

SONS AND FRIENDS OF THE CLERGY

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

SONS AND FRIENDS OF THE CLERGY

CONTENTS

TRUSTEES' REPORT.....	2
AN APPRECIATION OF FOUR EMINENT TRUSTEES.....	17
THE FESTIVAL SERMON 2016 PREACHED BY THE MOST REVEREND JUSTIN WELBY, ARCHBISHOP OF CANTERBURY.....	19
THE FESTIVAL 2016: WHAT THE DAY MEANT TO ME.....	21
STATEMENT OF THE RESPONSIBILITIES OF THE COURT OF ASSISTANTS.....	22
INDEPENDENT AUDITOR'S REPORT	23
STATEMENT OF FINANCIAL ACTIVITY.....	25
BALANCE SHEET	27
STATEMENT OF CASH FLOWS	28
NOTES TO THE ACCOUNTING POLICIES	29

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

"The Sons and Friends of the Clergy is much more than...an organisation that carries out a functional work of easing financial hardship...It is a sacrament of the love of God that reaches out powerfully and touches human hearts." So preached our President, The Archbishop of Canterbury, at our Festival Service in St. Paul's Cathedral in May last year. We are very appreciative of the encouragement and support offered by the Archbishop at our 2016 annual Festival and we consider ourselves privileged to lead a charity that has helped so many and seeks to continue supporting clergy and their dependants in the changing context for ministry.

Our sense of achievement is demonstrated not just by the numerous letters of thanks we receive each month from our beneficiaries, but also through the results of an independent review we commissioned in 2016 on the impact of our grant making activities. Overall, the review found our grant-giving programme highly effective, and the grants awarded to our beneficiaries make a significant difference in relieving and preventing poverty and hardship.

All of this would not have been possible without the dedication and commitment of our fellow Trustees and the staff at 1 Dean Trench Street, led so successfully throughout 2016 by our Interim Registrar, Tim Jeffery. During Tim's time in office, the Charity has completed a range of initiatives to ensure its infrastructure has been modernised to support more efficiently and effectively the work of the Charity. Our new website has increased our outreach capabilities and enabled us to introduce an online grant application process; our technology platform has been enhanced to enable remote working and improve our filing and documentation back up procedures; we have a new telephone system in operation and we are starting to share documentation for Trustee meetings using a secure web-based application. From a people perspective, we have introduced a new organisational structure with expanded responsibilities and we have standardised working arrangements with more formalised staff policies.

The staff has risen to the challenges and opportunities presented, responding positively, even at times when circumstances were difficult. We are immensely grateful for all the support the staff provides and for the strong sense of teamwork they have demonstrated. Towards the end of 2016 we re-started the process to find a new permanent leader for the staff. The Court of Assistants decided that this role would be better characterised under the modern terminology of Chief Executive rather than Registrar. Our search was successful and we are delighted that Jeremy Moodey joined us in April 2017. Jeremy was most recently Chief Executive of the Christian development charity Embrace the Middle East and has extensive experience working both in the voluntary sector and in the financial services industry.

Tim Jeffery has made a significant impact on the Charity in his relatively short time with us, as illustrated by the Charity's many recent achievements. He has demonstrated strong leadership of the staff and has been unstinting in his careful and considered guidance for the Trustees. We will miss all he contributes and we wish him well as he returns to focus fully on his consultancy business.

One of the projects overseen by Tim was a comprehensive independent review of the governance of the Charity by leading experts in the field. Their final report was presented to the Court of Assistants in September 2016 and included a number of recommendations for the Court of Assistants to consider in updating the Charity's governance framework to align with current best practice and to ensure the Charity is well placed to respond to the challenges it has ahead. The Court of Assistants has agreed a two-year time frame to assess and to implement these recommendations as appropriate. This will be a significant piece of work and will be led by a smaller number of trustees within a Governance Implementation Group.

We are very fortunate in having a stable group of Trustees who all contribute significantly to the work of the Court of Assistants, both with their time and their expertise. In 2016 three long serving Trustees, Sir John Chadwick, Colin Menzies and Fiona Daley, retired from the Court. Sir John served as Vice-President for twelve years; Colin had served as Senior Treasurer of the Sons and Fiona had served as Vice Chairman of the Friends. All three will be much missed. Tributes to Sir John, Colin and Fiona can be found on page 18.

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

We were also very saddened to learn of the passing of Dr Elizabeth Webb earlier this year; Liz was the Charity's first female Trustee and Senior Treasurer and was instrumental in leading through the initial amalgamation of the Sons of the Clergy and the Friends of the Clergy. A tribute to Liz can be found on page 19.

Our Charity - with its long history, the understanding and commitment of the members of the Court of Assistants, the encouragement of its Governors, its good financial management and its dedicated staff - is well placed to make a significant contribution to the Church's changing patterns of ministry. During the course of 2016, it became apparent that some of the work which the Charity would like to do to better support the Church's ministry may be difficult to achieve within the Charity's current objects. A key focus for us in 2017 is to determine a way forward to address this challenge.

In his sermon last May, The Archbishop also said: "Long life in institutions is in part the result of flexibility. It reads the signs, engages with God, keeps to its principles, in your case of generosity and of concern for the group to which you are called, and as a result it finds its way through change, upheaval, and every possible kind of Archbishop of Canterbury as its President, until it can look back over more than a third of a millennium and see that it has served faithfully". We truly hope and pray that the same will be said of this Charity in the years to come.

The Right Reverend D D J Rossdale
Treasurer

The Venerable C Allsopp
Treasurer

Ms A M Brougham
Treasurer

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Report of the Court of Assistants of the Sons and Friends of the Clergy ("the Charity")

The Court of Assistants, as the Trustees of the Sons and Friends of the Clergy, presents its report with the audited financial statements for the year ended 31 December 2016.

OBJECTIVES AND ACTIVITIES

The objects of the Charity were established in 2012 through Charity Commission Schemes and an Order in Council as part of the amalgamation, effective 1 January 2013, of the Corporation of the Sons of the Clergy and the Friends of the Clergy Corporation:

"The Charity shall apply the clear yearly income and at its discretion the whole or part of the property of the Charity for the public benefit in providing assistance to beneficiaries, whether directly or indirectly, in such manner as and by such means as the Court of Assistants from time to time in their absolute discretion think fit for the relief or prevention of poverty or hardship or for the relief of illness, whether physical or mental. "Beneficiaries" means members of the clergy, ordinands and the spouses, former spouses, children and dependants of living or deceased members or former members of the clergy or ordinands.

- a) "children" includes adopted children, step-children and persons treated as the children of a marriage or civil partnership.
- b) "civil partners" means the members of a civil partnership within the meaning of Section 1 (1) of the Civil Partnership Act 2004.
- c) "clergy" and "members of the clergy" means bishops, priests and deacons of the Anglican Communion.
- d) "ordinands" means persons who are preparing for ordination as members of the clergy.
- e) the "spouse" of a person means his or her wife, husband, civil partner, widow, widower or surviving civil partner."

In 2015 the Court of Assistants launched an initiative to evaluate our strategy in the context of these objects.

The main focus of the Charity is to provide assistance to clergy serving primarily within the Church of England, the Church in Wales, the Episcopal Church of Scotland and the Church of Ireland, including the dependants of such clergy.

The Charity's main activity is the provision of discretionary cash grants, helping large numbers of applicants each year with the costs of daily living. Grants are considered as gifts from the Charity and are made at the full discretion of the Trustees to beneficiaries in the furtherance of the charitable objects of the Charity. Applicants are asked to complete an application form giving details of their household's financial circumstances and the Trustees take this information into account when considering applications and awarding grants.

The Charity also maintains properties that are made available as retirement housing. This scheme is now being wound down, with properties being sold as soon as practicable after they become vacant. Two of the properties were sold in 2016, leaving one property remaining.

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

In carrying out these activities the Trustees have complied with the duty under section 17(5) of the Charities Act 2011 to have regard to the Charity Commission's guidance on public benefit and they are satisfied that the Charity fulfils its fundamental objects and so provides public benefit.

The Trustees and the members of any committees established by them are the only volunteers directly involved in the work of the Charity. All the Trustees and committee members give their time voluntarily and receive no personal benefit from the Charity. Further information on the Trustees and committees is included in the section *Structure, Governance and Management* below. Details of Trustees' expenses reclaimed from the Charity are set out in note 9 to the financial statements.

ACHIEVEMENTS AND PERFORMANCE

Governance

In March 2016, the Trustees commissioned an extensive independent review of our governance framework. This review put forward a number of recommendations for the Trustees to consider in enhancing our existing governance framework and ensuring that our governance framework reflects best current practice. At our away day in January 2017, we agreed a two-year timeframe in which we plan to assess and to implement as agreed the resulting governance changes. To achieve such an ambitious target, the Trustees have established a Governance Implementation Group to consider the various recommendations, which include matters as diverse as the level of direct trustee involvement in grant making, the size of the Trustee group and the scope of our current objects.

