



ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 January 2020



The call in action

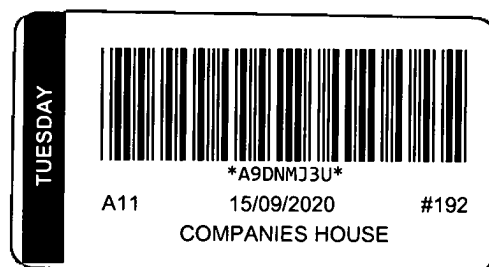


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ANNUAL REPORT CHAIR OF TRUSTEES' REPORT

CHARLES CLAYTON

Every several months, the Church Mission Society staff team select a passage from the Bible to focus on together. For much of 2019, the chosen verses were from Isaiah 43, wherein God says, “See, I am doing a new thing! Now it springs up; do you not perceive it?” (v 19).

It was indeed a year of seeing “new things” in CMS. We welcomed a **new CEO**, Alastair Bateman, who began by meeting personally with every staff member and as many people in mission as possible, carefully listening to their perspectives on CMS’s past, present and future. A few months after his arrival, CMS embarked on a strategic review known, fittingly enough, as the Isaiah Project. This is a collective effort to discern together – in consultation with our global partners – what God is calling us to in this generation, when the world, the church and mission have changed so much. As we now contend with an international pandemic and its myriad consequences, this review seems more urgent than ever and we are endeavouring to make sure we listen to God’s voice above all else.

In addition to a new CEO and developing a new strategy, CMS also started and recruited three

young people for a new unique and flexible gap year programme called **WONDER**. Participants can spend four months to a year in Asia and/or multicultural contexts within the UK.

As you’ll see in these pages, we also began a **new Pioneer Mission Leadership Training hub** in Bath and Wells diocese and currently have signed agreements with two more. It’s wonderful to see continued growth in this programme, and we are certainly in a time when creativity, innovation and risk-taking are increasingly needed in mission. The Oxford Centre for pioneer training also has a **new leader**: the esteemed Dr Cathy Ross. Jonny Baker continues to oversee mission education within CMS and is actively involved in the Isaiah Project.

It’s hard to believe that the pioneer training course is now in its tenth academic year and it is thrilling to see that the current cohort of students includes people in their 20s and their 70s. Another pioneer course highlight in 2019 was seeing some **new research** reveal that our Make Good missional entrepreneurship course is having a significant impact, with 76 per cent of survey respondents reporting that they have started **new missional projects**.

Partnership for Missional Church (PMC) also expanded into new

dioceses. Read on to see how PMC has helped bring about incredible fruit in UK communities – including a church being a loving witness of Jesus to sex workers in Stockton.

CMS’s **international mission work continued to flourish** in 2019 and saw a new context in Moldova. We also welcomed several **new local partners** into the CMS global family and I know Alastair was inspired when he met several of them, along with mission partners and CMS-Africa staff, during an Africa People in Mission conference in Nairobi in the autumn.

Speaking of new colleagues, we welcomed some **new trustees** in the 2019 electoral process: Rini Ingleby, Anne Keene and Fiona Lambert. Their expertise will be extremely beneficial to us as we progress with the Isaiah Project in addition to the ongoing work of the board.

Most importantly, we have been grateful to see **new shoots of life springing up** in individuals and communities all over the world thanks to the faithfulness and generosity of churches, trusts and our many individual supporters. As you read this report, I trust you will be able to perceive that God has been at work through his people and this helps give us confidence as we meet the challenges of the year to come.

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 2020.

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 doctoral level and is particularly for those working in pioneering contexts.
- ☐ **Mission Transformation:** We believe in every member of the Church being involved in the mission of Jesus. With many of the 2,753 CMS community members living in the UK, 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, Latin America, Europe, North Africa and the Middle East. We give vital financial support towards the ministry of these leaders.
- ☐ **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, Asia-CMS, New Zealand CMS, CMS Ireland, CMS Australia and SAMS-USA.

MISSION PARTNERS

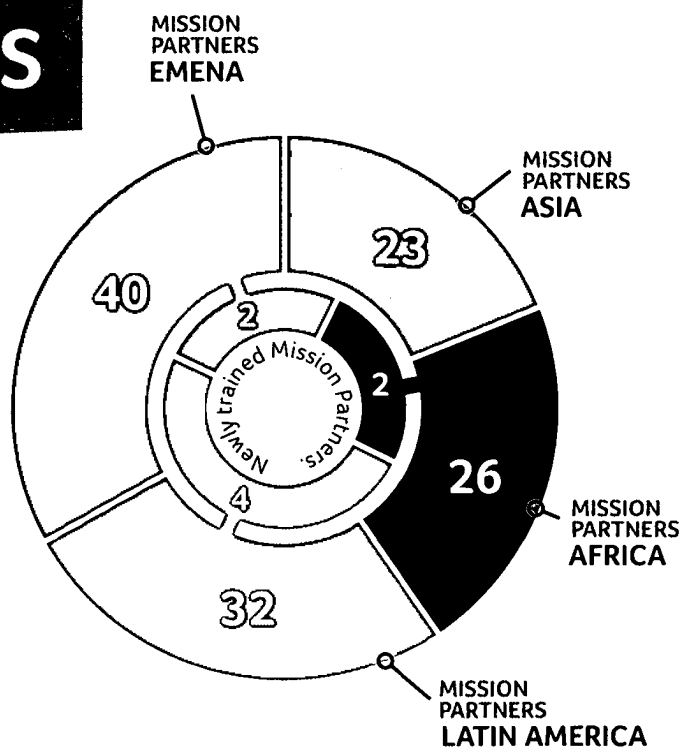
CMS mission partners continue to be involved in God's mission, putting their call into action across 37 countries.

They work in fields including church leadership and planting, discipleship, supporting refugees, medical care, theological training, care for vulnerable children, prison work, Bible translation, serving the marginalised, pastoral care for other mission workers, education and creation care. We also had 19 short-termers and 90 mission associates undertaking placements throughout the world.

Mission partners work closely with churches and organisations in their contexts, but this year saw a mission partner placed with Asia-CMS head office to support their co-mission partner programme. We are delighted to be able to work closely with Asia-CMS in this way.

As two of our mission partners working in medical contexts in Uganda finished service this year, we rejoiced with them as their work was handed over to local colleagues who had been working alongside them. It is excellent to be part of the raising up of local leadership.

Mission partners and local partners in the Anglican church in South America celebrated together the 150th anniversary of two events: the establishment of the first Amerindian mission on Argentine soil, and the



consecration of South America's first bishop, Waite Stirling. This took a group to the southernmost city in the world, Ushuaia in Tierra del Fuego, Argentina.

In total, CMS sent four new mission partner units overseas this year. We were delighted that trust funding enabled one family to undertake their training period in Oxford and head out to support vulnerable girls in Brazil.

We are ever grateful for the faithful service of our mission partners and continue to lift them up in prayer.

INTO THE UNKNOWN

B and M were the first CMS mission partners in a particular Buddhist-majority country. They reflect on their first two years sharing the love of Jesus far from home.

Our first year was challenging. We moved at the hottest time of year and our children struggled a lot with the heat. We had to work out the practicalities of life and the details of our roles on the ground.

We realised how little we know in the West about Buddhism. People think about meditation, being gentle and eating vegetables – that isn't the full picture. We went to a conference where we learned a lot. We're still figuring it out but we know a bit more.

Getting to know people, we have seen the difference between hospitality and acceptance – people may well be hospitable from day one, but it takes much longer to be accepted. Having children really helps, because people are keen to chat, so our children have been our ambassadors.

We met a neighbour who is a taxi driver and got to

know him as he took us from A to B. He introduced us to his daughter, who speaks some English – she has looked after our children when we are working. When they were going through a difficult situation we went to see how we could help; our neighbours were most touched by the fact that we had gone to see them. This deepened our relationship, and was another step to being part of the community. Even though communication is limited, they've really been there for us in times of need. And likewise we try to be there for them.

We love that this is a relationship in which there is balance. This family are people who might be stereotyped as "other" – they don't share our faith and are from a very different context – but we are seeing that God works through people and events in ways we don't expect.

People don't expect foreigners to stay here long. Knowing we are here for the long term, we can be more settled and are feeling more accepted. We are part of the community, so people have opened up more. It's really working in partnership.

PIONEER MISSION EDUCATION

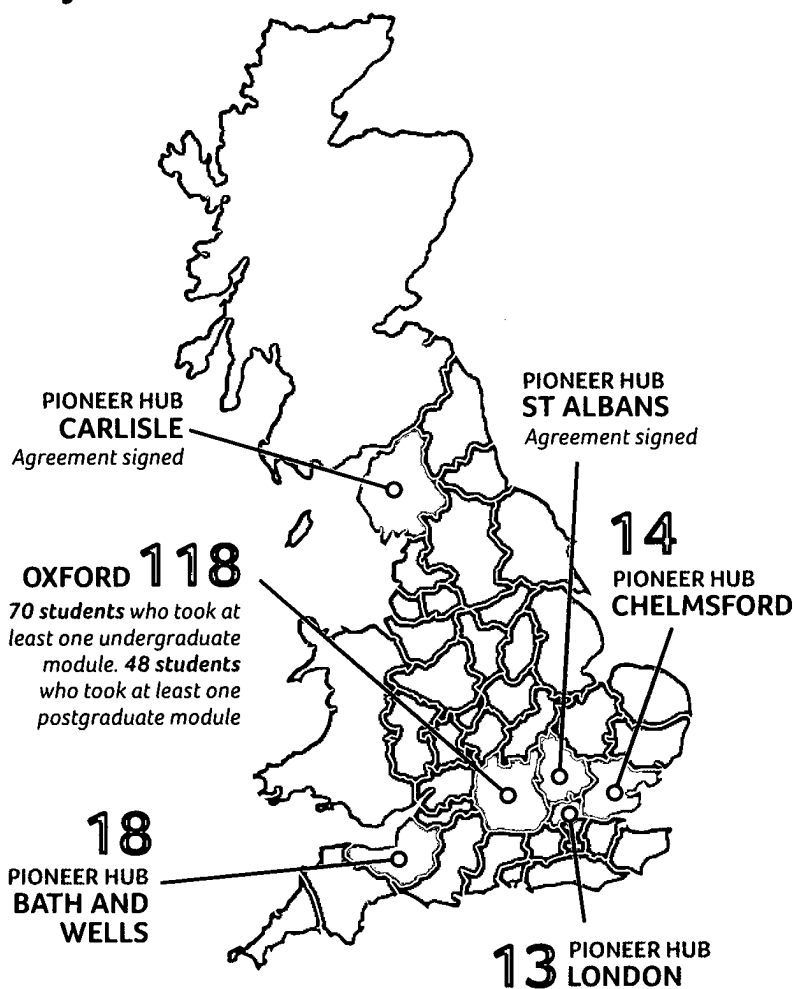
This year saw the 10th cohort of students begin Pioneer Mission Leadership Training in Oxford, as well as an increase in the number of hubs offering training in different locations around the country.

The cohort of more than 30 new students in Oxford range in age from 20s to 70s and represent contexts including sports ministries, involvement with bikers, working with vulnerable women, people living on housing estates and an interest in photography and spirituality.

In August, leading missiologist Cathy Ross took up a full-time role heading up the Oxford centre for Pioneer Mission Leadership Training, having previously led the MA programme in Oxford part time. As well as celebrating Cathy's new role, the Oxford centre also started to offer a route to doctoral research with five students.

