

REGISTERED CHARITY NO. 212432

SCOTTISH CHARITY NO. SC 039211

**THE MISSION TO SEAFARERS
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2009**



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PATRON
Her Majesty The Queen

PRESIDENT
Her Royal Highness The Princess Royal

CHAIRMAN OF COUNCIL
R B Woods CBE

VICE CHAIRMAN OF COUNCIL
J W Hughes

SECRETARY GENERAL
The Revd Canon R J Christianson (retired June 2009)
The Revd T Heffer (from July 2009)

COMMITTEE CHAIRMEN
Governance and Nominations Committee
R B Woods CBE

Remuneration Committee
J W Hughes

Investment Committee
M S H Bell CA AAT

Audit Committee
P McEwen

Fundraising Committee
J W Hughes

MEMBERS OF THE COUNCIL (THE TRUSTEES)

R B Woods CBE
J W Hughes
M S H Bell CA AAT
Vice Admiral Sir Tom Blackburn KCVO CB
The Rt Revd R M C Frith
J C S Horrocks CBE (From February 2009)
P McEwen
C Mowatt (From April 2010)
The Revd Canon D H E Mosford (until 31 December 2009)
Canon J Reid
M J S Seymour
S P Sherrard
The Ven S A Watson
F J Whitworth OBE

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EXECUTIVE STAFF

| | |
|-------------------------------------|--------------------------|
| Secretary General | The Revd T Heffer |
| Deputy Secretary General | J R Hance CBE |
| Executive Director | M C Sandford |
| Director of Justice & Welfare | The Revd Canon K Peters |
| Director of Chaplaincy | The Revd Canon H Mosford |
| Director of Fundraising & Marketing | R Hughes |
| Chief Accountant | B Abbott |

PROFESSIONAL ADVISORS

SOLICITORS

Blake Laphorn
New Kings Court
Tollgate, Chandler's Ford
Eastleigh SO53 3LG

AUDITORS

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St Brides House
10 Salisbury Square
London EC4Y 8EH

BANKERS

HSBC Plc
20 Eastcheap
London
EC3M 1ED

INVESTMENT ADVISERS

UBS AG

1 Curzon Street
London W1J 5UB

Cunningham Coates Stockbrokers

19 Donegall St
Belfast BT1 2HA

Brewin Dolphin

Time Central
Gallowgate
Newcastle upon Tyne NE1 6RQ

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The Society's organisation – Trustees

The Mission to Seafarers (the Society) was founded in 1856 and is an unincorporated association set up by a trust deed and registered with the Charity Commission (Number 212432) and with the Office of the Scottish Charity Regulator (Number Sc 039211).

The Society operates through a Constitution which was first adopted on 16 May 1956 and last amended in 2009. All real or personal property of the Society is vested in The Mission to Seafarers Trust Corporation Limited which acts as a custodian trustee. At the AGM in 2008, a Resolution was passed to enable the Society to operate through a charity registered as a company limited by guarantee which is planned to be implemented from 1 July 2010. At the AGM in 2009, a Resolution was passed which made the Trustees the only members of the Society, therefore attendance at future AGMs will be restricted to the Trustees.

The Society is governed and directed by a Council of trustees whose names appear on pages 1 and 2. The Chairman and Vice-Chairman are elected for a period of four years at an AGM. Other elected trustees serve for a period of four years, apart from those over 70 years of age who are elected annually. All those elected may be re-elected for a second four year period.

The Council has a minimum of 12 trustees and meets approximately five times a year. The trustees authorise the Terms of Reference for the Remuneration, Governance & Nominations, Audit, Investment and Fundraising Committees, which meet regularly. Each Committee is made up of Council members as well as members of the Executive staff and includes independent co-opted external members who have a particular professional skill related to the work of that Committee.

The Council is committed to observing high standards of overall governance by reference to the key principles of Good Governance set out in the Code for the Voluntary and Community Sector published in June 2005 and endorsed by the Charity Commission in 2007. An internal review at the time demonstrated that the Society had a satisfactory level of compliance with those principles and improvements to the systems of internal control are continuing.

Council maintains and reviews a skills audit of trustees to ensure the skills set of members reflects the requirements of the Society. A trustee recruitment process has also been agreed for transparency and clarity whereby potential trustees are interviewed by unconnected representatives of the Governance and Nominations Committee before a recommendation is made to Council.

All trustees are given an induction on first appointment to familiarise themselves not only with the Society's work but also their responsibilities as a trustee. Some may undergo more specific training in the form of short external courses, either as a trustee of the Society or on behalf of another charity of which they might also be a trustee.

The Society's organisation – Management team and staff

The day to day management of the Society has been delegated to the Secretary General, with the assistance of his Executive team at Central Office, working within strategic objectives, policies and procedures determined by the Council.

The Executive team are supported by lay staff mostly located at the Central Office in London, with a few located regionally.

The delivery of services to seafarers is via a network of chaplains located around the world. The Society has 25 directly employed chaplains, who are managed by the Director of Chaplaincy. The Mission world-wide has a chaplaincy presence in around 230 ports including chaplains funded either locally or through grants from the Society and honorary chaplains. Most chaplains are ordained Anglican priests who may be based in the Society's centres or operate through mobile ministries. Working alongside chaplains are the centre staff who primarily manage the running of UK centres, and volunteers who provide numerous valuable services including ship visiting, driving seafarers, manning centres and offering friendship, support and help to seafarers.

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The Society's organisation – our family worldwide

- Although the Society's Flying Angel logo is used worldwide, most of the operations outside the UK are governed by bodies that have no direct constitutional link to this Society.
- Some centres within the UK and one in Aqaba (Jordan), known as the branches, are under the direct control of the Society and operate under the rules of the Charity Commission and Office of the Scottish Charity Regulator. These branches are listed below and their results are included in the financial statements set out on pages 15 to 30 of this report.

| | | |
|-------------------------|-----------------------------|---------------|
| Aqaba (Jordan) | Belfast | Cardiff |
| Falmouth | Fowey | Hull |
| Newport | Par | Port Talbot |
| Scottish Council | South Shields (Tyne & Wear) | Swansea |
| Tees North (Hartlepool) | Tees South (Middlesbrough) | Welsh Council |

- Some operations abroad are not under the direct control of the Society and are supported by grants or other financial assistance from the UK. These grants are a charge on the income of the Society and are reflected in the Consolidated Statement of Financial Activities set out on page 15.
- Other operations abroad are controlled by boards that operate independently. They are financially independent from the UK but come under the Mission umbrella through the structures of the Anglican Church. These include operations in Europe, Africa, Asia, the Americas, Australia and Oceania.
- Various ecumenical partnerships exist with other charitable bodies, both in the UK and abroad and include the Christian maritime agencies, the Roman Catholic Apostleship of the Sea (AoS) and the Sailors' Society. The Society can nominate trustees and works closely with the Centres for Seafarers (Southampton & Tilbury), Dunkirk War Memorial Trust, Avonmouth, Felixstowe Seafarers Centre, Immingham, Milford Haven, The Humber Seafarers' Service (Hull & Humber Ports), Seaham, Port of Bristol Seafarers' Centre and Vlissingen.
- The following companies are wholly controlled by the Society and are classified as subsidiaries;
 - The Society's trading company The Flying Angel Marketing Enterprises (FAME)
 - The Mission to Seafarers Trust Corporation
 - The Mission to Seafarers Ltd, a charitable company
 - The Mission to Seafarers DMCCO, registered in Dubai

The Society's Central Office acts as a resources centre for all these operations. It links them together in a spirit of Christian fellowship and cooperation by assisting with the appointment of chaplains, offering shared information and ministry tools and training, as well as public relations and other materials. The spirit of common endeavour and service is strengthened through liaison and advisory visits by Central Office Executives to overseas operations.

