video for each myth.

2051

NUMBER OF
PEOPLE WHO
TOOK PART IN
THE SURVEY

Total number
of people who
responded to our
survey, giving us their
views of what
mission is.

1000

NUMBER OF
RESPONSES
EXPECTED



Launch of resource hub

In January 2018 CMS launched the UK's first ever online platform for mission resources. The new Resource Hub, designed for church leaders, small groups and individual Christians, provides, free of charge, a wide selection of resources designed to inspire, inform and facilitate people getting involved in mission. The Resource Hub brings together hundreds of materials relating to cross-cultural and contextual mission, ranging from a handbook for doing mission on housing estates, to a new Mission Is Bible study for small groups, to featured articles from Anvil, CMS's online Journal of Theology and Mission. Visitors can access all regular publications from CMS, as well as a host of rich content including video and audio recordings of people in mission around the world.



Partnership for Missional Church (PMC)

Interest in the Partnership for Missional Church process has continued to grow, with three new dioceses committing to start the process in 2018–19. We are on target to meet our medium term aim of seeing PMC in eight dioceses – 20 per cent of the Church of England “system” – in 2019. An independent impact evaluation report has been commissioned on the progress made in four dioceses and more than 80 churches that have engaged with PMC in the past seven years. This was published in April 2018. New publicity for PMC has also been produced, including a video which captures the impact that it has had on two Nottingham churches: churchmissionsociety.org/resources/video-house-pain-house-god.

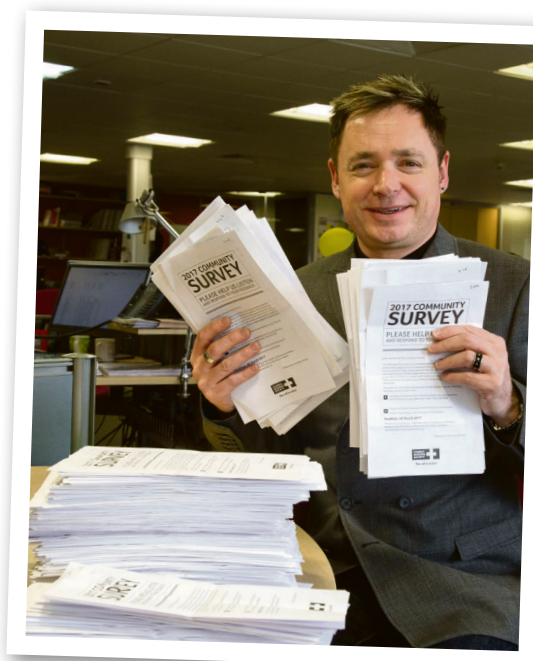
Community survey results

The CMS community is “family”, “fellowship”, “encouraging”, “challenging”, “missional” and “prayerful” according to our members.

The community mission team was overwhelmed by the response to our 2017 members’ survey, as more than 550 people filled in the questionnaire. As there are currently close to 3,000 members of the CMS community in total, this is a highly impressive response rate.

The survey demonstrated that CMS members are very active people; around a third have undertaken some global mission service and two thirds have been involved in leadership in their local church. It was encouraging to be reminded that CMS members are people who are committed to mission both globally and supporting the mission of the local church – through service, through leadership and just as significantly through prayer.

Ninety per cent of those who responded said CMS helps them learn what God is doing in other parts of the world, and 87 per cent said they feel resourced for prayer. This is great news for us; it demonstrates that members feel supported in their call to pray for, learn from and participate in mission. The high value people place on Prayerlines, The Call, Prayerspace emails and link letters (according to members these are, in order, the most helpful communications that CMS produces) supports this.



Top: New Resource Hub on the CMS website.

Middle: Wrestling with PMC in Nottingham.

Right: We were encouraged by the response to our community survey.

The importance of local group meetings and regional gatherings (Southern and Northern members' days) came out strongly too. The research data also shows that we continue to face the challenge as to how to diversify the community, particularly through engaging people who are younger or from a range of ethnic backgrounds. In March 2017 the community team also launched the CMS community handbook, a guide to our community life with a rhythm of prayers and more. The team have again connected with many members around the country, encouraging them in their passion to pray for mission, learn from mission and participate in mission through participating in various local, regional and centrally organised events.

4

MISSION GRANTS

During the year support for 67 projects totalled more than £0.3m across Africa, Asia, Europe, the Middle East and Latin America.

These grants support work serving a variety of strategic partners around the world; some support projects where CMS mission personnel currently serve as well as projects and partners where CMS has had a long-term relationship and donors and individual supporters continue to fund the work.

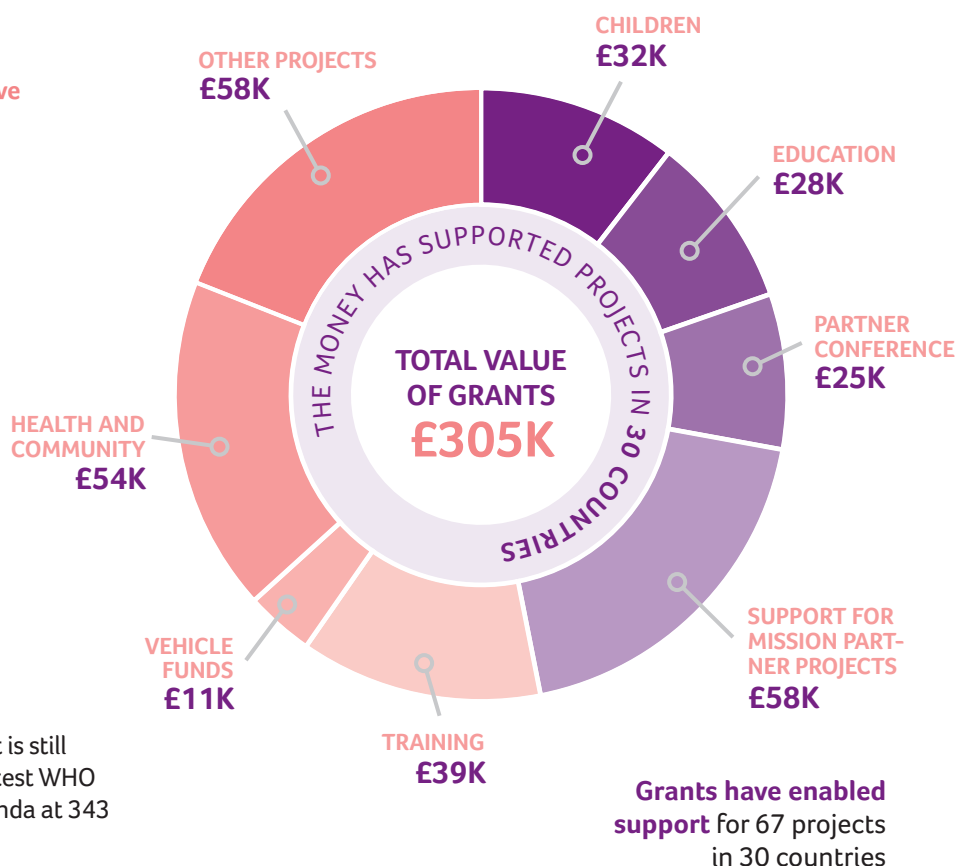
New life from a legacy in Uganda

A legacy gift allowed CMS to give a grant to Rugarama hospital in Kigezi diocese, Uganda, to build an extra floor on their maternity wing.

Rugarama has sought to improve maternal health care over a number of years, and opened a single storey maternity unit in 2012, with the intention of adding further floors after fundraising. The newly opened extension will contribute significantly to reducing maternal mortality rates in Kigezi diocese, a critical indicator highlighted by the Millennium Development Goals. Although maternal mortality in Uganda has halved since 1990, it is still a significant problem with the latest WHO maternal mortality rates for Uganda at 343 per 100,000 births.

One key advantage of the new building is that it will provide temporary accommodation for expectant mothers close to giving birth. The hospital has highlighted that a delay in reaching proper medical services is one of the most significant factors contributing to high levels of maternal mortality, so enabling women to arrive at the hospital ahead of childbirth is an important step to address this challenge. Doctors also hope the new facility will mean more women can give birth in hospital and the overall number of beds will be increased.

Stephen Burgess, CMS regional manager for Africa, spoke at the opening of the new building, saying, "The partnership between Church Mission Society, Kigezi Diocese and Rugarama Hospital has been a special



Right: The extended maternity unit at Rugarama Hospital. The top floor was added while the ground floor remained open!

one. CMS is about people and over the years our people have been privileged to play a part in establishing the hospital as it is today. We hope the new maternity wing will mean many new babies can receive expert medical attention when they most need it and lives will be saved.”



Serving the slums in Nepal

The National Mission Commission of Nepal have been supported by CMS in their work in slum areas, including medical camps and educational support.

There are about 150 families living in the Thapathali slum, where the NMCN run two slum centres. One is for toddlers and pre-schoolers and the other is for children ages seven and above. On 31 May a health camp was held at the Thapathali slum, with a team of medical personnel checking over 50 adults and 25 children with a range of conditions, often attributable to a lack of food, a lack of safe drinking water and bathing with dirty water. Wounds were cleaned and medicines given out. The slum project also prayed for the sick and shared the gospel, inviting people to church. They gave away stationery and educational equipment to the children and provided food to the community. While adults were being checked, the children were taught songs and taken to the field to play.

A similar camp was held in Godavari slum. There were about 80 children who joined the slum education centre. They were able to provide food for all the children and gave away gifts of educational materials.



LOCAL PARTNER PROGRAMME

There are 60 local partners in 27 countries across Africa, Asia, Europe, Middle East and North Africa, and Latin America



This programme supports remarkable local mission leaders in Asia, Africa, Latin America, Europe, the Middle East and North Africa in pioneer settings.

A review of the local partner programme in 2017 affirmed its strong contribution to local mission and positive social impact. It is intended to expand this further in the future.

There were 60 local partners (54 units) in 27 countries, with local partners in reasonable numbers now in each CMS region. The calibre and work of these local partners is excellent. In Africa and Asia the selection of local partners is done in close collaboration with CMS-Africa and AsiaCMS respectively who are developing these programmes regionally. In Africa the strategy is for local partners to also be the country representatives for CMS-Africa,

and this strategy both strengthens the collaboration of CMS and CMS-Africa in ministry and provides resources for key country representatives.

The spectrum of local partners' ministries is diverse and highly relevant for their specific contexts. They range from peace and reconciliation in DR Congo, developing the CMS-Africa Samaritan Strategy in Tanzania, developing refugee support in Jordan and Lebanon, leadership training in Nepal and the Philippines, church planting in Romania and Ukraine, indigenous leadership training in Argentina and combating sexual abuse of children in Sri Lanka. Some of our local partners face significant challenges of discrimination or persecution and two local partners had to leave their own context in order to prevent repercussions on the local church and community.

Below are some stories which highlight the impact of our local partner work.

Reconciliation and renewal in Rwanda

An ex-prisoner who killed his neighbour's family members is forgiven by the family – they now live in harmony. A man is reconciled to his wife after many days of disputes. Villagers from different denominations as well as non-Christians begin meeting together to discuss their issues and find peaceful ways forward.

These are just some of the stories that have been shared recently by CMS local partner Elson Mageza, who coordinates the department of evangelism's activities in the Anglican Church of Rwanda, Byumba diocese. The diocese holds 15-week reconciliation workshops, drawing on the Bible and local sociotherapists' expertise. The work has been commended by local district officials.

Elson also leads the Byumba Bible School, from which 27 students will graduate this year. All will be leading congregations. Elson commented: "The students have said things like, 'I am now ready to go and equip more disciples' and 'I am now bold enough to share the word of God without fear....'"

Elson said, "When I hear such words I feel like the promises of God are being fulfilled and I know that I am not labouring in vain. This has been a great encouragement to me and my family, to know that what we are doing is also a transforming work that God gave to us."

Football to faith

A 15-year-old boy called Jeremy in Lima, Peru, has found faith in Jesus and a spiritual father figure, thanks to the ministry of Anderson Sanchez, a CMS local partner. Anderson serves as pastor of Christ the Redeemer Church in the San Juan de Miraflores district; he also ministers among young offenders at a local prison. He first met Jeremy when the young man was playing football in the street in front of the church.

"We could see that he loved football but his attitude towards the other players wasn't good. We decided to offer him refreshments and have a chat. At first he was reluctant, but we talked about how well he played and he began to open up. He told us he grew up without a father and his mum didn't really care what he got up to. She has a new partner and he doesn't treat Jeremy well, which partially explained his aggressive attitude."

Since that first meeting, Jeremy has turned to Jesus and become a faithful member of the church family. "I feel I am his spiritual father," said Anderson. "We thank God that meeting Jeremy's need for love and encouragement has made such an amazing difference to his life."



Left: Anderson Sanchez with Jeremy

Right: Kats and Kumar Aryal with students in the Philippines. Kopila is third from right.

Nepali nursing student finds faith in the Philippines

In 2011, Kopila, like hundreds of other Nepali medical students, arrived in Manila to further her studies. “Back then, I had no idea that an incredible transformation would happen in my life,” she said.

Kopila struggled to adjust to a new land, culture and language. “I felt lonely and worthless,” she recalled. “Then a friend introduced me to Nepali Christians at the International Graduate School of Leadership (IGSL). I was so happy after meeting them. Seeing their heart to serve God and their loving nature inspired me and gave me hope.”

Among the people she met at IGSL were professors Kats and Kumar Aryal, CMS local partners. Kats was one of the people who shared the gospel with Kopila. Kopila attended a local church regularly and came to know Christ.

“My family practises Hinduism, so I worried about how they would react or what would happen if I got baptised,” Kopila said. “So many questions were stopping me from declaring my faith publicly. Advice from my brothers and sisters in Christ helped to clear my worries. Eventually I got baptised.

“My journey from completely not knowing about Jesus to proclaiming him as Lord and saviour is a great privilege.”

Kats and Kumar reported in 2017: “Kopila has returned to Nepal; pray that she will connect with other believers and that she’ll be able to share her testimony with her family and friends.”

Kats and Kumar are passionate about reaching out to Nepali medical students in the Philippines, as the country becomes an increasingly popular destination for study.



6

ENABLING MISSION NETWORK

The CMS Mission network (CMS, NZCMS, CMS Australia, CMS Ireland, AsiaCMS, CMS-Africa) continues to collaborate in mission with its emphasis on the sending and receiving of mission personnel, training local leaders and equipping the church in cross-cultural skills.

It was also enriched by having SAMS USA participate in the annual gathering in October 2017 as they consider membership.

We continue to invest through major mission support grants to CMS-Africa and AsiaCMS as they develop their CMS mission entities. Both CMS-Africa and AsiaCMS have developed a portfolio of excellent training programmes and built strong regional partnerships. AsiaCMS continues to develop and provide high quality training programmes in Asia such as the Asia Gateway training based in Kuala Lumpur for leaders from many Asian nations, and reconciliation and conflict transformation training. There was a major South Asian Christian Youth Network training event for younger leaders from across Asia focusing on leadership in difficult times in Sri Lanka. CMS-Africa is still engaged in a major building project which is intended to contribute to financial self-sufficiency. CMS-Africa’s ministry of training in wholistic transformation and economic empowerment is flourishing and they have nearly completed an integrated portfolio, called Transformational Stewardship Training, bringing together their different training streams.

A joint meeting of CMS-Africa and CMS with the House of Bishops of The Anglican Church in DR Congo (Eglise Anglicane du Congo, EAC) was held in November 2017. The purpose was to promote understanding and develop opportunities for shared ministry with EAC.

