

SONS AND FRIENDS OF THE CLERGY

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

SONS AND FRIENDS OF THE CLERGY

CONTENTS

	Page
Trustees' Report	1
An appreciation of two eminent Trustees	17
Festival Sermon 2013	18
Festival Sermon 2014	21
Responsibilities of the Court of Assistants	23
Independent Auditors' Report	24
Statement of Financial Activities	26
Balance Sheet	27
Notes to the Financial Statements	28-41

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Introduction

2014 was the year during which the Sons and Friends of the Clergy really began to reveal itself as a new entity. The Trustees, supported and assisted by the staff, continued to flesh out the ideas and principles which had been agreed in 2013. The task is ongoing, but much was achieved during the year. As a result of a rebranding process, the charity has a new colour and logo, and will shortly have a new website. We also looked at our use of 1 Dean Trench Street, to ensure it works as an appropriate space for the efficient running of the charity, and also remains a 'good value' asset for the charity.

Continuing with our work on trying to understand poverty and its impact on clergy households of today, we examined different ways of assessing need. Thanks to the inspiration and hard work of Bishop David Rosdale, we worked through a very different way of looking at need, which we hope will provide a more understandable and transparent approach than we have used hitherto, and ensure fairness and help for the most needy. We owe a particular debt of gratitude to Linzi James, who took the new idea and worked through many examples to ensure that it will be fit for purpose.

To ensure that the new charity retains the personal and caring approach which it has inherited from its predecessors, the first interaction all applicants will have with the charity will still be on the phone. Applicants will then be directed to the 'on line' application form, except those who have no access to the website or who are uncomfortable with modern technology.

Whilst all these changes have been worked on, the everyday business of the charity has continued unabated. On behalf of the governors and trustees, the Treasurers would like to record their thanks to all the staff for ensuring the continued efficient and effective running of the charity whilst always being available to assist with the process of change. We recognize that our dedicated and loyal staff are the charity's greatest asset and we appreciate how they are adapting to, and helping us manage the change, thereby enabling a smooth transition to the fully fledged, new charity. Elaine Dullaway, one of the grants officers, left us in 2014 and we wish her well in the next phase of her life.

The new 'sub group' structure within the trustee body is working well and the Treasurers would like to thank their fellow trustees for the commitment and hard work which has been shown by everyone and has enabled the process of change to proceed in a timely manner. Our particular thanks go to Canon Charles Richardson and David Meynell who both retired as trustees during the year. Both brought valuable insight and wisdom to the trustee body over many years and gave unstintingly of their time. It was with great sorrow that we learnt later of the death of Charles Richardson.

New trustees are recruited from many and varied walks of life, thereby bringing together the different skills and talents required to manage the affairs of the charity. In 2014 we welcomed Jonathan Prichard, Andrew Gillett and Reverend Dr Jack Dunn. To ensure best practice in our trustee body, we continued to have regular training sessions covering issues relevant to the Sons and Friends and also to the charitable world in general. The Festival remains a highlight in the calendar of the Sons and Friends and as ever the service in May 2014 was a feast of worship and thanksgiving, insightful preaching and wonderful music. We know how much the visiting choirs value and enjoy the opportunity to sing in St Paul's, and likewise our invited preachers to preach there. The importance given to the Festival in the busy life of the 'City' is attested to by the numbers attending. However, as with so many aspects of the charity we must review and possibly refocus the purpose of the Festival. Although it is no longer a significant fundraising event, it remains the primary showcase for the work of the charity and requires a lot of detailed organisation to ensure that it runs smoothly, for which our continued thanks go to Linzi James.

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Introduction (continued)

As all the facts and figures in the report illustrate, the trustees and staff have worked diligently to advance the work of the charity, whilst ensuring that the charity adheres to all the principles and best practices of a well-run organisation, meeting its obligations to our applicants, governors, financial regulators and the Charity Commission. We continue to be blessed that Bishop Graeme Knowles has, with wisdom, insight, hard work and good humour, steered us through another successful year and put us on course to complete our period of development and change within the next few months. We offer him our gratitude for all his work.

Despite Bishop Graeme's ongoing programme of visits to dioceses, we still have much work to do to make sure all those who may be eligible for our help are aware of the charity. We also intend to look carefully at the changing pressures on clergy and the consequential need to ensure that our help is well focused and remains relevant.

We know that there is still great need amongst Church of England clergy and their dependents. We are also aware, through the many letters of thanks we receive, how 'life changing' a timely grant from The Sons and Friends can be. Let us pray that, through the help and Grace of Christ, we can keep the charity on a firm footing and continue, for many years to come, to give generously to those clergy in genuine need, so that they can fulfil their spiritual calling free from the worldly pressure of financial worry.

Lady Mawer
Treasurer

The Right Reverend David Rossdale
Treasurer

Ms Jill Sandham
Treasurer

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Report of the Court of Assistants of the Sons and Friends of the Clergy

The Court of Assistants of the Sons and Friends of the Clergy presents its report with the audited financial statements for the year ended 31 December 2014.

REFERENCE AND ADMINISTRATIVE DETAILS

Incorporation and registration

The Sons and Friends of the Clergy is a charity established by Royal Charter. It is registered with the Charity Commission for England and Wales with the number 207736.

Linked charity

The Friends of the Clergy Corporation is a charity incorporated by Act of Parliament. It is registered with the Charity Commission for England and Wales with the number 207736-41.

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 2014 (except as stated below):

The Archbishop of Canterbury

The Bishop of London

The Right Honourable Sir John Chadwick

The Venerable C Allsopp

Sir David Brewer

Ms A M Brougham

Mrs E F Daley

Canon C J Davies

The Reverend Dr N R Dunn (from 12th August 2014)

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

Mr D N Meynell (until 13th November 2014)

Alderman A C Parmley

Mr J M R Prichard (from 10th June 2014)

Canon C L J Richardson (until 29th May 2014)

The Right Reverend D D J Rossdale

Ms J F Sandham

The Reverend J J Swanton

Mr P N C Walker

The Venerable R D C Whiteman

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Officers

The officers of the charity during 2014 were as follows:

President	The Archbishop of Canterbury
Vice-President	The Right Honourable Sir John Chadwick
Senior Treasurer	Canon C L J Richardson (until 29 th May 2014) Lady Mawer (from 13 th November 2014)
Treasurers	The Right Reverend D D J Rossdale Ms J F Sandham (from 13 th November 2014)

There has been no change in the charity's officers since 31 December 2014.

Executive officer

The day-to-day management of the charity is delegated to the Registrar. This post was held by the Right Reverend G P Knowles throughout 2014.

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

Chantrey Vellacott DFK LLP (until April 2015, Moore Stephens LLP from May 2015)
Russell Square House
10-12 Russell Square
London WC1B 5LF

Chantrey Vellacott DFK LLP has merged its practice with Moore Stephens LLP and now practices under the name of Moore Stephens LLP. 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 2014

Investment advisers/managers

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

Charles Stanley & Co. Limited
25 Luke Street
London EC2A 4AR

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

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

THE CHARITY

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 as so amended continues to govern the charity today. In 2013 the charity adopted the new working name of Sons and Friends of the Clergy, when the two charities, The Corporation of the Sons of the Clergy and the Friends of the Clergy Corporation were amalgamated.