The Society's organisation – our partners

United Nations (UN) – The International Maritime Organisation (IMO) is the specialised arm of the UN for maritime affairs which determines many rules and regulations that affect the conduct of shipping. The Society engages with the IMO on issues such as piracy, maritime casualties and abandonment.

UN – The International Labour Organisation is an arm of the UN that lays down minimum standards for the living and working conditions of seafarers. The Maritime Labour Convention 2006 is expected to enter into force in 2011. The Society contributed to the adoption of this convention, in particular protecting the medical care of seafarers among other welfare concerns.

Competent authorities – the Society regularly liaises with regulatory bodies for the inspection of ships to determine their sea-worthiness and the safety of seafarers.

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The Society's organisation – our partners (continued)

Ship owners – the Society is in constant contact with employers to address the well-being of seafarers.

Maritime Unions – the Unions have welfare interests on behalf of seafarers. The Society, as a major deliverer of welfare services to seafarers, frequently meets with union representatives, including ITF inspectors.

The Society's organisation – supporters

Fundraising committees – a network of active and loyal committees across the UK that raise valuable income as well as the profile of the Society.

Supporters - Our supporters provide valuable support and income. A Resolution was passed at the 2009 AGM that existing members should be transferred to a new supporter group. Although they will not have any voting rights, the trustees believe that this new supporter group will strike a balance between the future requirements of the Society and the need to recognise the highly valued support which members have given.

The Society's objectives and activities for the public benefit

The object of the Society is to promote the spiritual, moral and physical wellbeing of seafarers and their families worldwide.

What difference does the Society make?

The Society is committed to serving seafarers of all nationalities regardless of faith without discrimination. It is estimated that there are approximately 1.2 million active seafarers around the world on cargo ships, oil tankers, tugs, ferries, cruise ships, etc. Seafarers face many challenges which the Society seeks to address consistent with Christian principles and the received practice of the Anglican Communion. These include:

- Life at sea is often lonely. Crews are much smaller than they used to be which, combined with long tours of duty, can lead to tensions onboard and the craving to talk to someone other than another crew member.
- Life at sea is often difficult and dangerous with long anti-social hours and the risk of shipwreck or piracy.
- Seafarers and their families have little or no ability to communicate with each other whilst the seafarer is at sea, heightening tensions and anxiety.
- Ports are often secure facilities in isolated locations, leaving seafarers with no access to the facilities ashore. Turn around times may be brief.
- Seafarers' contracts are routinely more than 6 months and may be as long as 18 months.
- Seafarers often do not speak the language of the country in the ports they visit. This can make them feel isolated and vulnerable.
- When seafarers arrive in port their free time may be short and at unsocial hours.
- Quite often, even when at anchor or in port, seafarers are not allowed to leave their ship and go ashore.
- Seafarers are generally hardworking, courteous and proud but they are not always treated with respect by the general public in the countries they visit.

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What difference does the Society make? (continued)

In satisfying its object, and trying to address the challenges faced by seafarers, the Society provides the following benefits every day of the year:

Pastoral Care

Our Chaplains and volunteers can visit seafarers on their ships or ashore and provide a friendly ear, counselling or practical assistance including clothing, money or accommodation in times of crisis or day-to-day need. The Society also supports the families of seafarers who are in difficulty due to piracy, accident, arrest, illness or maltreatment.

Hospitality

Welcoming seafarers to the Society's centres, providing them with:

A safe environment away from their ships in which to relax and rest. Reasonably priced refreshments, toiletries, accommodation (depending on location) and foreign exchange.

Transport to and from our centres or their ship to the nearest town or shopping facility.

Communication facilities with access to the internet and to telephones to make contact with family and friends. Recreation facilities, including television, DVDs, karaoke, books, pool tables and table tennis.

Spiritual Support and Guidance

The Society recognises that seafarers have spiritual needs and, if requested, it aims to offer access to spiritual support according to individual seafarer's needs. The Society assists seafarers with their relationship with God by providing services in chapels and Christian literature and access to other forms of worship as requested..

Prophetic Outreach

The Society provides advocacy, nationally and internationally, to fight for justice for seafarers and campaign for seafarers rights.

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Society's aims and objectives and in planning future activities (and setting the grant making policy for the year).

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The Society's work in 2009

In 2009 the Society's objectives were;

To meet increased demand for its services to seafarers due to the recession. This included crews stranded in foreign ports for long periods or crews unpaid due to bankrupt ship owners. Also, prolonged layups of ships meant seafarers were in offshore anchorages for protracted periods and unable to get ashore.

-Achievement

- Full complement of chaplains, trained and resourced including induction training at the Seafarers' Ministry Training School, bereavement counselling skills from Cruse Bereavement Care and post traumatic interventions provided by the International Critical Incident Stress Foundation.
- Training for volunteers.
- Active role at the International Labour Organisation in setting minimum standards on working conditions for seafarers and at the International Maritime Organisation, the United Nations specialised agency for maritime affairs.
- The only United Nations/European Union-acknowledged agency that cares for victims of piracy.
- Chaplains provided pastoral support for the families of seafarers held hostage.

To provide services around the world in areas of greatest need as identified in the 2008 '*Strategic Review of Service Provision*' - a global review of the Society's worldwide activities.

-Achievement

- New ministries established in Suape and Belem, Brazil with funding provided for salaries, computers and vehicles.
- Exploratory trips to Ho Chi Minh City and Shanghai.
- Closure of Swansea centre.
- New ecumenical partnership at South Shields centre.

To provide low cost communications for seafarers.

-Achievement

- Development of international roaming SIM card.
- Voice over Internet Protocol (VOIP) introduced at every centre, reducing queue time for seafarers and reducing call costs.

To review the fundraising strategy. Crucial to ensure the long-term future of the Society.

-Achievement

- The former separate Fundraising and Public Relations teams now are physically sited together in one office and led by one director for greater cohesion and co-operation.
- Working with external consultants to identify revenue streams via direct-giving, corporates and legacy giving.
- Focus on tailored grant applications to fund specific areas of operations.
- 5,000 new contacts on the Society's fundraising database.

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The Society's work in 2009 (Continued)

To spread the message of the work of the Society and enlist a new generation of supporters

-Achievement

- 7,300 Sea Sunday packs sent.
- Over 330,000 copies of Flying Angel News and The Sea distributed.
- Attending county shows around the UK.
- Hundreds of different events, large and small, which took place across the country including "Great Sea Teas", numerous coffee mornings, bring & buy sales and street collections.
- A volunteer, Alex King, ran in the London Marathon on behalf of the Society.
- Carol Concert attended by HRH The Princess Royal with guest readers TV historian Dan Snow and yachtswoman Tracey Edwards MBE.

Other activities

Appointment of new Secretary General

The trustees record their thanks to the Revd Canon Bill Christianson who retired as Secretary General on 30 June 2009.

Following the retirement of Bill Christianson, the Revd Tom Heffer became Secretary General from 1 July 2009 and unveiled a new programme of work aimed at enabling the Society to deliver services to seafarers where the need is greatest. *Delivering Maritime Ministry Beyond the Next Horizon* (available on the Society's website) sets out the future strategy for the Society with a focus on;

- developing new models of ministry that will enable the Society to open up in ports around the world where there is currently little or no maritime ministry.
- transforming areas of the Society's present operation that are no longer fit for purpose in being able to serve seafarers in a meaningful and effective way.
- raising enough money in order to achieve the Society's objectives.