In AsiaCMS there has been a transition in leadership with Dr Tan Kang San moving on after 7 years of committed mission service and the AsiaCMS board appointed another outstanding new mission leader Dr Chan Nam Chen who has taken up his role in 2018.

Within Latin America, CMS Mission Director, Bishop Henry Scriven retired and a new role of Mission Development Manager was created which will be based in Peru. This is intended to continue our mission growth in Latin America. Also in conjunction with the Anglican Province of South America and other strategic Latin American partners, the manager will explore the possible formation of a CMS Missional Community in Latin America. It is hoped that mission will be enabled in, across and from Latin America. This will lead to a stronger CMS commitment of mission from everywhere to everywhere.



Top: Rev Dr Chan Nam Chen, the new executive director of AsiaCMS.

Transformational training

A key focus for our sister organisation CMS-Africa is offering training – including training to empower women to support themselves and their families, and a Financial Freedom for Families course to help people to steward their resources.

When Roselyn Pascal's husband, Rev Paschal Maguttu, had a time of study leave at Uganda Christian University, she undertook some of this training. Here is her story:

"Since my husband went to Bible school, I realised I had to shoulder lots of responsibilities for my family. That is when CMS-Africa's training on wholistic transformation came to Rorya and I was privileged to have been part of the initial group of women who went through the training.

"After training, I opened my tailoring business where I make dresses for women within the Rorya area. I had trained as a tailor much earlier but this training helped me to make up my mind to start the business. As I engage in my day to day business, I have realised I have more latitude that I didn't have before to engage with the people of God in Rorya. I have thus sought to glorify God in my business by sharing the love of Christ with my clients, neighbours and acquaintances at my workplace. I also help some of those who open up to me with their life difficulties in my capacity as the wife of the man of God.

"Upon starting my business, I adhered to some of key aspects learned from the training. These include keeping records of my customers as well as tracking income and expenditure. From some of the savings I have made from my business, I have initiated sheep rearing as an investment which I can revert to if things become difficult for my family."

Abraham Deng participated in the Financial Freedom for Families course, and spoke of the impact it had on him: "To know that God owns it all was very liberating. Through the [training] I was able to see and fix the faults in my financial life. If not for the Financial Freedom for Families, I would have been in big financial mess," he says, adding: "I have made a lot of changes in my expenses at my family level when I realised I was making a lot of mistakes in how I managed God-given resources."

CMS STRATEGIC PRIORITIES

2017–18 saw significant delivery on the Organisational Strategic Plan.

| WHAT WE SAID WE WOULD DO | PROGRESS MADE ON 2017–18 STRATEGIC PRIORITIES |
|---|---|
| The continued embedding, and planning for the long term expansion, of the local partner programme. | A comprehensive review and evaluation of the local partner programme took place during the year. This highlighted the continuing impact the investment made in the programme has had to date, but also the need to ensure its sustainability into the future. The international team have been putting these recommendations into place during this year, not least by appointing one member of staff to have overall responsibility for the programme. We would like to increase the number of local partners and expand their reach across the globe, but as yet this has not been possible owing to funding constraints. |
| Expansion of our pioneer work, including establishing a pioneer hub in the north of England, youth pioneer training and undergraduate degree provision within the pioneer leadership programme. | The pioneer work has grown, with an increased number of students coming through our pioneer leadership training at CMS House and the launch in September 2017 of the pioneer youth ministry certificate. A pioneer hub in the north is likely to be launched in the new year, and undergraduate degree provision is now likely to be provided from September 2018. |
| The transition to a new donor database (ThankQ) during the year. | The transition to the new database was delayed marginally and went live in April 2018. We remain confident that this new donor database will be a great assistance to our fundraising team, and help us in dealing with the demands of new regulation, such as GDPR. |
| Mobilise and sensitise the UK church to mission through the Mission Is campaign. | The two-year campaign was launched in May 2017 and has been a great success engaging with over 2,000 people across the UK. The results of the campaign have been analysed, and resources produced as a result, and we look forward to the second phase of the campaign in 2018–19. |
| Revise our fundraising strategy to ensure our funding model better aligns with the breadth of mission CMS is engaged with. | A comprehensive and wide-ranging review of our funding model involving many teams in CMS has happened during the year. We will be engaging new and existing supporters through new channels and with new offers in early 2018–19. We have a five-year aim to get our operational budget from deficit to break-even. As such it remains a key strategic priority listed out below. |
| Develop and deepen our partnership with AsiaCMS and CMS-Africa. | The relationship with both AsiaCMS and CMS-Africa is supported through the Mission Support Fund, prayer and regular visits. Both entities are going through considerable change with new leaders coming on board, but their work and reach continues to grow. |

Strategic priorities for 2018–19

As we move into year three of our five year organisational strategy we continue to implement its key elements. We carried out a significant review of our strategy at the end of year two (31 January 2018), focusing on the results from our KPIs.

It revealed growth in our work with the UK church through the Mission Is campaign, increasing student numbers being trained on our Pioneer Mission Leadership Training course and growth in the number of churches engaging with CMS through the PMC process. The results continued to highlight the need to align our funding base with the different areas of mission we are involved in. As such this continues to remain a strategic priority for 2018–19.

In the broader context of the delivery of the five year organisational strategy the particular foci in 2018–19 will be as follows:

| 2018–19 STRATEGIC PRIORITIES |
|--|
| First and foremost we long to follow God's lead ensuring that in all we do we "put prayer first". We have already re-established one of the rooms in CMS House explicitly for prayer in order to help us achieve this. |
| Following the review of our year two KPIs, we will continue to renew our fundraising strategy, to ensure our funding model better aligns with the breadth of mission CMS is engaged in. |
| Continue to outwork phase two of our decentralisation, internationalisation and regionalisation strategy with a focus on Latin America. We have recently deployed the Mission Development Manager role for Latin America in Lima, Peru, to continue to develop a growing mission movement in that region, by being situated at the "front line" of our work. |
| Ensure compliance with General Data Protection Regulation (GDPR) across CMS. |
| Make full use of our new donor database (ThankQ). |
| Embed our new office values: Innovative, Gracious, Collaborative and Faithful. |

Longer Term

The five year strategy sets out CMS's aims for the period 2016 to 2021, and at its heart the strategy is seeking to do three things:

- Raise disciples in mission
- Partner churches in mission
- Maximise our effectiveness for mission

We will be tracking progress against these objectives through the use of KPIs.

CMS's vision is to see all God's people engaged in God's mission bringing challenge, change, hope and freedom to the world. The organisational strategy sets out a vision for the period to 2021, organised under the three headings above. We are quite clear this is an agenda that needs to be measured, hence the setting of KPIs and the development of an impact assessment framework. We can therefore be confident in our stewardship and that we are achieving high levels of economy, efficiency and effectiveness (which equals value for money). We are also clear that this is an agenda for growth, giving CMS the opportunity to make an ever greater impact and to ensure its ongoing sustainability.

One of the key areas of our work identified in the strategy is the growth of the local partner programme. Over the first two years local partner numbers have remained static (CMS supports 60 local partners) and we long for this to grow to be in excess of 100 in the medium to long term. This growth is reliant on our ability to align our funding base with our work, hence the priority to ensure our funding model better aligns with the breadth of mission CMS is engaged with as tabled above.

STRUCTURE, GOVERNANCE AND MANAGEMENT



Legal Status

Church Mission Society is a registered charity (England and Wales (RCN: 1131655), and Scotland (RCN: SC047163)) and a company limited by guarantee in England and Wales (Company Number 6985330) established on 8 August 2009, although its history as a mission dates back to the 18th century. For details of other group charities/members see note 1.

Charitable Objects

Church Mission Society's object is as a community of people in mission obeying the call to God, to proclaim the gospel in all places and to draw all peoples into fellowship with the Lord Jesus Christ.

Patron

The Most Rev and Rt Hon Justin Welby, Archbishop of Canterbury

CMS governance arrangements

CMS is an Association of Members, whose business is governed by its Memorandum and Articles of Association and by a Board of Trustees. The Trustees of CMS aim to have high standards of accountability as well as proper and ethical performance of their duties. The process for appointing the Board of Trustees is as follows:

- The Board of Trustees of CMS is made up of up to 15 CMS members elected by the CMS membership (including not more than three co-opted members) with a Chair appointed by the Board
- The elected members of the Board of Trustees are subject to a fixed term appointment of four years, with the opportunity to be elected for one further term. Elections take place every two years
- Co-opted Trustees are subject to a fixed term appointment of two years, renewable a maximum of twice
- The Chair of Trustees is selected by the Board of Trustees following a public recruitment and selection process.

The Board of Trustees meets four times a year, including one meeting focusing on trustee development. This is part of the wider induction and training process that is in place for Trustees which includes consideration of governance, Board operations, the role of Trustees, organisational strategy, the CMS ethos and risk management.

During the year the Board had four sub-committees each with specific terms of reference, these are:

- The Finance Committee
- The Community Life and Mission Committee. The Board decided in December 2017 to pause the work of this committee for a year.
- The Fundraising Committee. This committee was established during the year.
- The Governance Committee. This committee was also established during the year.

The Finance Committee reviews all aspects of finance, the human resources (HR) function, facilities, charity law and regulation and information technology (IT). In this the committee is advisory, making recommendations to the whole Board. For the more technical areas of accounting, auditing, investment and property, the committee exercises insight, aligning decision making with expertise and knowledge.

The Community Life and Mission Committee developed and reviewed all aspects of CMS community life including international and UK mission. The committee was advisory, making recommendations to the whole Board. The board agreed to pause the work of this committee in December 2017 while the Governance Committee reviewed its role and purpose to determine whether it could be done more effectively.

The Fundraising Committee was established during the year and its purpose is to advise the charity's fundraising team in the use of the most effective and efficient methods, and to ensure regulatory compliance particularly in the use of data, public communications and fundraising methods. In this the committee is advisory, making recommendations to the whole Board.

The Governance Committee reviews the effectiveness of the governance system and assists in the nomination and selection of Trustees and principal officers.

THE BOARD OF TRUSTEES

The Trustees of CMS are also its legal company Directors. A list of the Trustees who served during the year and up to the date of signing the financial statements are included below.

| Trustee | Governance Committee (from 06/07/17) | Finance Committee | Fundraising Committee (from 20/06/17) | CLAM (to 14/09/17) |
|---|---|-------------------------|--|-----------------------|
| Mr Charles Clayton (Chair) | ✓ (Chair) | ✓ | ✓ (Chair to 31/01/18) | ✓ |
| Mrs Naomi Aidoo (Appointed 01/01/18) | | | | |
| Rev Dr Jonathan Brant (Resigned 31/12/17) | ✓ (to 31/12/17) | | | ✓ (Chair) |
| Mr Anthony Bargioni | | ✓ | ✓ | |
| Dr Ian Bromilow (Co-opted 01/01/18) | | ✓ (from 01/01/18) | | |
| Rev Canon Andrew Bowerman (Appointed 01/01/18) | | | | |
| Mr Beauman Chong | | | ✓ (Chair from 01/02/18) | |
| Mr Craig Hampton | | | | ✓ |
| Mrs Lonah Hebditch | | | | ✓ |
| Mr Peter Hyatt (Elected term ended 31/12/2017, co-opted 01/01/18) | | ✓ (Chair from 28/04/17) | | |
| Prof Ian Jones (Resigned 31/12/17) | | ✓ (Chair to 27/04/17) | | |
| Mrs Dione McDonald (Resigned 31/12/17) | | | | |
| Dr Kevin McKemey (Appointed 01/01/18) | | | | |

| | | | | |
|---|---|-------------------|--|---|
| Mr Salim Munayer | | | | |
| Rev Jane Shaw | ✓ | | | ✓ |
| Mr John Stansfeld (Appointed 01/01/18) | | ✓ (from 01/01/18) | | |
| Rev Ian Wallace | ✓ | | | |

The Chair of Trustees is responsible for ensuring the members of the Board of Trustees collectively contribute the broad range of skills and experience necessary for its effectiveness. The Trustees are responsible for developing strategic vision, articulating policy, managing risk and ensuring effective governance. The Board is assisted in implementation of policies and strategies by the Executive Leader, who is supported by the wider CMS Senior Management Team. In addition to Trustees, the other sub-committees have additional co-opted members.

CMS Senior Management Team

| | |
|---|---|
| Executive Leader | Rev Canon Philip Mounstephen |
| Director of International Mission | Rev Paul Thaxter |
| Mission Director for Latin America | Rt Rev Henry Scriven (retired 31 December 2017) |
| Director of Church and Community Mission | Mrs Debbie James (Deputy Executive Leader from 01/05/18) |
| Director of Mission Education | Mr Jonny Baker |
| Director of Fundraising for Mission | Mr Jim Barker |
| Director of Finance and Corporate services | Mr Charles Walker |

The Executive Leader is responsible to the Board of Trustees for the management of CMS. He leads the Senior Management Team, which is shaped around the following responsibilities:

- International Mission – responsible for CMS engagement in international mission in partnership with churches and other agencies of mission worldwide, including members of the CMS Mission Network*
- Church and Community Mission – connecting with and supporting CMS members and churches, enabling them, in a variety of ways, to engage in mission both globally and locally
- Mission Education – overseeing the selection and formation of people in mission, both as Pioneers and as Mission Partners
- Fundraising – broad base fundraising from individuals, churches, trusts and major donors
- Finance and Corporate Services – supporting CMS with expertise in finance, ICT, HR, facilities and legal compliance

*The CMS Mission Network is a network of independent and interdependent CMS mission agencies sharing the same values and vision and engaging in their own distinctive way to ensure that mission is from everywhere to everywhere. In 2017 this network consisted of CMS, CMS-Africa, AsiaCMS, CMS New Zealand, CMS Australia, and CMS Ireland

Key Management Personnel Remuneration Policy

The Board of Trustees and the senior management team (SMT) are the key management personnel of CMS, in charge of directing and operating the charity. All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are disclosed in note 15 to the financial statements.

Salaries of all staff, including the SMT, are reviewed annually taking inflation and the overall financial position of CMS into consideration. Remuneration levels are also benchmarked with Croner's charity pay and benefits report every four to five years to ensure that the level of remuneration set for key management is in line with roles in similar size organisations.

Fundraising

CMS has three sources of donation income to sustain its mission, these are: Churches, Individuals and Trusts. The income from these sources is split 41% Churches, 54% Individuals and 5% Trusts. There is also income from legacies, kindly left to Church Mission Society by supporters in their will. This equates to between 10 and 20 per cent of our total income in any one year. The balance is from other income, such as education fees and trading income. During the year CMS spent £705,000 (9.2% of total income) on fundraising activity and the majority of this effort concentrated on raising support for CMS mission partners. During 2017–18, CMS reviewed its fundraising strategy to include plans on communicating and fundraising for the other core areas of work, such as the local partner programme and the pioneer leadership programme undertaken by CMS. A new fundraising strategy will be released in the first half of 2018–19

We are pleased to say that we are members of the Fundraising Regulator and fully comply with the Fundraising Code of Practice. We have worked hard to ensure we protect and work in the interest of supporters who might be seen as vulnerable, through old age or illness, and have developed policy and procedures to ensure we continue to work in their best interest.

In the last year we received four fundraising complaints: one said we should raise money by faith and not by making requests, two said we were making too many requests for funds, and one person wrote to complain that we were sending too many nice thank you letters. In the second quarter of 2018–19 we are working to ensure we are fully compliant with the new General Data Protection Regulations (GDPR) which came into effect at the end of May.