A Charity for the Relief of Poverty

The benefit role of the charity is the prevention or relief of poverty amongst Anglican clergy and their dependants. It performs this role by making a wide range of monetary grants to its beneficiaries in times of financial need or crisis.

In October 2013, in the context of this objective, the trustees adopted these guiding principles for organisational structure:

The Court of Assistants, as trustees of the Sons and Friends of the Clergy, have adopted the following principles to guide, develop and shape the work and operation of the charity.

- *We value the history and inheritance of the charity, together with the vision and inspiration of those who established its foundations, and we are committed to interpreting this legacy for our own time and into the future.*
- *We are guided in our work by the Christian characteristics of generosity of heart, tolerance and liberation.*
- *We are a collaborative enterprise, which celebrates the dignity of all involved and the contribution that each has to make.*
- *We will strive to ensure that those engaging with the charity experience an informed, objective and generous assessment of their needs.*
- *In assessing the needs of beneficiaries, the trustees and staff of the charity will work in ways which secure both the confidentiality and the dignity of those with whom we engage.*

ACHIEVEMENTS AND PERFORMANCE

Enhancing the execution of our objective:

With the formal coming together of the two charities in 2013, the trustees, during 2014, addressed the grant making processes of the charity, with a view to ensuring that the most in need should benefit.

To this end, in May 2014, these resolutions were passed by the Court of Assistants:

Resolutions

1. *That the Court of Assistants recognises that one of its primary roles is to support the clergy and their dependants in fulfilling the promise made at ordination that the clergy will "endeavour to fashion"*

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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".

2. *That the Court of Assistants gives high regard to the concept of stipend as a sum which enables the clergy and their dependants to live a life commensurate with that promise made at ordination.*
3. *That the Court of Assistants, in assessing the needs of beneficiaries, notes that 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.*
4. *That, consequent upon the first three resolutions, the Court of Assistant directs the Strategy Committee to report to the August Court meeting with a draft outline plan for implementing such an approach to grant making, together with an attendant budget, by the end of the current financial year.*

A new process for determining need in the context of grant making was subsequently developed and the new grant making process will be introduced in April 2015.

Branding:

During the year the trustees commissioned a new logo for the charity from the company Voyasedesign. The new brand will come into use at the beginning of 2015

Website:

The trustees commissioned for the company Cubik a new website design, to include an on line application form for beneficiaries. The new website will be launched in April 2015 to coincide with the introduction of the new grant making process.

The website will also include a facility to advertise the Festival Service and Dinner, and direct enquiries concerning the charities' archives.

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Grants

During the year, the charity awarded 1,332 grants to qualifying individuals

	Number of grants	£
Clergy	894	1,561,347
Divorced or separated spouse	153	280,601
Ordinands	214	74,900
Widows	63	86,569
Unmarried Daughters	4	6,352
Organisations	<u>4</u>	<u>135,000</u>
	<u>1,332</u>	<u>2,144,769</u>

These grants were made for the following purposes.

	2014 £
General welfare	598,808
Resettlement and house expenses	184,820
School fees	145,992
University maintenance	266,299
School clothing	84,830
Other education expenses	244,692
Ordinand book grants	75,250
Christmas	77,515
Debt	36,515
Bereavement	26,998
Holidays	<u>403,050</u>
	<u>2,144,769</u>

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

PLANS FOR THE FUTURE

Over the coming year the trustees will:

- Execute and monitor the effectiveness of the new grant making process.
- Revise and collate a new Trustees/Staff Handbook.
- Implement the process for the appointment of a new Registrar in November 2015.
- Investigate appropriate mechanisms for making the work of the charity better known in the dioceses and by potential beneficiaries.
- Endeavour to ensure that the level of grants awarded continues to rise within the context of relieving poverty.

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

MANAGEMENT AND ADMINISTRATION

Management Structure

The overall management of the charity is vested in the Court of Assistants. The Court of Assistants meets at least 11 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

The Trustees appoint committees to assist them in their work.

Standing Committee

The objects of the Standing Committee are as follows:

- The Standing Committee shall be responsible for the preparation of matters that will be deliberated and decided upon by the Trustees;
- The committee shall be responsible for staff personnel matters, including remuneration, and shall make recommendations to the Trustees;
- The committee shall have the power in an emergency to carry on the work of the charity between meetings of the Court of Assistants. Any decisions taken shall be reported to the Trustees as soon as is possible.
- The committee shall have the oversight of the routine business of the charity;
- The committee shall have power to act in cases of emergency concerning grant applications, and any such decisions shall be reported to the trustees as soon as is possible.

Membership in 2014: Canon C L J Richardson (Treasurer until 29 May 2014), Lady Mawer (Treasurer), Mrs F Daley, Canon C J Davies, Archdeacon D W Lowman and Archdeacon R D C Whiteman.

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;

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

- 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.

Membership in 2014: Canon C L J Richardson (Chairman and Treasurer until 29th May 2014), Miss A M Brougham, Mr T D D Hoffman, the Reverend W Kennedy, Mr T G Knight, Mr D N Meynell, Alderman A Parmley The Right Reverend D D J Rossdale (Chairman from June 2014 and Treasurer) and Mr P N C Walker.

Strategy Committee

The objects of the strategy Committee are as follows:

- to undertake any work committed to the committee by the Court of Assistants in reviewing the work of the charity.
- to make recommendations to the Court of Assistants for the effective functioning of the charity.

Membership in 2014: The Right Reverend D D J Rossdale (Chairman and Treasurer), Canon C L J Richardson (Treasurer until 29 May 2014), Lady Mawer, (Treasurer), Archdeacon C Allsopp, Mrs A Joyce and the Reverend J J Swanton,

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 2014:

Lady Mawer (Chairman and Treasurer), Archdeacon C Allsopp, Mrs A Joyce, Mr C D L Menzies, the Right Reverend D D J Rossdale, Ms J F Sandham and the Reverend J J Swanton.

Audit Committee

The 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: Mr M A Chamberlain (Chairman), the Reverend R F Hunte and Mr J E F Rushworth.

Ad hoc working parties are also set up at such times and for such purposes as the trustees consider necessary.

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

VOLUNTEERS

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. Details of Trustees expenses reclaimed from the charity are set out in note 9 to the financial statements.

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.

During the year two new Trustees were appointed. The Reverend Dr Jack Dunn is Chaplain of Lincoln College Oxford. He is a Justice of the Peace and has worked as a member of the Youth Justice Board in London, as well as being a prison visitor. Mr Jonathan Prichard was Diocesan Secretary in Chichester and is actively involved in other charities.

All new Trustees are provided with an induction which comprises meetings with one or more of the Officers of the charity and the Registrar 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.

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.