Grant making

The changes made to our grant making process in 2015 are now embedded fully, and in most situations we believe this new process works very well in ensuring that those most in need do benefit. The basis for this revised grant making process was the recognition that one of the Charity's primary roles is to support the clergy and their dependants in fulfilling the promise made at ordination that the clergy will endeavour to fashion their own life and that of their household according to the way of Christ, that they may be a pattern and example to Christ's people. In assessing the needs of beneficiaries, the Charity noted the assertion of the Central Stipends Authority that, together with the provision of housing costs, the stipend is sufficient in providing the needs of the clergy and their dependants and the Charity gave high regard to the concept of the stipend as a sum which enables the clergy and their dependants to live a life commensurate with that promise made at ordination. We continue to monitor carefully the implementation of the new process and the Grants Review Committee considers potential issues periodically, making enhancements to the process as deemed necessary.

A further significant change to our grant making process has been the introduction of web-based grant applications via our new website. This has transformed the application process for both applicants and staff, improving the efficiency of the process and also enabling applicants to incorporate a short background information summary to assist the staff and Trustees in assessing those cases considered less straightforward.

During the course of 2016 the Trustees commissioned an independent review of the impact of our grant making activities on our beneficiaries. This independent review collated feedback from our beneficiaries and confirmed our expectation that the grants that we award make a real difference to those who receive them. A similar independent review has now been commissioned to help understand the effect on applicants who have not been successful in receiving a grant. Clearly this is a more challenging piece of work, but one which the Trustees look forward to assessing later this year.

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Strategy

Following the discussions on strategy at the away day in January 2016, a group of Trustees spent time in 2016 evaluating a number of potentially exciting ideas to adapt the Charity to better meet the needs of its beneficiaries both today and in the future and to ensure it is using to best effect the resources it is so fortunate to have. Through this work, the Trustees have determined that the current objects of the Charity present some challenges in the context of the needs of our potential beneficiaries that we are seeking to address. We continue to explore the possible expansion of discretionary grants that we may be able to offer in future for medical purposes.

Recruitment

Towards the end of 2016 the Trustees, through their Recruitment Committee, recommenced the recruitment process to replace Tim Jeffery, who completed his period as interim Registrar in April 2017. It was decided by the Trustees that the role title should be updated to Chief Executive Officer/Registrar. After a thorough and extensive process, the Trustees were delighted to appoint Jeremy Moodey, who started work as the Charity's first Chief Executive in April 2017.

Infrastructure changes

During 2016 a number of changes have been implemented to improve the efficiency of the organisation and to bring the Charity's processes and procedures more in line with best practice. Contracts with staff have been aligned, a staff handbook has been introduced and changes have been made to the organisational structure. The technology framework has been upgraded, with a new IT system providing much enhanced back up procedures as well as the ability for remote working by staff and the online sharing of Court and other documents through a web-based tool. A new telephone system has also been installed. All this work was completed as scheduled and within the budget set.

Outreach

The Charity launched its new website in 2016. This significant achievement for the Charity has not only increased our outreach capabilities, but has also enabled the Charity to modernise its grant application process and to begin to streamline its operational and governance processes.

During the year, the Interim Registrar continued to carry out diocesan visits to meet diocesan bishops and their senior staff. The main purpose of these visits is to ensure that those responsible for the clergy in the diocese are aware of the help that the Charity can provide to those in their care. The visits also provide a useful forum for obtaining feedback on the Charity's work and with regard to the needs of the clergy in that diocese. The Interim Registrar also strengthened our outreach work through visits and meetings with various current and potential beneficiaries and other interested parties, such as the Society of Mary & Martha and St. Luke's Healthcare for the Clergy.

The Festival of the Sons and Friends of the Clergy is the most significant event in the Charity's year, providing the opportunity to celebrate both the support that the Charity is able to give its beneficiaries today and the nearly four-hundred-year tradition on which the Charity is founded. Through the Festival Service and Dinner, the Charity increases the awareness of its activities and benefits from the generous donations received, including those from Stewards, the Livery Companies and the collection at the Service. The 362nd Festival was held in St. Paul's Cathedral on 10 May 2016. The Preacher was the Archbishop of Canterbury, the Most Reverend Justin Welby, and his sermon is reproduced after this Report. The choirs of Birmingham Cathedral and St. Edmundsbury Cathedral joined with the choir of St. Paul's for the service. The Right Reverend Graeme Knowles (former Registrar), spoke at the Dinner in Merchant Taylors' Hall following the Service. The Service and the Dinner were both well attended and the Trustees wish to record their gratitude to the Dean and Chapter of St Paul's Cathedral and to the Master and Wardens of the Merchant Taylors' Company for all their assistance and support in helping to make the Festival the splendid occasion that it is.

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Pension fund

In October 2014, the Trustees committed to wind up the Charity's defined benefit pension scheme (The Corporation of the Sons of the Clergy Retirement Benefit Scheme), which at that time had no active members and two deferred members. Due to circumstances largely out of our control, progress has been slower in 2016 than originally expected, but further progress has been made recently and we hope to resolve outstanding matters with the one remaining deferred member and commence the formal winding up process in 2017. The estimated direct costs of completing this work have been provided for in the accounts; further information can be found in Note 18 of the Financial Statements.

Grants

During the year, the Charity awarded 908 (2015: 995) discretionary grants to individuals including 3 (2015: 3) discretionary grants to organisations. The majority of the grants were given to clergy and other eligible beneficiaries for general welfare purposes, with other significant support given for school fees, university maintenance, debt relief and grants for ordinands. The number of grants awarded in 2016 fell from 2015 levels, as beneficiaries are generally now only able to receive one grant per annum, whereas previously some received multiple gifts in a year. Further information on the discretionary grants awarded can be found in Note 7 of the financial statements.

Information on the financial performance of the Charity, including the Charity's investment portfolio, is included in the section *Financial Review* below.

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL REVIEW

Total income for the year amounted to £4.18m (2015: £3.39m). This included a surplus on the sale of two charitable housing properties of £383k (2015: nil) and legacies totaling £63k (2015: £39k). Total expenditure amounted to £3.46m (2015: £3.39m). No further amounts (2015: £25.3k) were added to the provision in respect of the projected costs of winding up the Staff Retirement Benefit Scheme. Net income amounted to £718.4k (2015: net expenditure £1.5k). After taking into account net gains on investments, total funds increased by £12.77m (2015: £2.33m).

Investments and investment performance

Our principal investment objective is to promote and protect the financial interests of the Charity and its beneficiaries by providing an adequate income return whilst as far as possible maintaining the long-term value of the funds in real terms. The investment performance is reviewed on a regular basis against agreed benchmarks.

As part of the investment policy, the Trustees take note of the guidelines provided by the Church's Ethical Investment Advisory Group. The Trustees believe this provides an appropriate balance between ethical considerations and fiduciary responsibilities

Throughout the year, the Trustees retained the Statement of Investment Policy, which will be reviewed in 2017.

The investment portfolio is managed by three external managers and is broadly diversified across asset classes and geographical markets. This is expected to reduce the capital risk compared to a narrower portfolio.

One of these, the Charities Property Fund, managed by Savills Investment Management Ltd., focuses only on property investments. The other two managers have separate performance benchmarks, owing to their differing inception dates and the objectives of the portfolios at those times. The portfolio managed by Sarasin has a balanced, multi-asset approach while the Charles Stanley portfolio has focused primarily on equities in recent times.

During the year, as set out below, all three portfolios generated positive returns. In contrast to last year, the Charities Property Fund achieved the lowest return but this was still a good result and well ahead of inflation while also producing a significant level of income. Charles Stanley again outperformed its benchmark in contrast to the Sarasin portfolio which had a challenging year.

Manager	Value of Portfolio	Portfolio Return	Performance Benchmark	Relative Performance
	£	%	%	%
Sarasin & Partners LLP	28,430,481	11.0	16.6	-5.6
*Charles Stanley & Co Ltd	62,202,155	23.5	16.8	+6.7
Charities Property Fund	10,000,838	6.4	2.8	+3.6

* Gross of fees

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Investments and investment performance (continued)

The annualised three and five year returns shown below have also been positive from all three managers and are well ahead of inflation. Sarasin has lagged its benchmark after fees but has remained above the median of the ARC Steady Growth Index over five years, which measures the performance of Charity Managers.

Periods ended December 2016 (annualised)	Portfolio Return 3 years	Performance Benchmark	Relative Performance	Portfolio Return 5 years	Performance Benchmark	Relative Performance
	%	%	%	%	%	%
Sarasin & Partners LLP	7.0	9.2	-2.2	9.9	10.9	-1.0
*Charles Stanley & Co Ltd	11.0	6.1	+4.9	14.2	10.1	+4.1
Charities Property Fund	11.9	10.7	+1.2	9.9	8.2	+1.7

*Gross of fees

Despite the uncertainties caused by both the referendum in the UK and the US election, most asset classes produced attractive returns during the year. The higher oil price and devaluation of sterling since the referendum have both affected the outlook for inflation as well as the prospects of individual companies and sectors.