Activity in Scotland

Since registering The Mission to Seafarers with the Office of the Scottish Charity Regulator (number SC032911), the Society has continued to conduct a programme of engagement with seafarers in Scottish ports and the wider Church.

In 2009 a total of £185,991 (2008 £121,396) was received from sources in Scotland. Sea Sunday preachings and observances continued across the region, with thanks to valuable support from local volunteers.

The Revd Tim Tunley was appointed as the new chaplain for Scotland in November 2009. 2010 will see the appointment of a new post of Development Director, along with the replacement of the Scottish Secretary following the retirement of the current incumbent, the Revd Canon Robin Underhill. Under the guidance of the Scottish Council, the new team look forward to progressing the provision of support and services to seafarers in Scotland.

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Financial review

The Consolidated Statement of Financial Activities on page 15 shows that total incoming resources were £7,725,000 (2008: £4,630,000) and total resources expended were £5,621,000 (2008: £5,087,000), resulting in net incoming resources, before recognised gains on investment assets of £2,104,000 (2008: loss £457,000). This improvement in outturn was due to the sale of a property for £3,216,000.

Legacy income increased from £1,390,000 in 2008 to £1,702,000, increasing total voluntary income from £3,135,000 in 2008 to £3,359,000 this year. However, in this recessionary year, all other income streams decreased, with donations down from £1,745,000 to £1,657,000 in 2009, activities for generating income down from £219,000 to £144,000, investment income from £789,000 to £563,000 and income from charitable activities down from £340,000 in 2008 to £242,000 in 2009.

Therefore, excluding legacies and the sale of the property, the total of incoming resources this year would again have fallen considerably short of the resources expended. The trustees recognise the significant contribution to the Society's work from legacies, which this year accounted for approximately 39% (2008: 30%) of total incoming resources (excluding the sale of property) and underpin the income from other sources that is becoming harder to sustain. This situation is not unique to the Society and indeed it is a feature of the charity sector generally.

It is important to record here that the sustainability of the Society's operations, both in the UK and as a resource provider to other parts of the worldwide mission, depends on its ability to generate cash.

The Society and its subsidiaries have seen a net outflow of cash in 2009 of £11,000 (2008: £2,000). However, the cash outflow from the Society's normal activities and investment income was £943,000 (2008: £731,000).

The Society is pleased to note that the Merchant Navy Welfare Board has agreed a five year vehicle funding plan.

A breakdown of the total expenditure is analysed on page 23 of these financial statements.

The proportion of total expenditure that the Society considers to be of a charitable nature has reduced from just under 78% to just under 74%. This reduction is principally explained by the trustees' decision to increase investment in expenditure explicitly linked to the raising of future funds for the wider benefit of the Society.

Investment policy

The trustees have adopted a policy for the portfolio of investments that is designed to optimise returns over the longer term and thus provide a regular flow of funds to meet the Society's operating activities both in the UK and overseas.

In the implementation of this policy, the trustees and the Investment Committee follow the Charity Commission guidance for the investment of charitable funds. They also have regard to, but are not bound by, the Church of England Ethical Investment Advisory Group guidelines.

Investment portfolio

The Society maintains a balanced and internationally diversified portfolio of investments including equities, fixed interest stocks and investment funds giving access to other asset classes. The portfolio is externally managed by investment managers who are regulated by the Financial Services Authority.

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Investment performance

The Investment Committee regularly monitors the risk profiles and asset allocations of the portfolio by means of both reports from, and review meetings with, the investment managers. The performance of UBS, the Society's primary investment managers, is related to a composite benchmark index designed to reflect the overall performance of the several asset classes within the portfolio. The Society's agreement with UBS is that performance will be assessed on a three year rolling basis. In the three year period up to 31 December 2009 there is an overall level of underperformance of 1.1% prior to meeting a performance premium against the benchmark of 1.1%. This underperformance arises partly from strategic decisions, endorsed by the previous Finance and Audit Committee and Council, to reduce the risk exposure in the UK equity element of the portfolio without adjusting the relevant benchmark. The performance of the other investment managers who manage 19% of the overall portfolio is reviewed in a similar way to UBS.

Review procedure

The Society last reviewed its investment policy in the spring of 2008 and this included a review of its ethical investment policy. In addition to the regular review of the performance of the investment managers, the Society's constitution requires a formal review of their appointment every two years. The Investment Committee carried out a review of the whole of the Society's investment process and made recommendations to Council that no changes be made to the current investment managers in 2010.

Reserves

The trustees have established a general reserves policy and regularly review the Society's ability to continue to maximise both its activities in accordance with its objects and the value of net income.

The level of the unrestricted general reserves has provided some protection to the Society and allows time to adjust to changing financial circumstances. This has limited the risk to service provision from a downturn in income, such as the Society is currently experiencing, or an unexpected need for unbudgeted expenditure.

The policy also provides parameters for future strategic plans, contributes to decision making and influences the Society's way of working. The Society seeks to maintain general reserves to reflect the long-term nature of its work.

At the balance sheet date the unrestricted funds of the Society and its subsidiaries stood at £27,872,000 (2008: £23,419,000).

In the opinion of the trustees, this level of fund is required to meet future working and capital requirements having taken into account the following factors:

- The Society seeks to operate in a proactive manner, to make commitments in terms of manpower and premises for the long term and to provide a reserve of funds sufficient to support operations at over 200 locations worldwide where the Society operates directly or through other relationships set out in the section entitled 'The Society's Organisation' on page 4 of this report. There are continuing indications that some of the Society's operations overseas, which endeavour to be self funding, are struggling to maintain essential services. The Society is committed to the principle of maintaining its worldwide presence and to retaining a sufficient level of funds to give stability to its work, including the provision of emergency financing where necessary for these activities.
- Long term committed expenditure at ports directly under UK control, if not funded by reliable and sufficient income streams, is a high risk strategy, which can be unsustainable without adequate reserves. The trustees are very aware that ministry to seafarers is a long-term undertaking and, for that to be possible, a sound financial base is a prerequisite.

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Reserves (continued)

- In 2009 legacy income was £1,702,000 (2008: £1,390,000). Whilst the Society has benefited from legacies in the past and hopes to do so for the future, legacy income cannot be relied upon as a continuing and certain source of incoming resources for the future. The trustees have, therefore, made allowance for the uncertainties that arise from legacy income.
- Changes in stock market performance during 2008 resulted in a significantly decreased valuation of the portfolio at the 2008 balance sheet date, although the stock market has recovered some of these losses in 2009. The Society has a continuing net cash deficit arising from the cash it generates from its operations and its investment income which is being funded from the proceeds of investment and fixed asset transactions. There is a risk that future cash deficits will require continued funding from investment reserves. The trustees have made an allowance for the element of risk arising from any future adverse movement in market values of investments held.
- Changes in law may impose costs, such as in the area of pensions, where obligations may arise to ensure that current and retired employees are not significantly disadvantaged.

Restricted and endowment funds are tied to particular purposes. Restricted funds of £711,000 (2008: £616,000) represent unspent monies received from donors subject to the conditions specified by them. They are not therefore available to the Society for other work. Endowment funds of £636,000 (2008: £780,000) represent monies received from donors where there is some restriction on the power to convert the capital into income. The small endowment funds were transferred to unrestricted funds with the approval of the Charity Commission during 2009.

The trustees review the total reserves position annually and in 2010 will be doing this with particular regard to the review of strategy and objectives referred to earlier in this report and the financial strategy that will form part of it.