RISK MANAGEMENT

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

OBJECTS

The benefit role of the charity is the prevention or relief of poverty among Anglican clergy and their families. It performs this role by making a wide range of monetary grants to its beneficiaries in times of financial need.

Under the 1971 amendment to the Royal Charter, the net income and, at their discretion, any of their property, are to be applied by the Trustees for the relief and maintenance in cases of need of widows and children of clergy of the Church of England and of Churches in communion with the Church of England. Any income not required for this purpose may be applied for the benefit of such clergy and their dependants. The funds that are subject to the 1971 amendment to the Royal Charter constitute the Charter Fund referred to in the financial statements.

In addition, the charity holds various funds on terms and for purposes that differ in certain respects from the Charter Fund. Details of these funds and of their objects are set out in note 16 to the financial statements.

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Although there is no geographical limitation on the areas where most of the charity's funds may be applied, those funds are not sufficient to allow the charity to work worldwide. Therefore, the work of the charity is largely focused on helping beneficiaries in the British Isles.

ACTIVITIES

Grants

The charity's main activity in recent years has been the provision of cash grants, helping large numbers of applicants each year with the costs of daily living.

All grants awarded by the charity are discretionary. 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 guidelines for grant-making are focused on the particular circumstances of the individual applicant, with "need" remaining the paramount consideration.

Housing schemes

The charity also maintains three properties that are made available as retirement housing for clergy and their wives/widows. These housing schemes are now being wound down, with properties being sold as soon as practicable after they become vacant.

PUBLIC BENEFIT

In carrying out their 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, in awarding their grants, the charity fulfils its fundamental objects and so provides public benefit.

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL REVIEW

Total incoming resources for the year amounted to £4.024m (2013: £3.708m) including legacies totalling £683K (2013: £263K). Total resources expended amounted to £3.262m (2013: £2.856m) including a provision of £172K (2013: nil) in respect of the projected costs of winding up the Staff Retirement Benefit Scheme. Net incoming resources amounted to £761,685 (2013: £852,170). After taking into account this surplus and the net gains on investments, total funds increased by £2,995,390 (2013: £13,297,908).

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 have adopted 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.

The investment portfolio is managed by three external managers and is broadly diversified across asset classes and geographical markets.

One of these, the Charities Property Fund, 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.

During the year, as presented below, all three portfolios generated positive returns. The Charities Property Fund achieved the strongest return, while the Sarasin portfolio outperformed Charles Stanley, due to greater exposure to fixed income securities which performed well in 2014. Charles Stanley was successful, however, in outperforming its performance target.

A cash injection of £1 million was made only to the Sarasin portfolio during the year, given its size compared to the assets managed by Charles Stanley.

Manager	Value of Portfolio	Portfolio Return	Performance Benchmark	Relative Performance
	£	%	%	%
Sarasin & Partner LLP	26,397,003	6.5	8.6	-2.1
Charles Stanley & Co Ltd	50,550,777	4.8	0.7	4.1
Charities Property Fund	7,851,596	17.3	17.2	0.1

SOURCES OF FUNDING

The charity's investment portfolios, themselves largely the result of the generosity of past generations of supporters, make up the major source of funding. The charity receives no subsidy from any central authority. From time to time, the charity benefits from legacies.

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

UNRESTRICTED, RESTRICTED AND ENDOWMENT FUNDS AND RESERVES POLICY

The charity's different funds

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.

Unrestricted

- Charter Fund

The net income of this fund and, at the charity's discretion, any of the capital of the fund are to be applied for the relief and maintenance in cases of need of widows and children of clergy of the Church of England and of Churches in communion with the Church of England. Any income not required for this purpose may be applied for the benefit of such clergy and their dependants. The capital of the Charter Fund can thus be applied for the benefit of certain of the fund's beneficiaries.

Restricted

- Clergy Orphan Corporation

The Clergy Orphan Corporation constituted a further endowment fund of the charity, although its objects were also restricted as a result of its beneficiaries being limited to children of clergy of the Church of England and of the Church in Wales. From 2011 the endowment restriction affecting the Clergy Orphan Corporation was lifted with a view to providing greater investment flexibility, and as a result this fund is now a restricted but no longer an endowment fund.

Other Restricted Funds

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

Endowment

- 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 Sons of £13,000 in 1984 to provide against the notional loss of rent arising on the sale of 619-639 Holloway Road, London during the continuance of the lease until 2063, at which time the assets will become part of the Charter Fund.

SONS AND FRIENDS OF THE CLERGY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Reserves policy

The level of the charity's overall funds arises primarily as a factor of differentials between, on the one hand, the level of voluntary and investment income and changes in the capital values of its investment portfolios and, on the other hand, the levels of grant-making and of its overhead costs. It is the policy of the Trustees that funds be held such as to enable the charity to maintain a level of grant-making that balances a proper response to the needs of the current grant applicants with the need to mitigate the risks of future investment performance having a detrimental impact on the charity's future grant-making activities. The level of grant-making, the investment objectives and the level of reserves are reviewed on a regular basis in the light of this policy.

The charity invests its surplus unrestricted funds in fixed asset investments. The level of unrestricted funds invested in fixed asset investments is reviewed regularly to ensure that the charity has sufficient liquid assets to meet the needs of grant applications and the other ongoing costs of the charity. If necessary the level of unrestricted fixed asset investments can be reduced by selling funds to ensure sufficient liquid assets are available to meet the needs of the charity.

Raising Awareness

The Trustees are aware that most applicants come to the charity through the website, and not through advertising in the national or local press. The provision of a new website, it is hoped, will ease access to the charity.

The number of diocesan visits by the Registrar to meet diocesan bishops and their senior staff continues to grow. 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 Sons of the Clergy Festival remains one of the principal means of raising public awareness, interest and support for the charity. The 360th Festival was held in St. Paul's Cathedral on 13th May 2014. The Preacher was the Very Reverend David Ison, Dean of St. Paul's. The choirs of Wakefield and Peterborough joined with the choir of St. Paul's for the service.

Mr Andrew Carwood spoke at the Dinner in Merchant Taylors

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.

Signed on behalf of the Court of Assistants

Lady Mawer
Treasurer

The Right Reverend David Rossdale
Treasurer

Ms Jill Sandham
Treasurer

SONS AND FRIENDS OF THE CLERGY

An appreciation of two eminent Trustees

David Meynell retired as a trustee at the 2014 Annual General Court:

David joined the Friends Committee of Management in 2001 following a distinguished career in the Royal and Diplomatic protection department of the police. He served as Treasurer of the Friends of the Clergy Corporation for many years. Working with the Friends' brokers, Charles Stanley, David presided over many years of significant growth in the Friends investment portfolio enabling the expansion of our grant giving. His long experience and wisdom proved particularly valuable during a somewhat turbulent period prior to the Friends and Sons coming together. David was a much respected Trustee whose contribution will indeed be missed.

Charles Richardson died in November of 2014, having resigned as a Trustee in May.