Use of Volunteers

Church Mission Society is a membership society and relies heavily on the voluntary support of its members and others as community members, Trustees and committee members, in local members' groups, in mission service globally and locally as advocates for CMS in churches, and in working in the offices in Oxford.

Public Benefit

In compiling this report, Trustees have given due regard to the public benefit guidance as issued by the Charity Commission. As "a community of people in mission obeying the call of God to proclaim the gospel in all places and to draw all peoples into fellowship with the Lord Jesus Christ", CMS works out its Public Benefit in a number of ways.

CMS believes the Christian faith is of benefit to society, and individuals, bringing a vision of transformation for peace and social harmony which grows from what Christians believe is God's ultimate purpose: to bring all things into unity and perfection in Jesus Christ. People are likely to become disciples of Jesus if Christians "live a Christ-like life amongst them, share the good news of Jesus, demonstrate God's love and prayerfully expect the Spirit's power to transform individuals, communities and whole nations". CMS seeks to demonstrate this benefit through its wide range of mission activities both in the UK and internationally as detailed throughout the Strategic Report.

Risk Management Policy and Internal Control

The Trustees manage the internal and external risks to CMS through the regular review of the financial position and internal control environment. CMS operates a comprehensive annual planning and budgeting system and any significant changes to these plans are subject to the specific approval of Management and Trustees. The financial reporting system compares results with these plans on a monthly basis. A formal risk management process has been developed and Trustees continue to consider the principal risks to which CMS is exposed, assess the likelihood of the risks occurring and the level of impact the risks pose. They have also considered the controls in place for these risks and have identified any necessary areas for action.

In a rapidly changing world, with extremists putting mission personnel in all parts of the world in increased danger, the principal risks identified by the Board now include the need for an enhanced

crisis response capability. Current risks and the corresponding mitigating controls are set out below, in no order of priority:

Income

As a charity, CMS is dependent on the continuing financial support of its donors. The fundraising team continue to develop their strategy, for implementation later this year. Gathering and sharing the stories of CMS's mission activities is a key focus within the strategy to continue, grow and renew this support along with the continued additional diversification of our income base.

Pensions

CMS's defined benefit schemes are open to risks on their liabilities and assets as a result of changes in life expectancy, inflation, discount rates, future salary increases and the value of investments. The impact of any negative movements in the pension scheme deficit is likely to result in increased repayments from CMS. These schemes are now closed to new members and closed to future accrual. CMS works with the pension scheme Trustees and its own actuarial consultants to understand and mitigate these risks wherever possible.

Recruitment

An inability to attract high quality Mission Partners would lead to difficulty in sustaining CMS's current financial model and a high priority is therefore given to the recruitment of personnel across all teams in CMS.

Reputation

Damage to reputation is a risk for any organisation and particularly important for a charity. One key area in this regard is safeguarding. The Board reviews and approves the CMS safeguarding policy every year and, in light of recent safeguarding issues that have surfaced in the charity sector, we have reviewed those processes and procedures again.

Critical Incidents

In response to the increasing awareness of the security issues faced by CMS, robust security procedures have been put in place, security training has been rolled out to relevant high risk personnel and a Crisis Management Team, with clear contingency plans for emergencies, has been put in place.

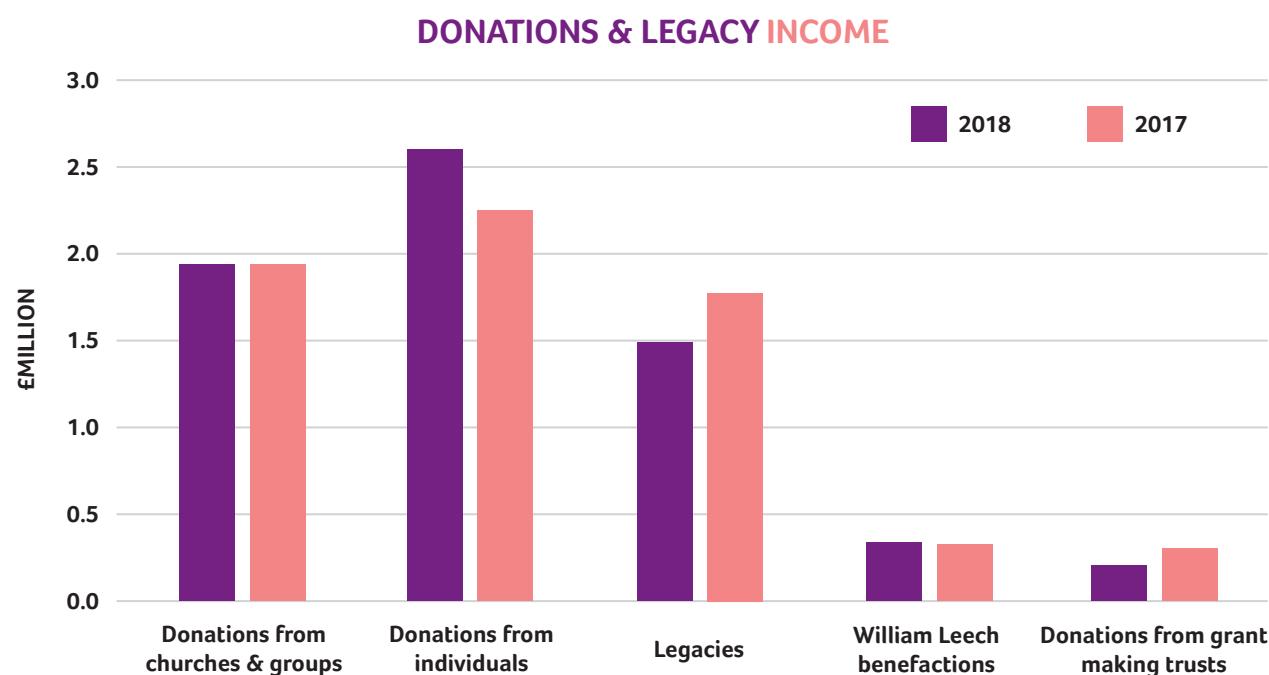
FINANCIAL REVIEW

The report and financial statements of Church Mission Society group (CMS) consolidates the results of Church Mission Society, The Church Mission Society Trust, The South American Mission Society (SAMS) and CMS House Enterprises Ltd.

The financial context within which CMS operates continues to be challenging, heightened by recent safeguarding issues raised within the UK media. The charitable and mission agency context is competitive, and there has been a reduction in the general fund giving of individuals, churches and trusts across the sector. The uncertainty created by ongoing Brexit negotiations is also a factor. Despite the political uncertainties of 2017, however, the financial markets have performed strongly. CMS listed investments portfolios performed strongly during the year with a capital return of £274,000 (2017: £373,000), which has assisted both our free reserve and endowment fund positions. Total income in the year has increased marginally on the prior year. The review below provides some more detailed analysis.

Incoming Resources

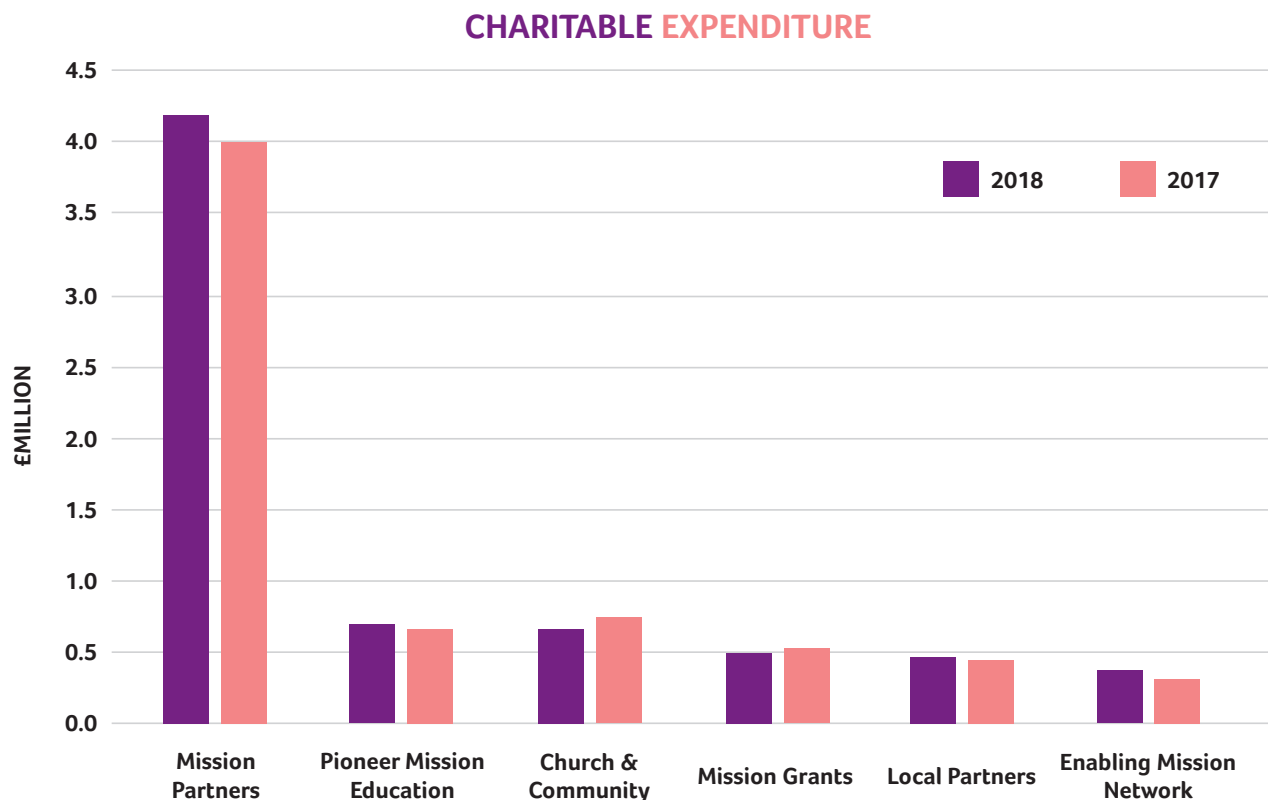
Total incoming resources were £7.7m (2017: £7.7m) a small increase of £7,000 from the previous year. Donations and legacies income (shown in the chart below) reduced slightly by £25,000 to £6.59m in 2018 (see note 3). The reduction in legacy income (£0.3m) was offset by an increase in donations from individuals of £0.35m compared to the previous year. This is largely as a result of a major donation received during the year (for £200,000) and a net increase in the long term mission partners during the year.



Donations from churches have seen a marginal increase in the year. Donations from trusts have reduced by £97,000 in the period as a result partly of timing and partly because a couple of major trust donations were not repeated in the year. This income is more “lumpy” in nature but remains a key area the fundraising team would like to grow. The results also show the importance of our legacy income within CMS, representing 19% (2017: 23%) of the overall income during this financial year. The Trustees are extremely thankful for the generosity of those who leave legacy gifts – often following a lifetime of faithful, prayerful service to God including support of CMS’s work. Such gifts are important for sustaining our efforts to put people’s call into action.

Charitable Activity Expenditure

Total resources expended amounted to £7.6m (2017: £7.5m). The 1% increase in total expenditure largely relates to our Mission Partners' expenditure which reflects in part increased cost of support, and the continuing impact of the devaluation in sterling following the Brexit vote in June 2016. Indeed the devaluation of sterling was the main driver for our appeal in early 2017.

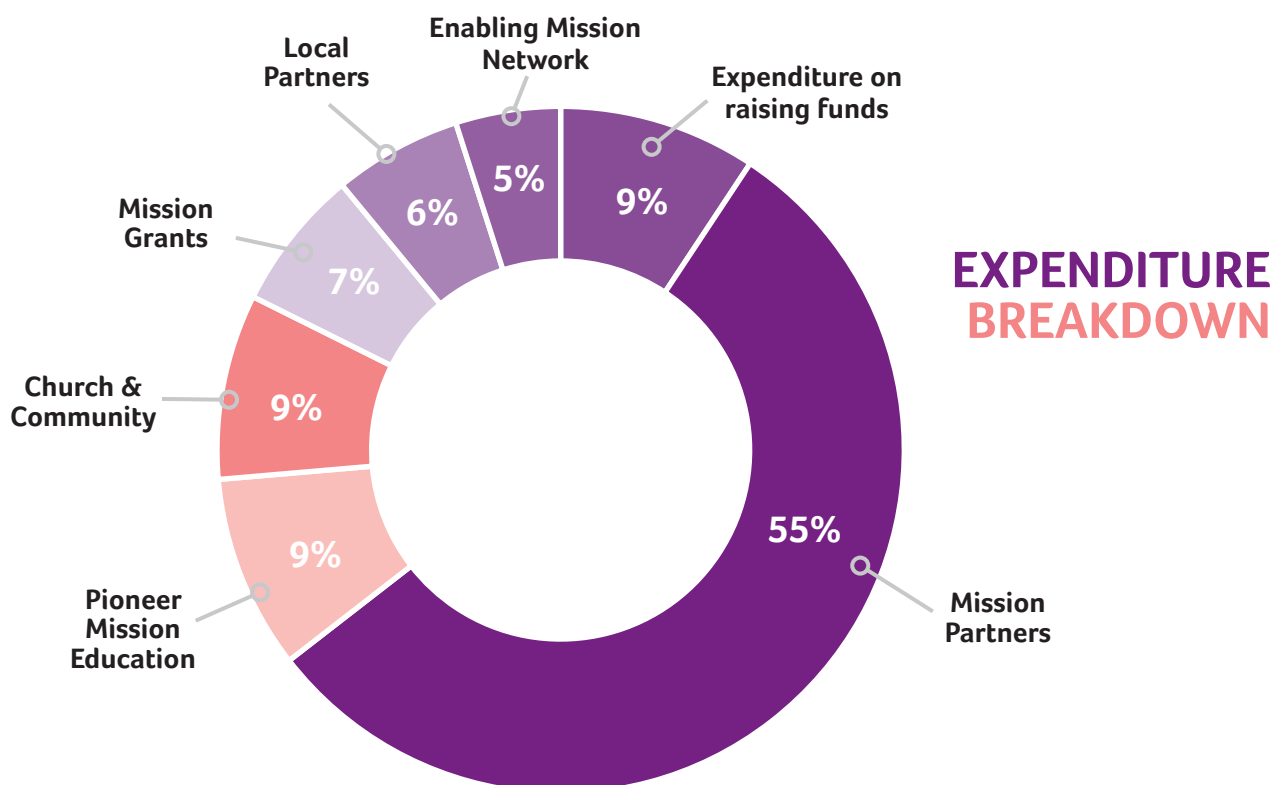


The recruitment, training and support of Mission Partners are CMS's most significant areas of operation with 55% of total expenditure relating to this activity. The majority of this expenditure supports 147 long term mission partners working in a range of activities in 35 different countries. In addition CMS has a local partner programme, with total expenditure of £0.46m, which supports 60 local mission leaders around the world.

Mission grants expenditure totalled £0.7m on 104 projects that CMS supports around the world (see note 13). Grants are also paid to CMS-Africa and AsiaCMS as part of CMS's Mission Network. These grants are included in the Enabling Mission Network activity. However, the committed support to AsiaCMS for five years totalling £1m was accounted for in full in the year ended 31 January 2013 and so no additional cost was expensed in the Statement of Financial Activities.

The other main areas of expenditure are the CMS Church and Community work (£0.7m) and the Pioneer Mission Education work (£0.7m). Expenditure within the pioneer mission education team relates to the recruitment of mission partners, teaching and support of our students on the Pioneer leadership programme. This has primarily involved the running of the programme at the CMS offices, but it also includes the work being undertaken by CMS pioneer hubs. The Church and Community work involves resourcing and mobilising the church in the UK and the CMS community into mission. The work this year has included running the Mission Is campaign throughout several festivals across the UK and online, producing our regular flagship publication *The Call* and launching a new online Resource Hub with hundreds of free resources. CMS also continued to work closely with two dioceses during the year on the Partnership for Missional Church process.