The continued growth of our network of pioneer hubs included the launch of Holy Rumpus! (Diocese of Bath and Wells), which welcomed its first students to a teaching weekend in May. These pioneers are studying six modules, each taught over a weekend in different contexts around the diocese. The St Cedd Centre (Chelmsford Diocese) saw its second cohort finish studying and 16 lay pioneers were commissioned at the cathedral in October. The first cohort of students from the London School of Pioneers (Diocese of London) graduated in December. Their pioneering includes prison visiting, setting up new monastic communities, reaching out to mums with new babies to explore spirituality, a Christian community growing out of a charity shop and more. Bishop Ric Thorpe presented certificates and shared how delighted he was and how much the church in London needs more pioneers. A new partnership has also been agreed with the Diocese of St Albans to train lay people from the diocese in pioneering mission from September 2020.

A partnership with the Diocese of Carlisle was launched in the summer (see below) to provide training in the north. We will be running the CMS Certificate in Pioneer Mission in the Northern Centre from September 2020, with a view to developing this partnership further in the future. The course in Carlisle will blend the heritage CMS has in pioneering mission with creative mission growing locally.



PROPER NORTHERN PIONEERING

On 25 July 2019, CMS and the Diocese of Carlisle celebrated the launch of a Northern Centre for Pioneer Mission in Cumbria

The Bishop of Penrith, the Rt Rev Dr Emma Ineson, told those gathered by Derwentwater: "I'm really excited by this new venture, the Northern Centre for Pioneer Mission, and it's wonderful that the Diocese and CMS have been able to come together to make this happen."

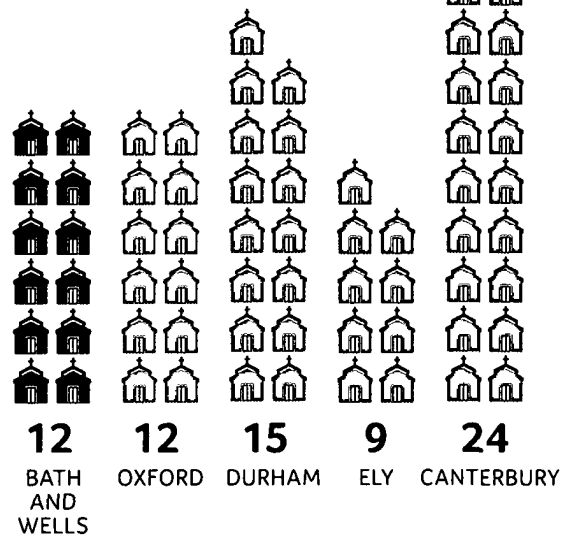
MISSION TRANSFORMATION

The Mission Is campaign continued its third and final phase this year, sharing what mission is through Instagram engagement, summer festivals and a photo competition.

The Instagram This Is Mission account (@mission_is) was launched at the beginning of February, and shared images of and reflections on mission covering the breadth of CMS's work. The account also featured a photo competition launched in September to celebrate the many ways Christians are involved in mission. We received over 50 entries for this competition.

Alongside this, CMS staff took a mission gallery to summer festivals with the theme of Humans In Mission. It featured 10 "ordinary people in an extraordinary story" including someone walking alongside refugees, a couple who started an eco-friendly farm and a pioneer who does mission through manicures. Gallery viewers were invited to journey through hands-on parts of the exhibit, providing ways to go further in mission with CMS.

The community team continued to connect with CMS community members through events and local groups, and many were able to come and celebrate Alastair Bateman's commissioning in June.



The Partnership for Missional Church (PMC) journey continued to help 72 churches across five dioceses to see what God is doing in their contexts and join in, and we were very grateful for a grant from Allchurches Trust to help us deliver PMC in new dioceses. In the last year, we have been able to share stories from churches engaging with local schools, isolated members of the community and sex workers.

BEYOND THE FOUR WALLS

A church in Stockton says they used to keep themselves and God within their walls. After participating in PMC, they're listening and engaging with issues on their doorstep, making church more real to people. The congregation has nearly doubled in size.

One issue was concerns about street workers in the church grounds. They contacted a local Christian charity for advice on helping these women, especially when their first experiment of a drop-in session for food and hot drinks at the church didn't work out. Church members realised that as they asked God to send them out, they needed to step outside of their building. Volunteers now join the local charity three nights a week to connect with women and offer hot drinks and sandwiches. One volunteer explains, "We might be the only people that day who have looked them in the eye and smiled."

One church on a housing development in Reading went on a prayer walk around their area and distributed Easter gifts – a sign of their increasing confidence to be visible as Christians in their community. The vicar also

commented that, alongside various initiatives (including a coffee morning at a local social club and a bring-a-friend lunch at a cafe), PMC has had "a profound effect in terms of discipleship and God being a real presence that's around every day of the week, not just someone you visit on Sunday."

One PMC team wanted to address loneliness and isolation, but didn't have the people or finances to undertake big schemes. So they thought about traditional communal activities and set up a "knit and natter" group. Beginning with a core group of church members, this drew in people who were on the periphery of church. The mission was to create a welcoming group while crafting garments for good causes and the group grew as people responded to publicity. The knitting group has provided a place of community and healing for members, and met local needs in partnership with a charity providing resources for families in crisis. The group attach a label to each garment saying "crafted with love". They hear from charity volunteers that mums, with tears in their eyes, express their amazement that someone would go to the trouble of knitting or crocheting for their children.

We received a number of grants supporting a wide range of work.

These included one that made it possible for participants from the Global South to attend a gathering of those involved in pioneer mission and ministry, and another to support the work Emil and Reem Bourizk are engaged in to provide education for Syrian refugee children in Lebanon.

CHANGING THE FUTURE BY THE GRACE OF GOD

Today, 130 Syrian refugee children in Lebanon are receiving an education at the school Emil and Reem Bourizk have built in their home. They explain how it all started:

Emil tells us, "We came here seeking the Lord for a vision and as soon as we arrived in this house, we looked out and saw from the balcony Syrian refugee families coming and putting up tents. I watched the children a little, and noticed that many of them had no parents."

Reem continues, "We started a school because as soon as we arrived I found kids in the fields and I found people neglecting them and treating them like trash. And this is not fair. They are human beings just like me and you. I wanted to sit with them and talk to them and show them how much God loves them. I visited one family here in the village with five kids, by themselves. The oldest sister was taking care of them. She was only 10 at the time. I asked, 'If someone were to bring you something, what would you ask them to bring?' And she said, 'I only need a pencil and paper to draw.'

"And I went home and I was so sad and I said, 'All she needs is paper and a pencil. She doesn't ask for anything to eat, she doesn't say I need a mom, she doesn't say I need clothes and all these things. She just says I need paper and pencil and she wants to draw.' And this is how it started.

"We went out and bought some materials. And the school started, under the trees. I collected the kids, told them stories, talked to them, taught them some letters. The kids we are working with, they are traumatised. They came from a war. When they first came, they would shrink back if you came near, because they are afraid. Just to say a good word, to greet them, it's a big thing. They would look to each other, they would not understand – 'is that smile for me?'"

One student shares her experience, "I have been living in Lebanon for the last seven years. My family and I left Syria because of the war. We now live close to the school. Our house was bombed and so we had nothing left in Syria. Father Emil and his wife Reem came to visit us. God

bless them. When they visited us, we were working in the fields. They invited us to the school and showed us the light. I did not have any education, so they gave us the opportunity to learn and excel. If I did not come here, then I would have been married at the age of 12 and would have had children by now."

Emil explains the impact this has: "The most important thing is that we are showing them love, respect. And we are telling them clearly this is from the Lord. They don't look at Christians as enemies anymore. They don't look at Lebanese as enemies any more. Lebanese and Syrians have been enemies since the [Lebanese] civil war in 1975. To have a Lebanese person in his homeland accepting a Syrian and treating them equal, that's a real miracle. One head of tribe told me, 'You are doing something in the soul of these little kids. You are growing a seed, one day it will flourish.' We are changing the future by the grace of God."



LOCAL PARTNERS

We are delighted to work with 66 local partners around the world, gifted individuals seeking to make Jesus known in their own regions.

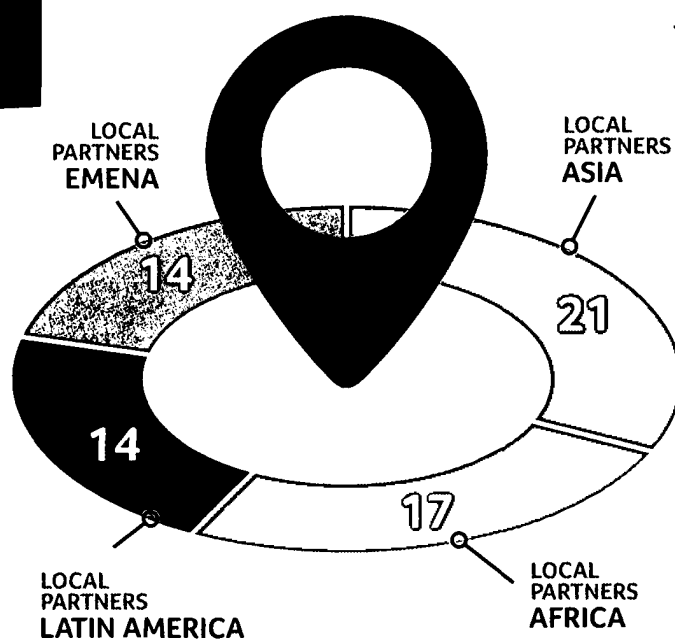
At the founding of CMS in 1799, one of the principles articulated was that success depends on the quality of the people answering the call of God – and today we see that worked out as we equip our local partners to respond to their call.

In Asia seven new partners are joining Asia-CMS's vision to be together on the edge in God's mission.

They are connecting with unreached and little reached people groups, teaching Bible courses, equipping local trainers and planting churches across South and South East Asia. Others share their faith with migrants, care for survivors of human trafficking and use traditional art forms to connect with people groups and train leaders.

Local partners in Latin America strengthen churches and connect with communities, from indigenous bishops serving tribes in northern Argentina to church planting and discipleship in cities in Chile and Brazil. One encourages struggling churches in Uruguay, while others minister in poor areas of Lima, Peru.

In Europe, the Middle East and North Africa, local partners share the good news of Jesus – coordinating outreach trips to towns and villages, meeting practical as well as spiritual needs, welcoming and caring for refugees, supporting those overcoming addictions, and



discipleship and evangelism both in person and through creating online resources. Many are in hostile and risky contexts and we give thanks for their commitment and courage.

In seven nations across Africa, local partners work alongside CMS-Africa to see mindsets renewed and communities transformed. Many facilitate CMS-Africa's training, including Samaritan Strategy (embracing wholistic ministry), Financial Freedom for Families (taking a biblical approach to money), women's training (exploring identity in God and practical skills), 3D youth training (helping young people to use God-given talents). Others serve churches in leadership, evangelism and discipleship, or support the marginalised – from street children in Lubumbashi to South Sudanese refugees in Uganda.

A NEW CHAPTER IN URUGUAY

Mechi Tarragona started ministry as a CMS local partner in May 2019, as her husband, Daniel Genovesi, was installed as the new Bishop of Uruguay. They followed God's call beyond the borders of their home country of Argentina to serve him in this new context.