We were deeply saddened by the death of Canon Charles Richardson at the age of 60. Charles was part of the way through his term as Senior Treasurer of the Sons and Friends, having previously served as a co-chairman of the joint charity between the establishment of common trusteeship and the de jure amalgamation of the two charities. He had become a member of the Committee of Management of the Friends in 1998 and responded favourably to the initial suggestions that the charity should seek closer links with the Sons, with a view to a potential amalgamation; by that time he had become the Vice-Chairman of the Friends. His diplomacy and resolve did much to allay the fears and doubts of some Friends' trustees about embarking on such a path and it was clear that he had earned their trust when he was elected as the Chairman of the Friends in the final stages of the process. The success of the new joint charity owes much to Charles's hard work and encouragement. He was a respected incumbent in the Diocese of Southwark and his pastoral sensitivity, together with his knowledge of the strains and pressures of parish ministry, enabled him to make valuable contributions to the monthly meetings of the joint charity and, on occasions, to help other trustees understand the particular problems faced by an applicant. He had, on the other hand, a sensitive but firm caution in instances where he suspected that an applicant was being selective in the way the background to the request for a grant was being presented. He was a fine, warm-hearted pastor and enormously committed to the work of the Sons and Friends: he will be greatly missed.

SONS AND FRIENDS OF THE CLERGY

THE FESTIVAL SERMON 2013

Preached by The Right Reverend Graham James, Lord Bishop of Norwich

'They took offence at him. Then Jesus said to them "Prophets are not without honour, except in their home town, and among their own kin and in their own house"' (Mark 6.3,4)

Just over eighty years ago, in 1932, the three main Methodist churches in this country came together. The Wesleyans, the Primitive Methodists and the United Methodist Church, the product of an earlier union in 1907, all united to form the Methodist Church as we know it today. In Cornwall, then a passionately Methodist county, a young man had been a candidate for the Wesleyan ministry that year. Since he was a labourer in a tin mine it was almost miraculous that he had been accepted for training. He came from an unchurched family from the tin mining area between Camborne and Redruth. This young man was born serious minded. He took himself to the nearest Methodist Chapel and became a local preacher. His family took little interest. The only encouragement he received was from his grandmother who could neither read nor write. Perhaps her illiteracy was the cause of her belief in the value of education.

There was delight at this young man's chapel when he was accepted for the Wesleyan ministry. No one at home offered a comment either way. But in that year the newly united Methodist Church found itself with two hundred surplus ministers. There was a financial crisis. It was realised that there were too many candidates in the pipeline. Seventy men received an identical letter terminating their candidature, and this young man was one of them. It said that he had the gifts and graces for Christian ministry but circumstances prevented him entering training that year. Our young Cornish Methodist reached the age of twenty-five in 1932. Until the early 1950s the Methodist Church in this country had an upper age limit of 25 to enter training for its ordained ministry. It is hard to believe that now.

When that letter was received in this young man's home, he was devastated. But his parents cheered up. "*We're glad*" they told him. "*We never thought it was right. Now put the idea out of your head*".

He could hardly do so but he tried. He continued working as a surface labourer on the local tin mine, South Crofty, the last tin mine to survive in Cornwall. Ever keen on education he decided to take himself to the local School of Mines and study for a diploma in mining engineering in the evenings. It took him five years. Three nights a week he had to walk three miles each way to get to his classes after labouring all day.

He was a star pupil and particularly good with an assayer's shovel. The diploma was a passport to a better life. By now he was in his early thirties though still living at home. He had been engaged for more than eight years to a girl who sang in his chapel choir. They were so poor that marriage seemed impossible.

On the evening he was due to receive his diploma at what was as grand a ceremony as the School of Mines could put on, his parents told him they wouldn't come. They said "*you're growing away from us and you will be ashamed of us soon. What is it with you, you cannot be satisfied with life?*"

They took offence at him. And Jesus said to them, "*Prophets are not without honour, except in their home town, and among their own kin, and in their own house*".

Our hero never considered himself a prophet but these words in the scripture meant more to him than almost any other. For it wasn't simply his parents who didn't understand. It was those with whom he worked and whom he lived alongside who thought he reckoned himself better than them, though he truly didn't. He wanted to tell them of the love of God in Jesus Christ which he had found and that it was this which meant he wanted to use such gifts as God had given him. But while people in the chapels away from his home community seemed to respond to the message he gave them as a local preacher, he never felt he could preach quite so well in his home chapel. He didn't compare himself with Jesus. How could he? But when he read in the gospel that Jesus could do no deed of power in his home town he understood. His heart was almost broken by his family. "*And he was amazed at their unbelief*" it says of

SONS AND FRIENDS OF THE CLERGY

THE FESTIVAL SERMON 2013

Preached by The Right Reverend Graham James, Lord Bishop of Norwich

Jesus in the scriptures about those among whom he lived. So too was this young man whom, as I am sure you will have guessed by now, was my father.

I speak of him today because later in his life the Corporation of the Sons of the Clergy gave him the encouragement and honour which was so conspicuously missing in his earlier life. I will spare you too much more biography, though it probably deserves a book. His mining engineer's diploma meant that he was in a reserved occupation in the Second World War. He and my mother spent those years in North Wales where he and his colleagues were engaged in developing chemical weapons in an underground bunker. The local Welsh thought they were war dodgers, so secret was their work. So there was no respite from disapproval. Later he became a Congregationalist minister since he could take the qualifying examinations while running a church at the same time; And in the early 1960s, when he was one of the best paid Congregationalist ministers in the West Country he took a cut of more than half his stipend to become a curate in the Church of England. He had gone up the candle and his son has continued the journey ever since. At the age of fifty-four he went to theological college for the first time in his life. On his eventual retirement with scarcely any pension he and my mother lived in a bungalow belonging to the Corporation of the Sons of the Clergy for twenty-five years. For someone who had struggled so much this generosity was overwhelming. Somewhere in the archives there are repeated expressions of my father's gratitude. He knew how to do gratitude well.

Without that story of vocational resilience I know I would not be standing before you today. In the body of Christ there is no such thing as an isolated vocation. God calls us to our different ministries as members one of another. Without the close fellowship of his Methodist Chapel and in those days his class meeting, my father's vocation would not have survived. Nor would mine without the church communities of which I have been part, my own family who have travelled with me, fellow students at university long ago who helped shape my faith and solidarity within a shared episcopate. Sons of the Clergy and Friends of the Clergy. We need them. Not just sons and friends, but spouses and daughters and encouragers and soul mates within the body of Christ, the one holy, catholic and apostolic Church

My own vocational journey has seemed easy compared with my father's. But the words of Jesus in today's gospel are a reminder of the necessity of vocational challenge. Sometimes newly ordained clergy are surprised at the toughness of parochial ministry. I wonder whether the affirming culture of our present Church, and our tendency to go overboard with delight about young vocations, always serves them well. We ask those about to be ordained where they want to serve and even what sort of house they need. Have we minimized the sacrifice of vocation too much? This Corporation exists primarily to alleviate some of the financial worries that can be a distraction from mission and ministry. But this Corporation does not exist to remove sacrifice and self-offering from vocation to ministry itself. These are essential. And yet, such is our fallen nature that we are all tempted to avoid them, bishops included. And when we do, we make the God in whom we believe too comfortable.