Risks

The major risks to which the Society is exposed, as identified by the trustees, have been reviewed, and systems and procedures established to manage them. A Risk Register has been compiled citing 25 specific risks, the controls already in place to mitigate and manage those risks, and the future actions planned to further reduce the net risk to which the Society remains exposed. The Risk Register has been reviewed in detail during 2009 and approved both by the Audit Committee and Council. It will be kept under review annually.

Future plans

The Society will continue to work to meet the needs of seafarers. This will include taking forward the aims of the strategic document *Delivering Maritime Ministry Beyond the Next Horizon* and the Global Review.

The Society intends to move to incorporation as The Mission to Seafarers Ltd from 1 July 2010.

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Statement of Trustees' Responsibilities

Law applicable to charities in England and Wales requires the Society's trustees to prepare financial statements for each financial year which give a true and fair view of the Society's financial activities during the year and its financial position at the end of the year. In preparing financial statements giving a true and fair view, the Council should follow best practice and:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any 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 Society will continue in operation.

Members of Council, as trustees, are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the Society and which enable them to ascertain the financial position of the Society and to ensure that the financial statements comply with applicable law. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- The Society is operating efficiently and effectively;
- Its assets are safeguarded against unauthorised use or disposition;
- Proper records are maintained and financial information used within the Society or for publication is reliable;
- The Society complies with relevant laws and regulations.

Approved and authorised for issue by the Council on 21 April 2010 and signed on its behalf by:



Chairman of the Council



Chairman of the Audit Committee

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE MISSION TO SEAFARERS

We have audited the group and charity financial statements of The Mission to Seafarers for the year ended 31 December 2009 set out on pages 15 to 30. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with section 44 of the Charities Act 1993 and in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. 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 auditors

The trustees' responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006].

We also report if, in our opinion, the information given in the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE MISSION TO SEAFARERS (Continued)

Opinion

In our opinion, the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the affairs of the charity and the group as at 31 December 2009 and of its incoming resources and application of resources for the year then ended; and
- have been prepared in accordance with the Charities Act 1993, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Horwath Clark Whitehill LLP

Horwath Clark Whitehill LLP

Statutory Auditor

Date: *21 April 2010*

St Bride's House
10 Salisbury Square
London, EC4Y 8EH

THE MISSION TO SEAFARERS
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2009

| | Notes | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2009 £'000 | Total 2008 £'000 |
|---|-------|--------------------------------|------------------------------|-----------------------------|------------------------|------------------------|
| INCOMING RESOURCES | | | | | | |
| Incoming resources from generated funds | | | | | | |
| Voluntary income | 3 | 3,175 | 184 | - | 3,359 | 3,135 |
| Activities for generating funds | | 144 | - | - | 144 | 219 |
| Investment income | 4 | 563 | - | - | 563 | 789 |
| Incoming resources from charitable activities | | 242 | - | - | 242 | 340 |
| Other incoming resources | 5 | 3,417 | - | - | 3,417 | 147 |
| TOTAL INCOMING RESOURCES | | 7,541 | 184 | - | 7,725 | 4,630 |
| CHARITABLE EXPENDITURE | | | | | | |
| Cost of generating Funds | | | | | | |
| Cost of generating voluntary income | | 46 | - | - | 46 | 55 |
| Fundraising & Trading | | 1,192 | - | - | 1,192 | 847 |
| Investment management costs | | 45 | - | 1 | 46 | 16 |
| Charitable activities | | 4,099 | 54 | - | 4,153 | 3,969 |
| Governance costs | | 183 | - | - | 183 | 161 |
| Other resources expended | | 1 | - | - | 1 | 39 |
| TOTAL RESOURCES EXPENDED | 6 | 5,566 | 54 | 1 | 5,621 | 5,087 |
| NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS | | 1,975 | 130 | (1) | 2,104 | (457) |
| Transfer between funds | 15 | 227 | (35) | (192) | - | - |
| NET INCOMING/(OUTGOING) RESOURCES BEFORE RECOGNISED GAINS AND LOSSES | | 2,202 | 95 | (193) | 2,104 | (457) |
| NET GAINS/(LOSSES) ON INVESTMENTS | | 2,251 | - | 49 | 2,300 | (4,945) |
| NET MOVEMENT IN FUNDS | | 4,453 | 95 | (144) | 4,404 | (5,402) |
| RECONCILIATION OF FUNDS | | | | | | |
| Total funds brought forward | | 23,419 | 616 | 780 | 24,815 | 30,217 |
| TOTAL FUNDS CARRIED FORWARD | | 27,872 | 711 | 636 | 29,219 | 24,815 |

All the above results are derived from continuing activities. All gains and losses in the year are included above; accordingly a statement of total recognised gains and losses is not required.

Notes 1 to 18 form part of these financial statements.

**THE MISSION TO SEAFARERS
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2009**

| | Notes | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2009 £'000 | Total 2008 £'000 |
|----------------------------|-------|--------------------------------|------------------------------|-----------------------------|------------------------|------------------------|
| FIXED ASSETS | | | | | | |
| Tangible assets | 11 | 5,927 | 611 | 131 | 6,669 | 6,465 |
| Investments | 12 | 17,452 | - | 314 | 17,766 | 16,464 |
| | | <u>23,379</u> | <u>611</u> | <u>445</u> | <u>24,435</u> | <u>22,929</u> |
| CURRENT ASSETS | | | | | | |
| Stocks | | 24 | - | - | 24 | 33 |
| Debtors | 13 | 870 | - | - | 870 | 907 |
| Short term deposits | | 3,481 | 100 | 191 | 3,772 | 829 |
| Cash at bank and in hand | | 483 | - | - | 483 | 494 |
| | | <u>4,858</u> | <u>100</u> | <u>191</u> | <u>5,149</u> | <u>2,263</u> |
| CURRENT LIABILITIES | 14 | <u>365</u> | <u>-</u> | <u>-</u> | <u>365</u> | <u>377</u> |
| NET CURRENT ASSETS | | <u>4,493</u> | <u>100</u> | <u>191</u> | <u>4,784</u> | <u>1,886</u> |
| NET ASSETS | | <u>27,872</u> | <u>711</u> | <u>636</u> | <u>29,219</u> | <u>24,815</u> |
| FUNDS | | | | | | |
| Unrestricted | | | | | | |
| General | | 27,872 | - | - | 27,872 | 23,419 |
| Restricted | 15 | - | 711 | - | 711 | 616 |
| Endowment | 16 | - | - | 636 | 636 | 780 |
| | | <u>27,872</u> | <u>711</u> | <u>636</u> | <u>29,219</u> | <u>24,815</u> |

Approved and authorised for issue by Council on 21 April 2010

Signed on its behalf by:


Chairman of the Council



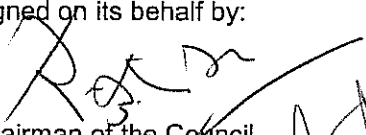
Chairman of the Audit Committee

Notes 1 to 18 form part of these financial statements.