Mechi's previous experience includes teaching, development work with families in shanty towns, counselling in Buenos Aires and serving in Wichi, Toba and Chorote communities in the Diocese of Northern Argentina. Mechí worked with AMARE (the Argentine branch of the Mother's Union, initially developed with the help of CMS mission partners Catherine Le Tissier and Shelley Stokes).

In Uruguay, Mechí works with churches to equip them

as they seek to connect with and meet the needs of their communities. She trains and walks with groups in communities across the diocese.

Uruguay is seen as the most secular country in Latin America. Daniel and Mechí's arrival is part of a new season for the church in Uruguay. Mechí is working from the grassroots to bring encouragement and renewal. She recognises that the combination of a secular society and a fragile church mean that innovative mission and strong cooperation are vital.

She comments, "Being part of CMS means being part of a family. Far more than just financial support, it means I know that I am supported, loved and not isolated... it is a blessing that I hope to increase in the future as we move forward in this journey together."

ENABLING MISSION NETWORK

The CMS mission network is made up of CMS, New Zealand CMS, CMS Australia, CMS Ireland, Asia-CMS, CMS-Africa and SAMS USA. This is a group of organisations committed to mission, and in particular to raising up local leaders in mission and investing in mission from everywhere to everywhere.

Over this year the leaders of the different organisations continued to build relationships, with Alastair Bateman taking up his post as CEO of CMS in May and Rosie Fyfe beginning to lead New Zealand CMS in July.

Leaders have been able to share developing strategy and discernment processes, and came together for

a meeting in the US in the autumn, after the New Wineskins missions conference.

CMS gave mission support grants again to Asia-CMS and CMS-Africa.

TRANSFORMED THROUGH PARTNERSHIP AND PRAYER

Canon Moses Bushendich, CMS-Africa's international director shared some stories of people whose lives have been transformed through training programmes. CMS-Africa training has...

... delivered youth training

Local partner Salvator Nkorerimana has delivered 3D youth empowerment training to 182 young people in Matana, Burundi. These young people are now working together to build a church that will seat 2,000 people.

Solomon, from Uganda, has discovered his talent for carpentry following the 3D course. Before attending 3D training, he said that he felt like he "didn't have a purpose in life". But the training reminded him that his practical skills had value. When his friend approached him with a carpentry project, he took it on without hesitation. He made the seats that his friend had asked for and charged a fair price for his materials and labour. He saved his friend 900,000 Ugandan shillings (about £195)! Through this, he came to realise that "serving God is not only in church on Sunday, ministering at the pulpit... or helping in the children's ministry or any other ministry, but it also includes the business we do out of church."

... protected the environment

Margaret Oluoch is CMS-Africa's creation care champion for western Kenya. She noticed the Oruba river had suffered from years of pollution from a sugar factory and so began to grow grasses along the riverbanks to stabilise them, along with medicinal plants, fruit trees, trees for building materials and fodder trees, soya beans and sunflowers. Her work has changed the attitudes of the local communities to the trees. By caring for the environment, Margaret also showed local people the true value of their natural resources.

... empowered women

Mercy was supporting two children on her own. She didn't know where to start, but the CMS-Africa women's training in Kisumu, Kenya, thrust her into an unexpected business: fishmongering. Using skills such as record-keeping and budgeting that she learned on the women's training, Mercy has managed her loans and savings to keep the business afloat. She has now bought her own land, built a modern house and educated her children through secondary school and even to university. Mary fled to Kenya in 1994 due to conflict, and all of her children have been educated in Kenya. She said, "Many women from my area have been through traumatic experiences and thus have not only lost self-identity but been shamed and made unworthy by our life experiences. Such affirming teaching on our identity as women, created in the image of God and endowed with skills and abilities, has rejuvenated me and my fellow participants."



CMS STRATEGIC PRIORITIES

2019–20 saw significant delivery on the Organisational Strategic Plan.

WHAT WE SAID WE WOULD DO

In our global mission work, we remain committed to taking forward the process of decentralisation, internationalisation and regionalisation (formerly referenced as “DIR”, now termed more simply as becoming increasingly “locally led”).

In 2019–20 we want to ensure more CMS people, projects and funding are aligned to the vision and strategy of CMS-Africa, Asia-CMS and the developing Latin America mission movement.



We continued to strategically align our work with both CMS-Africa and Asia-CMS, being supportive of each entity and adding capacity and resources where needed. Both Asia-CMS and CMS-Africa have strengthened further their regional local partner programmes, ensuring dynamic locally-led mission.

In October 2019 there was a successful shared conference in Kenya with CMS and CMS-Africa mission personnel from across Africa coming together, building greater awareness of each other's ministries and finding opportunities for collaboration. In Latin America, our mission development manager based in Lima, Peru, has been linking Christians up with youth and mission movements and encouraging support for both local and global mission. Our work in the Middle East and North Africa too has really benefitted from local partners serving in mission

We are committed to expanding our missional reach within the UK. CMS will do this through growth of the Pioneer Mission Leadership Training programme in Oxford and pioneering hubs across the UK. In 2019–20 we are planning to have three hubs in place as well as working towards a new northern centre, in addition to the Oxford centre.

We will also expand our reach through the growth of the Partnership for Missional Church process. In 2019–20 we aim to have two new diocesan clusters engaged in the PMC process.



We now have three pioneer hubs with the Bath & Wells, Chelmsford and London dioceses. Our partnership with Carlisle Diocese launched in the summer of 2019 and we expect the first cohort of students in September 2020. An agreement has also been signed to launch a hub in St Albans Diocese in September 2020. In Oxford the Pioneer Mission Leadership Training continues to grow.

We have also expanded our UK Partnership for Missional Church process to five diocesan clusters, with two new dioceses (Bath & Wells, Ely) starting in the year.

We are committed to reducing the CMS operational budget deficit in 2019–20. This will be done in line with our deficit reduction plan, primarily through the implementation of our fundraising strategy.



The deficit reduction plan continues to be followed and implemented. We drew down £355k of free reserves during the year which compares very favourably against our budgeted drawdown of £620k. Furthermore we expect to recoup £225k of this drawdown once a CMS property in York is sold, which means in effect we will have drawn down only £130k of our free reserves.

STRATEGIC PRIORITIES FOR 2020–21

There have been a couple of major changes that have impacted our strategic priorities for the year. Firstly, the arrival of Alastair Bateman as chief executive officer in May 2019, and secondly, the response to the impact COVID-19 is having on our sector and our mission field. In light of this context the priorities for the upcoming year are:

2020–21 STRATEGIC PRIORITIES

Strategic direction:

1

While we are responding to present needs around us, we are also looking to the future. We embarked on a strategic review in 2019, soon after the arrival of Alastair Bateman. The review has been named the Isaiah Project and has already involved consultation with staff across the globe and had much input from our global partners. The aim of the review is to emerge with a greater clarity and focus for the work of CMS and a deep conviction of the call that God has placed on our lives at CMS for this generation.

Well-being:

2

Given COVID-19, much of our focus is on the well-being of our people in mission, our strategic partners, our staff and our supporters. As a community, we have recently lost some wonderful friends and figures from our remarkable history, including former general secretary Bishop Simon Barrington-Ward and former principal of Crowther Hall Bishop Peter Vaughan. Our people in mission are facing big challenges in their personal lives and work. Likewise, our staff and supporters are trying to navigate much change, some of it very tough. We will continue to prioritise this area in the coming months as the scale of the impact becomes clearer.

Sustainability:

3

These are uncertain times for us as a community financially. We are trusting that Jesus is with us, as he was with the disciples on the boat amid stormy seas (Mark 4:35–41). And we are looking to him and to our faithful friends at this time, for continued prayer and help. We do have significant unrestricted reserves which can be utilised as we assess the impact of COVID-19 on our income. We will also continue to be proactive in this area, planning for various scenarios given that the full impact of COVID-19 is still not clear, monitoring income closely and reducing expenditure where needed.

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 to the financial statements.

CHARITABLE OBJECTS

Church Mission Society's object is 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.

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 Fundraising Committee
- ☐ The Governance Committee
- ☐ The Strategy and Impact Task Force

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 oversight, aligning decision making with expertise and knowledge.

The purpose of the Fundraising Committee 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 Strategy and Impact Task Force serves the Board of Trustees by ensuring that a clear organisational strategy is in place and is guiding the day to day work of staff. It is also there to ensure the quality and impact of CMS work across the world is regularly evaluated.

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	FINANCE COMMITTEE	FUNDRAISING COMMITTEE	STRATEGY AND IMPACT TASK FORCE
Mr Charles Clayton (Chair)	✓	✓	✓	✓
Mrs Naomi Aidoo				✓
Mr Anthony Bargioni (resigned on 31/12/19)			✓	
Dr Ian Bromilow (elected 01/01/20, previously co-opted)		✓	✓	✓ (Chair)
Rev Canon Andrew Bowerman	✓			
Mr Beauman Chong			✓ (Chair)	✓
Mr Craig Hampton (term ended on 31/12/19)				
Mrs Lonah Hebditch (resigned on 31/12/19)				
Mr Peter Hyatt (Elected term ended 31/12/17, co-opted for a second term 01/01/20)		✓ (Chair)		
Dr Kevin McKemey				✓
Dr Salim Munayer				
Rev Jane Shaw	✓ (Chair)			
Mr John Stansfeld		✓		✓
Rev Ian Wallace (term ended on 31/12/19, co-opted 01/01/20 for a further year)	✓			
Mrs Rini Ingleby (from 01/01/20)				
Dr Anne Keene (from 01/01/20)			✓	
Mrs Fiona Lambert (from 01/01/20)				

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 chief executive officer who is supported by the wider CMS Senior Leadership Team. In addition to Trustees, the other sub-committees have additional co-opted members in attendance. Andrew Clark, Anne Maxfield and Geraldine Shepherd attend the Finance Committee and Dr Anne Keene attended the Fundraising Committee before becoming a Trustee. Andrew Barton attends both Fundraising and Finance Committees.

CMS SENIOR LEADERSHIP TEAM

Chief Executive Officer	Alastair Bateman (appointed 07/05/19)
Interim Executive Leader	Mrs Debbie James (from 01/12/18 to 06/05/19)
Deputy Chief Executive Officer	Mrs Debbie James (from 07/05/19)
Director of International Mission	Rev Paul Thaxter
Director of Mission Transformation	Mrs Debbie James
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 Chief Executive Officer is responsible to the Board of Trustees for the management of CMS. He leads the Senior Leadership 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*
- ☐ Mission Transformation – 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 2019 this network consisted of CMS, CMS-Africa, Asia-CMS, New Zealand CMS, CMS Australia, CMS Ireland and SAMS USA.

KEY MANAGEMENT PERSONNEL REMUNERATION POLICY

The Board of Trustees and the senior leadership team (SLT) 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 SLT, 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. The next benchmarking exercise will be finalised in 2020.

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 per cent Churches, 54 per cent Individuals and 5 per cent Trusts. There is also income from legacies, kindly left to Church Mission Society by supporters in their will. This equates to between 15 and 30 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 £751,000 (9 per cent of total income) on fundraising activity and the majority of this effort concentrated on raising support for CMS mission partners.

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 no complaints in relation to our fundraising activities.

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.

GRANTS

As shown in the financial review and Note 13, grant expenditure makes up a significant amount of CMS expenditure. Project proposals received from partner organisations are subject to a formal approval process, and look at issues such as the alignment, capacity and structure of the partner organisation. An agreed monitoring process is undertaken during the course of the partner spending the funds, and this includes reviews and evaluation of financial and narrative reports.