The breakdown overleaf clearly shows the proportions spent on each activity



CMS Defined Benefit Pension Scheme

At the year-end, the liability recognised in the balance sheet relating to the CMS Pension Scheme (Defined Benefit Scheme) came to £6.57m (2016: £5.94m) in accordance with FRS 102. The main reason for the liability was the net impact of changes in the financial and demographic assumptions contributing to an increase in the present value of the Scheme's liabilities from £77.7m to £78.5m (see note 25A). This was partially offset by an increase in the value of the scheme assets, from £71.8m to £71.9m (note 25A). The financial statements are based on the triennial valuation of the scheme, dated 31 March 2016 and showed a deficit of £8.7m. This deficit is being paid off over a maximum of 15 years. Contributions in the year to 31 January 2018 totalled £757,000 in accordance with a new recovery plan agreement. The details of this new recovery plan can be found in Note 25A.

Church of England Defined Benefits Scheme

CMS has deferred members and pensioners, some previously employed by SAMS, in the Church of England Defined Benefit Scheme (DBS) within the Church Workers Pension Fund (see note 25C) which is a multi-employer scheme. The valuation of the scheme, dealt with in the financial statements, was that conducted in December 2013, and showed a deficit of £1.5m for the CMS portion of the scheme. Deficit contribution payments of £150,600 per year were agreed for 12.75 years from 1 April 2015. The contribution rate for 2018 was £161,000 including administration costs.

In accordance with FRS 102, SAMS includes a provision in the balance sheet for its obligations to make deficit payments as this is a multi-employer scheme. The provision for 2018 was £1,378,000 (2017: £1,486,000). The latest actuarial valuation of the scheme was undertaken at 31 December 2016 and this was still ongoing as at 31 January 2018. Agreement on a new recovery plan was concluded in March 2018. The details of the new recovery plan are set out in note 25C in the financial statements.

Investment policy and review of investment performance

CMS manages its investments according to the CMS Statement of Investment Principles and the Trustees have authority to invest the monies of the Group, not immediately required, on such investments as they think fit. The Statement of Investment Principles includes details of CMS's socially responsible investment policy.

During the year the management of CMS listed investment portfolio transferred to Cazenove Capital from C. Hoare and Co following the decision by C. Hoare and Co to transfer its investment management function to Cazenove. The Trustees have delegated the day-to-day management of the CMS investment portfolio to Cazenove Capital. The investment manager's delegated authority is operated in accordance with the CMS Statement of Investment Principles.

As at 31 January 2018, CMS had listed investments of £3.2m (2017: £3.2m), £11.0m (2017: £10.5m) of unlisted investments and £0.4m (2017: £0.2m) of cash held within the investment portfolio. This total of £14.6m of investments includes £8.6m of endowed funds where the capital is not available to be spent. Further details of investments can be found in note 17 of the financial statements. Income from the investment portfolio of CMS contributed to a total investment income of £0.5m in the Statement of Financial Activities (2017: £0.5m). Further details of the makeup of this investment income can be found in note 6 of the financial statements. The net gain on investments in 2018 was £0.5m (2017 gain of £1.4m), as such it has been a reasonable year for the CMS portfolio, and the listed holdings are on track against their long term target of RPI plus 4%. These positions are regularly reviewed by the Finance Committee and during the year Cazenove Capital attended the Finance Committee to explain how the listed investment portfolios have been performing. During the year, Church Mission Society invested £25,000 as a social investment into Clean for Good Ltd, a new company set up with the aim of reforming the cleaning industry in London.

Movement in funds

Taking CMS's funds in total, there were net incoming resources of £0.5m during the year ended 31 January 2018, and an actuarial loss on the CMS Pension Scheme of £0.9m. The overall position was therefore a net reduction in total reserves of £0.3m.

RESERVES POLICY AND FINANCIAL POSITION

Unrestricted: General Funds (Free Reserves)

The reserves policy is reviewed annually, by the Trustees, in light of the specific risks faced by the charity. In 2017–18 CMS held unrestricted general funds (free reserves) for the following reasons:

- To allow for an increase in future pension contributions that may arise, to pay off the CMS pension deficit
- To act as a buffer and to invest in CMS fundraising strategy to ensure we move from a deficit operational budget to a break even one by 2022
- To allow for any unexpected falls in our donation income in 2018–19
- To allow for any unbudgeted costs in particular relating to a mission partner emergency situation
- To fund capital expenditure in 2018–19, primarily on CMS properties

A separate calculation has been made against each of the above factors. The calculation assesses the specific risks and details the reserve required by working out the impact on reduced income or required increase in expenditure. For example the capital expenditure reserve simply reflects the required expenditure on CMS properties and equipment for the upcoming year. These risks are specific to CMS and will change each year. As such the overall target is reviewed, adjusted and approved annually by Trustees.

Based on these calculations the 2018–19 overall free reserve target for CMS is £3.79m. The free reserves at 31 January 2018 are £4.097m, which is above the stated target. This level of free reserves is still deemed adequate due to the potential adverse movement within the CMS pension scheme.

Endowment Funds

Included in the balance sheet are Endowment Funds totalling £8.7m, the capital of which is not available to be spent.

Restricted Funds

The reserves policy for restricted funds is for sufficient assets to be held to meet the obligations of each fund and this is the case as at 31 January 2018.

Designated funds

During the year the Trustees have set aside funds from the General Fund for unrestricted tangible fixed assets to ensure the general reserves policy is not skewed by holding these funds (see note 24).

Shares in William Leech (Investments) Limited purchased before 15 October 1996 are also included within the designated fund following receipt of legal advice confirming their status in June 2016.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. 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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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
- make judgments and estimates that are reasonable and prudent
- state whether applicable 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, 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 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Trustees is aware:

- there is no relevant audit information of which the company's auditor is unaware,
- each of the Trustees has taken all steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

On 25 June 2018, Crowe Clark Whitehill LLP changed its name to Crowe U.K. LLP. Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

The Trustees' Report, including the strategic report on pages 3 to 28, was approved by the Board of Trustees on 27 July 2018 and signed on their behalf by:



Charles Clayton – Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHURCH MISSION SOCIETY

Opinion

We have audited the financial statements of Church Mission Society for the year ended 31 January 2018 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Consolidated 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).

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, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 January 2018 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

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 group 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 group's or 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 our audit

-  the information given in the trustees' report, which includes the directors' report and strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
-  the strategic report and directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report included within the trustees' report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement [set out on page 28], 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 group's or 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

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 the Acts and relevant regulations made or having effect thereunder.

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.



Alastair Lyon
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Reading

Date: 15/8/18.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 January 2018

(Incorporating an Income and Expenditure Account)

| | Note | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2018 £'000 | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2017 £'000 |
|--|--------------|-----------------------------|---------------------------|--------------------------|---------------------|-----------------------------|---------------------------|--------------------------|---------------------|
| Income and endowments from: | | | | | | | | | |
| Donations and legacies | 3 | 2,518 | 3,877 | 195 | 6,590 | 2,611 | 3,814 | 190 | 6,615 |
| Charitable activities | 4 | 126 | 71 | - | 197 | 120 | 96 | - | 216 |
| Other trading activities | 5 | 142 | - | - | 142 | 195 | 3 | - | 198 |
| Investments | 6 | 505 | 33 | - | 538 | 459 | 31 | - | 490 |
| Other | 7 | 70 | 131 | - | 201 | 126 | 16 | - | 142 |
| Total income | | 3,361 | 4,112 | 195 | 7,668 | 3,511 | 3,960 | 190 | 7,661 |
| Expenditure on: | | | | | | | | | |
| Raising funds | 9 | 634 | 56 | 15 | 705 | 756 | 71 | 15 | 842 |
| Charitable activities | | | | | | | | | |
| Mission Partners | 10 | 1,022 | 3,161 | - | 4,183 | 1,019 | 2,991 | - | 4,010 |
| Pioneer Mission Education | 10 | 578 | 114 | - | 692 | 532 | 127 | - | 659 |
| Church and Community | 10 | 556 | 105 | - | 661 | 492 | 246 | - | 738 |
| Mission Grants | 10 | 83 | 422 | - | 505 | 87 | 427 | - | 514 |
| Local Partners | 10 | 231 | 227 | - | 458 | 179 | 257 | - | 436 |
| Enabling Mission Network | 10 | 314 | 60 | - | 374 | 226 | 85 | - | 311 |
| Total charitable expenditure | | 2,784 | 4,089 | - | 6,873 | 2,535 | 4,133 | - | 6,668 |
| Total Expenditure | 10,11 | 3,418 | 4,145 | 15 | 7,578 | 3,291 | 4,204 | 15 | 7,510 |
| Net gains on investments | | 119 | 11 | 329 | 459 | 535 | 18 | 857 | 1,410 |
| Net income/ (expenditure) | | 62 | (22) | 509 | 549 | 755 | (226) | 1,032 | 1,561 |
| Transfers between funds | 24 | 129 | (129) | - | - | (54) | 54 | - | - |
| Actuarial (losses) on defined benefit pension scheme | 24 | (857) | - | - | (857) | (6,205) | - | - | (6,205) |
| Other (losses) on pension scheme deficit reduction provision | 25 | - | (10) | - | (10) | - | (85) | - | (85) |
| Net movement in funds | | (666) | (161) | 509 | (318) | (5,504) | (257) | 1,032 | (4,729) |
| Total funds brought forward | | 9,995 | 2,257 | 8,196 | 20,448 | 15,499 | 2,514 | 7,164 | 25,177 |
| Total funds carried forward | | 9,329 | 2,096 | 8,705 | 20,130 | 9,995 | 2,257 | 8,196 | 20,448 |

The accompanying notes are an integral part of this Statement of Financial Activities. All gains and losses arising in the year relate to continuing activities.

CONSOLIDATED AND CHARITY BALANCE SHEET

As at 31 January 2018

| | Note | Group 2018 £'000 | Group 2017 £'000 | Charity 2018 £'000 | Charity 2017 £'000 |
|--|-----------|------------------------|------------------------|--------------------------|--------------------------|
| Fixed assets | | | | | |
| Tangible fixed assets | 16 | 7,540 | 7,382 | 7,540 | 7,382 |
| Investments: Unrestricted | | 5,817 | 5,684 | 5,817 | 5,684 |
| Investments: Restricted and Endowment | | 8,761 | 8,246 | 8,761 | 8,246 |
| | 17 | 14,578 | 13,930 | 14,578 | 13,930 |
| | | 22,118 | 21,312 | 22,118 | 21,312 |
| Current assets | | | | | |
| Stock | | 1 | 3 | - | - |
| Debtors | 19 | 477 | 553 | 479 | 546 |
| Cash at bank and in hand | | 6,601 | 7,221 | 5,625 | 6,333 |
| | | 7,079 | 7,777 | 6,104 | 6,879 |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 20 | (1,133) | (1,211) | (1,443) | (1,592) |
| Net current assets | | 5,946 | 6,566 | 4,661 | 5,287 |
| Total assets less current liabilities | | 28,064 | 27,878 | 26,779 | 26,599 |
| Net assets excluding pension liability | | 28,064 | 27,878 | 26,779 | 26,599 |
| Defined benefit pension scheme (liability) | 25 | (7,934) | (7,430) | (6,565) | (5,944) |
| Net assets | | 20,130 | 20,448 | 20,214 | 20,655 |
| The funds of the charity: | | | | | |
| Unrestricted: General fund | 24 | 4,097 | 4,329 | 4,092 | 4,339 |
| Unrestricted: Designated funds | 24 | 11,797 | 11,610 | 11,797 | 11,610 |
| Unrestricted: Pension deficit | 24 | (6,565) | (5,944) | (6,565) | (5,944) |
| Unrestricted funds | | 9,329 | 9,995 | 9,324 | 10,005 |
| Restricted funds excluding pension deficit | 24 | 3,438 | 3,743 | 2,185 | 2,454 |
| Restricted pension deficit | 24 | (1,369) | (1,486) | - | - |
| Restricted funds | | 2,096 | 2,257 | 2,185 | 2,454 |
| Endowment funds | 24 | 8,705 | 8,196 | 8,705 | 8,196 |
| | 24 | 20,130 | 20,448 | 20,214 | 20,655 |

The accompanying notes are an integral part of this Balance Sheet.

The financial statements on pages 32 to 62 were approved by the Board of Trustees and authorised for issue on 27 July 2018 and signed on their behalf by:



Charles Clayton – Chair of Trustees

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 January 2018

RECONCILIATION OF NET INCOME TO THE NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2018 | 2017 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Net income for the year (as per the Statement of Financial Activities) | 549 | 1,561 |
| Adjustments for: | | |
| Investment income | (538) | (490) |
| Net gains on investments | (459) | (1,410) |
| Depreciation charge | 219 | 217 |
| Decrease in stock | 2 | 39 |
| Decrease in debtors | 76 | 14 |
| (Decrease) in creditors | (78) | (53) |
| (Decrease) in pension scheme deficit reduction provision | (127) | (112) |
| Net charge for defined benefit pension scheme | (236) | (261) |
| Gift of shares | - | (5) |
| Net cash provided by (used in) the Group's operating activities | (592) | (500) |

STATEMENT OF CASH FLOWS

| | 2018 | 2017 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Cash flows from operating activities: | | |
| Net cash provided by operating activities | (592) | (500) |
| Cash flows from investing activities: | | |
| Dividends, interest and other income from investments | 538 | 544 |
| Purchase of tangible fixed assets | (377) | (83) |
| Purchase of investments | (2,244) | (3,975) |
| Proceeds from sale of investments | 2,055 | 3,906 |
| Net cash provided by (used in) investing activities | (28) | 392 |
| Change in cash and cash equivalents in the year | (620) | (108) |
| Cash and cash equivalents at the beginning of the year | 7,221 | 7,329 |
| Cash and cash equivalents at the end of the year | 6,601 | 7,221 |

Cash and cash equivalents comprises the amounts shown in the Balance Sheet as "Cash at bank and in hand", and includes £99,000 as at 31 January 2018 relating to cash held in an endowment fund (2017: £96,000).

NOTES TO THE FINANCIAL STATEMENTS

At 31 January 2018

1. CHARITY INFORMATION

Church Mission Society is a registered charity in England and Wales (registered charity number 1131655), a registered company in England and Wales (registered number 6985330) limited by guarantee and is registered as a charity in Scotland (Charity No SC047163). CMS does not have share capital and has approval to omit the word “Limited” from its name. The members of the company are the Trustees and members of the CMS community. In the event of CMS being wound up the liability in respect of the guarantee is limited to £1 per member.

Church Mission Society was incorporated on 8 August 2009 and registered as a charity on 16 September 2009. CMS was incorporated to effect the merger between The Church Mission Society Trust (registered charity number 1131655-1 England and Wales) and The South American Mission Society (registered charity number 221328 England and Wales).

The Church Mission Society Trust became a subsidiary of CMS under a scheme, agreed with the Charity Commission in 2010, enabling this to take place. The scheme involved a replacement of The Church Mission Society Trust’s objects to mirror those of CMS, and all Trustees of The Church Mission Society Trust resigned and were replaced by CMS as corporate Trustee. As part of the Scheme, the name of that charity was changed to The Church Mission Society Trust (formerly Church Mission Society) and a uniting direction was put in place for The Church Mission Society Trust to be part of CMS for accounting and legal purposes. Therefore the disclosures in these financial statements for “the Charity” include CMS and The Church Mission Society Trust.