**THE MISSION TO SEAFARERS
SOCIETY BALANCE SHEET
AS AT 31 DECEMBER 2009**

| | Notes | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2009 £'000 | Total 2008 £'000 |
|----------------------------|-------|--------------------------------|------------------------------|-----------------------------|------------------------|------------------------|
| FIXED ASSETS | | | | | | |
| Tangible assets | 11 | 5,338 | 611 | 131 | 6,080 | 5,760 |
| Investments | 12 | 17,452 | - | 314 | 17,766 | 16,464 |
| | | <u>22,790</u> | <u>611</u> | <u>445</u> | <u>23,846</u> | <u>22,224</u> |
| CURRENT ASSETS | | | | | | |
| Stocks | | 24 | - | - | 24 | 25 |
| Debtors | 13 | 897 | - | - | 897 | 924 |
| Short term deposits | | 3,481 | 100 | 191 | 3,772 | 829 |
| Cash at bank and in hand | | 287 | - | - | 287 | 260 |
| | | <u>4,689</u> | <u>100</u> | <u>191</u> | <u>4,980</u> | <u>2,038</u> |
| CURRENT LIABILITIES | 14 | <u>390</u> | <u>-</u> | <u>-</u> | <u>390</u> | <u>373</u> |
| NET CURRENT ASSETS | | <u>4,299</u> | <u>100</u> | <u>191</u> | <u>4,590</u> | <u>1,665</u> |
| NET ASSETS | | <u>27,089</u> | <u>711</u> | <u>636</u> | <u>28,436</u> | <u>23,889</u> |
| FUNDS | | | | | | |
| Unrestricted | | | | | | |
| General | | 27,089 | - | - | 27,089 | 22,493 |
| Restricted | 15 | - | 711 | - | 711 | 616 |
| Endowment | 16 | - | - | 636 | 636 | 780 |
| | | <u>27,089</u> | <u>711</u> | <u>636</u> | <u>28,436</u> | <u>23,889</u> |

Approved and authorised for issue by Council on 21 April 2010
Signed on its behalf by:


Chairman of the Council


Chairman of the Audit Committee

Notes 1 to 18 form part of these financial statements.

**THE MISSION TO SEAFARERS
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2009**

| RECONCILIATION OF NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR TO NET CASHFLOW FROM OPERATIONS | 2009 | 2008 |
|---|----------------|----------------|
| | £'000 | £'000 |
| Net incoming/(outgoing) resources | 2,104 | (457) |
| Gain on disposal of tangible fixed assets | (3,381) | (133) |
| Investment Income | (563) | (789) |
| Depreciation | 235 | 226 |
| Decrease/(Increase) in stocks | 9 | (22) |
| Decrease/(Increase) in debtors | 37 | (300) |
| Decrease in creditors | (12) | (60) |
| Exchange Difference on Consolidation | 65 | 15 |
| Net Cash Outflow from Operating Activities | (1,506) | (1,520) |

CASHFLOW STATEMENT

| | | |
|--|----------------|----------------|
| Net Cash Outflow from Operating Activities | (1,506) | (1,520) |
| Returns on Investments and Servicing of Finance | | |
| Investment Income | 563 | 789 |
| Capital Expenditure and Financial Investment | | |
| Payments to acquire tangible fixed assets | (800) | (1,120) |
| Purchases of investments | (2,578) | (5,048) |
| Receipts from sales of tangible fixed assets | 3,677 | 178 |
| Receipts from sale of investments | 3,187 | 6,548 |
| | 3,486 | 558 |
| Net Cash Inflow/(Outflow) before Management of Liquid Resources | 2,543 | (173) |
| Management of Liquid Resources | | |
| Increase in cash on short term deposits | (2,943) | (112) |
| Decrease in cash with Investment Managers | 389 | 283 |
| | (2,554) | 171 |
| Decrease in Cash | (11) | (2) |

| ANALYSIS OF CHANGES IN NET CASH | <i>1 January</i> | Cash outflow | 31 December |
|--|------------------|-----------------|--------------------|
| | <i>2009</i> | | 2009 |
| Cash at bank and in hand | <u>494</u> | <u>(11)</u> | <u>483</u> |

THE MISSION TO SEAFARERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES

a) Accounting convention

The Financial Statements are prepared under the historical cost convention, modified to include the revaluation of investments to market value.

b) Basis of preparation and Consolidation

The Financial Statements have been prepared in accordance with the Charities Act 1993, the Society's governing document and the Statement of Recommended Practice – Accounting and Reporting by Charities, (SORP 2005) and in accordance with applicable accounting standards.

The Financial Statements relating to the Society represent an aggregation of the central and trust funds of the Society and its branches detailed on page 4.

In 2009, following an internal review, a number of entities have been included in the consolidated statements for the first time, as detailed in note 2.

No separate Statement of Financial Activities has been presented for the Society alone as permitted by paragraph 397 of the 2005 Charities SORP.

The group Financial Statements combine the results of the parent undertaking, The Mission to Seafarers, and its subsidiary undertakings detailed in Note 12b after eliminating inter-group transactions.

c) Incoming Resources and Resources Expended

The value of all incoming resources accruing to the Society is recorded in the Statement of Financial Activities as soon as it is prudent and practicable to do so.

Expenditure is accounted for on an accruals basis. Costs in respect of operating leases are charged on a straight line basis over the lease term.

d) Legacies

Property and investments received by way of legacies are included initially at the market value ruling on the date of transfer. Legacies are recognised in the Statement of Financial Activities when there is adequate certainty and reliability of receipt and their value can be accurately measured. This is based on all legacies notified by the year end for which income was received by the end of February. Only material legacies received after this date, and up to the date of signing of the Annual Report and Financial statements, are recognised in the Statement of Financial Activities.

e) Capital Grants

Capital grants and restricted donations are credited to the Statement of Financial Activities as restricted fund incoming resources. A transfer is made to unrestricted funds over the estimated useful lives of the assets to which they relate, matching depreciation charged to the unrestricted funds.

f) Allocation of costs

Charitable expenditure comprises expenditure directly relating to the objects of The Society. It includes employment and associated costs of Chaplains including recruitment and training together with advice to the Society and linked organisations worldwide. Services to seafarers such as the costs of educational material and information for seafarers together with the newspaper for seafarers "The Sea" are also included as direct charitable expenditure.

THE MISSION TO SEAFARERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES (CONTINUED)

f) Allocation of costs (continued)

Support costs (including secretarial and administrative support from Central Office) not directly attributable to the headings on the Statement of Financial Activities are allocated to Charitable Activities or Cost of Generating Funds-Fund Raising/Trading by head count at the Society's Central Office.

Governance costs include amounts related to the AGM, audit fees and trustees expenses.

g) Pension costs

The Society makes contributions to defined benefit and defined contribution schemes. The defined benefit schemes are multi employer pension schemes and it is not possible to identify the assets and liabilities of the schemes attributable to the Society. In accordance with FRS 17 therefore, the Society has accounted for contributions to the defined benefit schemes as if they were defined contribution schemes. Full details of the pension schemes are given in note 9.

h) Tangible fixed assets

Tangible fixed assets are stated in the Balance Sheet at cost less depreciation. Assets with a cost of less than £1,000 are written off in the year of purchase.

Depreciation is provided on a straight line basis over the anticipated useful life of fixed assets as follows:

| | |
|---------------------------|------------------------------|
| Motor vehicles | - four to six years |
| Fixtures and equipment | - between five and ten years |
| Short leasehold buildings | - over the term of the lease |
| Computer equipment | - three years |
| Vessel – Flying Angel | - fifteen years |

The Society has reviewed its tangible fixed assets, which comprise land and buildings. Where the trustees consider that the expected useful life is in excess of 50 years and the carrying value in the Financial Statements is not less than the estimated recoverable amount, no depreciation is charged on freehold buildings, and in accordance with FRS11, the trustees have and will continue to carry out annual reviews of impairment.

i) Investments

Investments are stated at mid-market value. Realised and unrealised gains and losses are shown in the Statement of Financial Activities.

j) Stocks

Stocks are valued at the lower of cost and net realisable value.

k) Foreign currency translation

With the exception of investments, transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Foreign investment transactions are recorded at an average rate. Monetary assets are shown in the balance sheet at the rate ruling on the balance sheet date.

l) Funds

Endowment Funds relate to assets donated to the Society that must be maintained and used for its benefit. Restricted Funds represent capital grants (note e above) received together with donations for specific purposes. Transfers to unrestricted funds represent the release for the year of these grants or donations.