Markets have continued to be positive during the first part of 2017 with a number of equity indices at or close to their highs.

The Finance and Investment Committee reviewed all three managers early in 2017 as part of its regular due diligence process.

The Charity also owns three investment properties which were independently valued at the year end at £1,418k (2015: £1,393k). During the year part of our agricultural investment was compulsorily acquired for road widening.

Further information on our investments can be found in Note 12 to the Financial Statements.

Sources of Funding

The Charity's investment portfolios, themselves largely the result of the generosity of past generations of supporters, provide the Charity's major source of funding. From time to time the Charity benefits from donations and legacies and the Festival benefits from the generous donations received, including those from Stewards, the Livery Companies and the collection at the service. The Charity receives no subsidy from any central authority.

Reserves policy

The reserves policy adopted by the Trustees requires that funds be held such as to enable the Charity to maintain a level of charitable activities (currently primarily awarding financial grants) that balances a proper response to the needs of current and potential beneficiaries with the need to mitigate the risks of future investment performance having a detrimental effect on reserves required to support the Charity's future charitable activities. The cost of charitable activities, the investment objectives and the net returns on investments are reviewed on a regular basis in the context of this policy.

The Charity's policy is to hold reserves in the form of cash and short term deposits sufficient to cover at least three months of operating costs based on average monthly amounts over the last five years. As at 31 December 2016, the Charity held cash and short term deposits of £1.25m (2015: £2.05m), equivalent to approximately five months of net operating costs. Remaining reserves are invested primarily in fund investments, classified as fixed asset investments in the Charity's accounts. The level of reserves invested

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Reserves policy (continued)

in fund investments is reviewed regularly and as at 31 December 2016 the Charity held fund investments of £100.63m (2015: £87.10m). As the majority of the Charity's fund investments can be sold without notice, if necessary fund investments can be reduced through sales to ensure sufficient funds are available to meet the needs of the Charity. Less liquid assets form only a small component of the Charity's reserves and as at 31 December 2016 the Charity held tangible fixed assets of £0.98m (2015: £1.05m) and investment properties of £1.42m (2015: £1.39m).

Total reserves held by the Charity as at 31 December 2016 were £104.20m (2015: £91.44m), of which £102.41m is considered unrestricted (2015: £89.81m), £1.60m is restricted with regards to its use (2015: £1.46m) and £0.19m is held under endowment (2015: £0.17m). Notwithstanding those funds restricted as to their use and excepting those liabilities recognised in the Charity's accounts, as at 31 December 2016 no reserves had been otherwise designated or committed for any specific purpose (2015: nil). Based on the definitions in SORP 2015 as at 31 December 2016 the Charity's free reserves were £101.43m (2015: £88.77m), being unrestricted funds of £102.41m excluding amounts related to freehold properties of £0.98m.

As a result of careful stewardship over many years, including the success of its investment policy, the Charity has unspent funds. The Trustees intend to continue to exercise careful stewardship and are mindful that the Charity cannot depend on the level of generosity demonstrated by supporters during its long history. At the same time, the Trustees are aware that the changing face of ministry in the context of today's society is presenting increased and new challenges for current and future beneficiaries that requires the Charity to be able to respond to increased need. The Trustees have determined therefore that the Charity reviews its current charitable activities in the context of its objects and, partly through commissioning research projects, seeks to increase the range of grants it is able to provide to meet the changing needs of its current and potential beneficiaries. In addition, the Trustees are exploring whether a small amendment can be made to the Charity's objects to enable the Charity to address more broadly the changing needs of its current and potential beneficiaries in the spirit of the Charity's origins.

Fundraising

As the Trustees have concluded that the Charity currently has unspent funds, the Charity does not engage currently in fundraising activities. The Charity continues to benefit from legacies and receives periodic donations, most notably in connection with its Annual Festival Service and Dinner.

Funds

The majority of the Charity's funds are held on an unrestricted basis. Certain funds are restricted by their terms as to their use. Details of the various different funds held and of the terms on which each of those funds is held are set out in note 16 to the financial statements.

As at 31 December 2016 the Charity's unrestricted funds were £102.41m (2015: £89.81m) and the Charity's other funds were £1.79m (2015: £1.63m).

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

PLANS FOR THE FUTURE

It continues to be an exciting time for the Charity. The Charity's financial position remains strong and enables us to consider potential opportunities for expanding our work in the context of the Charity's objects. During the course of 2017 the Charity will continue to evaluate opportunities to ensure that it is using its resources in the most effective way to meet the needs of current and future beneficiaries. The Charity's first Chief Executive started in April and this year will also see the implementation of a number of changes triggered by the independent governance review in 2016. As the independent impact assessment review confirmed last year, the needs of the Charity's current and potential beneficiaries are very real and the Charity intends to be in the forefront in meeting these needs.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Management Structure

The overall management of the Charity is vested in the Court of Assistants, who are the Trustees of the Charity. The Court of Assistants meets at least eleven times a year in order to transact all the grant-making and other principal business of the Charity.

The members of the Court of Assistants are elected each year by the Governors of the Sons and Friends of the Clergy at the Annual General Court in accordance with the Royal Charter. The Court of Assistants can co-opt others to its number pending formal election at the Annual General Court.

The officers of the Charity are elected by the Governors at the Annual General Court.

Committees

At times the Trustees appoint committees to assist them in their work. *Ad hoc* working groups are also set up at such times and for such purposes as the Trustees consider necessary.

The following committees were active during 2016:

Finance and Investment Committee

The objects of the Finance and Investment Committee are as follows:

- The Finance Committee shall keep under review the Charity's investments and other financial affairs, and make recommendations on them to the Court of Assistants;
- The committee shall receive and consider the Charity's management accounts;
- The committee shall, no less than once a year, meet with the Charity's investment managers and receive their reports;
- The committee shall have the oversight of the Sons' Retirement Benefit Scheme;
- The committee shall have the oversight of the Charity's investment properties and other properties owned by the Charity

The Finance Committee is also responsible for reviewing the pay and remuneration of the Charity's key management personnel and making recommendations thereon to the Court of Assistants. In considering pay and remuneration the Committee takes note of benchmarks including inflationary measures and Croner Reward.

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Finance and Investment Committee (continued)

Membership in 2016: Ms A M Brougham (Chairman and Treasurer), Mr T D D Hoffman, the Reverend W Kennedy, Mr T G Knight, The Right Reverend D D J Rossdale (Senior Treasurer, formerly Chairman) and Mr P N C Walker.

Grants Review Committee

The objects of the Grants Review Committee are as follows:

- The Grants Review Committee shall keep under review the Charity's grant guidelines, principles and policies, making recommendations on them to the Court of Assistants;
- The committee shall consider any and all matters remitted to them for deliberation from the Court of Assistants, and make recommendations in consequence;
- The committee shall continue to consider the Charity's objective as the relief of poverty amongst the clergy and their dependants in respect of grant guidelines.

Membership in 2016: Lady Mawer (formerly Chairman and Senior Treasurer), Archdeacon C Allsopp (Chairman and Treasurer), Mrs A Joyce, Mr C D L Menzies (until November 2016) the Right Reverend D D J Rossdale (Senior Treasurer), Ms J F Sandham and the Reverend J J Swanton.

Recruitment Committee

This Committee renewed its remit later in 2016 for the recruitment of the Charity's first Chief Executive and, in December 2016, Mr Jeremy Moodey was appointed.

Membership in 2016: Lady Mawer (Chairman and formerly Senior Treasurer), the Right Reverend D D J Rossdale (Senior Treasurer), Archdeacon C Allsopp (Treasurer),, Miss A M Brougham (Treasurer), Canon C J Davies and Reverend Dr J Dunn.

Audit Committee

The Audit Committee's remit is to assist the Trustees in ensuring that there is an effective system of internal control and in meeting their external financial reporting obligations as well as in the oversight of the external auditors.

Membership in 2016: Mr M A Chamberlain (Chairman until retirement in November 2016), Mr A Gillett (from November 2016), the Reverend R F Hunte, Mr J M R Prichard (from November 2016), Mr J E F Rushworth (retired November 2016) and the Reverend J J Swanton (from November 2016).

Trustees' Appointments Committee

The Trustees' Appointment Committee's remit is to review the skill base of the Court of Assistants and seek out candidates for appointment to the Court of Assistants. The committee shall consider those proposed for appointment, interviewing each possible candidate, and make recommendations to the Court of Assistants as to the appointment of new members.

Membership in 2016: Ms J F Sandham (Chairman and formerly Treasurer), Lady Mawer (formerly Senior Treasurer), the Right Reverend D D J Rossdale (Senior Treasurer), Reverend Dr Jack Dunn, Mr A Gillett and the Reverend R F Hunte.

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

New trustees

The Trustees keep their membership under review in order to ensure a wide and relevant representation within their number. New members are normally recruited from within the relevant skill areas in order to bring to the Trustee body people who not only have the experience and expertise that are sought but who are also sympathetic to the work of the Charity.