CMS is the sole corporate member of The South American Mission Society with the same group of Trustees common to both societies and accordingly The South American Mission Society (SAMS) is considered to be a subsidiary undertaking of CMS. Further information about CMS’s principal subsidiary undertakings, SAMS and CMS House Enterprises Ltd, is included in Note 27.

2. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention with the exception of investments that are included at a current market value.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), with the Statement of Recommended Practice “Accounting and Reporting by Charities applicable to charities preparing accounts in accordance with FRS 102” (effective 1 January 2015) and with the Companies Act 2006.

Church Mission Society constitutes a public benefit entity as defined by FRS 102.

Assessment of going concern

Having reviewed the financial position, the Trustees consider that there are no material uncertainties about the charity’s ability to continue as a going concern and have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements.

Accounting estimates and judgements

The preparation of the financial statements in accordance with FRS 102 requires the Trustees to make judgement, estimates and assumptions that affect the reported amounts in the financial statements. The areas involving a higher degree of judgement, or areas where assumptions and estimates were significant to the financial statements, are disclosed in Note 28.

NOTES TO THE FINANCIAL STATEMENTS

Accounting policies (continued)

Basis of consolidation

The consolidated financial statements of the CMS Group incorporate the financial statements of the Charity (CMS and The Church Mission Society Trust) and its subsidiary undertakings.

The Trustees have taken advantage of the exemption conferred by S408(3) of the Companies Act 2006 and accordingly present a consolidated Statement of Financial Activities only. In order to comply with the Charities SORP, the gross income and net incoming resources for the Charity are disclosed in note 24.

Donations, legacies and other income

Income is recognised in the period in which the Charity has entitlement to the income, it is probable that the income will be received and the amount of the income can be measured reliably. Where income is received in advance of providing goods and services the income is deferred until CMS becomes entitled to the income.

Legacy gifts are recognised on a case by case basis following the grant of probate and when the entitlement to the legacy has been established, receipt is probable and amount of the legacy can be measured reliably. In accordance with this policy, legacies are included when the Charity is notified by the Personal Representatives of an estate that a distribution is to be made and the amount involved can be reliably quantified.

Financial instruments

Church Mission Society only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value (including any transaction costs) and subsequently measured at their settlement value (which is also the amortised cost). Financial assets held at amortised cost include cash at bank and in hand and the group's trade and other debtors, excluding prepayments. Financial liabilities held at amortised cost include the group's long and short term creditors, excluding deferred income.

Investments and investment income

Investments are initially measured at cost. Listed investments are included at their open market value at the balance sheet date. All gains and losses on investments are taken to the Statement of Financial Activities, including the net gains and losses arising from disposals and revaluations in the year. The income from investments and short-term deposits is accounted for on an accruals basis.

The unlisted investment in William Leech (Investments) Limited is included in the financial statements as the Charity's share of the net asset value shown in that company's accounts dated closest to the Charity's year end (31 March). The financial statements for 31 March 2018 are still subject to audit. This investment value has been reduced by the cash held by CMS at 31 January which is invested in William Leech (Investments) Limited prior to their year-end on 31 March as this increases the net asset value of William Leech (Investments) Limited.

The social investment (mixed purpose) in Clean for Good Ltd is included in the financial statements as the Charity's share of the net asset value shown in that company's accounts at 31 January 2018. The year end is 31 March 2018. The investment is not justified wholly by either the financial return or by the contribution it makes to the charity's aims but by the combination of the two.

Fund accounting and the allocation of income and expenditure by fund

Income and Expenditure are allocated to three categories of funds: Unrestricted Funds, Restricted Funds and Endowment Funds.

Unrestricted funds are available for use to further the Charity's general purposes and objectives. All income and expenditure associated with the general operation of the Charity has been accounted for within the Unrestricted Funds, including donations and legacies where the donor attaches no specific conditions. A pension reserve is included within unrestricted funds to reflect the pension liability. Designated funds are a portion of unrestricted funds that have been set aside by the Trustees for a particular project or purpose.

Restricted funds represent income and donations, the use of which has been specified by the donor. Restricted funds are donated for either a particular geographical area or purpose, the use of which is restricted to that purpose or area. Income and expenditure related to CMS's work in South America is shown within Restricted Funds.

The Endowment Funds represent assets, which have the restriction that the revenue generated by holding the asset is available to spend but the capital itself cannot be spent. Income generated from Endowment Funds is applied to Unrestricted or Restricted Funds as appropriate.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis. A liability is recognised when a legal or constructive commitment is entered into by the Charity and so a liability exists.

All expenses, including support costs and governance costs, are classified to the applicable expenditure headings in the Statement of Financial Activities. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Cost of raising funds comprises those costs incurred in seeking voluntary contributions and in the management of CMS investments.

Governance costs are the costs associated with the governance arrangements of the Charity. Included within this category are costs associated with the strategic as opposed to the day-to-day management of the Charity's activities.

Support and governance costs are allocated across the categories of expenditure on charitable activities and the cost of raising funds. When it is necessary to apportion certain expenses between the different categories of resources expended this is undertaken on bases which are considered appropriate. For example, in the case of salaries and pensions, these are apportioned on the basis of estimated time spent on these activities. The allocation model is reviewed and updated annually to ensure that the apportionments properly reflect the activities of the Charity.

Grants payable are recognised during the year in which the Charity enters into a binding commitment to make a grant and this is communicated to the recipient.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated statement of financial activities with the relevant charitable activity expenditure for the period in which they occurred.

Stock

Stock is valued at the lower of cost and net realisable value.

Tangible fixed assets and depreciation

Tangible fixed assets are shown at their current net book value on an historical cost basis. Assets are capitalised where the value of the asset is greater than £500. The carrying values of tangible fixed assets are reviewed for impairment in the period in which events or changes in circumstances indicate that the carrying values may not be recoverable. Tangible fixed assets are grouped by category and depreciated on a straight line basis over the following periods:

| | | | |
|--------------------|---|--------------------------------|------------|
| Freehold property | 30–50 years | Furniture and office equipment | 3–10 years |
| Leasehold property | shorter of 50 years and the period of the lease | Motor vehicles | 4 years |
| Computer equipment | 3–5 years | | |

NOTES TO THE FINANCIAL STATEMENTS

Accounting policies (continued)

Operating leases

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

Pensions

The Charity (CMS) and one of its subsidiaries (South American Mission Society) have members in defined benefit pension schemes, both employees and mission partners. For certain other employees and mission partners the Charity contributes to personal money purchase pension schemes (defined contribution schemes).

Defined contribution schemes

For defined contribution schemes, the amount charged to the Statement of Financial Activities in respect of pension costs and other post-retirement benefits is the total of the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Defined benefit scheme – CMS Pension Scheme

The CMS defined benefit pension scheme is funded, with the assets of the scheme held separately from those of the Charity, in Trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the Scheme's liabilities. The resulting defined benefit asset or liability is presented after other net assets on the face of the balance sheet, unless a surplus is not recognised in accordance with FRS 102. The current service cost and net interest cost are allocated to relevant expenditure headings within the Statement of Financial Activities, unless the net interest is a credit in which case it is included in "Other income". The change in the value of assets and liabilities arising from asset valuation, actuarial assumptions and any surplus that is not considered recoverable is recognised within the "gains and losses" categories of the Statement of Financial Activities as "Actuarial gains and losses on defined benefit pension scheme".

Defined benefit schemes – multi-employer schemes

The South American Mission Society (SAMS) participates in the Church of England Defined Benefits Scheme (DBS) and the Church of England Pension Builder Scheme (PBS), both of which are separate sections of the Church Workers Pension Fund (CWPF). The assets of the funds are held separately from those of the Society. In both cases, the schemes are considered to be multi-employer schemes as described in Section 28 of FRS 102 and as the Society is unable to identify its share of the underlying assets and liabilities, contributions are accounted for as if the Scheme were a defined contribution scheme. In accordance with FRS 102, the pensions costs charged to the Statement of Financial Activities in the year are the contributions payable towards benefits and expenses accrued in that year, plus any charge in respect of the impact of deficit contributions. Where a provision is recognised in respect of any agreed deficit recovery payments, this liability represents the present value of the deficit contributions agreed as at the accounting date and is presented after other net assets on the face of the balance sheet.

In addition to these schemes the Charity and SAMS participate in the Church of England Funded Pensions Scheme, also known as the Clergy Pension Scheme, which provides pensions for clergy and licensed lay workers. The Church of England Funded Pensions Scheme is a multi-employer defined benefit scheme but the Charity and SAMS are unable to identify their share of the underlying assets and liabilities. This scheme is therefore accounted for as a defined contribution scheme and follows the treatment adopted for the Charity's other defined contribution schemes (see note 25).

3. DONATIONS AND LEGACIES

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2018 £'000 | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2017 £'000 |
|------------------------------------|--------------------------------|------------------------------|-----------------------------|------------------------|--------------------------------|------------------------------|-----------------------------|------------------------|
| Donations from churches and groups | 281 | 1,663 | - | 1,944 | 287 | 1,652 | - | 1,939 |
| Donations from individuals | 849 | 1,751 | - | 2,600 | 828 | 1,424 | - | 2,252 |
| Legacies | 1,201 | 290 | - | 1,491 | 1,267 | 514 | - | 1,781 |
| William Leech benefactions | 147 | - | 195 | 342 | 143 | - | 190 | 333 |
| Donations from grant making trusts | 40 | 173 | - | 213 | 86 | 224 | - | 310 |
| | 2,518 | 3,877 | 195 | 6,590 | 2,611 | 3,814 | 190 | 6,615 |

Legacies of which CMS has been notified, but not recognised as income, are estimated at £497,000 (2017: £315,000).

William Leech Benefactions

Grants are received from two charitable trusts administered by the William Leech Foundation Limited (known as the Foundation Trust and the Charity Trust). The income from the Foundation Trust is distributed in equal portions to CMS and four other charities. The income from the Charity Trust is distributed for charitable purposes at the discretion of the Trustee, which has, since 1973, adopted the policy of giving most of the income to the same five charities. The Charity Trust reviews this policy each year.

Following a resolution of the Board of Directors of William Leech Foundation Limited on 15 October 1996, 57% of the grants paid out to the five charities are made on the condition that they are reinvested in shares in William Leech Investment Limited at par, and treated as an addition to the recipient charity's capital funds.

4. INCOME FROM CHARITABLE ACTIVITIES

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2018 £'000 | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2017 £'000 |
|---|--------------------------------|------------------------------|-----------------------------|------------------------|--------------------------------|------------------------------|-----------------------------|------------------------|
| Pioneer Mission Education training | 125 | - | - | 125 | 120 | - | - | 120 |
| Partnership for Missional Church training | - | 44 | - | 44 | - | 46 | - | 46 |
| Events | - | 27 | - | 27 | - | 19 | - | 19 |
| Short term mission trips | 1 | - | - | 1 | - | 31 | - | 31 |
| | 126 | 71 | - | 197 | 120 | 96 | - | 216 |

NOTES TO THE FINANCIAL STATEMENTS

At 31 January 2018

5. INCOME FROM OTHER TRADING ACTIVITIES

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2018 £'000 | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2017 £'000 |
|---|--------------------------------|------------------------------|-----------------------------|------------------------|--------------------------------|------------------------------|-----------------------------|------------------------|
| Income from sale of books and resources | 4 | - | - | 4 | 24 | 3 | - | 27 |
| Income from property | 91 | - | - | 91 | 91 | - | - | 91 |
| Use of conference facilities | 47 | - | - | 47 | 80 | - | - | 80 |
| | 142 | - | - | 142 | 195 | 3 | - | 198 |

6. INCOME FROM INVESTMENTS

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2018 £'000 | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2017 £'000 |
|---|--------------------------------|------------------------------|-----------------------------|------------------------|--------------------------------|------------------------------|-----------------------------|------------------------|
| Income from William Leech (Investments) Limited | 466 | - | - | 466 | 394 | - | - | 394 |
| Investments listed on a recognised stock exchange | 20 | 30 | - | 50 | 18 | 26 | - | 44 |
| Unlisted securities | - | - | - | - | 3 | - | - | 3 |
| Interest on cash balances | 19 | 3 | - | 22 | 44 | 5 | - | 49 |
| | 505 | 33 | - | 538 | 459 | 31 | - | 490 |

7. OTHER INCOME

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2018 £'000 | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2017 £'000 |
|---|--------------------------------|------------------------------|-----------------------------|------------------------|--------------------------------|------------------------------|-----------------------------|------------------------|
| Net interest on net defined benefit asset | - | - | - | - | 13 | - | - | 13 |
| Other income | 70 | 131 | - | 201 | 113 | 16 | - | 129 |
| | 70 | 131 | - | 201 | 126 | 16 | - | 142 |

8. OPERATING LEASES AS A LESSOR

The charity receives rental income from leasing certain residential properties to tenants under non-cancellable operating leases and tenancy agreements. Income received under operating leases is included in the SOFA on a straight-line basis over the period of the lease.

At the balance sheet date, the charity had contracted with tenants to receive the following future minimum lease payments:

| | 2018 £'000 | 2017 £'000 |
|---|---------------|---------------|
| Not later than one year | 56 | 31 |
| Later than one year and not later than five years | 65 | 32 |
| Later than five years | 24 | 27 |
| | 145 | 90 |

There are no contingent rents recognised as income.

9. EXPENDITURE ON RAISING FUNDS

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2018 £'000 | Total 2017 £'000 |
|---|--------------------------------|------------------------------|-----------------------------|------------------------|------------------------|
| Cost of generating voluntary income | 597 | 48 | - | 645 | 708 |
| Cost of activities for generating funds | 27 | - | - | 27 | 108 |
| Investment management costs | 10 | 8 | 15 | 33 | 26 |
| | 634 | 56 | 15 | 705 | 842 |

10. ANALYSIS OF EXPENDITURE

| | Direct Costs £'000 | Grants £'000 | Support Costs £'000 | Total 2018 £'000 | Total 2017 £'000 |
|---|--------------------------|-----------------|------------------------|------------------------|------------------------|
| Raising funds | | | | | |
| Costs of generating voluntary income | 393 | - | 252 | 645 | 708 |
| Cost of activities for generating funds | 27 | - | - | 27 | 108 |
| Investment management costs | 33 | - | - | 33 | 26 |
| | 453 | - | 252 | 705 | 842 |
| Charitable activities | | | | | |
| Mission Partners | 3,440 | 169 | 574 | 4,183 | 4,010 |
| Pioneer Mission Education | 458 | - | 234 | 692 | 659 |
| Church and Community | 451 | - | 210 | 661 | 738 |
| Mission Grants | 123 | 305 | 77 | 505 | 514 |
| Local Partners | 164 | 178 | 116 | 458 | 436 |
| Enabling Mission Network | 97 | 225 | 52 | 374 | 311 |
| | 4,733 | 877 | 1,263 | 6,873 | 6,668 |
| Total Expenditure | 5,186 | 877 | 1,515 | 7,578 | 7,510 |

NOTES TO THE FINANCIAL STATEMENTS

At 31 January 2018

11. SUPPORT COSTS BY ACTIVITY

| | Finance and ICT | Personnel and Development | Facilities and Premises | Governance | Total 2018 | Total 2017 |
|--------------------------------------|-----------------|---------------------------|-------------------------|------------|--------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Costs of generating funds | | | | | | |
| Costs of generating voluntary income | 188 | - | 57 | 7 | 252 | 168 |
| Charitable activities | | | | | | |
| Mission Partners | 337 | 48 | 173 | 16 | 574 | 674 |
| Pioneer Mission Education | 80 | 16 | 138 | - | 234 | 230 |
| Church and Community | 72 | 20 | 115 | 3 | 210 | 201 |
| Mission Grants | 45 | - | 29 | 3 | 77 | 75 |
| Local Partners | 58 | - | 58 | - | 116 | 114 |
| Enabling Mission Network | 28 | 15 | 6 | 3 | 52 | 31 |
| Total Support Costs | 808 | 99 | 576 | 32 | 1,515 | 1,493 |

The support costs are allocated on the basis of an estimate of staff time spent, by each team, on each of the activities. Governance costs relate to the running of the Charity and include the costs of the external audits, Trustee expenses and the cost of the Trustees meetings.