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 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 impact of COVID-19 on our income is still too early to fully understand. We are continuing to monitor income very closely, and have revised all of our fundraising plans for the year. We have already released an appeal to our supporters in relation to COVID-19. Furthermore, we are reducing our cost base where appropriate including taking the difficult decision to furlough some of our roles.

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 COVID-19 has had a detrimental effect on the funding levels on the defined benefit schemes, and the impact of this is being monitored very closely with the advisers of the scheme.

The impact of any negative movements in the pension scheme deficit is likely to result in increased payments from CMS. These schemes are now closed to new members and closed to future accrual. CMS works with the pension scheme Trustees, its investment managers 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. The impact of COVID-19 is likely to reduce the number of mission partners recruited, but we have put in online systems to ensure the quality of our recruitment processes is still maintained.

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 significant work has been undertaken on this during the year, to ensure both our policy and practice continue to comply with the charity commission guidance on safeguarding.

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.

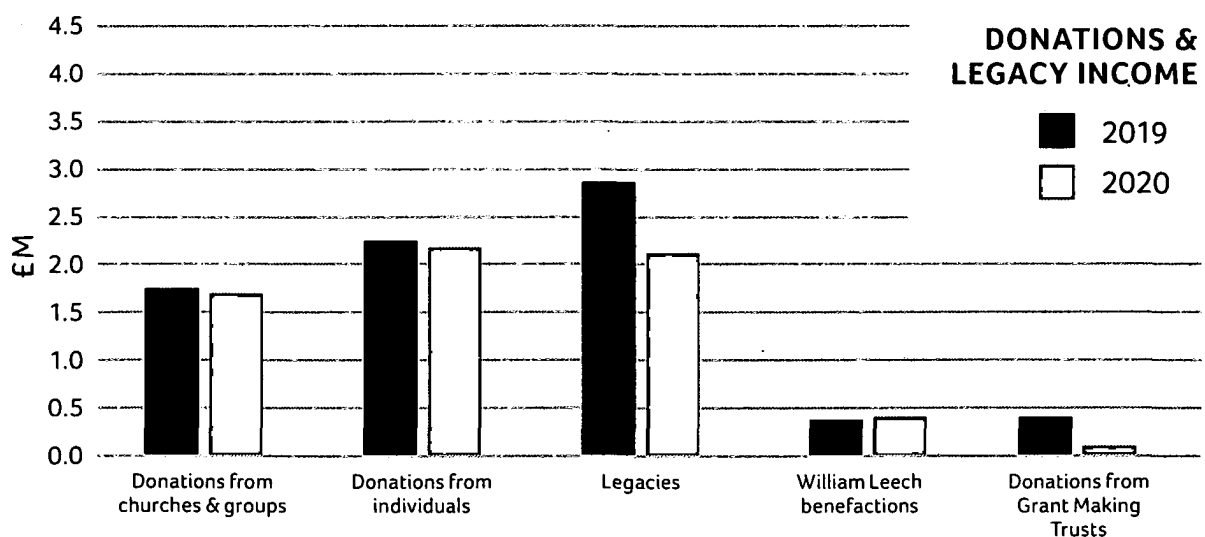
The financial context within which CMS operates continues to be difficult, heightened by all the uncertainty surrounding the Brexit process, and going forward the negative impact of COVID-19 on the economy. The charitable and mission agency context remains competitive, and there has been a reduction in the general fund giving of individuals, churches and trusts across the sector. The financial markets have performed well during this period. As a result the CMS listed investments portfolios produced a capital gain of £417,000 (2019: loss of £73,000), which has increased both our free reserve and endowment fund positions, although this has been significantly reduced post year end as a result of the COVID-19 impact on markets. Total income in the year has, however, decreased compared to the prior year. The review below provides some more detailed analysis.

INCOMING RESOURCES

Total incoming resources were £8.4m (2019: £8.6m), a decrease of £250,000 from the previous year. This is largely due to a decrease in legacy income. Donations and legacy income (shown in the chart below) decreased by £1,030,000 to £6.5m in 2020 (see note 3). The decrease in legacy income stands at £737,000 compared to the previous year, and is

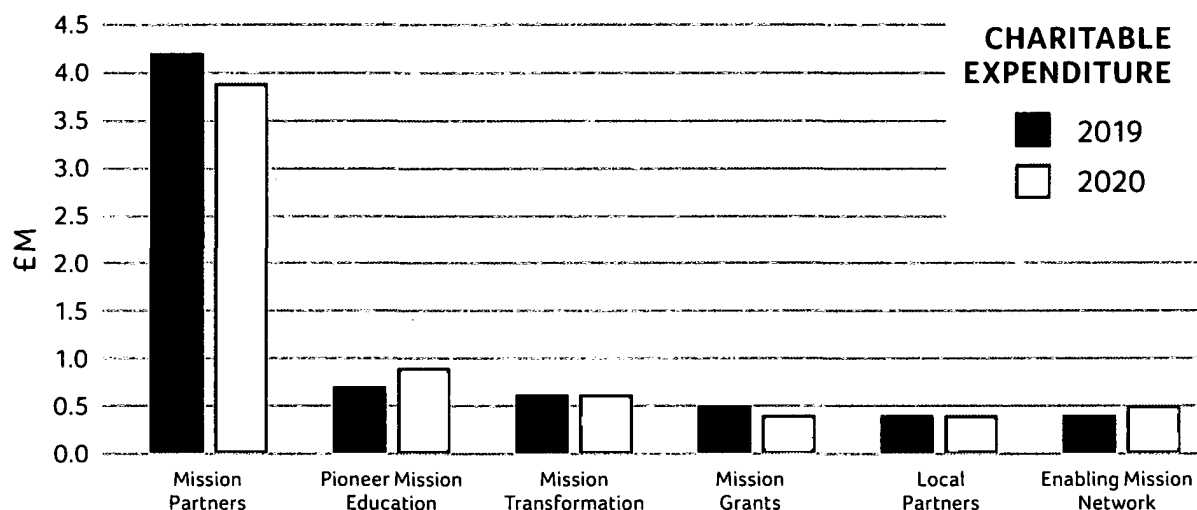
the main reason for the reduction in the income in the chart below. It has also been impacted by the decrease in donations from grant making trusts.

The chart below also shows donations from individuals and churches reduce by £67,000 and £65,000 respectively in the year. These relatively small reductions in individual and church income mostly represent the movement in mission partner numbers during the year. Donations from trusts have decreased by £177,000 in the period. This represents a material reduction and is largely because we did not receive grants from some major trusts that we were expecting to give a donation and partly as a result of timing. Trust income is more fluctuating in nature but it remains a key area of focus within the fundraising strategy. The results also clearly show the importance of our legacy income within CMS, representing 25 per cent (2019: 33 per cent) 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. The Trustees are grateful for the donations received from two William Leech charitable trusts



CHARITABLE ACTIVITY EXPENDITURE

Total resources expended amounted to £7.4m (2019: £7.7m). The 3 per cent decrease in total expenditure almost entirely relates to our mission partners' expenditure, which reflects in part the reduction by six mission partner units during the year.



The recruitment, training and support of mission partners are CMS's most significant areas of operation with 53 per cent of total expenditure relating to this activity. The majority of this expenditure supports 121 long term mission partners working in a range of activities in 37 different countries. In addition CMS has a local partner programme, with total expenditure of £0.43m, which supports 66 local mission leaders around the world.

Mission grants expenditure totalled £0.2m on 47 projects that CMS supports around the world (see Note 13). Grants totalling £0.4m are also paid to CMS-Africa and Asia-CMS as part of CMS's Enabling Mission Network activity.

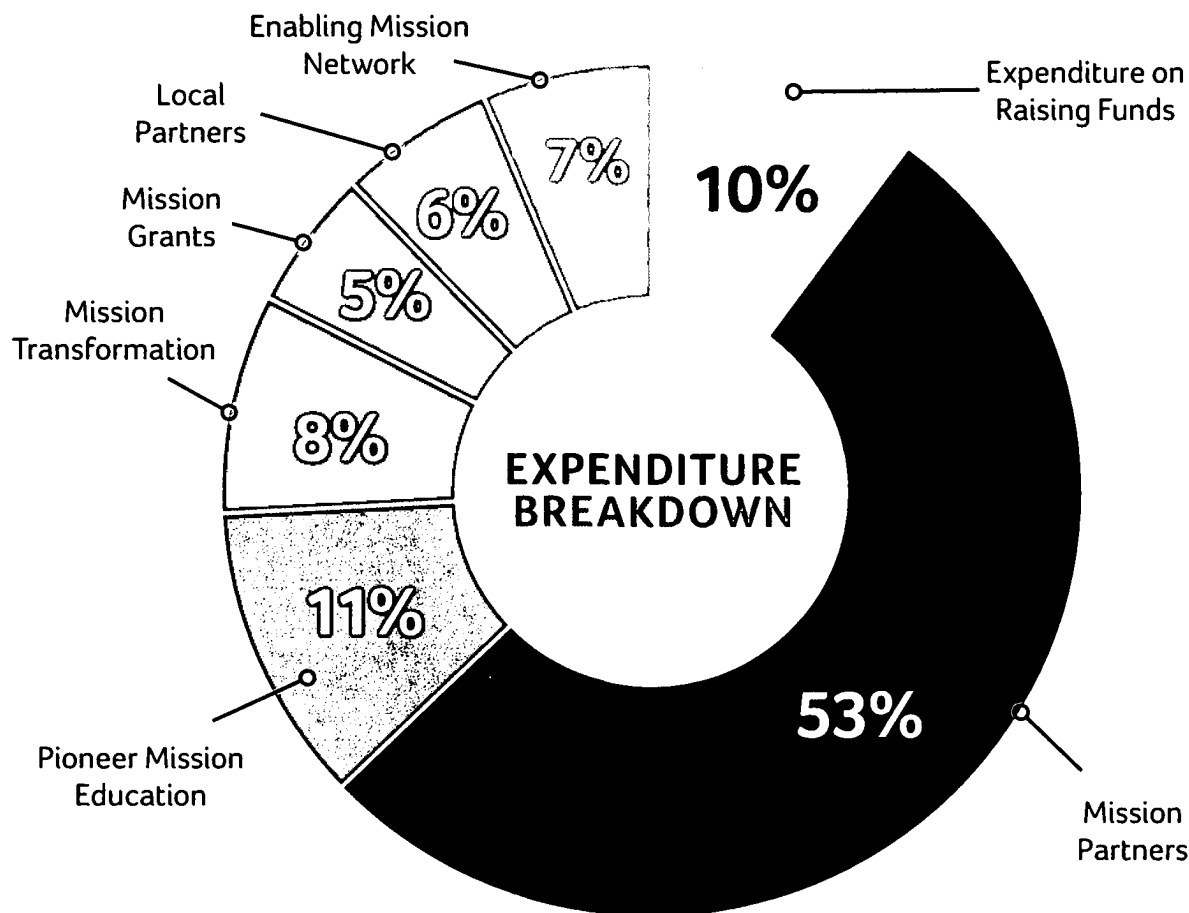
The other main areas of expenditure are the CMS Mission Transformation work (£0.6m) and the Pioneer Mission Education work (£0.9m). Expenditure within the pioneer mission education team relates to the recruitment and training of mission partners, and teaching and support of our students on the Pioneer Mission Leadership Training 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 Mission Transformation work involves resourcing and mobilising the church in the UK and the CMS community into mission. The work this year has included running the final phase of the Mission Is campaign, taking it to several festivals across the UK

and online, producing our regular flagship publication The Call and continuing the CMS online Resource Hub with hundreds of free resources. CMS also worked with five dioceses during the year on the Partnership for Missional Church process.

