

**THE SOCIETY OF MARY AND MARTHA**  
**FINANCIAL STATEMENTS AND ANNUAL REPORT**  
**Year Ended 31 December 2007**

**THE SOCIETY OF MARY AND MARTHA**

**YEAR ENDED 31 DECEMBER 2007**

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**THE SOCIETY OF MARY AND MARTHA**  
**FINANCIAL STATEMENTS AND ANNUAL REPORT**

Year Ended 31 December 2007

**ADMINISTRATIVE INFORMATION**

<b>REG CHARITY NO.</b>	327394
<b>TRUSTEES</b>	Canon Jonathan Williams (Chair) Rev John Perry Rev Dr Roy Walford Mrs Valerie Hawkins Dr Ann Buxton Mrs Jean Smith Mrs Averil Swanton (retired Nov 07)
<b>WARDEN</b>	Carl A Lee
<b>TREASURER</b>	Sarah Horsman
<b>THE SHELDON COMMUNITY</b>	Carl Lee Susan Lee Hillary Hanson Sarah Horsman Jan Kaye
<b>ADDRESS</b>	Sheldon Dunsford Exeter EX6 7LE
<b>BANKERS</b>	Barclays Bank Plc 20 High Street Exeter EX4 3LL
<b>AUDITORS</b>	Bush & Co 2 Barnfield Crescent Exeter EX1 1QT
<b>SOLICITORS</b>	Foot Anstey Sargent Senate Court Southernhay Gardens Exeter EX1 1NT

# THE SOCIETY OF MARY AND MARTHA

## TRUSTEES' REPORT

### Introduction

The Trustees submit their Annual Report and Summarised Financial Statements for the year ended 31 December 2007. The Trustees confirm that the Annual Report and the Financial Statements of the charity have been prepared so as to comply with the statutory requirements, governing document, and the Charities Statement of Recommended Practice 2005.

### The Charity

The Society of Mary and Martha is an independent ecumenical charity caring for people in Christian ministry at times of stress, crisis, burnout or breakdown. These specialist resources are set in the context of serving the church and community by providing broadly-based retreat and education resources.

### Objectives

The charity's core objective is to achieve long term stability, delivering resources to people in ministry at a consistently high standard. Achieving this involves

- recruiting, training and retaining committed members of the Sheldon Community, staff and volunteers
- a long term commitment to the development and maintenance of the Sheldon buildings and grounds

As the charity matures, the Trustees are mindful of the need to keep pace with external changes, including changes in the nature of ministry within the church; rising expectations regarding the quality of retreat accommodation; advances in spiritual and psychological care; and legislative changes relating to governance, accountability and risk assessment.

### Objectives for 2007

The Society's Annual Report for 2006 stated the following specific objectives for the charity in 2007.

- Install underfloor heating and re-order the interior of the medieval Chapel of Christ the Servant, and improve external steps and handrail.
- Construct the extension to the Animal Barn on the foundations built in 2006.
- Continue the programme of laying neglected hedges and erecting stock-proof fencing where necessary.
- Create an easy access platform for the Open air Theatre to enable guests in wheelchairs to attend fundraising events in safety and comfort. Upgrade water, electricity and telephone supplies to the theatre area.
- Develop our office and accounting systems to enable guests and supporters to make payments and donations by credit card in person and through the website.
- Assess the charity's computer network and re-consider the need for a server to improve office efficiency and data security.
- Consult on the future of the Long Barn, perhaps with an outline planning application.

### Strategies, Achievements, Activities, Performance 2007

We have a great deal of experience in running building projects alongside welcoming guests, as we have steadily developed the Sheldon site since 1991. However, it still takes a good deal of additional time, care and planning to ensure that needs of future guests are not met at the expense of today's guests. We were pleased to welcome 196 clergy guests into the four Linhay Lodges, with a total of 1164 bed nights (1118 in 2006). The average length of stay was 5.9 nights (8 year average 5.4). We continue our policy of refusing more than a strict proportion of advance bookings in order to be able to respond to more short notice and emergency requests. These are often from