All new Trustees are provided with an induction which comprises meetings with one or more of the Officers of the Charity and the Chief Executive and the provision of relevant background documentation. Amongst the topics covered by the meetings are a brief history of the Sons and Friends of the Clergy, its corporate and fund structure, the grant-making process, the powers, responsibilities and methods of working of the Court of Assistants, and the Charity's investment policies and procedures.

Risk Management

The Trustees have considered the major risks to which the Charity is exposed. The major risks that have been identified and set out below have been reviewed and, where reasonable and practicable, procedures have been established with a view to mitigating the consequences of those risks.

Market risk could arise from volatility in global stock markets and uncertainty regarding world economic prospects. The Charity mitigates this by retaining expert investment managers who are instructed to manage the portfolios in accordance with the Charity's Investment Policy and maintain a diversified investment portfolio, overall. The Charity's Finance and Investment Committee has been charged with regular reviews of investment performance. Once a year, there is a formal review of the appointed investment managers.

Regulatory risk could arise from failure to comply with legal and regulatory obligations. The Chief Executive reports to the Court of Assistants regularly on fulfilling statutory requirements and Trustees take professional advice where required including legal, HR and independent governance advice.

Internally, *operational risk* could arise from loss of records (paper or computerised), processes incompetently executed, risk of inappropriate staff action and breach of confidentiality, The Charity has a robust procedure for back up of computer records and appropriate storage of paper records. The Court of Assistants monitors and conducts monthly file audits. There is regular staff training and a confidentiality policy is in place for Trustees, staff and advisers.

Externally, *operational risk* could arise from failure of the systems of the investment managers, or those of the custodian. This might result in an inability to provide accurate reporting and monitoring, or a misappropriation of assets. As part of the annual audit of the Charity, the investment managers are required to produce a custody of investments report which considers their systems of internal controls and safeguarding procedures.

Administration

The day-to-day administration of the Charity, including the processing of all grant applications prior to their consideration by the Trustees, is handled by the staff of the Charity.

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

REFERENCE AND ADMINISTRATIVE DETAILS

Incorporation and registration

The Charity now known as the Sons and Friends of the Clergy was originally founded in 1655 by a group of sons of clergymen and was then incorporated by Royal Charter in 1678 under the name of *the Governors of the Charity for Releefe of the Poore Widdowes and Children of Clergymen*. The Royal Charter was amended in 1971 and again in 2012 and it is this latter amendment granted by the Privy Council in October 2012 which governs the Charity today. Sons and Friends of the Clergy is registered with the Charity Commission for England and Wales with the number 207736.

Linked charity

The Friends of the Clergy Corporation was incorporated by Act of Parliament in 1849 to provide annuities for widows and dependants of clergy. It is registered with the Charity Commission for England and Wales with the number 207736-41. With effect from 1 January 2013, all assets and liabilities of The Friends of the Clergy Corporation were transferred to Sons and Friends of the Clergy, following completion of the amalgamation process between the Corporation of the Sons of the Clergy and The Friends of the Clergy Corporation.

Principal office

The principal office of the Charity is at 1 Dean Trench Street, Westminster, London SW1P 3HB

Trustees

The following were the members of the Court of Assistants throughout 2016 (except as stated below):

The Archbishop of Canterbury

The Bishop of London (until 28 February 2017)

The Right Honourable Sir John Chadwick (until 11 May 2016)

The Venerable C Allsopp

Ms A M Brougham

Mrs E F Daley (until 10 November 2016)

Canon C J Davies

The Reverend Dr N R Dunn

Mr A J Gillett

Mr T D D Hoffman

The Reverend R F Hunte

Mrs A Joyce

The Reverend W P Kennedy

Mr T G Knight

The Venerable D W Lowman

Lady Mawer

Mr C D L Menzies (until 10 November 2016)

Mr J M R Prichard

The Right Reverend D D J Rossdale

Ms J F Sandham

The Reverend J J Swanton

Mr P N C Walker

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Officers

The officers of the Charity during 2016 were as follows:

President	The Archbishop of Canterbury
Vice President	The Right Honourable Sir John Chadwick (Until 11 May 2016)
Senior Treasurer	Lady Mawer (until November 2016)
	The Right Reverend D D J Rossdale (from 10 November 2016)
Treasurers	The Right Reverend D D J Rossdale (until 10 November 2016)
	Ms J F Sandham (until 10 November 2016)
	The Venerable C Allsopp (from 10 November 2016)
	Ms A M Brougham (from 10 November 2016)

Executive officer

The day-to-day management of the Charity is delegated to the Chief Executive and formerly to the Registrar. This post was held by Mr Tim Jeffery as Interim Registrar (until April 2017) and by Mr Jeremy Moodey as Chief Executive (from 18 April 2017).

Professional advisers

The Charity's professional advisers during the year included the following:

Solicitors

Thrings LLP
Kinnaird House
1 Pall Mall East
London SW1Y 5AU

RadcliffesLeBrasseur
5 Great College Street
London SW1P 3SJ

Auditors

Moore Stephens LLP
150 Aldersgate Street
London
EC1A 4AB

A resolution to re-appoint Moore Stephens LLP as auditor will be proposed at the forthcoming Annual General Meeting.

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Investment advisers/managers

Sarasin & Partners LLP
Juxon House
100 St. Paul's Churchyard
London EC4M 8BU

Charles Stanley & Co. Limited
55 Bishopsgate
London EC2N 3AS

The Charities Property Fund
Cordea Savills
33 Margaret Street
London W1G 0JD

Bankers

Messrs C Hoare & Co
37 Fleet Street
London EC4P 4DQ

National Westminster Bank Plc
PO Box 3038
57 Victoria Street
London SW1H 0HN

Property Valuers

BNP Paribas Real Estate Advisory & Property Management UK Limited
5 Aldermanbury Square
London
EC2V 7BP

SONS AND FRIENDS OF THE CLERGY

AN APPRECIATION OF FOUR EMINENT TRUSTEES

Sir John Chadwick

Sir John Chadwick retired in the summer of 2016, having served as Vice-President for the previous twelve years. His long and distinguished career at the Bar had culminated in his appointment as a Lord Justice of Appeal. Despite the time pressures of that position, he readily agreed to serve the charities and was a notably regular attender at Court meetings. His skills and expertise were particularly helpful at the time of the amalgamation of the two charities when he would explain, with courteous patience, why he felt that some paths that were under consideration might be better avoided, always suggesting alternatives for consideration. Looking at him, it was perhaps not difficult to picture him sitting sternly in court but the reality was a man of considerable charm and quiet wit who won over other members of the Court by his persuasive arguments rather than by any forceful legal dogma. His deep love of the Church of England, which had already been demonstrated by his holding senior legal positions in the Diocese of Southwark, always shone through any advice he gave. The Sons and Friends owe him much for the professionalism he freely made available and for the time he gave the charities.

Colin Menzies

Colin joined the Court of Assistants of the Corporation of the Sons of the Clergy in 2000 and was an obvious recruit to the 'Petitions' committee. He was a Treasurer for three years before becoming Senior Treasurer in 2008, when the boards of the Sons and the Friends were working together. He was a very supportive Senior Treasurer and he did his best to be available to the Registrar not just for cheque signing, a vital role pre 'online' banking, but also as a sounding board for ideas and discussion on complex issues. His proximity to the Dean Trench St office meant that even after he stepped down as Senior Treasurer he remained a cheque signatory and was regularly called upon to be part of the interviewing panel for staff appointments, bringing with him his wealth of experience at Church House. Colin also agreed to step in as Interim Registrar for the months before Graeme Knowles' appointment. This was an unsettling time for the staff, but Colin brought what might have been described as an 'avuncular' calm to the office, encouraging staff and being a stable presence. Thereafter he continued to be a wise counsellor to both the Registrar and the Trustee body. His encyclopaedic knowledge of the C of E and the Episcopal Church of Scotland was often of immense help in discussions at Trustee meetings. His sixteen years as a Trustee show his tremendous commitment to the work of the Sons and Friends and through that to the lives and work of the Clergy. Trustees will miss his wide knowledge and his wise and gracious contribution to their deliberations.

Mrs Fiona Daly

Fiona became a trustee of the Friends of the Clergy Corporation in 1994 and became Vice Chairman of the Friends Committee of Management in November 2007. She brought to our deliberations the invaluable perspective of years of experience living in a Vicarage and raising a family in a clergy household. Her grounded wisdom and innate sense of compassion was a great blessing to the Committee and then to the Court, and on many occasions enabled us to have a greater understanding of the pressures facing clergy families. Innumerable applicants will unknowingly have cause to be grateful that Fiona fully understood their circumstances.

As Vice Chair of the Friends, Fiona was regularly called upon to take the lead at meetings and her broad vision was a contributing factor to the successful coming together of the Friends and the Sons. Her counsel will be much missed. We wish her a long and happy retirement in the West Country.

SONS AND FRIENDS OF THE CLERGY

AN APPRECIATION OF FOUR EMINENT TRUSTEES

Dr Elizabeth Webb

It was with great sadness that the Court learnt of the death of Dr Webb in January 2017.