The breakdown opposite 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 £3.9m (2019: £0.99m) in accordance with FRS 102. The main reason for the large increase was the movement in net liability due to the impact of changes in the financial and demographic assumptions contributing to a £10.8m increase in the present value of the Scheme's liabilities from £72.4m to £83.2m (see note 25A). Against this significant increase in the Scheme's liabilities the value of the Scheme's assets also rose by £7.9m from £71.4m to £79.3m. The recovery plan is based on the triennial valuation of the Scheme, dated 31 March 2016 and showing a deficit of £8.7m. This deficit is being paid off over a maximum of 15 years. Contributions in the year to 31 January 2020 totalled £859,000 (2019: £983,000) in accordance with the recovery plan. The details



of this recovery plan can be found in note 25A. The impact of this movement in net liability is shown as an actuarial loss of £3.5m in the charity's Statement of Financial Activities (SOFA). The 31 March 2019 valuation was still ongoing as at 31 January 2020 and agreement was concluded on a new recovery plan in April 2020. Contributions made by CMS have increased to £510,000 and these will increase by 2 per cent each year until 2035. In addition, CMS will contribute £232,000 per year to the administration expenses of the scheme.

CHURCH OF ENGLAND DEFINED BENEFIT SCHEME

CMS Group has active members in the Church of England Funded Pension Scheme (also known as the Clergy Scheme) (see note 25B) and deferred members and pensioners previously employed by SAMS in the Church of England Defined Benefit Scheme (DBS) within the Church Workers Pension Fund (CWPF) (see note 25C) which are both multi-employer schemes.

The Group is grateful for the contributions paid by

the Archbishops' Council, which amounts to some £248,000 for 18 active members of the Clergy Scheme.

The valuation of the CWPF Scheme, dealt with in the financial statements, was that conducted in December 2016, and showed a deficit of £2.05m for the SAMS portion of the Scheme. As a result a new recovery plan was agreed in March 2018 under which a one-off deficit contribution of £265,000 was paid in the year, 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.

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 2020 was £1.75m (2018: £1.64m). The latest actuarial valuation of the Scheme was undertaken at 31 December 2016 and the agreement on a new recovery plan was concluded in March 2018. The details of the recovery plan are set out in note 25C in the financial statements. Discussions in relation to the 31 December 2019 valuation have only just started and will need to conclude by 31 March 2021.

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, in such investments as they think fit. The Statement of Investment Principles includes details of CMS's socially responsible investment policy.

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 2020, CMS had listed investments of £3.7m (2019: £3.2m), £10.2m (2019: £11.5m) of unlisted investments and £0.2m (2019: £0.3m) of cash held within the investment portfolio. This total of £14.1m of investments includes £8.7m 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 £0.9m in the Statement of Financial Activities (2019: £0.5m). The increase largely relates to an additional distribution of £400,000 from William Leech (Investments) Ltd. Further details of the make up of this investment income can be found in Note 6 of the financial statements. The net loss on investments in 2020 was £1.1m (2019 gain of £0.3m). This was dominated by a reduction in market value of investments held by William Leech (Investments) Ltd. The listed holdings managed by Cazenove continue to be on track against their long-term target of CPI plus 3 per cent. 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.

MOVEMENT IN FUNDS

Taking CMS's funds in total, there was net expenditure of resources of £0.2m during the year ended 31 January 2020, and an actuarial loss on the two Pension Schemes of £3.5m. The overall position was therefore a net decrease in total reserves of £3.7m.

IMPACT OF COVID-19

During March 2020, the crisis management team was convened (in line with CMS policy) as a result of COVID-19. Its objective was to ensure the safety of all staff and the business continuity of CMS. Since then, some mission partners have had to be flown back to the UK and we have increased our contact and support with all our people in mission across the world. From 23 March 2020, we have operated with a skeleton team at CMS house and the remainder of staff are working from home. Staff will begin to return to the office as the government guidelines allow.

As outlined under our risk management policy (page 18), we expect and forecast the biggest risk to be to our donation income. Fundraising plans have been significantly altered for 2020–21 and in May 2020 we launched an appeal in relation to COVID-19. We have revised our income and expenditure forecast and are looking at various scenarios. At this stage, although we are expecting and planning for it, it is still too early to tell what the negative financial impact will be on donation income. We expect church income to be most severely impacted. There will be some expenditure savings as a result of reduced activity and being able to access the government's Job Retention Scheme. This will offset some of the reduction in our donation income in the short term.

The other significant detrimental financial impact of COVID-19 has been on CMS investments and its participation in defined benefit pension schemes. See Note 30 for more details. CMS investments have fallen by 5 per cent since year end and the funding levels on both the CMS Pension Scheme and the Church Workers Pension Fund have deteriorated. The Trustees are monitoring CMS investments closely in conjunction with our investment managers, Cazenove Capital. The fall in pension scheme funding levels can be managed over the long term by the respective Trustee boards and the timing of this particular impact has been favourable given the actuarial valuation dates on both defined benefit schemes have only recently passed.

We have also altered our unrestricted reserve policy as a result of COVID-19, and have increased the reserve both for the pension deficit repayments and for any future drop in donation income.

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 2020–21 CMS holds unrestricted general funds (free reserves) for the following reasons:

- ☐ To contribute to the increase in pension repayments following the 31/3/2019 triennial valuation
- ☐ To allow for falls in our donation income as a result of COVID-19 over the next two years
- ☐ To act as a buffer while we move from a deficit operational budget to a break even one by 2022
- ☐ To allow for any unbudgeted costs, in particular relating to a mission partner emergency situation
- ☐ To fund capital expenditure in 2020–21, 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 2020–21 overall free reserve target for CMS is £3.8m (2019–20: £3.6m). The free reserves at 31 January 2020 are £3.524m, which is below the stated target but within a 10 per cent threshold of the target which is deemed acceptable. The gap against the target will be further reduced once a CMS property in York is sold.

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 2020.

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 judgements 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

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 24, was approved by the Board of Trustees on 25 June 2020 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 2020 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 2020 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 24], 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: 10 July 2020

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 JANUARY 2020

(Incorporating an Income and Expenditure Account)

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000
Income and endowments from:									
Donations and legacies	3	2,661	3,666	215	6,542	2,939	4,427	206	7,572
Charitable activities	4	193	96	-	289	151	93	-	244
Other trading activities	5	258	-	-	258	175	-	-	175
Investments	6	870	58	-	928	419	48	-	467
Other	7	89	252	-	341	61	99	-	160
Total income		4,071	4,072	215	8,358	3,745	4,667	206	8,618
Expenditure on:									
Raising funds	9	721	13	17	751	759	4	16	779
Charitable activities									
Mission Partners	10	886	3,038	-	3,924	1,099	3,131	-	4,230
Pioneer Mission Education	10	746	105	-	851	635	89	-	724
Mission Transformation	10	530	88	-	618	533	96	-	629
Mission Grants	10	98	296	-	394	82	392	-	474
Local Partners	10	245	182	-	427	237	159	-	396
Enabling Mission Network	10	365	118	-	483	352	83	-	435
Total charitable expenditure		2,870	3,827	-	6,697	2,938	3,950	-	6,888
Total Expenditure	10,11	3,591	3,840	17	7,448	3,697	3,954	16	7,667
Net gains/(losses) on investments		(449)	9	(635)	(1,075)	49	(4)	227	272
Net income/(expenditure)		31	241	(437)	(165)	97	709	417	1,223
Transfers between funds	24	46	(46)	-			(8)	-	-
Actuarial gains/(losses) on defined benefit pension scheme	24	(3,482)	-	-	(3,482)	5,164	-	-	5,164
Other gains/(losses) on pension scheme deficit reduction provision	25	-	(67)	-	(67)	-	(831)	-	(831)
Net movement in funds		(3,405)	128	(437)	(3,714)	5,269	(130)	417	5,556
Total funds brought forward		14,598	1,966	9,122	25,686	9,329	2,096	8,705	20,130
Total funds carried forward		11,193	2,094	8,685	21,972	14,598	1,966	9,122	25,686

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

CONSOLIDATED AND CHARITY BALANCE SHEET

AS AT 31 JANUARY 2020

	Note	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Fixed assets					
Tangible fixed assets	16	7,576	7,364	7,576	7,364
Investments: Unrestricted		5,453	5,867	5,453	5,867
Investments: Restricted and Endowment		8,663	9,096	8,663	9,096
	17	14,116	14,963	14,116	14,963
		21,692	22,327	21,692	22,327
Current assets					
Stock		1	2	-	-
Debtors	19	662	340	701	352
Cash at bank and in hand		6,288	6,799	5,546	6,087
		6,951	7,141	6,247	6,439
Current liabilities					
Creditors: amounts falling due within one year	20	(1,121)	(1,047)	(1,135)	(1,163)
Net current assets		5,830	6,094	5,112	5,276
Total assets less current liabilities		27,522	28,421	26,804	27,603
Net assets excluding pension assets or liability		27,522	28,421	26,804	27,603
Defined benefit pension scheme (liability)	25	(5,550)	(2,735)	(3,910)	(985)
Net assets		21,972	25,686	22,894	26,618
The funds of the charity:					
Unrestricted: General fund	24	3,524	3,879	3,524	3,879
Unrestricted: Designated funds	24	11,579	11,704	11,579	11,704
Unrestricted: Pension deficit	24	(3,910)	(985)	(3,910)	(985)
Unrestricted funds		11,193	14,598	11,193	14,598
Restricted funds excluding pension deficit	24	3,734	3,716	3,016	2,898
Restricted pension deficit	24	(1,640)	(1,750)	-	-
Restricted funds		2,094	1,966	3,016	2,898
Endowment funds	24	8,685	9,122	8,685	9,122
	24	21,972	25,686	22,894	26,618

The accompanying notes are an integral part of this Balance Sheet. The financial statements on pages 28 to 61 were approved by the Board of Trustees and authorised for issue on 25 June 2020 and signed on their behalf by:



Charles Clayton – Chair of Trustees

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2020

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

	2020	2019
	£'000	£'000
Net income/(expenditure) for the year (as per the Statement of Financial Activities)	(165)	1,223
Adjustments for:		
Investment income	(528)	(467)
Net gains/(losses) on investments	1,075	(272)
Depreciation charge	249	236
(Increase)/decrease in stock	1	(1)
(Increase)/decrease in debtors	(322)	141
Increase/(decrease) in creditors	74	(86)
Increase/(decrease) in pension scheme deficit reduction provision	(177)	(450)
Net charge for defined benefit pension scheme	(557)	(416)
Profit on disposal of leasehold property	(134)	-
Gift of shares	(48)	(7)
Net cash used in the Group's operating activities	(532)	(99)

STATEMENT OF CASH FLOWS

	Note	2020	2019
		£'000	£'000
Cash flows from operating activities:			
Net cash used in operating activities		(532)	(99)
Cash flows from investing activities:			
Dividends, interest and other income from investments		523	463
Purchase of tangible fixed assets		(515)	(60)
Proceeds from sale of leasehold fixed assets		193	-
Purchase of investments		(363)	(323)
Proceeds from sale of investments		183	217
Net cash used in investing activities		21	297
Change in cash and cash equivalents in the year		(511)	198
Cash and cash equivalents at the beginning of the year	29	6,799	6,601
Cash and cash equivalents at the end of the year	29	6,288	6,799

Cash and cash equivalents comprises the amounts shown in the Balance Sheet as "Cash at bank and in hand", and includes £108,000 as at 31 January 2020 relating to cash held in an endowment fund (2019: £104,000).