Included in the governance costs are the audit fee of £31,000 (2017: £31,000) and non-audit fees of £Nil (2017: £4,000).

Depreciation of £215,000 (2017: £214,000) is included in support costs, with £3,000 (2017: £3,000) included in mission partner direct costs.

12. OBLIGATIONS UNDER OPERATING LEASES

The group's future minimum lease payments on operating leases are as follows:

| | 2018 £'000 | 2017 £'000 |
|----------------------|---------------|---------------|
| Within one year | 9 | 9 |
| In two to five years | 14 | 23 |
| After five years | - | - |
| | 23 | 32 |

Operating lease charges in the year to 31 January 2018 were £9,000 (2017: £10,000).

13. ANALYSIS OF GRANTS

| By category of charitable expenditure | Grants to Institutions | Grants to Individuals | Total grants in year to 31 January 2018 | Total grants in year to 31 January 2017 |
|---------------------------------------|------------------------|-----------------------|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Mission Partners | 23 | 146 | 169 | 99 |
| Pioneer Mission Education | - | - | - | - |
| Church and Community | - | - | - | 5 |
| Mission Grants | 274 | 31 | 305 | 272 |
| Local Partners | 174 | 4 | 178 | 186 |
| Enabling Mission Network | 225 | - | 225 | 225 |
| | 696 | 181 | 877 | 787 |

| By geographical area | Grants to Institutions | Grants to Individuals | Total grants in year to 31 January 2018 | Total grants in year to 31 January 2017 |
|--|------------------------|-----------------------|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Africa | 354 | 18 | 372 | 405 |
| Asia | 122 | 7 | 129 | 96 |
| Europe, the Middle East and North Africa | 83 | 37 | 120 | 70 |
| Latin America | 137 | 119 | 256 | 216 |
| | 696 | 181 | 877 | 787 |

| Analysis of Grants to Institutions | Nature of grant | Country | Grants to Institutions £'000 |
|--|--|----------|------------------------------|
| Africa | | | |
| Buigiri School for the Blind | Mission grants for education and disability programmes | Tanzania | 12 |
| Rugarama Eye Centre | Mission grants for community health projects | Uganda | 28 |
| CMS-Africa | Other grants | Africa | 3 |
| CMS-Africa | Local Partners | Africa | 41 |
| CMS-Africa | Enabling Mission Network | Africa | 225 |
| Other Institutions grants under £10k | | Africa | 45 |
| Total | | | 354 |
| Asia | | | |
| AsiaCMS | Enabling Mission Network | Asia | 200 |
| AsiaCMS | Local Partners | Asia | 49 |
| National Mission Commission of Nepal | Mission grants for community health projects | Nepal | 12 |
| Grant previously accrued (see note 20) | | | (200) |
| Other Institutions grants under £10k | | | 61 |
| Total | | | 122 |

NOTES TO THE FINANCIAL STATEMENTS

At 31 January 2018

13. ANALYSIS OF GRANTS (continued)

| | Nature of grant | Country | Grants to Institutions £'000 |
|--|--|--|---------------------------------|
| Europe, the Middle East and North Africa | | | |
| Diocese of Iran Trust Fund | Other grants | UK | 24 |
| Other Institutions grants under £10k | | Europe, the Middle East and North Africa | 59 |
| Total | | | 83 |
| Latin America | | | |
| Diocese of Northern Argentina | Mission grants for community projects and Local Partners | Argentina | 43 |
| United World Mission | Mission grants | Argentina | 14 |
| Hogar El Alba Children's home | Mission grants for community projects | Argentina | 14 |
| Other institutional grants under £10k individually | | | 66 |
| Total | | | 137 |
| Total Institutional Grants | | | 696 |

14. STAFF COSTS AND OTHER EMPLOYEE BENEFITS

| | 2018 £'000 | 2018 £'000 | 2018 £'000 | 2017 £'000 |
|--|---------------|------------------|---------------|---------------|
| Staff costs | UK Staff | Mission Partners | Total | |
| Salaries and allowances | 1,870 | 1,573 | 3,443 | 3,328 |
| Social security cost | 182 | 29 | 211 | 207 |
| Employer's pension contributions (Defined contribution) | 349 | 276 | 625 | 575 |
| Employer's pension contributions (Multi employer scheme) | - | 40 | 40 | 65 |
| Redundancy and relocation costs | 1 | - | 1 | 18 |
| | 2,402 | 1,918 | 4,320 | 4,193 |

In the previous year an employee whose salary was £34,000 also had a one off housing allowance of £40,400 which put them into the band £70,000 to £79,000. CMS paid no pension contributions for this person. The redundancy cost relates to one individual.

The total amount of employee benefits received by key management personnel for their services during the year is £403,000 (2017: £397,000). The number of volunteers working for Church Mission Society is 39 (2017: 39).

Employees

The average monthly number of employees in the year is analysed by function below:

| | 2018 Number | 2017 Number |
|---------------------------|----------------|----------------|
| Raising funds | 15 | 15 |
| Charitable activities | 53 | 53 |
| Governance of the charity | 1 | 1 |
| UK Staff | 69 | 69 |
| Mission Partners | 118 | 111 |
| | 187 | 180 |

At 31 January 2018

15. TRUSTEES' EXPENSES

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Expenses incurred by Trustees and reimbursed by Church Mission Society | 3 | 4 |
| Expenses incurred by Church Mission Society on behalf of the Trustees | 5 | 3 |
| Trustees' indemnity insurance cover cost | 3 | 3 |
| | <hr/> | <hr/> |
| Number of Trustees receiving expenses | 5 | 5 |

The Trustees receive no remuneration for their services, but 5 Trustees (2017:5) were reimbursed expenses in respect of travel and accommodation expenses for attending meetings. Charles Clayton (Chair of Trustees of CMS) also serves as a Director of CMS-Africa (Registered in Kenya). Included in the above is reimbursement of expenses relating to air fare and hotel costs. For more details of transactions with CMS-Africa, see note 22.

16. TANGIBLE FIXED ASSETS

The Group and Charity

| | Freehold Property | Long Leasehold Property | Motor Vehicles | Fixtures, fittings and equipment | Assets under Construction (d) | Total |
|------------------------|----------------------|-------------------------------|-------------------|--|-------------------------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost: | | | | | | |
| At 1 February 2017 | 8,494 | 172 | 24 | 1,201 | - | 9,891 |
| Additions | 145 | - | - | 119 | 113 | 377 |
| Disposals | - | - | - | (63) | - | (63) |
| At 31 January 2018 | <hr/> 8,639 | <hr/> 172 | <hr/> 24 | <hr/> 1,257 | <hr/> 113 | <hr/> 10,205 |
| Depreciation: | | | | | | |
| At 1 February 2017 | 1,451 | 41 | 24 | 993 | - | 2,509 |
| Charge for the year | 139 | 5 | - | 75 | - | 219 |
| Disposals | - | - | - | (63) | - | (63) |
| At 31 January 2018 | <hr/> 1,590 | <hr/> 46 | <hr/> 24 | <hr/> 1,005 | <hr/> - | <hr/> 2,664 |
| Net Book Value: | | | | | | |
| At 31 January 2018 | <hr/> 7,049 | <hr/> 126 | <hr/> - | <hr/> 252 | <hr/> 113 | <hr/> 7,540 |
| At 31 January 2017 | <hr/> 7,043 | <hr/> 131 | <hr/> - | <hr/> 208 | <hr/> - | <hr/> 7,382 |

(a) Capital expenditure authorised and contracted but not yet incurred for was £18,000 (2017: £137,000).

(b) The net book value of long-leasehold properties at 31 January 2018 includes two leasehold UK properties (2017: 2).

| | | |
|--|---------------|---------------|
| (c) The net book value of fixtures, fittings and office equipment comprises: | 2018 £'000 | 2017 £'000 |
| Fixtures and fittings | 157 | 89 |
| Office furniture | 16 | 19 |
| Computer hardware/software | 70 | 87 |
| Audio and other equipment | 9 | 13 |
| | <hr/> 252 | <hr/> 208 |

(d) The additions under assets under construction relate to costs of the new donor database which will be completed in summer 2018-19.

NOTES TO THE FINANCIAL STATEMENTS

At 31 January 2018

17. INVESTMENTS

The Group and Charity

Analysis of Movement in Investments

| | Listed | Unlisted | Social | Held as cash | 2018 | 2017 |
|---|--------------|---------------|-----------|--------------|---------------|---------------|
| Market Value: | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 1 February | 3,214 | 10,509 | - | 207 | 13,930 | 12,446 |
| Additions to investments | 2,026 | 193 | 25 | - | 2,244 | 3,980 |
| Proceeds from disposals | (2,281) | - | - | - | (2,281) | (4,060) |
| Net movement in cash held by investment manager | - | - | - | 226 | 226 | 154 |
| Net gain/(loss) on investments | 274 | 200 | (15) | - | 459 | 1,410 |
| At 31 January | 3,233 | 10,902 | 10 | 433 | 14,578 | 13,930 |

Unlisted Investments (shown at market value)

| | 2018 £'000 | 2017 £'000 |
|---|---------------|---------------|
| Unrestricted Funds | | |
| Ordinary shares – William Leech (Investments) Ltd | 4,364 | 4,338 |
| | <u>4,364</u> | <u>4,338</u> |
| Endowment Funds | | |
| Ordinary shares – William Leech (Investments) Ltd | 6,538 | 6,171 |
| | <u>10,902</u> | <u>10,509</u> |

Investments – William Leech (Investments) Limited

Grants are received from two charitable trusts administered by the William Leech Foundation Limited (known as the Foundation Trust and the Charity Trust, Note 3). The income from the Foundation Trust is distributed in equal portions to CMS and four other charities. The income from the Charity Trust is distributed for charitable purposes at the discretion of the Trustee, which has, since 1973, adopted the policy of giving most of the income to the same five charities. The grants are received on the basis that 57% of these grants are invested in William Leech (Investments) Limited at par and treated as an addition to the recipient charity's capital funds.

In accordance with the wishes of the Directors of the William Leech Foundation Limited, 57% of the voluntary income received in 2017–18 has been invested in shares in William Leech (Investments) Limited. The historical cost of the investment and the reinvestment in respect of the year to 31 January 2018 was as follows:

| | 2018 £'000 | 2017 £'000 |
|------------------------------|---------------------|---------------------|
| At historical cost: | | |
| Balance at 1 February | 6,170 | 5,985 |
| Shares purchased at £1 each | 193 | 185 |
| Balance at 31 January | <u>6,363</u> | <u>6,170</u> |

17. INVESTMENTS (continued)

The Total Net Assets of William Leech (Investments) Limited in its most recent draft report and accounts (subject to audit) dated 31 March 2018 was £55.0m comprised of Listed securities £41.5m, Property £7.6m, Other net assets £5.9m (2017: £53.3m). The Charity is one of five charities which each hold 20 per cent of the issued share capital of the company. CMS's share of the net assets is therefore £10.9m (2017: £10.5m). The Charity has a representative on the board of William Leech (Investments) Limited but this does not give the Charity the ability to control or exert significant influence over the company's day-to-day management or financial policies.

Church Mission Society received legal advice in June 2016 from Winckworth Sherwood that considered whether the shares in William Leech (Investments) Limited should be treated as part of unrestricted funds or endowment funds in the accounts of Church Mission Society. The legal advice received in June 2016 confirmed that the shares purchased after 15 October 1996 should be treated as an addition to capital (endowment funds) and also advised that shares purchased prior to 15 October 1996 could be treated as part of unrestricted funds. The Trustees of Church Mission Society accepted this legal advice in June 2016 and the financial statements continue to be prepared on this basis.

Social Investment (unlisted shown at market value)

| | 2018 £'000 | 2017 £'000 |
|--------------------------------------|---------------|---------------|
| Unrestricted Funds | | |
| Ordinary shares – Clean for Good Ltd | 10 | - |
| | <u>10</u> | <u>-</u> |

During the year, Church Mission Society invested £25,000 as a social investment into Clean for Good Ltd, a new company set up with the aim of reforming the cleaning industry in London. CMS's share of the net assets at 31 January 2018 was £10,000. The year end of Clean for Good Ltd, which started trading on 1 April 2017 in line with its business plan, is 31 March 2018. CMS have deemed this investment as a mixed purpose social investment, as the investment is not justified wholly by either the financial return or by the contribution it makes to the charity's aims but by the combination of the two. CMS's current share is 31 per cent of the issued share capital of the company. The charity does have a representative on the board of Clean for Good Ltd.

Custodian funds

The Group also acts as Custodian Trustee of funds belonging to the Diocese of Uruguay:

| | 2018 £'000 | 2017 £'000 |
|---------------------|---------------|---------------|
| Value at 31 January | 5 | 5 |
| | <u>5</u> | <u>5</u> |

These funds are not part of the Group's net assets and are not included in the Group's financial statements. At the request of the Diocese of Uruguay they are deposited with CCLA who manage the Central Board of Finance of the Church of England Investment Funds.

NOTES TO THE FINANCIAL STATEMENTS

At 31 January 2018

18. FINANCIAL INSTRUMENTS

The Charity has certain financial assets and financial liabilities of a kind that qualify as basic financial instruments. The Charity has the following financial instruments:

| | 2018 Group £'000 | 2017 Group £'000 | 2018 Charity £'000 | 2017 Charity £'000 |
|---|------------------------|------------------------|--------------------------|--------------------------|
| Financial assets measured at fair value, through profit and loss | | | | |
| Unlisted investments | 10,902 | 10,509 | 10,902 | 10,509 |
| Other investments | 3,676 | 3,421 | 3,676 | 3,419 |
| Financial assets measured at amortised cost | | | | |
| Cash at bank and in hand | 6,601 | 7,221 | 5,675 | 6,333 |
| Amounts due from subsidiaries | - | - | 9 | 18 |
| Other receivables (excluding prepayments) | 408 | 447 | 401 | 422 |
| Financial liabilities measured at amortised cost | | | | |
| Amounts due to subsidiaries | - | - | (360) | (412) |
| Other creditors due within one year (excluding tax and deferred income) | (936) | (1,022) | (902) | (997) |

19. DEBTORS

| | 2018 Group £'000 | 2017 Group £'000 | 2018 Charity £'000 | 2017 Charity £'000 |
|--------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Trade debtors | 68 | 101 | 62 | 94 |
| Taxation recoverable | 82 | 155 | 82 | 154 |
| Amounts owed by group entities | - | - | 9 | 18 |
| Prepayments | 69 | 106 | 69 | 106 |
| Accrued income | 218 | 111 | 218 | 95 |
| Other debtors | 40 | 80 | 39 | 79 |
| | 477 | 553 | 479 | 546 |

20. CREDITORS: Amounts falling due within one year

| | 2018 Group £'000 | 2017 Group £'000 | 2018 Charity £'000 | 2017 Charity £'000 |
|---------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Trade creditors | 105 | 125 | 100 | 113 |
| Amounts owed to group entities | - | - | 360 | 412 |
| Accruals for grants payable | 392 | 495 | 392 | 495 |
| Other accruals | 46 | 105 | 39 | 97 |
| Taxes and social security costs | 104 | 78 | 88 | 72 |
| Deferred income | 93 | 111 | 93 | 111 |
| Other creditors | 393 | 297 | 371 | 292 |
| | 1,133 | 1,211 | 1,443 | 1,592 |

20. CREDITORS (continued)

Included in “Other creditors” are pension contributions due to the CMS Defined Benefit Pension scheme of £190,000 (2017: £0) and also pension contributions to the Group’s other pension schemes of £61,000 (2017: £36,000). All deferred income as at 31 January 2017 was recognised during the year ended 31 January 2018, with the exception of £16,000 that will be recognised in 2018–19 and £6,000 that will be recognised in 2019–20. Deferred income relates to amounts received in advance of entitlement. The annual operating grant of £200,000 to AsiaCMS (an independent organisation) that was payable for 5 years from 1 November 2012 and recognised as an expense in CMS’s financial statements to 31 January 2013 has now fully released at 31 January 2018.