THE MISSION TO SEAFARERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

2. SUBSIDIARY AND CONNECTED UNDERTAKINGS

FLYING ANGEL MARKETING ENTERPRISES (FAME)

The Society owns through nominees the whole of the issued share capital of FAME, which is registered in England. Three of the trustees of the Society sit on the board of FAME but receive no remuneration for doing so.

FAME is a retailer and distributor of Christmas cards and novelties. Any taxable profit from trading is gifted to the Society under Gift Aid.

FAME has a trading year which ends on 31 December. Summary audited trading results for FAME for the years ended 31 December 2009 and 31 December 2008 are shown below. Audited financial statements are filed with the Registrar of Companies.

| | 2009 £'000 | 2008 £'000 |
|---|------------------|-------------------|
| Turnover | 29 | 78 |
| Cost of sales | <u>(14)</u> | <u>(55)</u> |
| Gross profit | <u>15</u> | <u>23</u> |
| Administration | <u>(11)</u> | <u>(27)</u> |
| Net gain/(loss) retained in Subsidiary | <u>4</u> | <u>(4)</u> |

THE MISSION TO SEAFARERS DMCCO

A Dubai Maritime City Company (previously FZCO, a Free Zone Company) was registered in Dubai in June 2007. The Society is, in effect, the beneficial shareholder. The shares are held in the Nominee names of The Mission to Seafarers Trust Corporation and FAME.

| | 2009 £'000 | 2008 £'000 |
|---|---------------------|-------------------|
| Voluntary Income | 390 | 423 |
| Activities for Generating Funds | 1 | - |
| Investment Income | <u>43</u> | <u>33</u> |
| Total Incoming Resources | 434 | 456 |
| Charitable Expenditure | <u>574</u> | <u>267</u> |
| Net (loss)/gain retained in Subsidiary | <u>(140)</u> | <u>189</u> |

THE MISSION TO SEAFARERS LIMITED

The Mission to Seafarers Ltd is a charitable company which is registered in England to undertake operations on behalf of the Society where it is necessary to undertake them through a corporate body. This company was dormant in 2009.

THE MISSION TO SEAFARERS TRUST CORPORATION LIMITED

The Mission to Seafarers is an unincorporated body; its property is held in the name of the Mission to Seafarers Trust Corporation Ltd, Registered in England, as Custodian Trustee. As the Corporation does not trade it prepares Financial Statements as a dormant Company.

CONSOLIDATION

The above entities have been consolidated to form the group accounts.

THE MISSION TO SEAFARERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

2. SUBSIDIARY AND CONNECTED UNDERTAKINGS (CONTINUED)

THE DUNKIRK WAR MEMORIAL TRUST LIMITED

The Dunkirk War Memorial Trust Limited (DWMT) is registered in England and was set up as a charity to provide premises and facilities for the use of seafarers within the port of Dunkirk, France. DWMT is connected to the Society by virtue of similar objects in relation to its activities in Dunkirk. The directors are not appointed by the Society and, although they are all currently trustees of the Society, they do not need to be trustees of the Society.

The accounts of DWMT are not consolidated as the Society does not exert any direct control over the activities of this charitable company.

| | | | |
|----------------------------|--|--------------|--------------|
| 3. VOLUNTARY INCOME | | 2009 | 2008 |
| | | £'000 | £'000 |
| General donations | | 1,657 | 1,745 |
| Legacies | | 1,702 | 1,390 |
| | | <u>3,359</u> | <u>3,135</u> |

| | | | |
|-----------------------------|--|--------------|--------------|
| 4. INVESTMENT INCOME | | 2009 | 2008 |
| | | £'000 | £'000 |
| Listed investments | | 526 | 613 |
| Bank deposit interest | | 10 | 86 |
| Rental | | 27 | 90 |
| | | <u>563</u> | <u>789</u> |

Income from listed and unlisted investments is shown gross, including tax reclaimable. Rental income is received from properties held as fixed assets that are not fully occupied for the Society's own activities. The majority of the Rental Income related to 22 Eccleston Square which was sold with vacant possession in September 2009.

| | | | |
|---|--|--------------|--------------|
| 5. OTHER INCOME | | 2009 | 2008 |
| | | £'000 | £'000 |
| Surplus on disposal of properties | | 3,381 | 136 |
| Surplus/(deficit) on disposal of other assets | | 5 | (3) |
| Other | | 31 | 14 |
| | | <u>3,417</u> | <u>147</u> |

The Society was donated a leasehold property in Eccleston Square, London in 1951. As the property was used for Charitable purposes, and the floors not used by the Society sub let to tenants, the property was held in the assets at the book value of the improvements made, £12,000. This property was sold in 2009 resulting in a gain of £3,135,000 after the costs of disposal.

THE MISSION TO SEAFARERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

6. ANALYSIS OF SOCIETY EXPENDITURE

| | Ministry £'000 | Public Relations £'000 | Regions £'000 | Fund raising £'000 | Support £'000 | Total 2009 £'000 | Total 2008 £'000 |
|--------------------------|-------------------|------------------------------|------------------|--------------------------|------------------|------------------------|------------------------|
| Cost of Generating Funds | | | | | | | |
| Cost of Generating | | | | | | | |
| Voluntary Income | - | - | - | 46 | - | 46 | 55 |
| Fundraising/ Trading | - | - | 1 | 606 | 585 | 1,192 | 847 |
| Investment | | | | | | | |
| Management Costs | - | - | 10 | - | 36 | 46 | 16 |
| Charitable Activities | 342 | 411 | 2,634 | 103 | 663 | 4,153 | 3,969 |
| Governance Costs | - | 2 | 17 | 14 | 150 | 183 | 161 |
| Other Resources | | | | | | | |
| Expended | - | - | 1 | - | - | 1 | 39 |
| | 342 | 413 | 2,663 | 769 | 1,434 | 5,621 | 5,087 |
| Staff Costs (note 8) | 267 | 215 | 885 | 496 | 618 | 2,481 | 2,602 |
| Grants (note 7) | - | - | 341 | - | - | 341 | 299 |
| Other | 75 | 198 | 1,437 | 273 | 816 | 2,799 | 2,186 |
| Total | 342 | 413 | 2,663 | 769 | 1,434 | 5,621 | 5,087 |

Support costs not directly attributable to the headings on the Statement of Financial Activities are reallocated on the basis of headcount at the Society's Central Office. It should be noted that during 2009 the trustees approved the strengthening of the fundraising department by increasing the head count with the expectation of increasing income in future years.

Audit fees included in governance costs amount to £18,000 (2008: £18,000) and other fees paid to the auditors for non audit services total £35,000 (2008: £46,000).