NOTES TO THE FINANCIAL STATEMENTS

AT 31 JANUARY 2020

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 subsidiary undertakings, including 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

The Trustees have reviewed the financial position and forecasts of the charity in light of COVID-19. There are some uncertainties around donation income which still remain but the Trustees have reviewed both forecasts and different reserve scenarios showing that the level of unrestricted reserves combined with the ability to reduce expenditure where needed means they 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.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 JANUARY 2020

Accounting estimates and judgements

The preparation of the financial statements in accordance with FRS 102 requires the Trustees to make judgements, 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.

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, when it is probable that the income will be received and the amount of the income can also 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 from which a distribution is to be made and the amount involved can be reliably quantified. Where legacies have been notified to the charity, or the charity is awaiting the grant of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. No value is included where the legacy is subject to a life interest held by another party.

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 2020 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 2020. The year-end of Clean for Good Ltd is 31 March 2020. 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.

NOTES TO THE FINANCIAL STATEMENTS AT 31 JANUARY 2020

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		

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 (The 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 Benefit 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, administered by the Church of England Pensions Board, 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. No funding liability currently arises for the Charity and SAMS in respect of them. Section 28 of FRS 102 requires the employer to account for pension costs on the basis of contributions actually payable to the scheme during the year. 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 25B).

3. DONATIONS AND LEGACIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000
Donations from churches and groups	202	1,470	-	1,672	238	1,499	-	1,737
Donations from individuals	721	1,441	-	2,162	728	1,501	-	2,229
Legacies	1,521	605	-	2,126	1,766	1,097	-	2,863
William Leech benefactions	162	-	215	377	155	-	206	361
Donations from grant making trusts	55	150	-	205	52	330	-	382
	2,661	3,666	215	6,542	2,939	4,427	206	7,572

Legacies of which CMS has been notified, but not recognised as income, are estimated at £719,000 (2019: £644,000).

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 per cent of the grants paid out to the five charities are made on the condition that they are reinvested in shares in William Leech (Investments) Limited at par, and treated as an addition to the recipient charity's capital funds.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 JANUARY 2020

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000
Pioneer Mission Education training	193	-	-	193	150	-	-	150
Partnership for Missional Church training	-	66	-	66	-	69	-	69
Events	-	30	-	30	-	24	-	24
Short term mission trips	-	-	-	-	1	-	-	1
	193	96	-	289	151	93	-	244

5. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000
Income from sale of books and resources	1	-	-	1	2	-	-	2
Income from property	157	-	-	157	116	-	-	116
Use of conference facilities	100	-	-	100	57	-	-	57
	258	-	-	258	175	-	-	175

6. INCOME FROM INVESTMENTS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000
Income from William Leech (Investments) Limited	791	-	-	791	371	-	-	371
Investments listed on a recognised stock exchange	36	53	-	89	31	46	-	77
Unlisted securities	-	-	-	-	1	-	-	1
Interest on cash balances	43	5	-	48	17	1	-	18
	870	58	-	928	420	47	-	467

7. OTHER INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000
Other income	89	118	-	207	61	99	-	160
Gain on disposal of leasehold property	-	134	-	134	-	-	-	-
	89	252	-	341	61	99	-	160

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:

	2020 £'000	2019 £'000
Not later than one year	108	60
Later than one year and not later than five years	117	34
Later than five years	17	18
	242	112

There are no contingent rents recognised as income.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 JANUARY 2020

9. EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000	Total 2019 £'000
Cost of generating voluntary income	668	12	-	680	718
Cost of activities for generating funds	41	-	-	41	32
Investment management costs	12	1	17	30	29
	721	13	17	751	779

10. ANALYSIS OF EXPENDITURE

	Direct £'000	Grants £'000	Support Costs £'000	Total 2020 £'000	Total 2019 £'000
Raising funds					
Costs of generating voluntary income	407	-	273	680	718
Cost of activities for generating funds	41	-	-	41	32
Investment management costs	30	-	-	30	29
	478	-	273	751	779
Charitable activities					
Mission Partners	3,227	122	575	3,924	4,204
Pioneer Mission Education	600	-	251	851	724
Mission Transformation	392	-	226	618	629
Mission Grants	123	193	78	394	500
Local Partners	140	167	120	427	396
Enabling Mission Network	33	390	60	483	435
	4,515	872	1,310	6,697	6,888
Total Expenditure	4,993	872	1,583	7,448	7,667

11. SUPPORT COSTS BY ACTIVITY

	Finance and ICT	Personnel and Development	Facilities and Premises	Governance	Total	Total
	£'000	£'000	£'000	£'000	2020 £'000	2019 £'000
Costs of generating funds						
Costs of generating voluntary income	202	-	64	7	273	273
Charitable activities						
Mission Partners	313	54	191	17	575	573
Pioneer Mission Education	79	19	153	-	251	243
Mission Transformation	73	22	128	3	226	221
Mission Grants	43	-	32	3	78	76
Local Partners	56	-	64	-	120	117
Enabling Mission Network	34	17	6	3	60	60
Total Support Costs	800	112	638	33	1,583	1,563

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 audit fee of £33,000 (2019: £32,000) and included in Finance and ICT are non-audit fees of £5,000 (2019: £5,000). All fees are shown gross of VAT.

Depreciation of £249,000 (2019: £233,000) is included in support costs, with Enil (2019: £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:

	2020 £'000	2019 £'000
Within one year	6	9
In two to five years	-	6
After five years	-	-
	6	15

Operating lease charges in the year to 31 January 2020 were £9,000 (2019: £9,000).

NOTES TO THE FINANCIAL STATEMENTS

AT 31 JANUARY 2020

13. ANALYSIS OF GRANTS

By category of charitable expenditure	Grants to Institutions	Grants to Individuals	Total grants in year to 31 January 2020	Total grants in year to 31 January 2019
	£'000	£'000	£'000	£'000
Mission Partners	43	79	122	116
Mission Grants	154	39	193	323
Local Partners	152	15	167	142
Enabling Mission Network	390	-	390	372
	739	133	872	953

By geographical area	Grants to Institutions	Grants to Individuals	Total grants in year to 31 January 2020	Total grants in year to 31 January 2019
	£'000	£'000	£'000	£'000
Africa	321	4	325	406
Asia	227	6	233	227
Europe, the Middle East and North Africa	57	21	78	100
Latin America	134	102	236	220
	739	133	872	953

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	25
Church of Uganda Children's Ministry	Mission grants for community health projects	Uganda	12
CMS-Africa	Other grants	Africa	2
CMS-Africa	Local Partners	Africa	40
CMS-Africa	Enabling Mission Network	Africa	220
Other Institutions grants under £10k			22
Total			321
Asia			
Asia-CMS	Enabling Mission Network	Asia	170
Asia-CMS	Local Partners	Asia	35
Asia-CMS	Other grants	Asia	2
Other Institutions grants under £10k			20
Total			227

13. ANALYSIS OF GRANTS (CONTINUED)

	Nature of grant	Country	Grants to Institutions £'000
Europe, the Middle East and North Africa			
Other Institutions grants under £10k			57
Total			57
Latin America			
Diocese of Northern Argentina	Mission grants for community projects and local partners	Argentina	31
Diocese of Paraguay	Mission grants for community projects and local partners	Paraguay	25
United World Mission	Mission associate grants	Colombia	19
Other Institutions grants under £10k			59
Total			134
Total Institutional Grants			739

14. STAFF COSTS AND OTHER EMPLOYEE BENEFITS

	2020 UK Staff £'000	2020 Mission Partners £'000	2020 Total £'000	2019 Total £'000
Staff costs				
Salaries and allowances	1,935	1,534	3,469	3,136
Social security cost	184	22	206	191
Employer's pension contributions (Defined contribution)	404	255	659	633
Employer's pension contributions (Defined benefit)	-	92	92	94
Redundancy and relocation costs	17	-	17	3
	2,540	1,903	4,443	4,057

There were no employees whose emoluments were equal to or greater than £60,000 per annum.

The total amount of employee benefits received by key management personnel for their services during the year is £362,000 (2019: £350,000). The number of volunteers working for Church Mission Society is 39 (2019: 39). During the year total redundancy payments were £17,000 (2019: £3,000). This related to the agreed redundancy costs relating to two staff members who left during the year. The previous year relates to a mission partner unit who ended service in early 2019.

Employees

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

	2020 Number	2019 Number
UK Staff		
Raising funds	12	15
Charitable activities	56	52
Governance of the charity	1	1
UK Staff	69	68
Mission Partners	117	120
	186	188

NOTES TO THE FINANCIAL STATEMENTS AT 31 JANUARY 2020

15. TRUSTEES' EXPENSES

	2020 £'000	2019 £'000
Expenses incurred by Trustees and reimbursed by Church Mission Society	4	4
Expenses incurred by Church Mission Society on behalf of the Trustees	3	2
Trustees' indemnity insurance cover cost	4	3
Number of Trustees receiving expenses	4	5

The Trustees receive no remuneration for their services, but are 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). For more details of transactions with CMS-Africa, see note 22.

The aggregate value of donations made to Church Mission Society by Trustees who served as trustees during year to the general fund was £5,000 (2019: £4,000) and to restricted funds £12,000 (2019: £4,000).

16. TANGIBLE FIXED ASSETS

The Group and Charity

	Freehold Property £'000	Long Leasehold Property £'000	Motor Vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost:					
At 1 February 2019	8,639	172	24	1,400	10,235
Additions	225	176	-	114	515
Disposals	-	(81)	-	(6)	(87)
At 31 January 2020	8,864	267	24	1,508	10,663
Depreciation:					
At 1 February 2019	1,731	49	24	1,067	2,871
Charge for the year	142	5	-	102	249
Disposals	-	(27)	-	(6)	(33)
At 31 January 2020	1,873	27	24	1,163	3,087
Net Book Value:					
At 31 January 2019	6,908	123	-	333	7,364
At 31 January 2020	6,991	240	-	345	7,576

(a) Capital expenditure authorised and contracted but not yet incurred was £nil (2019: £18,000).

(b) The net book value of long leasehold properties at 31 January 2020 includes two leasehold UK properties (2019: 2).

(c) The net book value of fixtures, fittings and office equipment comprises:

	2020 £'000	2019 £'000
Fixtures and fittings	170	140
Office furniture	13	14
Computer hardware/software	157	170
Audio and other equipment	5	9
	345	333

17. INVESTMENTS

The Group and Charity

Analysis of Movement in Investments

	Listed	Unlisted	Social	Held as cash	2020	2019
Market Value:	£'000	£'000	£'000	£'000	£'000	£'000
At 1 February	3,204	11,450	12	297	14,963	14,578
Additions to investments	200	211	-	-	411	330
Proceeds from disposals	(125)	-	-	-	(125)	(81)
Net movement in cash held by investment manager	-	-	-	(58)	(58)	(136)
Net gain/(loss) on investments	417	(1,490)	(2)	-	(1,075)	272
At 31 January	3,696	10,171	10	239	14,116	14,963

Unlisted Investments (shown at market value)

	2020 £'000	2019 £'000
Unrestricted Funds		
Ordinary shares – William Leech (Investments) Ltd	3,824	4,444
	<u>3,824</u>	<u>4,444</u>
Endowment Funds		
Ordinary shares – William Leech (Investments) Ltd	6,347	7,006
	<u>10,171</u>	<u>11,450</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).