Years ago W H Auden in his play *For the Time Being* devised a prayer for the worshipper of such a comfortable and anaemic God.

"O God, put away justice and truth for we cannot understand and do not want them. Eternity would bore us dreadfully. Leave thy heavens and come down.... Become our uncle. Look after baby.

Amuse Grandfather. Help Willy with his homework. Introduce Muriel to a handsome naval officer. Be interesting and weak like us and we will love you as we love ourselves.

SONS AND FRIENDS OF THE CLERGY

THE FESTIVAL SERMON 2013

Preached by The Right Reverend Graham James, Lord Bishop of Norwich

That was written seventy years ago. We know its disturbing truth. Compare it to the words of St. Paul in his letter to the Philippians read earlier in the service.

“Let the same mind be in you that was in Christ Jesus who, though he was in the form of God, did not regard equality with God as something to be exploited, but emptied himself, taking the form of a slave, being born in human likeness. And being found in human form, he humbled himself and became obedient to the point of death – even death on a cross”.

There we find the sacrifice of vocation. For some, like my father, it is almost imposed on them. For most of us, it is our inadequacy in answering Christ’s call which engenders humility. It is the disappointments and challenges of ministry which drive us to our knees. Jesus Christ is discovered in weakness, not the weakness of Auden’s sardonic prayer, but the weakness of the Saviour on the cross, dying that we may live. Prophets are not without honour, certainly. But priests are not made without sacrifice.

SONS AND FRIENDS OF THE CLERGY

THE FESTIVAL SERMON 2014

Preached by The Very Reverend David Ison, Dean of St. Paul's

'...the Holy Ghost over the bent
World broods with the warm breast and with ah! bright wings'.

When I was a vicar on a housing estate in Coventry, we lived next door to the estate's community school, and our children went there. We wanted as parents to be supportive, so my wife became a governor, and I went to the head teacher to ask what I could offer. He said that one of the teachers was an atheist who had opted out of religious education, and would I teach his class RE please.

So with fear and trepidation I went in every fortnight to lead a class of 8 and 9 years olds. I remember in particular one day, when things were getting a bit lively, and as I was trying to get them to think about the purpose of their lives, to my surprise their teacher, who stayed in the class to keep them in order, said to the children: You must stop and listen! Because there are important things, and no one else but the vicar is going to ask you these questions'.

That fear and trepidation comes to mind as we come here this afternoon, because there is a question to ask as we meet, as we come to celebrate the gifts and generosity of benefactors current and historic, to note the care and help given to so many clergy and their dependents in their ministries, and through them to the people of their parishes up and down the country.

The question is much the same as that I asked the children of that Coventry housing estate nearly 25 years ago: Why are we here? What is at the heart to what we do?

On one level the answer is very simple. The sermon at last year's Festival was given by the Bishop of Norwich, Graham James, and was a very moving tribute to the care given by the Sons and Friends of the Clergy to his father in supporting his vocation to ministry.

The straightforward answer to the question of what we're here for is that the Sons and Friends of the Clergy make possible and manageable the often sacrificial ministries of many clergy who do heroic work. We help their families through difficult times and enable them to thrive, so that they in turn can support the people they serve. My family benefitted hugely from charitable support when I changed jobs from my curacy and a different financial regime meant getting into debt – so I know how much it means.

In older language, we thus undertake works of mercy: as a charitable body, we care for those who through circumstances find themselves in need of support. That itself is a religious obligation in the major religions of the world, not only in Christian faith. But there's something more challenging here for you and me: and that is to do with the ultimate purpose of what these works of mercy are for.

I don't know how many of you have followed the third series of the BBC2 sitcom *Rev*. Someone asked me the other day whether I had seen it, and I said that I followed it with great interest. Having worked in inner city church for much of my ministry, so much of it had been recognisable, from the stranger callers at the door to the people who think you belong to them 24 hours a day.

There's been some lively debate in the church community about the message that *Rev* the sitcom gives out. This third series has been much more serious in the issues it has dealt with, in creative ways. But what is absent from the programme, apart from in a few quiet soliloquies and a guest appearance by Liam Neeson, is the sense of the presence of God in Jesus Christ at work in people's lives to bring about transformation and change.

The Sons and Friends of the Clergy support the ministry of ordained women and men in the Church of England. Why? What is at the heart of what we do? It's because we want to open the door to the presence of God in our communities to change people.

SONS AND FRIENDS OF THE CLERGY

THE FESTIVAL SERMON 2014

Preached by The Very Reverend David Ison, Dean of St. Paul's

A concern with church growth, statistics and mission is of the hallmarks of today's church. But we should not be supporting clergy just because we want to see functional communities full of well-integrated individual. If that is what you want, then give your money to support social workers, community organisers and counsellors.

Good clergy will do some of these things, and bring added value to wherever they serve: but as with Rev Smallbone in the comedy series, if you are working in a difficult areas you are unlikely to revolutionise the church's statistics, even if you are the archangel Gabriel.

What clergy do that no one else does, as that atheist teacher in Coventry said, is to ask the important questions, about what really matters in life. More than that, if you are good clergy, they won't give a 'right answer', but will help everyone find the answer that God has for them.

Clergy do God. And to invest in clergy is to recognise that value of spirituality. It means that we want to go deep down, to the heart of things. Assessing the value of clergy in functional ways does not make much sense, because clergy are not there to be functional: they are there to be spiritual. We support the clergy so that they can help us and others not only value the most important questions at the heart of life, but also pursue them for ourselves.

Banks companies, even livery companies, come and go, as do we. Churches grow and decline, buildings fall down – but human beings are always faced by the deep questions of life and death. And being here today reminds us that spiritual life is not about keeping commandments and doing good works, but is about how we live our life in relationship with God and one another. And that is what clergy are for.

The most emotional and deepest bits of the last couple of programmes of the series of *Rev* were the points at which our Reverend hero was touched by God and renewed his priestly relationship with the people around him.

And that is why clergy are worth supporting – because they are signs of the presence of God in human life, the God who touches humanity in Jesus Christ and continues at work in the world and in us today. Clergy should help us to listen out for God and encounter his transforming presence ourselves.

To support the clergy is to choose the things of the heart, the deep things: It's an act of faith, not only in the clergy, but in the God to whom they bear witness: that God is alive and active and unexpectedly with us in what the Catholic priest Gerard Manley Hopkins called this great and bent world which has God at its heart:

'There lives the dearest freshness deep down things;
And through the last lights off the black west went
Oh, morning, at the brown brink eastward springs –
Because the Holy Ghost over the bent
World broods with warm breast and with ah! bright wings'.