21. REGISTERED HOLDER

The properties and investments of The Church Mission Society Trust are held in trust in the name of Church Missionary Trust Association Ltd.

22. RELATED PARTY TRANSACTIONS

There have been no related party transactions that require disclosure other than transactions with the subsidiary companies, The South American Mission Society and CMS House Enterprises Limited, as set out below:

South American Mission Society (SAMS)

In 2018 SAMS charged the charity (gift from parent entity) with £517,000, (2016: £388,000). This calculation pertains to the amount of restricted funds received by the Charity (Church Mission Society), but relating to mission partners employed by SAMS. Each year, the charity transfers a gift to SAMS of restricted funds relating to mission partners who are still employed by its legal entity to reflect the income received by the parent charity.

CMS House Enterprises Ltd

In 2018 the Charity charged CMS House Enterprises Limited management fees totalling £4,000 (2017: £4,000). These are calculated as a percentage of external conference and catering services income.

In 2018 the Charity charged CMS House Enterprises Limited licence fees totalling £1,000 (2017: £1,000). These are calculated as a percentage of total conference and catering services room hire income.

In 2018 CMS House Enterprises Limited charged the Charity room hire fees totalling £15,000 (2017: £14,000). These fees are based on usage of rooms hired relating to courses run by the Pioneer Mission Education team. In the previous year, other amounts totalling £8,000 were also charged by CMS House Enterprises Limited to the charity relating purchases of stock during the year.

CMS-Africa

Charles Clayton (CMS Chair of Trustees) was appointed Director of CMS-Africa in October 2015, (an independent organisation) based in Nairobi, Kenya. During 2017–18 CMS paid CMS-Africa £275,000 (2016–17: £216,000). Included in the amounts paid is £225,000 (2016–17: £168,750) which relates to Mission Support funding, and the remainder is support for the local partner programme plus other grants. Mr Clayton is one of seven Directors.

NOTES TO THE FINANCIAL STATEMENTS

At 31 January 2018

23. NET ASSETS BY FUND

| The Group | Unrestricted £'000 | Restricted £'000 | Endowment £'000 | Total £'000 |
|---|-----------------------|---------------------|--------------------|----------------|
| Fixed assets | 7,433 | 107 | - | 7,540 |
| Investments | 5,817 | 155 | 8,606 | 14,578 |
| Current assets | 3,606 | 3,374 | 99 | 7,079 |
| Less: Current liabilities | (962) | (171) | - | (1,133) |
| Less: Defined benefit pension liability | (6,565) | (1,369) | - | (7,934) |
| Net Assets 2018 | 9,329 | 2,096 | 8,705 | 20,130 |
| Net Assets 2017 | 9,995 | 2,257 | 8,196 | 20,448 |

| The Charity | Unrestricted £'000 | Restricted £'000 | Endowment £'000 | Total £'000 |
|---|-----------------------|---------------------|--------------------|----------------|
| Fixed assets | 7,433 | 107 | - | 7,540 |
| Investments | 5,817 | 155 | 8,606 | 14,578 |
| Current assets | 3,957 | 2,048 | 99 | 6,104 |
| Less: Current liabilities | (1,318) | (125) | - | (1,443) |
| Less: Defined benefit pension liability | (6,565) | - | - | (6,565) |
| Net Assets 2018 | 9,324 | 2,185 | 8,705 | 20,214 |
| Net Assets 2017 | 10,005 | 2,454 | 8,196 | 20,655 |

24. FUNDS

Unrestricted Funds: Group

| | At 1 February 2017 | Incoming Resources | Outgoing Resources | Net Gain on Investments | Transfers | Actuarial Gain on Defined Pension Scheme | At 31 January 2018 |
|--|-----------------------|-----------------------|-----------------------|----------------------------|------------|---|-----------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| General fund | 4,329 | 3,361 | (2,682) | 93 | (1,004) | - | 4,097 |
| Tangible Fixed Asset fund (Designated) | 7,272 | - | (215) | - | 376 | - | 7,433 |
| William Leech Fund (Designated) | 4,338 | - | - | 26 | - | - | 4,364 |
| Pension deficit | (5,944) | - | (521) | - | 757 | (857) | (6,565) |
| Unrestricted Funds | 9,995 | 3,361 | (3,418) | 119 | 129 | (857) | 9,329 |

24. FUNDS (continued)**Unrestricted Funds: Charity**

| | At 1 February 2017 | Incoming Resources | Outgoing Resources | Net Gain on Investments | Transfers | Actuarial Gain on Defined Pension Scheme | At 31 January 2018 |
|---|-----------------------|-----------------------|-----------------------|----------------------------|------------|--|--------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| General fund | 4,339 | 3,318 | (2,654) | 93 | (1,004) | - | 4,092 |
| Tangible Fixed Asset fund (Designated) | 7,272 | - | (215) | - | 376 | - | 7,433 |
| William Leech Fund (Designated) | 4,338 | - | - | 26 | - | - | 4,364 |
| Pension deficit: | (5,944) | - | (521) | - | 757 | (857) | (6,565) |
| Unrestricted Funds | 10,005 | 3,318 | (3,390) | 119 | 129 | (857) | 9,324 |

The Tangible Fixed Asset Fund represents the net book amount invested in tangible fixed assets other than those covered by restricted funds. The William Leech Fund reflects the element of the grants received from William Leech Foundation Limited prior to 15 October 1996 which have been reinvested in shares in William Leech (Investments) Limited (see note 17). The pension reserve relates to the movement in the defined benefit pension scheme (see note 25).

Endowment Funds
The Group and Charity

| | At 1 February 2017 | Incoming Resources | Outgoing Resources | Gain | Transfers | At 31 January 2018 |
|------------------------------|-----------------------|-----------------------|-----------------------|------------|-----------|-----------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| William Leech Capital Fund | 6,269 | 195 | - | 174 | - | 6,638 |
| P Fund | 994 | - | (7) | 79 | - | 1,066 |
| HB Aserappa Fund | 507 | - | (4) | 42 | - | 545 |
| RH Aserappa Fund | 337 | - | (3) | 27 | - | 361 |
| Christava Mahilalayam Fund | 69 | - | (1) | 6 | - | 74 |
| Bell Trust Fund | 20 | - | - | 1 | - | 21 |
| Total Endowment funds | 8,196 | 195 | (15) | 329 | - | 8,705 |

The William Leech Capital Fund reflects the capital element of the grants received from William Leech Foundation Limited after 15 October 1996 which have been reinvested in shares in William Leech (Investments) Limited (see note 17).

The P Fund is a permanently endowed fund. The capital of the fund was amalgamated from a large number of small trust funds with Charity Commission approval in 1998. The total value of the P Fund is broken down into the following areas, defined by the restrictions placed on the income generated:

| | |
|------------------|-------------------|
| China | £142,000 |
| India | £358,000 |
| Medical work | £292,000 |
| Palestine | £39,000 |
| General reserves | £235,000 |
| | <u>£1,066,000</u> |

The H B Aserappa Fund is for evangelistic work in East Asia or other parts of the world at the Trustees' discretion. The R H Aserappa Fund is for salaries and disbursements to lay evangelists in Sri Lanka.

The Christava Mahilalayam Fund is held for the benefit of the Christava Mahilalayam School in South India. The Bell Trust Fund is for the in-service training of Religious Education teachers in Africa.

NOTES TO THE FINANCIAL STATEMENTS

At 31 January 2018

24. FUNDS (continued)

Restricted Funds

The Group and Charity

| | At 1 February 2017 | Incoming Resources | Outgoing Resources | Gain/ (Loss) | Transfers | Pension Deficit Provision | At 31 January 2018 |
|---|--------------------------|-----------------------|-----------------------|-----------------|--------------|---------------------------------|--------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Mission Personnel Funds | 1,187 | 1,948 | (2,170) | - | 86 | - | 1,051 |
| South America Funds – Projects | 76 | 143 | (134) | - | - | - | 85 |
| South America Funds – Charity | 11 | 122 | (94) | - | 10 | - | 49 |
| Africa Projects | 187 | 98 | (118) | - | (12) | - | 155 |
| Asia Projects | 153 | 42 | (75) | - | 19 | - | 139 |
| Europe & Middle East Projects | 46 | 55 | (67) | - | - | - | 34 |
| Multi Region Projects | 73 | 307 | (340) | - | (40) | - | - |
| Mission Partners' Fund | 86 | - | - | - | (86) | - | - |
| St Julian's Fund | 110 | - | (3) | - | - | - | 107 |
| Marc Nikkel Fund | 19 | - | - | - | - | - | 19 |
| Tanzania Education Fund | 130 | 4 | (14) | 11 | - | - | 131 |
| H B Aserappa Income Fund | 33 | 7 | (8) | - | - | - | 32 |
| R H Aserappa Income Fund | 21 | 5 | - | - | - | - | 26 |
| Christava Mahilalayam Income | 10 | 1 | - | - | - | - | 11 |
| Partnership for Missional Church | 13 | 53 | (62) | - | 10 | - | 14 |
| Mid Africa Fund | - | 97 | (89) | - | (8) | - | - |
| Worldwide Mission Fund | - | 200 | (50) | - | (50) | - | 100 |
| Strategic Mission Fund | 155 | - | (10) | - | (78) | - | 67 |
| Madagascar project | 34 | - | - | - | - | - | 34 |
| Local Partner Fund | - | 158 | (188) | - | 54 | - | 24 |
| Other restricted funds | 110 | 119 | (88) | - | (34) | - | 107 |
| Total restricted funds – Charity | 2,454 | 3,359 | (3,510) | 11 | (129) | - | 2,185 |
| South America Funds – Group | 1,289 | 753 | (611) | - | (151) | - | 1,280 |
| South America Funds – Pension deficit | (1,486) | - | (24) | - | 151 | (10) | (1,369) |
| South America total | (197) | 753 | (635) | - | - | (10) | (89) |
| Total restricted funds – Group | 2,257 | 4,112 | (4,145) | 11 | (129) | (10) | 2,096 |

24. FUNDS (continued)

Mission Personnel Funds are held as individual restricted funds for the support of CMS Mission Partners.

The South America Funds include reserves held by The South American Mission Society and are used to support Mission Partners, Latin Partners, Study Partners and projects in South America.

The regional project funds represent various small projects where the beneficiaries of the grants are based in a specific region or cover multiple regions. Donations and other income is received with a restriction to support these projects.

The Mission Partners' Fund is a restricted fund to provide support for Mission Partners.

The St Julian's Fund represents the property held by CMS for the former residents of the St Julian's Community. This fund is restricted for the time that the properties are required by the residents, after which time the properties will revert to the general fund.

The Marc Nikkel Fund is for scholarships for Sudanese students.

The Tanzania Education Fund is for the Buigiri School for the Blind, Diocese of Tanganyika, Tanzania. The accumulated income from the H B Aserappa Fund, the R H Aserappa Fund, the Christava Mahilalayam Fund is held for the same

beneficial objects as for their corresponding endowments

Partnership for Missional Church relates to a new partnership to deliver training for dioceses in the UK.

The Mid-Africa Fund is held by CMS for work in the Mid-Africa region. The Strategic Mission Fund was set up following a restricted donation from a major donor for new strategic work to be carried out.

The Madagascar project relates to a partnership between CMS, SAMS USA and the support of Bishop Todd McGregor. The monies will be used in part to help build a Cathedral in Toliara, Madagascar.

The Local Partners Fund is to support a new generation of gifted and dedicated leaders who are passionate about serving their church in some of the world's financially poorest nations. Other restricted funds represent a wide variety of small restricted funds, held and separately accounted for, for some of the current projects that CMS is involved in. Some fund transfers in the year relate to transfers from unrestricted funds to finance deficits on restricted funds, in particular mission personnel restricted funds. Other transfers relate to the movement from programme funds to help support individual mission partners and projects.

NOTES TO THE FINANCIAL STATEMENTS

At 31 January 2018

25. RETIREMENT BENEFITS

The Charity (CMS) and one of its subsidiaries (South American Mission Society) have members in the following defined benefit pension schemes:

- A. CMS Pension Scheme (a defined benefit scheme)
- B. Church of England Funded Pensions Scheme (a multi-employer defined benefit pension scheme)
- C. Church Workers Pension Fund (CWPF) Defined Benefits section
(a multi-employer defined benefit pension scheme)
- D. Church Workers Pension Fund (CWPF) – Pension Builder Scheme section
(a multi-employer defined benefit pension scheme).

The net defined benefit pension liability shown in the Group and Charity Balance Sheets comprises:

| | 2018 Group £'000 | 2017 Group £'000 | 2018 Charity £'000 | 2017 Charity £'000 |
|---|------------------------|------------------------|--------------------------|--------------------------|
| CMS Pension Scheme (see Note 25A below) | (6,565) | (5,944) | (6,565) | (5,944) |
| Multi-Employer Defined Benefit Pension Scheme – CWPF Defined Benefit section – Pension Scheme Deficit Reduction Provision (see Note 25C below) | (1,369) | (1,486) | - | - |
| | <u>(7,934)</u> | <u>(7,430)</u> | <u>(6,565)</u> | <u>(5,944)</u> |

For certain other employees and mission partners the Charity contributes to personal money purchase pension schemes (defined contribution schemes), as explained in Note 25E below.

A. Defined Benefit Schemes – CMS Pension Scheme (Group and Charity)

The Charity contributes to the CMS Pension Scheme, a defined benefit pension scheme, to secure present and future pensions for certain current and former mission partners and staff.

Nature of the Scheme

The Church Mission Society Pension Scheme operated by the Society is a funded defined benefit arrangement which provides retirement benefits based on final pensionable salary. The Scheme closed to the future accrual of benefits with effect from 30 June 2011. Accrued benefits of active members continue to be linked to pensionable salaries.

The Scheme is a UK registered scheme in accordance with Section 153 of the Finance Act 2004. The Scheme must comply with UK pensions legislation and is regulated by the UK Pensions Regulator. The Scheme is governed by a corporate Trustee, CMS Pension Trust Limited, which has 6 directors including 2 member-nominated directors and 2 independent directors. The remaining 2 directors are appointed by CMS. The Trustee is responsible for the administration of the Scheme and for the Scheme's investment policy. The Trustee, with the advice of the Scheme Actuary and with the agreement of the Employers, determines the contributions that are paid to the Scheme.

The calculations for the FRS 102 disclosures have been carried out by running full actuarial calculations as at 31 January 2018.