In accordance with the wishes of the Directors of the William Leech Foundation Limited, 57 per cent of the voluntary income received in 2019–20 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 2020 was as follows:

	2020 £'000	2019 £'000
At historical cost:		
Balance at 1 February	6,563	6,363
Shares purchased at £1 each	211	200
Balance at 31 January	6,774	6,563

The Total Net Assets of William Leech (Investments) Limited in its most recent draft report and accounts (subject to audit) dated 31 March 2020 was £51.4m comprised of Listed securities £40.8m, Property £4.6m, Other net assets £6.0m (2019: £57.8m). 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 £10.3m (2019: £11.5m). 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.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 JANUARY 2020

17. INVESTMENTS (CONTINUED)

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)

	2020 £'000	2019 £'000
Unrestricted Funds		
Ordinary shares – Clean for Good Ltd at historical cost	30	30
Less: Provision	(20)	(18)
	<u>10</u>	<u>12</u>

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:

	2020 £'000	2019 £'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.

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:

	2020 Group £'000	2019 Group £'000	2020 Charity £'000	2019 Charity £'000
Financial assets measured at fair value, through profit and loss				
Unlisted investments	10,171	11,450	10,171	11,450
Other investments	3,945	3,513	3,945	3,513
Financial assets measured at amortised cost				
Cash at bank and in hand	6,288	6,799	5,546	6,087
Amounts due from subsidiaries	-	-	46	14
Other receivables (excluding prepayments)	542	272	535	270
Financial liabilities measured at amortised cost				
Amounts due to subsidiaries	-	-	(73)	(168)
Other creditors due within one year (excluding tax and deferred income)	(884)	(869)	(845)	(827)

19. DEBTORS

	2020	2019	2020	2019
	Group	Group	Charity	Charity
	£'000	£'000	£'000	£'000
Trade debtors	113	76	112	76
Taxation recoverable	53	26	53	25
Amounts owed by group entities	-	-	46	14
Prepayments	120	68	120	68
Accrued income	327	129	321	128
Other debtors	49	41	49	41
	662	340	701	352

20. CREDITORS

Amounts falling due within one year

	2020	2019	2020	2019
	Group	Group	Charity	Charity
	£'000	£'000	£'000	£'000
Trade creditors	137	83	134	79
Amounts owed to group entities	-	-	73	168
Accruals for grants payable	295	368	295	368
Other accruals	126	110	118	99
Taxes and social security costs	110	77	90	67
Deferred income	127	101	127	101
Other creditors	326	308	298	281
	1,121	1,047	1,135	1,163

Included in "Other creditors" are pension contributions due to the CMS Defined Benefit Pension Scheme of £171,000 (2019: £180,000), pension and administration expenses due to the CWPf Defined Benefit Pension Scheme of £19,000 (2019: £19,000). In addition, there are pension contributions to the Group's other pension schemes of £43,000 (2019: £42,000). All deferred income as at 31 January 2019 was recognised during the year ended 31 January 2020. Deferred income relates to amounts received in advance of entitlement.

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 2020, SAMS charged the Charity (gift from parent entity) with £504,000 (2019: £516,000). 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 2020 the Charity charged CMS House Enterprises Limited management fees totalling £4,000 (2019: £4,000). These are calculated as a percentage of external conference and catering services income.

In 2020 the Charity charged CMS House Enterprises Limited licence fees totalling £1,000 (2019: £1,000). These are calculated as a percentage of total conference and catering services room hire income.

In 2020 CMS House Enterprises Limited charged the Charity room hire fees totalling £20,000 (2019: £16,000). These fees are based on usage of rooms hired relating to courses run by the Pioneer Mission Education team.

CMS-Africa

Charles Clayton (CMS Chair of Trustees) was appointed Director of CMS-Africa (an independent organisation based in Nairobi, Kenya) in October 2015. During 2019–20 CMS paid CMS-Africa £277,000 (2018–19: £277,000). Included in the amounts paid is £223,000 (2018–19: £225,000) 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.

23. NET ASSETS BY FUND

The Group – 2020	Unrestricted	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000
Fixed assets	7,355	221	-	7,576
Investments	5,453	86	8,577	14,116
Current assets	3,251	3,592	108	6,951
Less: Current liabilities	(956)	(165)	-	(1,121)
Less: Defined benefit pension liability	(3,910)	(1,640)	-	(5,550)
Net Assets 2020	11,193	2,094	8,685	21,972
Net Assets 2019	14,598	1,966	9,122	25,686
The Charity – 2020	Unrestricted	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000
Fixed assets	7,355	221	-	7,576
Investments	5,453	86	8,577	14,116
Current assets	3,296	2,843	108	6,247
Less: Current liabilities	(1,001)	(134)	-	(1,135)
Less: Defined benefit pension liability	(3,910)	-	-	(3,910)
Net Assets 2020	11,193	3,016	8,685	22,894
Net Assets 2019	14,598	2,898	9,122	26,618
The Group – 2019	Unrestricted	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000
Fixed assets	7,260	104	-	7,364
Investments	5,867	78	9,018	14,963
Current assets	3,368	3,669	104	7,141
Less: Current liabilities	(912)	(135)	-	(1,047)
Less: Defined benefit pension liability	(985)	(1,750)	-	(2,735)
Net Assets 2019	14,598	1,966	9,122	25,686
Net Assets 2018	9,329	2,096	8,705	20,130
The Charity – 2019	Unrestricted	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000
Fixed assets	7,260	104	-	7,364
Investments	5,867	78	9,018	14,963
Current assets	3,522	2,813	104	6,439
Less: Current liabilities	(1,066)	(97)	-	(1,163)
Less: Defined benefit pension liability	(985)	-	-	(985)
Net Assets 2019	14,598	2,898	9,122	26,618
Net Assets 2018	9,324	2,185	8,705	20,214

NOTES TO THE FINANCIAL STATEMENTS

AT 31 JANUARY 2020

24. FUNDS

Unrestricted Funds: Group

	At 1 February 2019	Incoming	Outgoing Resources	Net Gain/ (Loss) on Investments	Transfers	Actuarial Loss on Defined Pension Scheme	At 31 January 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General fund	3,879	3,671	(3,044)	170	(1,152)	-	3,524
Tangible Fixed Asset fund (Designated)	7,260	-	(245)	-	339	-	7,354
William Leech Fund (Designated)	4,444	-	-	(619)	-	-	3,825
Pension Fund	-	400	-	-	-	-	400
Pension reserve	(985)	-	(302)	-	859	(3,482)	(3,910)
Unrestricted Funds	14,598	4,071	(3,591)	(449)	46	(3,482)	11,193

Unrestricted Funds: Charity

	At 1 February 2019	Incoming	Outgoing Resources	Net Gain/ (Loss) on Investments	Transfers	Actuarial Loss on Defined Pension Scheme	At 31 January 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General fund	3,879	3,671	(3,044)	170	(1,152)	-	3,524
Tangible Fixed Asset fund (Designated)	7,260	-	(245)	-	339	-	7,354
William Leech Fund (Designated)	4,444	-	-	(619)	-	-	3,825
Pension Fund	-	400	-	-	-	-	400
Pension reserve	(985)	-	(302)	-	859	(3,482)	(3,910)
Unrestricted Funds	14,598	4,071	(3,591)	(449)	46	(3,482)	11,193

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 Fund relates to an additional £400k received from William Leech (Investments) Ltd. This will be utilised to reduce CMS group pension liabilities. The pension reserve relates to the movement in the defined benefit pension scheme (see Note 25).

24. FUNDS (CONTINUED)

Endowment Funds The Group and Charity

	At 1 February 2019	Incoming	Outgoing Resources	Net Gain/ (Loss) on Investments	Transfers	At 31 January 2020
	£'000	£'000	£'000	£'000	£'000	£'000
William Leech Capital Fund	7,112	215	-	(871)	-	6,456
P Fund	1,037	-	(9)	122	-	1,150
H B Aserappa Fund	530	-	(4)	62	-	588
R H Aserappa Fund	351	-	(3)	41	-	389
Christava Mahilalayam Fund	71	-	(1)	9	-	79
Bell Trust Fund	21	-	-	2	-	23
Total Endowment funds	9,122	215	(17)	(635)	-	8,685

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	£153,000
India	£386,000
Medical work	£315,000
Palestine	£42,000
General reserves	<u>£254,000</u>
	<u>£1,150,000</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 2020

24. FUNDS (CONTINUED)

Restricted Funds The Group and Charity

	At 1 February 2019	Incoming	Outgoing Resources	Net Gain on Investments	Transfers	Pension Deficit Provision	At 31 January 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Mission Personnel Funds	912	1,750	(2,006)	-	185	-	841
South America Funds – Charity	112	56	(99)	-	(69)	-	-
Latin America Projects	829	297	(85)	-	2	-	1,043
Africa Projects	232	26	(79)	-	8	-	187
Asia Projects	172	48	(52)	-	7	-	175
Europe & Middle East Projects	25	25	(35)	-	1	-	16
Multi Region Projects	62	285	(175)	-	(135)	-	37
St Julian's Fund	104	134	(5)	-	(12)	-	221
Marc Nikkel Fund	17	-	(6)	-	(2)	-	9
Tanzania Education Fund	71	56	(28)	9	-	-	108
H B Aserappa Income Fund	-	13	(13)	-	-	-	-
R H Aserappa Income Fund	8	9	-	-	-	-	17
Christava Mahilalayam Income	12	2	-	-	-	-	14
Partnership for Missional Church	19	81	(65)	-	-	-	35
Mid Africa Fund	20	240	(142)	-	(6)	-	112
Strategic Mission Fund	67	-	-	-	(15)	-	52
Local Partner Fund	97	81	(182)	-	16	-	12
Other restricted funds	139	213	(189)	-	(26)	-	137
Total restricted funds – Charity	2,898	3,316	(3,161)	9	(46)	-	3,016
South America Funds – Group	818	756	(642)	-	(214)	-	718
South America Funds – Pension reserve (see Note 25C)	(1,750)	-	(37)	-	214	(67)	(1,640)
South America Total	(932)	756	(679)	-	-	(67)	(922)
Total restricted funds – Group	1,966	4,072	(3,840)	9	(46)	(67)	2,094

24. FUNDS (CONTINUED)

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

The South America Funds – Charity funds include reserves held by Church Mission Society which are used to support work 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 are received with a restriction to support these projects.

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 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 Local Partner 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.

The South America Funds – Group funds include reserves held by The South American Mission Society which are used to support mission partners in Latin America.

NOTES TO THE FINANCIAL STATEMENTS AT 31 JANUARY 2020

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 Benefit 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:

	2020 Group £'000	2019 Group £'000	2020 Charity £'000	2019 Charity £'000
CMS Pension Scheme (see Note 25A below)	(3,910)	(985)	(3,910)	(985)
Multi-Employer Defined Benefit Pension Scheme – CWPF Defined Benefit section – Pension Scheme Deficit Reduction Provision (see Note 25C)	(1,640)	(1,750)	-	-
	<u>(5,550)</u>	<u>(2,735)</u>	<u>(3,910)</u>	<u>(985)</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. CMS Ireland, an independent charity, also funds pensions for its current and former mission partners and staff, but these amount to only some 3 per cent of the scheme's total liabilities.