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 2008 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

Lady Mawer
Treasurer

The Right Reverend David Rossdale
Treasurer

Ms Jill Sandham
Treasurer

SONS AND FRIENDS OF THE CLERGY

Independent Auditor's Report to The Court of Assistants of the Sons and Friends of the Clergy

We have audited the financial statements of the Sons and Friends of the Clergy for the year ended 31 December 2014 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's Court of Assistants, as a body, in accordance with section 144 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 Court of Assistants those matters we are required to state to them in an auditors' 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 the charity's Court of Assistants as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Court of Assistants and auditor

As explained more fully in the Statement of the responsibilities of the Court of Assistants, the Court of Assistants are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 144 of 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Court of Assistants; and the overall presentation of the financial statements. In addition, we read all the financial and nonfinancial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2014, and of its 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 Charities Act 2011

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 Report of the Governors is inconsistent in any material respect with the financial statements; or

SONS AND FRIENDS OF THE CLERGY

Independent Auditor's Report to The Court of Assistants of the Sons and Friends of the Clergy

- 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
Chartered Accountants
Statutory Auditor**

London, UK

Date 7 July 2015

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

Chantrey Vellacott DFK LLP has merged its practice with Moore Stephens LLP and now practices under the name of Moore Stephens LLP. 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

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2014 £	Total Funds 2013 £
Incoming resources						
Incoming resources from generated funds						
Voluntary income	2	764,454	17,979	-	782,433	384,546
Investment income	3	3,181,470	56,629	1,176	3,239,275	3,208,276
Incoming resources from charitable activities	4	2,580	-	-	2,580	115,635
Total incoming resources		<u>3,948,504</u>	<u>74,608</u>	<u>1,176</u>	<u>4,024,288</u>	<u>3,708,457</u>
Resources expended						
Costs of generating funds	5	375,814	16,741	726	393,281	321,443
Charitable activities	6	2,561,651	28,542	-	2,590,193	2,346,373
Governance costs	8	274,313	4,816	-	279,129	188,471
Total resources expended		<u>3,211,778</u>	<u>50,099</u>	<u>726</u>	<u>3,262,603</u>	<u>2,856,287</u>
Net incoming resources before other recognised gains and losses		736,726	24,509	450	761,685	852,170
Other recognised gains and losses						
Gains/(Losses) on investment funds	12	2,087,693	21,364	9,648	2,118,705	12,083,238
Gains/(Losses) on investment properties	12	<u>55,000</u>	<u>60,000</u>	<u>-</u>	<u>115,000</u>	<u>362,500</u>
Net movement in funds		2,879,419	105,873	10,098	2,995,390	13,297,908
Balances brought forward		<u>84,682,353</u>	<u>1,271,520</u>	<u>154,245</u>	<u>86,108,118</u>	<u>72,810,210</u>
Balances carried forward	16	<u>87,561,772</u>	<u>1,377,393</u>	<u>164,343</u>	<u>89,103,508</u>	<u>86,108,118</u>

The notes set out on pages 28 to 41 form part of these financial statements.

SONS AND FRIENDS OF THE CLERGY

BALANCE SHEET AS AT 31 DECEMBER 2014

	Notes	£	Dec-14 £	£	Dec-13 £
Fixed assets					
Tangible fixed assets	11	1,050,748		1,052,136	
Investment assets	12	<u>86,056,876</u>	87,107,624	<u>82,753,531</u>	83,805,667
Current assets					
Debtors	13	236,981		308,857	
Short term deposits		1,514,247		1,566,141	
Cash at bank and in hand		<u>632,893</u>		<u>624,916</u>	
		2,384,121		2,499,914	
Creditors: amounts falling due within one year					
	14	(216,237)		(197,463)	
Provision for winding up Pension Scheme	10, 18	(172,000)	1,995,884	-	2,302,451
Net assets			89,103,508		86,108,118
Fund					
Unrestricted funds	16		87,561,772		84,682,353
Restricted funds	16		1,377,393		1,271,520
Endowment funds	16		164,343		154,245
Total Funds			89,103,508		86,108,118

The financial statements were approved by the Court of Assistants on 5 May 2015 and signed on their behalf by

Lady Mawer

Senior Treasurer

The Rt. Rev David Rossdale

Treasurer

The notes set out on pages 28 to 41 form part of these financial statements.

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

I Accounting policies

These financial statements have been prepared on a going concern basis.

1.1 Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention, except for investments which are stated at market value, and in accordance with the Charity Commission's Statement of Recommended Practice - *Accounting and Reporting by Charities* ('SORP 2005'), the Financial Reporting Standard for Smaller Entities (effective April 2008) and the Charities Act 2011.

1.2 Incoming resources

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

1.3 Resources expended

Expenditure is recognised when the obligation to make payment arises. Costs of generating funds represent resources expended to increase the charity's incoming resources, including the organisation of the Festival. Charitable activities represent resources expended both directly and indirectly in furtherance of the objects of the charity. Governance costs represent resources expended to support the overall operation and management of the charity. Where not directly attributable, these costs have been allocated based on an estimate of overall time spent.

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1.4 Assets

1.4.1 Tangible fixed assets

Freehold properties: freehold properties are included at cost. No depreciation is provided on such properties because the estimated residual values are not less than the carrying amounts of the assets.

Fixtures, fittings and equipment: fixtures, fittings and equipment are stated at cost net of depreciation. Depreciation is provided at rates calculated to write off the cost of the assets on a straight line basis over their expected useful lives, generally between three and five years.

1.4.2 Investment assets

Investment assets are stated at market value at the balance sheet date. The Statement of Financial Activities includes the net gains/losses arising on revaluation and disposals throughout the year.

1.5 Fund accounting

The charity has a number of restricted and endowment funds. These are accounted for based on the substance of the restrictions attached to them as detailed in note 16.

1.6 Pensions

The charity contributes a percentage of salary into personal pension plans for certain employees.

In addition, the charity operates a defined benefit pension scheme (The Corporation of the Sons of the Clergy Retirement Benefit Scheme), which at the year-end had no active members and two deferred members. A Resolution was passed at the October Court of Assistants' meeting on 7 October 2014, to wind up this scheme. Barnett Waddingham (the actuary and administrators of the scheme) have estimated the costs of winding up to be around £172,000.

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2014	Total Funds 2013
	£	£	£	£	£
2 Voluntary income					
Donations	88,772	10,504	-	99,276	121,421
Legacies	<u>675,682</u>	<u>7,475</u>	-	<u>683,157</u>	<u>263,125</u>
	<u>764,454</u>	<u>17,979</u>	-	<u>782,433</u>	<u>384,546</u>
	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2014	Total Funds 2013
	£	£	£	£	£
3 Investment income					
Rental income	50,134	16,595	-	66,729	65,811
Income on investment funds	3,124,423	39,920	1,176	3,165,519	3,132,036
Bank interest	<u>6,913</u>	<u>114</u>	-	<u>7,027</u>	<u>10,429</u>
	<u>3,181,470</u>	<u>56,629</u>	<u>1,176</u>	<u>3,239,275</u>	<u>3,208,276</u>
	Unrestricted Funds	Restricted Funds	Endowment Funds	Funds 2014	Funds 2013
	£	£	£	£	£
4 Incoming resources from charitable activities					
Rental income	2,580	-	-	2,580	2,496
Surplus on sale of freehold property	-	-	-	-	<u>113,139</u>
	<u>2,580</u>	-	-	<u>2,580</u>	<u>115,635</u>

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, no houses were sold (2013: one) There were three housing scheme properties remaining at the year-end.