25. RETIREMENT BENEFITS (continued)

Funding Policy

Following the cessation of accrual of benefits with effect from 30 June 2011, regular contributions to the Scheme are no longer required. However, additional contributions are still made to cover any shortfalls that arise following each valuation. The funding method employed to calculate the value of previously accrued benefits is the Attained Age Method.

The most recent actuarial valuation of the Scheme, carried out as at 31 March 2016, indicated that the Scheme had a deficit. The Society and the Trustee of the Scheme have put in place a Schedule of Contributions and a Recovery Plan which detail the contributions that will be made to fund this deficit. These contributions are:

- a fixed annual amount of £500,000, paid in monthly instalments, from 1 February 2017 to 31 March 2032.
- an additional amount dependent upon the amount of unrestricted legacy income in any year. If unrestricted legacy income in any year (1 February to 31 January) exceeds £800,000, 50% of the excess will be paid to the Scheme.
- an additional amount dependent upon the amount of unrestricted windfall income received from William Leech (Investments) Ltd (WLI). Church Mission Society will pay to the Scheme 50% of any windfall income received.
- if any of the 6 properties, which are owned by Church Mission Society but do not form part of the contingent asset arrangement, are sold, with the consent of the Trustee required for the sale to be made, an additional contribution equal to 50% of the net proceeds of the sale would be paid to the Scheme.

By Church Mission Society Ireland:

- a fixed annual amount of €17,000, paid in monthly instalments, from 1 February 2017 to 31 March 2032.
- an additional amount dependent upon the amount of unrestricted legacy income in any year. If unrestricted legacy income in any year (1 November to 31 October) exceeds €150,000, 15% of the excess will be paid to the Scheme, subject to a maximum additional contribution of €15,000 in any one year.

The Charity contributed £757,000 to the Scheme in respect of the year to 31 January 2018 (2017: £748,000).

The legal structure of the scheme is such that if the other employer fails, the Society could become responsible for paying a share of that employer's pension liabilities.

NOTES TO THE FINANCIAL STATEMENTS

At 31 January 2018

25. RETIREMENT BENEFITS (continued)

Scheme Amendments

There have been no amendments to the Scheme during the year and no special events have occurred.

| | 2018 £'000 | 2017 £'000 |
|--|----------------|----------------|
| Amounts recognised in the balance sheet | | |
| Fair value of scheme assets | 71,894 | 71,769 |
| Present value of funded obligations | (78,459) | (77,713) |
| | (6,565) | (5,944) |
| Net defined benefit (liability) recognised in the balance sheet | (6,565) | (5,944) |

| | 2018 £'000 | 2017 £'000 |
|--|----------------|----------------|
| Amounts charged to the Statement of Financial Activities | | |
| Interest on scheme assets | 1,984 | 2,235 |
| Interest cost on obligation | (2,140) | (2,104) |
| Interest cost on unrecognised asset | - | (118) |
| Net interest on net defined benefit asset or liability | (156) | 13 |
| Pension scheme administration expenses | (365) | (500) |
| Included in net income/expenditure | (521) | (487) |
| Return on scheme assets (not included in interest) | 276 | 7,374 |
| Actuarial (loss)/gain on scheme obligation | (1,133) | (17,067) |
| Movement in restriction of scheme surplus | - | 3,488 |
| Recognised in "Actuarial gains on defined benefit pension scheme" | (857) | (6,205) |
| Total amounts recognised in the SOFA | (1,378) | (6,692) |

There are no current service costs of the Scheme included within the Statement of Financial Activities (2017: £nil).

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Changes in fair value of scheme assets | | |
| Scheme assets at the beginning of the year | 71,769 | 65,093 |
| Interest on assets | 1,985 | 2,235 |
| Return on scheme assets (not included in interest) | 276 | 7,374 |
| Contributions by CMS | 757 | 748 |
| Contributions by CMS Ireland | 17 | 23 |
| Administration expenses | (365) | (500) |
| Benefits paid | (2,545) | (3,204) |
| Scheme assets at the end of the year | 71,894 | 71,769 |
| Actual return on scheme assets | (2,261) | (9,609) |

25. RETIREMENT BENEFITS (continued)**Scheme assets**

The major categories of Scheme assets as a percentage of the total Scheme assets are as follows:

| | 2018 % | 2017 % |
|------------------------------|-----------|-----------|
| Equities | 29 | 25 |
| Gilts | 5 | 7 |
| Corporate bonds | 7 | 4 |
| Cash and NCA | 11 | 13 |
| Other assets | 9 | 12 |
| Liability driven investments | 24 | 24 |
| Multi class asset funds | 15 | 15 |

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Changes in present value of the Scheme's defined benefit obligation | | |
| Obligation at the beginning of the year | 77,713 | 61,723 |
| Interest cost on obligation | 2,140 | 2,104 |
| Actuarial loss/(gain) | 1,134 | 17,067 |
| Contributions by scheme participants | 17 | 23 |
| Benefits paid | (2,545) | (3,204) |
| Defined benefit obligation at the end of the year | 78,459 | 77,713 |

The weighted average duration of the liabilities of the Scheme was 17 years as at 31 January 2018 and 15 years at 31 January 2017.

Principal Actuarial Assumptions at the balance sheet date used for the FRS 102 disclosures

The principal assumptions used by the actuary to calculate the Employee benefit obligation for Church Mission Society in respect for the CMS Pension Scheme were as follows:

| | 2018 %pa | 2017 %pa |
|--|-------------|-------------|
| Discount Rate at end of year | 2.60 | 2.80 |
| Discount Rate at start of year | 2.80 | 3.50 |
| Inflation – CPI | 1.95 | 2.05 |
| Inflation – RPI | 3.35 | 3.45 |
| Rate of increase in pensionable salaries | 3.35 | 3.45 |
| Rate of increase in pensions in respect of service: | | |
| - pre 10 January 1994 | 3.70 | 3.80 |
| - between 10 January 1994 and 5 April 2005 | 3.20 | 3.30 |
| - after 5 April 2005 | 2.20 | 2.20 |
| Rate of increase in deferred pensions in respect of service: | | |
| - before 1 April 1994 | 5.00 | 5.00 |
| - between 1 April 1994 and 5 April 2009 | 1.95 | 2.05 |
| - after 5 April 2009 | 1.95 | 2.05 |

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member aged 65 will live on average until age 88 if they are male and on average until age 91 if female. For a member currently aged 55 the assumptions are that if they attain an age of 65 they will live on average until age 89 if they are male and on average until 92 if female.

NOTES TO THE FINANCIAL STATEMENTS

At 31 January 2018

25. RETIREMENT BENEFITS (continued)

B. Defined Benefit Schemes – Church of England Funded Pensions Scheme (Group and Charity)

In addition to the CMS Pension Scheme the Group has 20 active members of the Church of England Funded Pensions Scheme (also known as the Clergy Scheme) which has approximately 8,400 active members. Contributions for these members of the scheme are paid for by the Archbishops Council on behalf of the Group.

C. Multi-Employer Defined Benefit Pension Scheme – Church Workers Pension Fund Defined Benefits section (Group)

The Group through South American Mission Society participates in the Defined Benefits Scheme section of Church Workers Pension Fund (“CWPF”) for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The CWPF has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

The Defined Benefits Scheme (“DBS”) section of the CWPF provides benefits for lay staff based on final pensionable salaries.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. It does not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers’ sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

It is not possible to attribute the scheme’s assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme.

The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year (2018:£10,000, 2017:£10,000), plus any impact of deficit contributions (see below) giving a total charge in the year ended 31 January 2018 of £43,600 (2017: net charge of £134,000).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers’ sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the scheme valuation affecting these financial statements was that completed as at 31 December 2013. In this valuation, the Life Risk Section was shown to be in deficit by £4.9m and £4.3m was notionally transferred from the employers’ sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £12.9m.

Following the valuation, the Employer has entered into an agreement with the CWPF to pay expenses of £10,600 per year.

In addition deficit payments of £150,600 per year have been agreed for 12.75 years from 1 April 2015 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer’s financial statements.

25. RETIREMENT BENEFITS (continued)

In accordance with Section 28.11A of FRS 102 the agreed deficit recovery payments are recognised as a liability. The movement in the provision is set out below:

| Pension scheme deficit reduction provision | 2018 £'000 | 2017 £'000 |
|---|----------------------|----------------------|
| Balance sheet liability at 1 February | 1,486 | 1,513 |
| Deficit contribution paid | (151) | (151) |
| Interest cost (recognised in SOFA) | 24 | 39 |
| Remaining change to the balance sheet liability (recognised in SOFA), comprising the change in agreed deficit recovery plan and the change in discount rate between year ends | 10 | 85 |
| Balance sheet liability at 31 January | 1,369 | 1,486 |

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following discount rates, set by reference to the duration of the deficit recovery payments.

| | 2018 %pa | 2017 %pa |
|--------------------------------|--------------------|--------------------|
| Discount Rate at end of year | 1.60 | 1.70 |
| Discount Rate at start of year | 1.70 | 2.70 |

The legal structure of the scheme is such that if another employer fails, the Society could become responsible for paying a share of that employer's pension liabilities.

The next actuarial valuation of the scheme is at 31 December 2016 and this was still ongoing as at 31 January 2018 and agreement was concluded with a new recovery plan in March 2018 under which a one-off deficit contribution of £265,000 will be made, administration expenses of £15,900 will be paid per year, and annual deficit payments of £214,100 will be paid for 10 years from 1 April 2018 onwards.

D. Multi-Employer Defined Benefit Scheme – Church Workers Pension Fund – Pension Builder Scheme section (Group)

The Group through South American Mission Society also participates in the Pension Builder Scheme section of Church Workers Pension Fund ("CWPF") for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The CWPF has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

The Pension Builder Scheme is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

NOTES TO THE FINANCIAL STATEMENTS

At 31 January 2018

25. RETIREMENT BENEFITS (continued)

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102.

This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and accordingly contributions are accounted for as if the Scheme were a defined contribution scheme.

The pensions costs charged to the SOFA in the year ended 31 January 2018 are contributions payable of £83,442 (2017: £68,937).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2013. This revealed, on the ongoing assumptions used, a surplus of £0.5m. At 31 January 2018 the December 2016 valuation was ongoing, and post year end the valuation has been completed. The valuation showed the scheme to be £14.2m in deficit, despite the deficit no additional funding is required from any of the employers including SAMS.

During the year, following consultation with our scheme members it was decided to transfer all members from the Pension Builder Classic section to the Pension Builder 2014. The Pension Builder 2014 will be valued in relation to the lump sum payable to members at normal pension age. There are no annual pension benefits. Pension Builder 2014 commenced in February 2014 so the first full valuation of that section will be carried out at the next CWPf valuation date, 31 December 2016, which was still outstanding as at 31 January 2018.

E. Defined Contribution Schemes (Group and Charity)

The Charity contributes to personal money purchase pension schemes (defined contribution schemes) for certain employees and mission partners.

| | 2018 £'000 | 2017 £'000 |
|----------------------------|---------------|---------------|
| Staff and Mission Partners | 625 | 579 |
| | <u>625</u> | <u>579</u> |

26. SECURED ASSETS

CMS House, the Mission and Community House in Oxford and two other residential properties have been pledged as security to the CMS Defined Benefit Pension Scheme. These properties are being used as security to guarantee the Charity's funding shortfall to the CMS Defined Benefit Pension Scheme.

27. SUBSIDIARY UNDERTAKINGS

Principal Subsidiaries at 31 January 2018

a) The South American Mission Society

| Name | Principal Activities | Ownership |
|---|--|-----------|
| The South American Mission Society (RCN: 221328 and Co. No.: 00065048) | To be a community of People in Mission proclaiming the Gospel in all places and to draw all peoples into fellowship with the Lord Jesus Christ. The main arena of work is South America. | 100% |

b) CMS House Enterprises Ltd

| Name | Principal Activities | Ownership |
|--|---|-------------------------|
| CMS House Enterprises Ltd (Co. No.: 09376700) | Income from craft and books sales and room hire of CMS House. This entity started trading on 1 February 2015. | 100% – £1 share capital |

Summary of results for the 12 months to 31 January

| | The Charity | The South American Mission Society | CMS House Enterprises Ltd | Consolidation adjustments | Total 2018 | Total 2017 |
|--|--------------|------------------------------------|---------------------------|---------------------------|--------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Total incoming resources | 7,389 | 753 | 43 | (517) | 7,668 | 7,661 |
| Total resources expended | (7,432) | (635) | (28) | 517 | (7,578) | (7,510) |
| Gain on investments | 459 | - | - | - | 459 | 1,410 |
| Actuarial (losses) on defined benefit scheme | (857) | - | - | - | (857) | (6,205) |
| Other (losses) on pension scheme deficit reduction provision | - | (10) | - | - | (10) | (85) |
| Net movement in funds | (441) | 108 | 15 | - | (318) | (4,729) |

| | The Charity | The South American Mission Society | CMS House Enterprises Ltd | Consolidation adjustments | Total 2018 | Total 2017 |
|--|---------------|------------------------------------|---------------------------|---------------------------|---------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Total fixed assets | 22,118 | - | - | - | 22,118 | 21,312 |
| Current assets | 6,104 | 1,327 | 17 | (369) | 7,079 | 7,777 |
| Current liabilities | (1,443) | (46) | (13) | 369 | (1,133) | (1,211) |
| Long term liabilities | | | | | | - |
| Defined benefit pension scheme (liability) | (6,565) | (1,369) | - | - | (7,934) | (7,430) |
| Net assets/(liabilities) | 20,214 | (88) | 4 | - | 20,130 | 20,448 |

NOTES TO THE FINANCIAL STATEMENTS

At 31 January 2018

27. SUBSIDIARY UNDERTAKINGS (continued)

Consolidation adjustments

The SAMS adjustment in the funds movement relates to transfer of restricted funds relating to mission partners where the income is received by the CMS (parent charity) (see note 22) and the costs are paid out of SAMS (subsidiary charity) which is the legal employer. CMS bears all other SAMS overheads without charge, apart from the SAMS governance cost.

28. ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements, the Trustees are required to make estimates and judgements. The matters considered below are considered to be the most important in understanding the judgements that are involved in preparing the financial statements and the uncertainties that could impact the amounts reported in the results of operations and financial position. Accounting policies are shown in note 2 to the financial statements.

Pension liabilities – CMS Pension Scheme

CMS has recognised its liability to its defined benefit pension scheme which involves a number of estimations, as disclosed in Note 25.

Cost allocation

Costs not attributable to a single activity are allocated or apportioned to activities on a basis consistent with identified cost drivers for that cost category. Cost drivers utilised relate to the proportion of time spent by staff across different activities and judgement is exercised in applying cost drivers to cost categories.

Pension liabilities – multi employer defined benefit pension schemes

As explained at note 25 there is a deficit reduction plan in relation to SAMS's membership of Defined Benefits Scheme section of the CWPF and this involves the use of certain estimates.

REFERENCE DETAILS OF THE CHARITY AND ADVISERS

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Principal Professional Advisers

Bankers

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Oxford Team
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Auditors

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 [@cmsmission](https://twitter.com/cmsmission)

Church Mission Society is a mission community acknowledged by the Church of England Registered Company No. 6985330 and Registered Charity No. 1131655 (England and Wales) and SC047163 (Scotland) Also part of CMS: The South American Mission Society. Registered Company No. 65048 and Registered Charity No 221328 (England and Wales), The Church Mission Society Trust. Registered charity number 1131655-1 (previously 220297), Registered and principal offices of all above entities: Watlington Road, Oxford, OX4 6BZ.