7. MINISTRY GRANTS

| | 2009 £'000 | 2008 £'000 |
|-----------------------|---------------|---------------|
| Bahrain | 10 | 12 |
| Bangkok | 27 | - |
| Belem | 12 | - |
| Centres for Seafarers | 3 | - |
| Colombo | 10 | 10 |
| Dar es Salaam | - | 10 |
| Dunkirk | 21 | 24 |
| Great Yarmouth | 11 | 10 |
| Humber | - | 2 |
| Lyttleton | 2 | 2 |
| Mangalore | 16 | 56 |
| Oceania | 2 | 2 |
| Odessa | 30 | 73 |
| Pusan | 43 | 50 |
| Rotterdam | 8 | - |
| Rouen | 8 | 6 |
| Southern Africa | 11 | 10 |
| Suape | 38 | - |
| Tuticoron | 15 | 13 |
| Vlissingen | 71 | - |
| Yokohoma | - | 10 |
| Other | 4 | 9 |
| | 342 | 299 |

THE MISSION TO SEAFARERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

| 8. STAFF COSTS | £'000 | 2009 Staff No. | £'000 | 2008 Staff No. |
|-----------------------------|--------------|-------------------|--------------|-------------------|
| Ministry | | | | |
| Wages and salaries | 170 | | 214 | |
| Social security costs | 19 | | 19 | |
| Other pension costs | 6 | | 114 | |
| Other Staff Costs | <u>72</u> | | <u>52</u> | |
| Total staff costs | <u>267</u> | 6 | <u>399</u> | 8 |
| Public Relations | | | | |
| Wages and salaries | 165 | | 138 | |
| Social security costs | 14 | | 13 | |
| Other pension costs | 13 | | 7 | |
| Other Staff Costs | <u>23</u> | | <u>23</u> | |
| Total staff costs | <u>215</u> | 4 | <u>181</u> | 5 |
| Regions and Branches | | | | |
| Wages and salaries | 604 | | 768 | |
| Social security costs | 47 | | 56 | |
| Other pension costs | 46 | | 40 | |
| Other Staff Costs | <u>188</u> | | <u>194</u> | |
| Total staff costs | <u>885</u> | 42 | <u>1,058</u> | 52 |
| Fundraising | | | | |
| Wages and Salaries | 392 | | 277 | |
| Social Security Costs | 38 | | 30 | |
| Other Pensions Costs | 31 | | 17 | |
| Other Staff Costs | <u>35</u> | | <u>9</u> | |
| Total staff costs | <u>496</u> | 12 | <u>333</u> | 6 |
| Support | | | | |
| Wages and salaries | 433 | | 439 | |
| Social security costs | 35 | | 41 | |
| Other pension costs | 64 | | 22 | |
| Other Staff Costs | <u>86</u> | | <u>129</u> | |
| Total staff costs | <u>618</u> | 14 | <u>631</u> | 14 |
| Total | | | | |
| Wages and salaries | 1,764 | | 1,836 | |
| Social security costs | 153 | | 159 | |
| Other pension costs | 160 | | 200 | |
| Other Staff Costs | <u>404</u> | | <u>407</u> | |
| Total staff costs | <u>2,481</u> | 78 | <u>2,602</u> | 85 |

Other Staff Costs include recruitment, compensation for loss of office, training, welfare of overseas employees, temporary staff and travel related costs.

Employees with remuneration (excluding benefits in kind) in excess of £60,000:
£60,000 to £70,000 was 2 (2008: 1)

THE MISSION TO SEAFARERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

9. PENSIONS

Defined Benefit Schemes

The Society participates in two of the Church of England Defined Benefits Schemes administered by the Church of England Pensions Board. These are the Church of England Funded Pensions Scheme (CEFPS) for the clergy and the Church of England Defined Benefits Scheme (CEDBS) for lay employees of Church of England organisations. The assets of both schemes are held separately from those of the Society.

The Society is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the CEDBS.

The nature of the Society's participation in these schemes therefore falls within the multi employer disclosure provisions of Financial Reporting Standard 17 which therefore require the contributions to the schemes to be accounted for as for defined contributions schemes and for the following additional disclosures to be made.

The last actuarial valuation of the CEFPS was carried out as at 31 December 2006 and revealed a shortfall of assets of £141 million which is 30% of the scheme's assets. Accordingly the trustees of the scheme have confirmed that along with some agreed changes in benefits the employers contribution rate to the scheme from 1 April 2009 would be 39.7% of pensionable stipends. The previous rate was 39.8%. The Society Chaplains in this scheme total 16 out of a total membership of approximately 10,000 active members. All of the Society's Employed Chaplains are currently funded by the Church of England under Vote 4 provisions.

The last actuarial valuation of the CEDBS was carried out as at 31 December 2007 and showed a deficit of £23.7m which is 13% of the scheme's assets. The Society's contribution rate was decreased with effect from 1 January 2009 from 25.9% to 23.3%. The Employers contribution to this scheme in 2009 were £48,000 together with £50,000 to reduce the deficit from previous years. As at 31 December 2009 the Society had 6 (2008: 9) active members and 12 (2008: 13) deferred pensioner members in the fund.

Defined Contribution Schemes

A money purchase pension scheme – The Church of England Defined Contributions Scheme – administered by the Church of England Pensions Board was introduced on 1 January 2002 following the closure to new entrants of the CEDBS on that date. Contributions to this scheme are funded 3% by the employee and 7% by the Society. There is 1 active member of this scheme (2008: 1) and the contributions by the Society in the year were £2,000 (2008: £2,000).

Additional money purchase schemes administered by pension providers selected by the individual member have been set up with the Society contributing between 7% and 10% for two active members. Society contributions for 2009 totalled £7,000 (2008: £7,000).

A new scheme for new members of staff was set up in 2008 with Scottish Life. Contributions to this scheme are funded 3% by the employee and 7% by the Society. 18 members of staff have joined this scheme. Contributions to this scheme were £50,000 (2008: £72,000).

Other

Amounts paid in respect of unfunded pensions during the year were £1,000 (2008: £1,000).

THE MISSION TO SEAFARERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

10. TRANSACTIONS WITH TRUSTEES

No trustee or person related or connected by business to them received any remuneration from the Society during the current year. In 2008 1 trustee was paid £5,000 for professional services permitted by paragraph 10.9 of the Constitution in respect of services provided in 2008.

During the year expenses were reimbursed to 7 trustees (2008: 10) for travel to attend meetings of and on behalf of the Society. The total amount paid to trustees in 2009 was £8,000 (2008: £4,000).

11. TANGIBLE FIXED ASSETS

Group

| | Unrestricted/Restricted Funds | | | | Endowment | Total |
|---------------------------------------|-------------------------------|-------------------|------------|-------------------------|------------|--------------|
| | Property | Motor Vehicles | Vessel | Fixtures & Equipment | Property | |
| Cost | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 1 January 2009 | 5,869 | 687 | 810 | 804 | 131 | 8,301 |
| Additions | 703 | 77 | - | 20 | - | 800 |
| Exchange Movement on Consolidation | - | (2) | (75) | - | - | (77) |
| Disposals | (293) | (26) | - | (45) | - | (364) |
| 31 December 2009 | 6,279 | 736 | 735 | 779 | 131 | 8,660 |
| Depreciation | | | | | | |
| 1 January 2009 | 535 | 427 | 121 | 753 | - | 1,836 |
| Provided during the year | 57 | 107 | 47 | 24 | - | 235 |
| Exchange Movement on Consolidation | - | (1) | (11) | - | - | (12) |
| Disposals | - | (23) | - | (45) | - | (68) |
| 31 December 2009 | 592 | 510 | 157 | 732 | - | 1,991 |
| Net book value | | | | | | |
| 31 December 2009 | 5,687 | 226 | 578 | 47 | 131 | 6,669 |
| <i>31 December 2008</i> | <i>5,334</i> | <i>260</i> | <i>689</i> | <i>51</i> | <i>131</i> | <i>6,465</i> |

THE MISSION TO SEAFARERS
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11. TANGIBLE FIXED ASSETS (CONTINUED)