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2014	Total Funds 2013
	£	£	£	£	£
5 Costs of generating funds					
Festival costs	31,973	-	-	31,973	34,179
Investment management costs					
Investment properties	20,817	10,372	-	31,189	27,492
Investment funds	207,489	4,373	726	212,588	178,121
Support costs (see note 9)	29,492	485	-	29,977	22,190
Staff costs (see note 10)	<u>86,043</u>	<u>1,511</u>	<u>-</u>	<u>87,554</u>	<u>59,461</u>
	<u>375,814</u>	<u>16,741</u>	<u>726</u>	<u>393,281</u>	<u>321,443</u>
	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2014	Total Funds 2013
	£	£	£	£	£
6 Charitable activities					
Grants (see note 7)	2,123,854	20,915	-	2,144,769	2,029,072
Charitable housing costs	931	-	-	931	3,074
Support costs (see note 9)	108,136	1,777	-	109,913	81,364
Staff Costs (See note 10)	<u>328,730</u>	<u>5,850</u>	<u>-</u>	<u>334,580</u>	<u>232,863</u>
	<u>2,561,651</u>	<u>28,542</u>	<u>-</u>	<u>2,590,193</u>	<u>2,346,373</u>

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

7 Grants

During the year, the charity awarded 1,332 grants to qualifying individuals (2013: 1,265) and four to organisations (2013: one).

	Number of grants	2014 £	Number of grants	2013 £
Clergy	894	1,561,347	865	1,501,293
Divorced or separated spouses	153	280,601	182	346,108
Ordinands	214	74,900	137	47,950
Widows	63	86,569	75	89,936
Unmarried Daughters	4	6,352	5	3,785
Organisations	<u>4</u>	<u>135,000</u>	<u>1</u>	<u>40,000</u>
	<u>1,332</u>	<u>2,144,769</u>	<u>1,265</u>	<u>2,029,072</u>

	2014 £	2013 £
General welfare	598,808	532,489
Resettlement and house expenses	184,820	223,996
School fees	145,992	146,103
University maintenance	266,299	292,500
School clothing	84,830	87,210
Other education expenses	244,692	193,755
Ordinand book grants	75,250	47,950
Christmas	77,515	76,385
Debt	36,515	52,718
Bereavement	26,998	19,502
Holidays	<u>403,050</u>	<u>356,464</u>
	<u>2,144,769</u>	<u>2,029,072</u>

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	Unrestricted Funds	Restricted Funds	Total Funds 2014	Total Funds 2013
	£	£	£	£
8 Governance costs				
Legal and professional	28,860	390	29,250	9,569
Audit	14,384	436	14,820	15,600
Support costs (see note 9)	58,983	968	59,951	44,380
Staff costs (see note 10)	<u>172,086</u>	<u>3,022</u>	<u>175,108</u>	<u>118,922</u>
	<u>274,313</u>	<u>4,816</u>	<u>279,129</u>	<u>188,471</u>

9 Support costs

	Unrestricted Funds	Restricted Funds	Total Funds 2014	Total Funds 2013
	£	£	£	£
Printing, postage, stationery and telephone	18,896	304	19,200	20,725
Property costs	96,797	1,554	98,351	58,557
Advertising	3,733	60	3,793	3,135
Office Equipment Maintenance	39,708	637	40,345	33,214
Other office expenses	<u>37,477</u>	<u>675</u>	<u>38,152</u>	<u>32,303</u>
	<u>196,611</u>	<u>3,230</u>	<u>199,841</u>	<u>147,934</u>

These costs have been allocated as follows:

	Costs of generating funds	Charitable activities	Governance costs	Total 2014	Total 2013
	£	£	£	£	£
	15%	55%	30%		
Printing, postage, stationery and telephone	2,880	10,560	5,760	19,200	20,725
Property costs	14,753	54,093	29,505	98,351	58,557
Advertising	569	2,086	1,138	3,793	3,135
Office Equipment Maintenance	6,052	22,190	12,103	40,345	33,214
Other office expenses	<u>5,723</u>	<u>20,984</u>	<u>11,445</u>	<u>38,152</u>	<u>32,303</u>
	<u>29,977</u>	<u>109,913</u>	<u>59,951</u>	<u>199,841</u>	<u>147,934</u>

Members of the Court of Assistants do not receive any remuneration in respect of their services. Travel expenses of £11,327 (2013: £10,673) were reimbursed to 19 (2013 14) Trustees during the year.

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

10 Staff costs

	Total 2014 £	Total 2013 £
Salaries	366,143	350,462
Social security costs	35,320	37,594
Pension costs (see note 18)	<u>195,779</u>	<u>23,190</u>
	<u>597,242</u>	<u>411,246</u>

These net costs comprise the staff costs referred to in notes 5, 6 and 8 and have been allocated based on an estimate of time spent.

One employee received remuneration of between £70,001 and £80,000. (2013: one)

A Resolution was passed at the October Court of Assistants' meeting on 7 October 2014, to wind up the Corporation of the Sons of the Clergy Staff Retirement Benefit Scheme. Barnett Waddingham (the actuary and administrators of the scheme) have estimated the costs of winding up to be around £172,000.

A provision has been made for this amount and is included in the pension costs above (See note 18).

The average number of employees, analysed by function, was:	2014	2013
Generating funds, grants and support	6	7
Administration and governance	<u>2</u>	<u>2</u>
	<u>8</u>	<u>9</u>

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

11	Tangible fixed assets	Freehold Property £	Fixtures, fittings and equipment £	Total £
	Cost			
	At 1 January 2014	1,043,448	67,889	1,111,337
	Addition	-	1,751	1,751
	Disposal	<u>-</u>	<u>(9,017)</u>	<u>(9,017)</u>
	At 31 December 2014	<u>1,043,448</u>	<u>60,623</u>	<u>1,104,071</u>
	Depreciation			
	At 1 January 2014	-	59,201	59,201
	Charge for year	-	3,139	3,139
	Disposal	<u>-</u>	<u>(9,017)</u>	<u>(9,017)</u>
	At 31 December 2014	<u>-</u>	<u>53,323</u>	<u>53,323</u>
	Net book value			
	At 31 December 2014	<u>1,043,448</u>	<u>7,300</u>	<u>1,050,748</u>
	At 31 December 2013	<u>1,043,448</u>	<u>8,688</u>	<u>1,052,136</u>

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

12 Investment assets

	Total 2014 £	Total 2013 £
Investment properties		
– United Kingdom	1,257,500	1,142,500
Investment funds	<u>84,799,376</u>	<u>81,611,031</u>
	<u>86,056,876</u>	<u>82,753,531</u>
	2014 £	2013 £
a) Investment properties – United Kingdom		
Market value at 1 January	1,142,500	780,000
Disposal	-	-
Addition	-	-
Net gain/(loss) on revaluation	<u>115,000</u>	<u>362,500</u>
Market value at 31 December	<u>1,257,500</u>	<u>1,142,500</u>
Historical cost at 31 December	<u>60,824</u>	<u>60,824</u>

As at the year-end there were three investment properties and these were valued as follows:

One agricultural property was valued at £300,000 as at 31 December 2014 by Messrs. Berrys, Chartered Surveyors, at market value in accordance with the Royal Institution of Chartered Surveyors' Valuation standards 6th edition.