Liz Webb was the first female Senior Treasurer of the Sons of the Clergy Corporation and, despite some early misgivings by a few of the more traditional members, she very quickly won the admiration of the Court. She chaired meetings with great professionalism, but always with compassion for those applications which she felt merited particular generosity.

Liz's grace and sense of humour, combined with her steely determination to "move things on", came to the forefront during the negotiations to draw together the Sons and the Friends. This was a challenging time for both Corporations. Liz had the unenviable task of persuading some of her Court to stand down in order to achieve parity with the number of Friends trustees. When the negotiations to draw together the two charities became protracted and at several points were in danger of breaking down, Liz redoubled her efforts to help ensure that the goal was achieved. During some particularly challenging meetings which she chaired, Liz's raised eyebrow spoke volumes when politics precluded verbal comment! Again, her grace and sense of humour were a contributory factor to the successful outcome.

With her medical background, it could be said that Liz was the "midwife" of the united charity we see today. We owe her a great debt of gratitude.

SONS AND FRIENDS OF THE CLERGY

THE FESTIVAL SERMON 2016 PREACHED BY THE MOST REVEREND JUSTIN WELBY, ARCHBISHOP OF CANTERBURY

Changes are always very difficult to deal with, and in most generations we imagine that we are facing the most difficult changes to deal with that any human being has ever faced in the whole of history.

Moses was about to undergo the biggest change that happens to any of us, apart from being born and that is the moment at which we die. Yet, the account in Deuteronomy is not about his death, or his feelings about it, or experience of it, but about the process of handover, of the flexibility required both by Israel and by Joshua if God's purposes were to be fulfilled.

The Lord is devastatingly clear about what will happen. He says to Moses that as soon as he's dead, everything will go wrong. That cannot have been a moment of great encouragement for Joshua. But it is a passage that sets clearly the context in which we adjust to change, which is with an awareness of human sinfulness and fallibility.

There are two dangers to this; the first is that we become fatalistic, falling back on the old rule that applied in the oil industry, "what can go wrong will". It is a good rule in engineering, but a very bad one in the spiritual life or in theology. It removes us from a sense of engagement with God which is where Moses and Joshua were at the time that this was said. They were standing in the presence of God at the entrance to the tent, and the pillar of cloud had come to stand before them.

In the extraordinary history of the Sons and Friends of the Clergy, there have been plenty of opportunities for fatalism, for a sense of "have not these troubles come upon us because our God is not in our midst?". 1655 was not an easy time to start a new charity. One part of the civil war had ended only three years earlier, and it was a bare three years further before Oliver Cromwell died and another two before the Restoration. All of these events were such as to give rise to anxiety at the base of change.

Fatalism goes with the flow far too much. It does not engage with God and say, "Why?" It does not look at itself and say, "Is this us or is it events?" In 1655, the Church was, as usual, deeply divided. One group, then in control, were operating on the principle that if things were not going well enough as a result of being rigorous, then the only answer was to be much more rigorous. All pressure groups do that, from whichever side they come. They cannot admit failure. And yet, it was at that time that rather than give in to the circumstances, there was a leap of spirit-induced imagination that enabled generosity to flourish, the gifts of grace to pass through human hands in financial form, in a way that signalled the presence of the Spirit of God.

Long life in institutions is in part the result of flexibility. It reads the signs, engages with God, keeps to its principles, in your case of generosity and of concern for the group to which you are called, and as a result it finds its way through change, upheaval, and every possible kind of Archbishop of Canterbury as its President, until it can look back over more than a third of a millennium and see that it has served faithfully.

So thank you, and may God continue to bless you in your flexibility and imagination, do not let those depart from your armoury which gives you such long life. The reading to Deuteronomy ends with words, "I will be with you".

And that is where 1 John picks up: "See what love the Father has given us, that we should be called children of God; and that is what we are." The Sons and Friends of the Clergy, I am sure, does not see itself as perceiving only the children of clergy to be children of God! Nonetheless, it recognises the principle of solidarity, and shares from what it has received in order to ensure that others are lifted out of the extremes of need that everyone faces from time to time. It is an old saying that just because you can't do everything, it doesn't mean you should do nothing at all. It would be easy for people to challenge the Sons and Friends of the Clergy and say, "But why don't you meet that need or that need?" I am sure it happens very frequently.

And yet, in a sinful world, which both readings pick up on, all we can do is to act faithfully, persistently and humbly in the way that we are called by God.

SONS AND FRIENDS OF THE CLERGY

THE FESTIVAL SERMON 2016 PREACHED BY THE MOST REVEREND JUSTIN WELBY, ARCHBISHOP OF CANTERBURY

The reading from 1 John speaks of righteousness, and righteousness being revealed in the love we show for one another. Love in the thought of the Old Testament, and of the writer of 1 John, is something that is demonstrated practically. It would be perfectly reasonable for someone to say, "I know the Sons and Friends of the Clergy loved us, because they paid for a holiday that otherwise we could not have had." In your ministry, you live out the love that God offers to the world and become its channel, to one particular section, with the resources you have.

When a call is that clear, it is a call to be obeyed and to be pursued, and to be reimagined, and to be celebrated. Not every organisation knows why it exists, but you do. Israel knew to what it was called. The recipients of John's letter knew to what they were called.

It would be easy to see the Sons and Friends of the Clergy as an organisation that carries out a functional work of easing financial hardship. It is much more than that, it is a sacrament of the love of God that reaches out powerfully and touches human hearts.

The Church is going through much change, in the rapidly changing context of the society in which it lives. There are wildly different approaches to this change, and strong feelings about what is right and wrong. The continuity of organisations, such as the Sons and Friends of the Clergy, reveals to us the continuity and faithfulness of God who has made us his children, who calls us to righteousness and holiness. In acting practically, you reveal theologically the love of God, may your ministry continue to be deeply blessed.

The 364th Festival of the Sons & Friends of the Clergy will be on Tuesday 15 May 2018.

SONS AND FRIENDS OF THE CLERGY

THE FESTIVAL 2016: WHAT THE DAY MEANT TO ME

Festival at St Paul's Cathedral

When you start out on your journey with the Lord, it is mostly true that you have no idea where he will take you, if you will yield to him and follow. In many ways, although over the years I have seen glimpses of what he wanted me to do, I would never in the proverbial million years, have envisioned myself at St Paul's Cathedral in London, not a tourist, but as participant in a beautiful service, taking the role of the intercessor.

It was truly an honour and a privilege to be invited to participate, and especially in such a beautiful setting; a place where many clergy have not yet had the blessing of visiting, let alone serving in. I would have said that maybe bishops, or long-standing clergy would have been the ones chosen for this joy, but instead I found myself there, sharing the day with friends, fellow believers, and others in God's service.

In part, it was a little overwhelming; there was a sense in which the worship, the procession, the participants felt to me like a foreshadow of what heaven may be like; the gathering of one body, made of all nations, genders and backgrounds, unified in worship to our God.

It's a moment in my life I will not forget. To invite my friends, to remember others in intercession, and to lead the congregation to do likewise, was humbling. I was awed by the experience.

Spiritually I felt it was a prophetic moment, as God showed me that he will take me to places I haven't begun to conceive or imagine. This is a challenge to dream big, and allow myself to take the limits off God. As a woman, and being black, this is all the more significant. I see how others are removing barriers that have previously prohibited groups of people from serving God in the way he intended. Now I must take down the barriers myself, and see yet again, God will take whoever is willing, to the places he want us to go to, even if we do not know all the details of where the destination will be!

Jassica Castillo-Burley
Ordinand
Ridley Hall, Cambridge

SONS AND FRIENDS OF THE CLERGY

STATEMENT OF THE RESPONSIBILITIES OF THE COURT OF ASSISTANTS

The Court of Assistants is responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Court of Assistants to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources of the Charity for that period. In preparing these financial statements, the Court of Assistants is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Court of Assistants is responsible for adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable it to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations and the provisions of the Royal Charter and Act of Parliament under which the Charity is incorporated. It is also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Court of Assistants On 4 July 2017

The Right Reverend D D J Rossdale
Senior Treasurer

The Venerable C Allsopp
Treasurer

Ms A M Brougham
Treasurer

SONS AND FRIENDS OF THE CLERGY

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF SONS AND FRIENDS OF THE CLERGY

We have audited the financial statements of Sons and Friends of the Clergy for the year ended 31 December 2016 which are set out on pages 25 to 44. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 (FRS 102) 'the Financial Reporting Standard in the UK and Republic of Ireland'.