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 six directors including two member-nominated directors, elected by the membership, and two independent directors, appointed by CMS. The remaining two directors are also appointed by CMS but represent the employer's interests. 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 2020.

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 financial statements have used the actuarial valuation of the Scheme at 31 March 2016. This 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 per cent 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 per cent of any windfall income received.
- if any of the six 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 per cent 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 per cent 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 £859,000 to the Scheme in respect of the year to 31 January 2020 (2019: £983,000).

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. The 31 March 2019 valuation was still ongoing as at 31 January 2020 and agreement was concluded on a new recovery plan in April 2020. Contributions made by CMS have increased to £510,000 and these will increase by 2 per cent each year until 2035. In addition, CMS will contribute £232,000 per year to the administration expenses of the scheme.

NOTES TO THE FINANCIAL STATEMENTS AT 31 JANUARY 2020

25. RETIREMENT BENEFITS (CONTINUED)

Scheme Amendments

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

	2020 £'000	2019 £'000
Amounts recognised in the balance sheet		
Fair value of scheme assets	79,266	71,368
Present value of funded obligations	(83,176)	(72,353)
Net defined benefit (liability) recognised in the balance sheet	(3,910)	(985)
Amounts charged to the Statement of Financial Activities	2020 £'000	2019 £'000
Interest on scheme assets	1,834	1,848
Interest cost on obligation	(1,852)	(2,010)
Net interest on net defined benefit asset or liability	(18)	(162)
Past service costs	-	(87)
Pension scheme administration expenses	(284)	(318)
Included in net income/(expenditure)	(302)	(567)
Return on scheme assets (not included in interest)	7,762	(695)
Experience (loss)/gain on liabilities	375	-
Actuarial (loss)/gain on scheme obligation	(11,619)	5,859
Recognised in "Actuarial (losses)/gains on defined benefit pension scheme"	(3,482)	5,164
Total amounts recognised in the SOFA	(3,784)	4,597

There are no current service costs of the Scheme included within the SOFA (2019: Enil).

	2020 £'000	2019 £'000
Changes in fair value of scheme assets		
Scheme assets at the beginning of the year	71,368	71,894
Interest on assets	1,834	1,848
Return on scheme assets (not included in interest)	7,762	(695)
Contributions by CMS	859	983
Contributions by CMS Ireland	17	17
Administration expenses	(284)	(318)
Benefits paid	(2,290)	(2,361)
Scheme assets at the end of the year	79,266	71,368
Actual return on scheme assets	9,596	1,153

25. RETIREMENT BENEFITS (CONTINUED)

Scheme Assets

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

	2020	2019
	%	%
Diversified growth funds	50	52
Bonds	13	14
Cash and NCA	11	7
Liability driven investments	26	27

	2020	2019
	£'000	£'000
Changes in present value of the Scheme's defined benefit obligation		
Obligation at the beginning of the year	72,353	78,459
Interest cost on obligation	1,852	2,010
Actuarial loss/(gain)	11,619	(5,859)
Past service cost	-	87
Experience gain on liabilities	(375)	-
Contributions by scheme participants	17	17
Benefits paid	(2,290)	(2,361)
Defined benefit obligation at the end of the year	83,176	72,353

The weighted average duration of the liabilities of the Scheme was 17 years as at 31 January 2020 and 17 years at 31 January 2019.

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:

	2020	2019
	%pa	%pa
Discount Rate at end of year	1.70	2.60
Discount Rate at start of year	2.60	2.60
Inflation – CPI	1.90	2.20
Inflation – RPI	2.90	3.20
Rate of increase in pensionable salaries	1.90	3.20
Rate of increase in pensions in respect of service:		
- pre 10 January 1994	3.45	3.55
- between 10 January 1994 and 5 April 2005	2.80	3.10
- after 5 April 2005	2.10	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	1.90	2.20
- after 5 April 2009	1.90	2.20

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 87 if they are male and on average until age 90 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 88 if they are male and on average until 90 if female.

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 18 active members of the Church of England Funded Pension Scheme (also known as the Clergy Scheme), which has approximately 8,000 active members. Contributions for these members of the Scheme are paid for by the Archbishops' Council on behalf of the Group, so the expense recognised in the SOFA is £nil (2019: £nil). Employer's contributions to this scheme amounting to some £248,000 are funded by the Archbishops' Council in accordance with the Pensions Measure 1997, under a grant which the national church undertook to make to meet the pension costs of clergy employed by qualifying mission agencies belonging then to the Partnership in World Mission.

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

The Group through South American Mission Society participates in the Defined Benefit 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 Benefit Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

The Defined Benefit 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 (2020: £67,000, 2019: £831,000), plus any impact of deficit contributions (see below) giving a total charge in the year ended 31 January 2020 of £121,000 (2019: net charge of £864,017).

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.

25. RETIREMENT BENEFITS (CONTINUED)

A valuation of the DBS is carried out once every three years, the most recent scheme valuation completed was as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m 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 £26.2m.

Following the valuation, the Employer has entered into an agreement with the CWPF to pay expenses of £15,900 per year.

In April 2018, a one off deficit contribution of £265,000 was made in addition to deficit payments of £230,000 per year were agreed for 10 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

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:

	2020	2019
	£'000	£'000
Pension scheme deficit reduction provision		
Balance sheet liability at 1 February	1,750	1,369
Deficit contribution paid	(214)	(468)
Interest cost (recognised in SOFA)	37	18
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	67	831
Balance sheet liability at 31 January	1,640	1,750

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.

	2020	2019
	%pa	%pa
Discount Rate at end of year	1.40	2.30
Discount Rate at start of year	2.30	1.60

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 valuation of the Scheme will be carried out as at 31 December 2019 and this was still ongoing at 31 January 2020 with the results of the valuation still not known.

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 Benefit Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

25. RETIREMENT BENEFITS (CONTINUED)

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.

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 2020 are contributions payable of £96,000 (2019: £98,000).

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 2016. For the Pension Builder Classic section, the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time. For the Pension Builder 2014 section, the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time. The legal structure of the Scheme is such that if another employer fails, SAMS could become responsible for paying a share of that employer's pension liabilities.

During the 2017–18 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 next valuation of the Pension Builder Classic and 2014 schemes will be carried out as at 31 December 2019 and this was still ongoing at 31 January 2020 with the results of the valuation still not known.

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.

	2020 £'000	2019 £'000
Staff and Mission Partners	659	633
	659	633

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

Charity

As outlined in Note 1, The Church Mission Society Trust became a subsidiary of CMS under a scheme agreed with the Charity Commission in 2010. CMS is a corporate trustee of The Church Mission Society Trust. As part of the scheme, 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.

Principal Subsidiaries at 31 January 2020

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 obeying the call of God, to proclaim the gospel in all places with particular emphasis on Latin America and to draw all people into fellowship with the Lord Jesus Christ.	100%

b) CMS House Enterprises Ltd

Name	Principal Activities	Ownership
CMS House Enterprises Ltd (Co. No.: 09376700)	Income from room hire of CMS House and book sales.	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 2020	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Total incoming resources	8,016	756	89	(503)	8,358	8,618
Total resources expended	(7,228)	(679)	(44)	503	(7,448)	(7,667)
Gain/(losses) on investments	(1,075)	-	-	-	(1,075)	272
Actuarial gains/(losses) on defined benefit scheme	-	(67)	-	-	(67)	(831)
Other gains/(losses) on pension scheme deficit reduction provision	(3,482)	-	-	-	(3,482)	5,164
Net movement in funds	(3,769)	10	45	-	(3,714)	5,556

NOTES TO THE FINANCIAL STATEMENTS AT 31 JANUARY 2020

	The Charity	The South American Mission Society	CMS House Enterprises Ltd	Consolidation adjustments	Total 2020	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Total fixed assets	21,692	-	-	-	21,692	22,327
Current assets	6,247	773	50	(119)	6,951	7,141
Current liabilities	(1,135)	(55)	(50)	119	(1,121)	(1,047)
Defined benefit pension scheme asset/(liability)	(3,910)	(1,640)	-	-	(5,550)	(2,735)
Net assets/(liabilities)	22,894	(922)	-	-	21,972	25,686

Consolidation adjustments

The SAMS's adjustment in the funds movement relates to transfer of restricted funds relating to mission partners where the income is received by 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.

The registered office of The Church Mission Society Trust, The South American Mission Society and CMS House Enterprises Ltd is CMS House, Watlington Road, Oxford, Oxfordshire, OX4 6BZ.

Other subsidiaries at 31 January 2020

In addition to the above principal subsidiaries, the following entities are also part of the CMS group but are not consolidated due to materiality.

Name	Percentage Holding	Registered Office
Church Missionary Trust Association Ltd	100	CMS House, Watlington Road, Oxford, Oxfordshire, OX4 6BZ
CMS Pension Trust Ltd	100	CMS House, Watlington Road, Oxford, Oxfordshire, OX4 6BZ
World Mission Association Ltd	50	5 Trinity Street, London, SE1 1DB

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 the Defined Benefit Scheme section of the CWPF and this involves the use of certain estimates.

29. CHANGE IN MOVEMENT IN NET FUNDS

	At 1 February 2019	Cash flow	At 31 January 2020
	£'000	£'000	£'000
Cash at bank and in hand	6,502	(453)	6,049
Cash held with investment manager	297	(58)	239
Net Cash	6,799	(511)	6,288

30. POST BALANCE SHEET REVIEW OF COVID-19

At the time of approval of the financial statements, the COVID-19 virus continues to develop. The deterioration in CMS investments and in the funding levels on the CMS and the Church Workers Pension Fund defined benefit pension schemes have seen the most significant negative impact. Since the year end of 31 January 2020 the market value of the CMS investment portfolio had fallen by 18 per cent at March 2020. Although the value of the portfolio has since recovered, it is still 5 per cent down post year end.

The long-term impact on investment values is currently unknown and the Trustees will continue to monitor the situation.

The negative impact on gilt yields, combined with falling investment values, has also meant the funding levels of both the CMS Pension Scheme and the Church Workers Pension Fund have worsened. It will also mean CMS will receive less bank interest income during 2020–21.

The CMS Pension Scheme funding level has fallen to 87 per cent, which is 5 per cent below its expected level. This has not led to any changes to the recovery plan recently agreed in April 2020. A three-month deferral from May 2020 to July 2020 in deficit contributions was agreed by the Board of the CMS Pension Scheme, and this has positively impacted CMS cashflow in the short-term. This will be paid over in full in August 2020.

The funding level on the Church Workers Pension Fund has worsened largely as a result of the fall in investment values. The quantum attached to the fall is currently not known and as such South American Mission Society's share of the fall is also not known. This will not impact the deficit recovery payments being paid in 2020–21, as agreed following the 2016 actuarial valuation. The Church of England Pensions Board has announced a big reduction in the deficit on the Church Workers Pension Fund at 31 December 2019. As such we actually expect the SAMS recovery plan to become better not worse in 2021–22.

NOTES TO THE FINANCIAL STATEMENTS AT 31 JANUARY 2020

REFERENCE DETAILS OF THE CHARITY AND ADVISERS

Principal Address

Church Mission Society
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Cowley
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Principal Professional Advisers

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Oxford Team
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Principal Solicitors

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