Two residential properties were valued in aggregate at £957,500. This valuation was made in December 2014 by BNP Paribas Real Estate in accordance with the current RICS Valuation Standards (the "Red Book").

	Total 2014 £	Total 2013 £
b) Investments		
Market value at 1 January	81,611,031	67,962,070
Additions	9,810,353	28,358,911
Disposals	(8,740,713)	(26,793,188)
Net gain/(loss) on revaluation	<u>2,118,705</u>	<u>12,083,238</u>
Market value at 31 December	<u>84,799,376</u>	<u>81,611,031</u>
Historical cost at 31 December	<u>66,791,228</u>	<u>65,717,109</u>

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

12 Investment assets (continued)

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

	2014	2013
	£	£
Sarasin Alpha CIF for Endowments	26,384,050	24,602,882
Sarasin Sterling Investment	12,953	17,135
Charles Stanley Discretionary Portfolio	50,550,777	49,928,837
Charities Property Fund	<u>7,851,596</u>	<u>7,062,177</u>
	<u>84,799,376</u>	<u>81,611,031</u>

The split of the holdings were:

	Total	Total
	2014	2013
	£	£
Fixed Interest	3,914,776	3,416,733
UK Equities	37,016,746	38,575,804
Global Equities	29,340,170	25,763,277
Property	9,924,572	8,658,788
Unit Trusts	1,641,600	1,713,318
Alternative Assets	2,131,545	2,070,036
Liquid Assets	<u>829,967</u>	<u>1,413,075</u>
	<u>84,799,376</u>	<u>81,611,031</u>

In the Charles Stanley portfolio, no single investment was more than 5% of the total portfolio.

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

13	Debtors	Total 2014 £	Total 2013 £
	Income tax recoverable	17,777	23,830
	Cash held by Investment Managers	193,790	229,385
	Prepayments and other debtors	<u>25,414</u>	<u>55,642</u>
		<u>236,981</u>	<u>308,857</u>
14	Creditors: amounts falling due within one year	Total 2014 £	Total 2013 £
	Deferred grants	134,030	143,862
	Accruals	<u>82,207</u>	<u>53,601</u>
		<u>216,237</u>	<u>197,463</u>
	Deferred grants:	2014 £	2013 £
	Balance b/f	143,862	135,754
	New	339,120	386,473
	Utilised in year	<u>(348,952)</u>	<u>(378,365)</u>
	Balance c/f	<u>134,030</u>	<u>143,862</u>
	Deferred grants are grants that have been awarded but are not payable until some future date. Most school fee grants and a number of other grants are paid by instalments and certain other grants are awarded for payment at a future date.		
15	Operating Lease		
	At 31 December, the Sons had annual commitments under a non-cancellable operating lease set out below:		
		2014 Fixtures & Fittings £	2013 Fixtures & Fittings £
	Operating lease which expires Within 2 and 5 years	<u>1,679</u>	<u>1,679</u>

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

16 Statement of funds

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

Unrestricted

Charter Fund

The net income of this fund and, at the charity's discretion, any of the capital of the fund are to be applied for the relief and maintenance in cases of need of widows and children of clergy of the Church of England and of Churches in communion with the Church of England. Any income not required for this purpose may be applied for the benefit of such clergy and their dependants. The capital of the Charter Fund can thus be applied for the benefit of certain of the fund's beneficiaries.

Restricted

Clergy Orphan Corporation

The Clergy Orphan Corporation constituted a further endowment fund of the charity, although its objects were also restricted as a result of its beneficiaries being limited to children of clergy of the Church of England and of the Church in Wales. From 2011 the endowment restriction affecting the Clergy Orphan Corporation was lifted with a view to providing greater investment flexibility, and as a result this fund is now a restricted but no longer an endowment fund.

Other Restricted Funds

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

Endowment

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 Sons of £13,000 in 1984 to provide against the notional loss of rent arising on the sale of 619-639 Holloway Road, London during the continuance of the lease until 2063, at which time the assets will become part of the Charter Fund.

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

16 Statement of funds (continued)

December	Balance at 1 January 2014 £	Incoming resources £	Resources expended £	Other recognised gains and losses £	Balance at 31 2014 £
Unrestricted Funds					
Charter Fund	84,682,353	3,948,504	(3,211,779)	2,142,693	87,561,772
Restricted Funds					
Clergy Orphan Corporation	1,271,520	69,490	(50,099)	81,364	1,372,275
Other Restricted Funds	-	5,118	-	-	5,118
	<u>1,271,520</u>	<u>74,608</u>	<u>(50,099)</u>	<u>81,364</u>	<u>1,377,393</u>
Endowment Funds					
Palmer Estate Fund	<u>154,245</u>	<u>1,176</u>	<u>(726)</u>	<u>9,648</u>	<u>164,343</u>
	<u>86,108,118</u>	<u>4,024,288</u>	<u>(3,262,603)</u>	<u>2,233,705</u>	<u>89,103,508</u>

SONS AND FRIENDS OF THE CLERGY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

17 Analysis of net assets between funds as at 31 December 2014

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2014	Total Funds 2013
	£	£	£	£	£
Tangible fixed assets	1,050,748	-	-	1,050,748	1,052,136
Investment properties	665,000	592,500	-	1,257,500	1,142,500
Investment funds	83,855,658	779,489	164,229	84,799,376	81,611,031
Net current assets	<u>1,990,366</u>	<u>5,404</u>	<u>114</u>	<u>1,995,884</u>	<u>2,302,451</u>
	<u>87,561,772</u>	<u>1,377,393</u>	<u>164,343</u>	<u>89,103,508</u>	<u>86,108,118</u>

18 Pension costs

The charity contributes a percentage of salary to personal pension plans for certain other employees. The pension charges for these contributions for the year were £22,129 (2013: £21,109).

In addition, the charity operates a pension scheme, now closed, providing benefits based on final pensionable pay.

The scheme has no active members and two deferred members. The pension charge for this closed scheme in 2014 amounted to £6,576 (2013: £6130).

The Trustees have resolved to wind up this scheme and the estimated costs of £172,000 have been provided for in these accounts (see note 10). Accordingly, the Trustees do not consider it appropriate to provide the information under FRS17.