This report is made solely to the Charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's 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 charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 22, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 144 the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2016 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

SONS AND FRIENDS OF THE CLERGY

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF SONS AND FRIENDS OF THE CLERGY

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Moore Stephens LLP

Statutory Auditor

150 Aldersgate Street
London
EC1A 4AB

20 July 2017

Moore Stephens LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

SONS AND FRIENDS OF THE CLERGY

STATEMENT OF FINANCIAL ACTIVITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2016 £	Total Funds 2015 £
Income and Endowments from:						
Donations and legacies	2	122,218	26,251	-	148,469	132,228
Investments	3	3,596,085	49,258	1,314	3,646,657	3,254,176
Charitable activities	4	382,694	-	-	382,694	2,310
Total		<u>4,100,997</u>	<u>75,509</u>	<u>1,314</u>	<u>4,177,820</u>	<u>3,388,714</u>
Expenditure on:						
Raising funds	5	281,582	10,449	809	292,840	288,838
Charitable activities	6	3,166,484	77	-	3,166,561	3,101,382
Total		<u>3,448,066</u>	<u>10,526</u>	<u>809</u>	<u>3,459,401</u>	<u>3,390,220</u>
Net income/(expenditure) before net gains on investments		652,931	64,983	505	718,419	(1,506)
Net gains on investments	12	11,951,869	77,285	18,175	12,047,329	2,333,981
Net income and Net movement in funds		12,604,800	142,268	18,680	12,765,748	2,332,475
Total funds brought forward		89,809,122	1,455,955	170,906	91,435,983	89,103,508
Total funds carried forward	16	<u>102,413,922</u>	<u>1,598,223</u>	<u>189,586</u>	<u>104,201,731</u>	<u>91,435,983</u>

The notes set out on pages 29 to 44 form part of these financial statements

SONS AND FRIENDS OF THE CLERGY

STATEMENT OF FINANCIAL ACTIVITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2015 £
Income and Endowments from:					
Donations and legacies	2	109,591	22,637	-	132,228
Investments	3	3,204,759	48,144	1,273	3,254,176
Charitable activities	4	2,310	-	-	2,310
Total Income		<u>3,316,660</u>	<u>70,781</u>	<u>1,273</u>	<u>3,388,714</u>
Expenditure on:					
Raising funds	5	277,680	10,393	765	288,838
Charitable activities	6	3,089,685	11,697	-	3,101,382
Cost of grant making		<u>3,367,365</u>	<u>22,090</u>	<u>765</u>	<u>3,390,220</u>
Net (expenditure)/income before net gains on investments		(50,705)	48,691	508	(1,506)
Net gains on investments	12	<u>2,298,055</u>	<u>29,871</u>	<u>6,055</u>	<u>2,333,981</u>
Net income and Net movement in funds		2,247,350	78,562	6,563	2,332,475
Total funds brought forward		87,561,772	1,377,393	164,343	89,103,508
Total funds carried forward	16	<u>89,809,122</u>	<u>1,455,955</u>	<u>170,906</u>	<u>91,435,983</u>

SONS AND FRIENDS OF THE CLERGY

BALANCE SHEET AS AT 31 DECEMBER 2016

	Notes	£	Dec-16 £	£	Dec-15 £
Fixed Assets					
Tangible fixed assets	11	982,529		1,048,299	
Investment assets	12	<u>102,051,474</u>	103,034,003	<u>88,469,598</u>	89,517,897
Current Assets					
Debtors	13	259,445		210,864	
Short term deposits		901,660		1,551,395	
Cash at bank and in hand		<u>349,356</u>		<u>499,707</u>	
		1,510,461		2,261,966	
Current Liabilities					
Creditors: amounts falling due within one year	14	<u>(270,505)</u>		<u>(262,880)</u>	
Net Current Assets		1,239,956		1,999,086	
Provision for winding up pension scheme	10,18	(72,228)	1,167,728	(81,000)	1,918,086
Total Assets less Liabilities			<u>104,201,731</u>		<u>91,435,983</u>
Funds					
Unrestricted	16		102,413,922		89,809,122
Restricted	16		1,598,223		1,455,955
Endowment	16		189,586		170,906
Total Funds			<u>104,201,731</u>		<u>91,435,983</u>

The financial statements were approved by the Court of Assistants on 4 July 2017 and signed on their behalf by

The Right Reverend D D J Rossdale
Senior Treasurer

Ms A M Brougham
Treasurer

The notes set out on pages 29 to 44 form part of these financial statements

SONS AND FRIENDS OF THE CLERGY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Total Funds 2016 £	Total Funds 2015 £
Net cash used in operating activities (a)	(3,354,477)	(3,269,928)
Cash flows from investing activities:		
Income, interest and rents from investments	3,646,657	3,254,176
Proceeds from sale of property	491,656	-
Purchase of furniture and equipment	(8,296)	(1,546)
Proceeds from sale of investments	18,534,225	8,465,909
Purchase of investments	(20,109,851)	(8,544,649)
Net cash provided by investing activities	<u>2,554,391</u>	<u>3,173,890</u>
Change in cash and cash equivalents	(800,086)	(96,038)
Cash and cash equivalents brought forward	2,051,102	2,147,140
Cash and cash equivalents carried forward (b)	<u>1,251,016</u>	<u>2,051,102</u>
 Reconciliation of net movement in funds to net cash flow from operating activities		
(a) Net income for the reporting period	12,765,748	2,332,475
Adjustments for:		
Depreciation charge	5,608	3,995
Income, interest & rents from investments	(3,646,657)	(3,254,176)
Loss/(profit) on sale of fixed assets	(382,119)	-
Gains/losses on investments	(12,047,329)	(2,333,981)
(Increase)/decrease in debtors	(48,581)	26,117
Decrease in creditors	(1,147)	(44,358)
Net cash used in operating activities	<u>(3,354,477)</u>	<u>(3,269,928)</u>
(b) Analysis of cash and cash equivalents		
Cash at bank and in hand	349,356	499,707
Short term deposits	<u>901,660</u>	<u>1,551,395</u>
	<u>1,251,016</u>	<u>2,051,102</u>

The notes set out on pages 29 to 44 form part of these financial statements

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2016

The Sons and Friends of the Clergy will hereafter be referred to as “the Charity”.

1. Accounting policies

(a) Basis of preparation and assessment of going concern

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The financial statements have been prepared in accordance with the Charities Act 2011, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Charity constitutes a public benefit entity as defined by FRS 102.

The trustees consider that there are no material uncertainties about the Charity’s ability to continue as a going concern. The most significant area of uncertainty that affects the future carrying value of the assets held by the Charity is the level of investment return and the performance of investment markets (see the investment policy and performance and risk management sections of the trustees’ annual report for more information).

(b) Funds structure

Details of the various different funds held and of the terms on which each of those funds is held are set out in Note 16 to the financial statements.

(c) Income recognition

Incoming resources are recognised in the Statement of Financial Activities when entitlement is both reliably measurable and there is probable receipt. Where incoming resources derived from endowment funds are unrestricted these are included within unrestricted funds.

Legacies are recognised following the granting of probate when the administrator or executor for the estate has communicated in writing both the amount and settlement date. In the event that the legacy is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the legacy being reliably measurable with a degree of reasonable certainty.

Interest on funds held on deposit is included when receivable and notification has been received from the bank. Income from investment funds is recognised once notification has been received from the investment advisors.

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2016

(d) Expenditure recognition

Liabilities are recognised as expenditure as soon as 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.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated to the applicable expenditure headings.

Grants are considered as gifts from the Charity and are made at the full discretion of the trustees to beneficiaries in the furtherance of the charitable objects of the Charity. In the case of an unconditional grant offer, this is accrued once the recipient has been notified of the grant award. Deferred grants are grants that have been awarded but are not payable until some future date. Most school fees grants and certain other grants are paid by instalments and some other grants are awarded for payment at a future date.

(e) Governance costs

Governance costs comprise all costs associated with the strategic as opposed to day-to-day management of the Charity's activities together with the public accountability of the Charity and its compliance with regulations and good practice.

(f) Expenditure on raising funds

Expenditure on raising funds consists of investment management costs, costs of organising the Festival and an allocation of support and governance costs based on staff time.

(g) Expenditure on charitable activities

Expenditure on charitable activities consists of grants made and an allocation of support and governance costs based on staff time.

(h) Tangible fixed assets and depreciation

Freehold properties are included at cost. No depreciation is provided on such properties because the estimated residual values are considered to be in excess of cost. Regular maintenance is carried out on these properties to mitigate against any indicator of impairment.

All assets costing over £1,000 are capitalised and stated at historical cost. Depreciation is charged on a straight line basis on fixtures and fittings and equipment over their estimated useful life from the year of acquisition of five and three years, respectively.

(i) Fixed asset investments

Investments are initially recognised at their transaction value and subsequently measured at their fair value as at the reporting date using the closing quoted market price. The Statement of Financial Activities includes net gains and losses arising on revaluation and disposals throughout the year.

The main form of financial risk faced by the Charity is that of volatility in investment markets due to wider economic conditions.

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2016

(j) Gains and losses on investments

All gains and losses on investments are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and transaction value. Unrealised gains and losses for the year are calculated as the difference between the fair value at the year end and the opening carrying value, or the transaction value if acquired in the financial year. Realised and unrealised gains and losses on investments are combined in the Statement of Financial Activities.