The Society

| | Unrestricted/Restricted Funds | | | Endowment | Total |
|--------------------------|-------------------------------|----------------|----------------------|------------|--------------|
| | Property | Motor Vehicles | Fixtures & Equipment | Property | |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | | |
| 1 January 2009 | 5,869 | 665 | 802 | 131 | 7,467 |
| Additions | 703 | 76 | 20 | - | 799 |
| Disposals | (293) | (26) | (45) | - | (364) |
| 31 December 2009 | 6,279 | 715 | 777 | 131 | 7,902 |
| Depreciation | | | | | |
| 1 January 2009 | 535 | 419 | 753 | - | 1,707 |
| Provided during the year | 57 | 103 | 23 | - | 183 |
| Disposals | - | (23) | (45) | - | (68) |
| 31 December 2009 | 592 | 499 | 731 | - | 1,822 |
| Net book value | | | | | |
| 31 December 2009 | 5,687 | 216 | 46 | 131 | 6,080 |
| <i>31 December 2008</i> | <i>5,334</i> | <i>246</i> | <i>49</i> | <i>131</i> | <i>5,760</i> |

PROPERTY

The properties held are split between categories as follows:

| | 2009 | 2008 |
|-------------------------|--------------|--------------|
| | £'000 | £'000 |
| Freehold | 4,382 | 4,131 |
| Leasehold | 1,305 | 1,203 |
| TOTAL | 5,687 | 5,334 |
| Endowment Funds: | | |
| Freehold | 131 | 131 |

Freehold and leasehold property represents the book value of staff houses, pensioners' houses, and club and office premises.

THE MISSION TO SEAFARERS
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12. INVESTMENTS

a) Listed investments

| | 2009 £'000 | 2008 £'000 |
|--|---------------|----------------|
| Market value 1 January | 15,590 | 22,035 |
| Additions | 2,578 | 5,048 |
| Disposals | | |
| Cost | 3,003 | 7,256 |
| Net (Losses)/Gain in previous years | (26) | 482 |
| Market value of disposals at 1 January | (2,977) | (7,738) |
| Net Unrealised gains/(losses) for the year | <u>2,090</u> | <u>(3,755)</u> |
| Market value 31 December | | |
| Listed Investments | 17,281 | 15,590 |
| Cash held by Investment Managers | 485 | 874 |
| | <u>17,766</u> | <u>16,464</u> |
| Historical cost at 31 December | <u>15,125</u> | <u>18,915</u> |

The Society's main investment advisors charge a management fee offset by the commission charge on each transaction up to a maximum amount. The fees for 2009 were £46,000 (2008 £61,000) The commission charges of £15,000 are included in the additions and deducted from the proceeds of investment transactions. Fees totalling £18,000 (2008 £16,000) were paid to the other investment advisors.

Significant investment holdings (over 5%) based on market value at 31 December 2009 were:

| | |
|--------------------------|-----------------|
| UBS Triton Property Fund | 8% of portfolio |
|--------------------------|-----------------|

b) Investments in subsidiaries

The Society controls the following principal subsidiaries, the results of which have been consolidated.

| Name of company | Country of incorporation | % holding/ Control | Net incoming resources 2009 £'000 | Net assets as at 31 December 2009 £'000 | Nature of business |
|--|--------------------------|-----------------------|---|--|--|
| The Mission to Seafarers DMCCO | UAE | 100 | (140) | 781 | Provision of spiritual and practical welfare for all seafarers |
| Flying Angel Marketing Enterprises Ltd | UK | 100 | 4 | 0 | Selling promotional goods |

THE MISSION TO SEAFARERS
NOTES TO THE FINANCIAL STATEMENTS
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13. DEBTORS

| | Group | | The Society | |
|---|------------|------------|-------------|------------|
| | 2009 | 2008 | 2009 | 2008 |
| | £'000 | £'000 | £'000 | £'000 |
| Net amounts due from | | | | |
| - Dunkirk War Memorial Trust Ltd | - | 55 | - | 55 |
| - Flying Angel Marketing Enterprises Ltd (FAME) | - | - | 28 | 20 |
| Legacies | 365 | 564 | 365 | 564 |
| Other debtors | 505 | 288 | 504 | 285 |
| | <u>870</u> | <u>907</u> | <u>897</u> | <u>924</u> |

Amounts due from FAME include a £12,500 loan made to FAME at a market rate of interest that is not repayable in the next two years.

14. CURRENT LIABILITIES

| | Group | | The Society | |
|--|------------|------------|-------------|------------|
| | 2009 | 2008 | 2009 | 2008 |
| | £'000 | £'000 | £'000 | £'000 |
| Creditors | | | | |
| - Grants | - | 39 | - | 39 |
| - Flying Angel Marketing Enterprises Ltd | - | - | 8 | - |
| - Other | 121 | 31 | 139 | 27 |
| Accruals | 244 | 307 | 243 | 307 |
| | <u>365</u> | <u>377</u> | <u>390</u> | <u>373</u> |

Grants represent contractual payments in respect of various short term projects now completed.

15. RESTRICTED FUNDS

| | Opening Balance £'000 | Income £'000 | Expenditure £'000 | Transfer £'000 | Closing Balance £'000 |
|-----------------------------|-----------------------------|-----------------|----------------------|-------------------|-----------------------------|
| ITF Mangalore | - | 17 | (4) | - | 13 |
| ITF Suape | - | 47 | (38) | - | 9 |
| ITF Belem | - | 49 | (12) | - | 37 |
| ITF Mombasa | - | 35 | - | - | 35 |
| Merchant Navy Welfare Board | 13 | 33 | - | (13) | 33 |
| Belfast | 563 | - | - | (13) | 550 |
| Swansea | 5 | - | - | (5) | - |
| Tees South | 29 | - | - | (1) | 28 |
| General | - | 3 | - | (3) | - |
| London Diocesan House | 6 | - | - | - | 6 |
| | <u>616</u> | <u>184</u> | <u>(54)</u> | <u>(35)</u> | <u>711</u> |

Restricted Funds represent capital grants (note 1e) received together with donations for specific purposes. Transfers to unrestricted funds represent the release for the year of these grants or donations.

THE MISSION TO SEAFARERS
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16. ENDOWMENT FUNDS

| | Opening Balance £'000 | Gains on Investments £'000 | Transfer to Unrestricted Funds £'000 | Closing Balance £'000 |
|---|-----------------------------|----------------------------------|---|-----------------------------|
| Special Trust Funds | | | | |
| London Centenary Fund | 131 | - | - | 131 |
| Sunderland Endowment Fund | 457 | 48 | - | 505 |
| Other Funds to be transferred (see below) | 192 | - | (192) | - |
| Total | <u>780</u> | <u>48</u> | <u>(192)</u> | <u>636</u> |

The London Centenary Fund is wholly represented by a house, which is for occupancy by a Chaplain. The Sunderland Endowment fund includes the proceeds of a property previously occupied by the widow of a chaplain.

The Society received authority from the Charity Commission to transfer the assets of all the remaining trusts into General Reserves in 2009.

17. CAPITAL COMMITMENTS

At 31 December 2009 the Council had not contracted for any capital expenditure for the Society or Group.

18. FINANCIAL COMMITMENTS

At 31 December 2009 the Society and Group had annual commitments under non-cancellable operating leases which expire as set out below:

| | Land and Buildings 2009 £'000 | <i>Land and Buildings 2008 £'000</i> |
|----------------------|--|--|
| Within one year | - | - |
| In two to five years | 12 | 23 |
| Over 5 years | 40 | 35 |
| | <u>52</u> | <u>58</u> |