(k) Pensions

In accordance with auto-enrolment, the Charity contributes a percentage of salary into a Group Pension Plan, which comprises a series of personal pension plans arranged for the Charity's eligible employees (previously, contributions were paid into personal pension plans).

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2016

2 DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2016 £
Donations	76,031	9,879	-	85,910
Legacies	<u>46,187</u>	<u>16,372</u>	-	<u>62,559</u>
	<u>122,218</u>	<u>26,251</u>	-	<u>148,469</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2015 £
Donations	82,613	10,830	-	93,443
Legacies	<u>26,978</u>	<u>11,807</u>	-	<u>38,785</u>
	<u>109,591</u>	<u>22,637</u>	-	<u>132,228</u>

3 INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2016 £
Rental income	45,106	17,911	-	63,017
Income from investment funds	3,544,981	31,078	1,314	3,577,373
Bank Interest	<u>5,998</u>	<u>269</u>	-	<u>6,267</u>
	<u>3,596,085</u>	<u>49,258</u>	<u>1,314</u>	<u>3,646,657</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2015 £
Rental income	46,315	17,522	-	63,837
Income from investment funds	3,150,330	30,469	1,273	3,182,072
Bank Interest	<u>8,114</u>	<u>153</u>	-	<u>8,267</u>
	<u>3,204,759</u>	<u>48,144</u>	<u>1,273</u>	<u>3,254,176</u>

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2016

4 INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2016 £
Surplus on sale of freehold property	382,694	-	-	382,694

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2015 £
Rental income	2,310	-	-	2,310

Following the closure to new occupants of the Charity's housing scheme for retired clergy and their wives/widows some time ago, houses are sold as and when they become vacant and are not replaced. During the year, two houses were sold (2015: none). There is one (2015: three) housing scheme property remaining at the year end.

5 EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2016 £
Investment management costs				
- investment properties	15,767	6,910	-	22,677
- investment funds	252,380	3,539	809	256,728
Staff costs (see note 9)	<u>13,435</u>	<u>-</u>	<u>-</u>	<u>13,435</u>
	<u>281,582</u>	<u>10,449</u>	<u>809</u>	<u>292,840</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2015 £
Investment management costs				
- investment properties	24,176	6,934	-	31,110
- investment funds	241,439	3,459	765	245,663
Staff costs (see note 9)	<u>12,065</u>	<u>-</u>	<u>-</u>	<u>12,065</u>
	<u>277,680</u>	<u>10,393</u>	<u>765</u>	<u>288,838</u>

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2016

6 EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2016 £
Grants (see note 7)	2,431,128	-	-	2,431,128
Charitable housing costs	819	-	-	819
Support and governance costs (see note 8)	287,714	77	-	287,791
Staff costs (see note 9)	<u>446,823</u>	<u>-</u>	<u>-</u>	<u>446,823</u>
	<u>3,166,484</u>	<u>77</u>	<u>-</u>	<u>3,166,561</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2015 £
Grants (see note 7)	2,445,606	11,589	-	2,457,195
Charitable housing costs	1,062	-	-	1,062
Support and governance costs (see note 8)	239,543	108	-	239,651
Staff costs (see note 9)	<u>403,474</u>	<u>-</u>	<u>-</u>	<u>403,474</u>
	<u>3,089,685</u>	<u>11,697</u>	<u>-</u>	<u>3,101,382</u>

7 GRANTS

During the year, the Charity awarded 908 grants to qualifying individuals and organisations (2015: 995).

	Number of grants	2016 £	Number of grants	2015 £
Clergy	446	1,664,835	602	1,681,921
Divorced or separated spouses	62	320,175	83	408,943
Ordinands	368	128,800	256	89,600
Widows/Widowers	28	151,753	48	146,537
Unmarried daughters	1	4,000	3	10,194
Organisations	<u>3</u>	<u>161,565</u>	<u>3</u>	<u>120,000</u>
	<u>908</u>	<u>2,431,128</u>	<u>995</u>	<u>2,457,195</u>

	2016 £	2015 £
General welfare	1,927,158	1,347,505
Resettlement & house expenses	16,704	76,950
School fees	146,397	86,996
University maintenance	196,500	203,250
School clothing	1,257	54,896
Other education expenses	2,117	146,146
Ordinand grants	128,800	89,950
Debt	1,200	24,011
Bereavement	6,795	2,691
Holidays	<u>4,200</u>	<u>424,800</u>
	<u>2,431,128</u>	<u>2,457,195</u>

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2016

7 GRANTS (continued)

In April 2015, a new basis for awarding grants was adopted, to ensure that those most in need should benefit. As a result, most grants are now awarded for general welfare rather than for specific needs, and generally, beneficiaries are now only able to receive one gift per annum, whereas previously some received multiple gifts in a year.

The following organisations received grants from the Charity:

The Personal Emergencies Fund (PEF) of the Anglican Communion - £50,000 (2015: £45,000). This fund was set up in 1979 by Archbishop Donald Coggan to meet the critical medical needs of clergy and church workers and their families around the Anglican Communion.

College of St Barnabas - £57,565 (2015: £50,000). The College of St Barnabas is a retirement community for priests (with their wives & widows), with a significant number of residents whose means are insufficient to meet the costs incurred for their care.

Society of Mary & Martha - £54,000 (2015: £25,000). This charity was set up to support people in ministry at times of stress, crisis, burnout or breakdown.

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2016

8 SUPPORT AND GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Support costs:			
Festival Costs	29,879	-	29,879
Printing, postage, stationery & telephone	12,620	-	12,620
Property costs	55,664	-	55,664
Advertising	1,412	-	1,412
Office equipment maintenance	92,152	-	92,152
Other office expenses	44,764	77	44,841
Legal and professional	24,723	-	24,723
Governance costs:			
Legal and professional	11,200	-	11,200
Auditor's remuneration	<u>15,300</u>	<u>-</u>	<u>15,300</u>
	<u>287,714</u>	<u>77</u>	<u>287,791</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £
Support costs:			
Festival Costs	32,621	-	32,621
Printing, postage, stationery & telephone	21,626	-	21,626
Property costs	49,604	-	49,604
Advertising	-	-	-
Office equipment maintenance	35,042	-	35,042
Other office expenses	40,497	108	40,605
Legal and professional	38,853	-	38,853
Governance costs:			
Legal and professional	6,300	-	6,300
Auditor's remuneration	<u>15,000</u>	<u>-</u>	<u>15,000</u>
	<u>239,543</u>	<u>108</u>	<u>239,651</u>

The annual Festival is the most significant event in the Charity's year, providing the opportunity to celebrate both the support that the Charity is able to give its beneficiaries today and the nearly four-hundred-year tradition on which the Charity is founded. Through the Festival Service and Dinner, the Charity increases the awareness of its activities and benefits from the generous donations received, including those from Stewards, the Livery Companies and the collection at the Service. To reflect the Festival's importance in raising awareness of the Charity's activities, the basis of presentation has been changed for the year ended 31 December 2016, so that direct costs are included within the support and governance cost of charitable activities; prior period amounts have been restated.

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2016

9 STAFF COSTS

	2016	2015
	£	£
Salaries	372,838	326,208
Social security costs	29,763	34,960
Pension costs (see below)	<u>57,657</u>	<u>54,371</u>
	<u>460,258</u>	<u>415,539</u>

These net costs comprise the staff costs referred to in notes 5 and 6 and have been allocated based on an estimate of staff time.

During the year under review, the following staff earned total emoluments, excluding employer's pension costs and including redundancy costs, in excess of £60,000:

	2016	2015
	No.	No.
£60,000 - £70,000	-	1
£80,000 - £90,000	-	1
£100,000 - £110,000	1	-

The Charity's key management personnel comprise the members of the Court of Assistants and the Chief Executive (previously the Registrar). Total employment benefits, including employer pension contributions, of the key management personnel were £59.1k (2015: £93.3k). One employee had benefits including redundancy payments in excess of £60k (2015: two). An organisational restructure in the year resulted in redundancy costs of £59.8k.

The average number of employees, analysed by function, was:

	2016	2015
Raising funds, grants and support	6	6
Administration and governance	<u>1</u>	<u>1</u>
	<u>7</u>	<u>7</u>

Pension costs	2016	2015
	£	£
Pension payments (10% Personal Pension Plans)	33,501	27,172
Death in Service premiums and administration costs	1,356	1,806
Deficit funding in respect of Pension Scheme	22,800	-
Provision for winding up Pension Scheme (see note 18)	-	25,393
	<u>57,657</u>	<u>54,371</u>

Members of the Court of Assistants did not receive any remuneration or benefits in kind in respect of their services during the year under review (2015: £Nil). Travel expenses of £14,178 (2015: £15,979) were reimbursed to 19 trustees (2015: 19).

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

10 AUDITOR'S REMUNERATION

The auditor's remuneration comprised an audit fee of £11,200, including £1,400 for the audit of the Sons and Friends of the Clergy Staff Retirement Benefit Scheme (2015: £12,300, including £1,050 for the audit of the Sons and Friends of the Clergy Staff Retirement Benefit Scheme).

11 TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2016	1,043,448	51,472	1,094,920
Addition	-	8,296	8,296
Disposals	(68,458)	-	(68,458)
At 31 December 2016	<u>974,990</u>	<u>59,768</u>	<u>1,034,758</u>
Depreciation			
As at 1 January 2016	-	46,621	46,621
Charge for year	-	5,608	5,608
Disposals	-	-	-
At 31 December 2016	<u>-</u>	<u>52,229</u>	<u>52,229</u>
Net book value			
At 31 December 2016	<u>974,990</u>	<u>7,539</u>	<u>982,529</u>
At 31 December 2015	<u>1,043,448</u>	<u>4,851</u>	<u>1,048,299</u>

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

12 INVESTMENT ASSETS

	2016	2015
	£	£
Investment properties		
- United Kingdom	1,418,000	1,392,499
Investment Funds	<u>100,633,474</u>	<u>87,077,099</u>
	<u>102,051,474</u>	<u>88,469,598</u>

a) Investment properties	2016	2015
- United Kingdom	£	£
Market value at 1 January	1,392,499	1,257,500
Disposal:	(41,079)	-
Net gain/(loss) on revaluation	66,580	134,999
Market value at 31 December	<u>1,418,000</u>	<u>1,392,499</u>
Historical cost at 31 December	61,000	61,000

During the year part of our agricultural investment was compulsorily acquired for road widening. As at the year end there were three investment properties and these were valued as follows:

The agricultural investment was valued at £315,000 as at 31 December 2016 by Messrs Berrys, Chartered Surveyors and the two residential properties were valued in aggregate at £1,103,000 in December 2016 by BNP Paribas Real Estate. All valuations were done in accordance with the Royal Institution of Chartered Surveyors' Valuation standards 6th edition.

	Total	Total
	2016	2015
	£	£
b) Investment funds		
Market value at 1 January	87,077,099	84,799,376
Additions:	20,109,851	8,544,649
Disposals:	(18,534,225)	(8,465,909)
Net gain on revaluation	11,980,749	2,198,983
Market value at 31 December	<u>100,633,474</u>	<u>87,077,099</u>
Historical cost at 31 December	<u>77,411,206</u>	<u>72,109,271</u>

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

12 INVESTMENT ASSETS (continued)

The investments at the end of the year were held in realisable funds consisting of the following:

	2016	2015
	£	£
Sarasin Alpha CIF for Endowments	28,429,521	26,425,989
Sarasin Sterling Investment	960	42,149
Charles Stanley Discretionary Portfolio	62,202,155	52,214,285
Charities Property Fund	<u>10,000,838</u>	<u>8,394,676</u>
	<u>100,633,474</u>	<u>87,077,099</u>

The split of the holdings was:

	Total	Total
	2016	2015
	£	£
Fixed interest	5,385,868	4,800,168
UK Equities	43,538,062	37,367,822
Global Equities	35,635,532	30,781,410
Property	14,521,700	12,348,793
Alternative Assets	1,428,322	710,575
Cash and cash equivalents	123,990	1,068,331
	<u>100,633,474</u>	<u>87,077,099</u>

The Sarasin portfolio is invested primarily in the Alpha CIF for Endowments. This fund is diversified across the world's principal stock, bond and currency markets, together with investments in alternative assets such as property, commodities and hedge funds. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. In the Charles Stanley Discretionary portfolio, investments in equities, unit trusts and fixed interest securities are all traded in quoted public markets. Holdings are valued at the closing mid-price and no single investment was more than 5% of the total portfolio. The investments in the Charities Property Fund are valued using the net asset value price.

The significance of financial instruments to the ongoing financial sustainability of the Charity is considered in the financial review section of the Trustees' Annual Report. The main risk to the Charity from financial instruments in the future lies in the combination of uncertain investment markets and volatility in yield, which is mitigated through the Charity's Investment Policy.

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

13 ANALYSIS OF CURRENT ASSETS

	Total 2016 £	Total 2015 £
Income tax recoverable	5,847	7,309
Cash held by investment managers	218,910	175,799
Prepayments and other debtors	34,688	27,756
Cash at bank and in hand	349,356	499,707
Short term deposits	<u>901,660</u>	<u>1,551,395</u>
	<u>1,510,461</u>	<u>2,261,966</u>

All prepayments relate to unrestricted funds in both 2016 and 2015.

14 CURRENT LIABILITIES

Creditors under one year

	Total 2016 £	Total 2015 £
Deferred grants	199,722	200,513
Accruals	<u>70,783</u>	<u>62,367</u>
	<u>270,505</u>	<u>262,880</u>
Deferred grants:	2016	2015
	£	£
Balance brought forward	200,513	134,030
New grants committed to in year	424,931	421,576
Grants paid	<u>(425,722)</u>	<u>(355,093)</u>
Balance carried forward	<u>199,722</u>	<u>200,513</u>

Deferred grants are grants that have been awarded but are not payable until some future date. Most school fees grants and certain other grants are paid by instalments and some grants are awarded for payment at a future date.

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

15 OPERATING LEASE COMMITMENTS

As at 31 December, the Charity had total commitments under non-cancellable operating leases as set out below:

	2016	2015
	£	£
Amounts due:		
within one year	2,709	1,578
within 2 - 5 years	7,726	6,312
after more than 5 years	791	1,578
	<u>11,226</u>	<u>9,468</u>

16 STATEMENT OF FUNDS

The following were the Charity's funds during the year under review.

Unrestricted funds

The unrestricted funds are applied by the Trustees in accordance with the objects of the Charity (see the Objectives and Activities section of the Trustees' Report).

Restricted funds

Clergy Orphan Corporation

The Clergy Orphan Corporation is restricted as its beneficiaries are limited to children of clergy of the Church of England and of the Church in Wales.

Other restricted funds

These funds represent donations that are restricted by their terms as to their use.

Palmer Estate Fund

The Palmer Estate Fund was set up on the instructions of the Charity Commission and represents the setting aside from the income of the Charity of £13,000 in 1984 to provide against the notional loss of rent arising on the sale of 619-639 Holloway Road, London until 2063, when the agreed lease would have expired, at which time the assets will become unrestricted.

SONS AND FRIENDS OF THE CLERGY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

16 STATEMENT OF FUNDS (continued)

	Balance at January 2016 £	Income £	Expenditure £	Other recognised gains and losses £	Balance at December 2016 £
Unrestricted Funds	<u>89,809,122</u>	<u>4,100,997</u>	<u>(3,448,066)</u>	<u>11,951,869</u>	<u>102,413,922</u>
Restricted Funds					
Clergy Orphan Corporation	1,445,050	70,388	(10,526)	77,285	1,582,197
Other restricted funds	<u>10,905</u>	<u>5,121</u>	<u>-</u>	<u>-</u>	<u>16,026</u>
	<u>1,455,955</u>	<u>75,509</u>	<u>(10,526)</u>	<u>77,285</u>	<u>1,598,223</u>
Endowment Funds					
Palmer Estate Fund	<u>170,906</u>	<u>1,314</u>	<u>(809)</u>	<u>18,175</u>	<u>189,586</u>
Total Funds	<u>91,435,983</u>	<u>4,177,820</u>	<u>(3,459,401)</u>	<u>12,047,329</u>	<u>104,201,731</u>

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS AS AT 31 DECEMBER 2016

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2016 £	Total Funds 2015 £
Tangible fixed assets	982,529	-	-	982,529	1,048,299
Investment properties	765,000	653,000	-	1,418,000	1,392,499
Investment funds	99,616,582	827,927	188,965	100,633,474	87,077,099
Net current assets	1,122,039	117,296	621	1,239,956	1,999,086
Provisions	<u>(72,228)</u>	-	-	<u>(72,228)</u>	<u>(81,000)</u>
	<u>102,413,922</u>	<u>1,598,223</u>	<u>189,586</u>	<u>104,201,731</u>	<u>91,435,983</u>

18 PENSIONS

The Charity operates a pension scheme, the Sons and Friends of the Clergy Staff Retirement Benefit Scheme, providing benefits based on final pensionable pay. The scheme is closed to new members and has one deferred member (2015: two). In 2014, the Trustees resolved to wind up this scheme and the winding up process is ongoing. A provision of £72,228 has been recognised in respect of the winding up of the scheme, comprising £43,000 to secure the remaining member's benefits and £29,228 for professional fees and expenses. As a consequence, the Trustees do not consider it appropriate to disclose the present value of the scheme's obligation or fair value of the Scheme's assets as required under FRS102. The last triennial actuarial valuation was as at 31 December 2013, as a result of which the Charity has made payments of £22,800 during the year in respect of the estimated actuarial deficit at that time.

Reconciliation of movements in Provision:

	£
Provision brought forward	81,000
Amounts charged against provision	<u>(8,772)</u>
Provision carried forward	<u>72,228</u>

In addition, the Charity operates a defined contribution pension scheme in compliance with auto-enrolment and contributions of £33,501 (2015: £27,172) were made in the year.