## THE SOCIETY OF MARY AND MARTHA

### TRUSTEES' REPORT

people who have been signed off sick and urgently need sanctuary away from the pressures of the vicarage or manse. About half of our Lodge bookings are taken at less than 4 weeks notice, and a quarter at less than 10 days. This approach places more demands on the Sheldon team, and is less financially rewarding, but clearly meets the core objectives of the charity more effectively than only dealing with bookings made months in advance. The Pig Pens completed in 2006 are now well established and bring the benefits of time out and space apart to more guests. The Linhay Lodges are exclusively for people in ordained and/or full time ministry whereas the Pig Pens are open to everyone. Guests bring a wide range of difficulties including ill health, convalescence, bereavement, relationship breakdown, work stress and overload, being bullied, etc. Many Lodge and Pig Pen guests take up the option of one-to-one therapy time with a member of the Community during their stay. We continue to develop our broad-based skills in this area covering massage, spiritual direction, relaxation training, grief recovery, lifting depression, exploring vocation, etc. The "Friday Fringe" events continue to enable us to make more connection with local people, and attract new supporters. 40 residential groups stayed during the year from churches, schools and community groups, including children and adults with special needs. With 50 new Friends joining in 2007 we now have nearly 650 Friends of the Society who regularly support the ministry with financial and prayerful contributions, and receive the newsletter.

We continued to run our regular programme of events including the specialist 12,000-mile service weeks for people in ministry and the clergy family holiday weeks. The team give intensive attention during the 12,000s, and the needs of the guests cover a very wide range. Retreats and training events continue to be open to everyone, and on average half the guests on these events are able to claim the 20% clergy discount. The running of our hospitality programme is very dependent on the massive contribution made by volunteers who live at Sheldon for a week at a time. Most of our hospitality volunteers are retired men and women – a high proportion of whom first came to Sheldon as guests, and now return to help us care for others.

The specific objectives as stated in the 2006 report were addressed as follows:

- Renovation of the medieval Chapel. The purpose was to re-energise this ancient Chapel as an attractive and accessible place for private prayer at the heart of the Centre. The space is needed and valued by a high proportion of guests. The key requirements were heating and safer access steps. Listed planning consent had to be obtained before work could begin. All the 1970s interior fittings of the medieval Chapel of Christ the Servant were stripped out at the end of August. The floor was excavated and rebuilt with insulation and underfloor heating and a high quality tiled finish. A new oak door was made and fitted and the internal render repaired. Seating and storage was re-arranged for a simpler and less cluttered feel, and the whole interior redecorated. The difficult access steps were rebuilt with an easier rise and a sturdy handrail. The Chapel was re-opened with a blessing by the Bishop of Crediton at the end of November. The total cost was £17,382. The Community plan to introduce daily midday intercessions in the chapel on an experimental basis in 2008.
- Extension to the Animal Barn. The foundations were laid in 2006 for an extension to the Animal Barn to provide a lockable storage shed for the tractors and more space for sheep handling and lambing pens. The 45 acres of Sheldon grounds and the flock of sheep are important resources for guests on retreat or in crisis or convalescence and needing space to walk and reflect. The need for the Barn extension arose as a result of doubling the acreage and flock numbers in 2004. The work was successfully completed during the early part of 2007 at a cost of £15,222, and opened by Her Majesty's Lord Lieutenant of Devon Eric Dancer and Mrs Carole Dancer.
- Fencing and hedging. £6,031 was spent on the rolling programme of laying hedges that had been neglected under previous ownership down the south side of Ten Acre and the east side of the Barn Field. This has opened up lovely views for guests walking around the grounds. Stockproof fencing was erected in Five Acre and replaced in the Barn Field.

## THE SOCIETY OF MARY AND MARTHA

### TRUSTEES' REPORT

- Theatre access and amenity facilities. An earth platform with a railway sleeper retaining wall was built at the top of the theatre auditorium to allow easy access for wheelchair users and other theatregoers with mobility difficulties. This was considered necessary under the Disability Discrimination Act. The deck worked very successfully for disabled guests in 2007, and we plan to extend and modify it further for 2008. Concerts in the Open Air Theatre are an important part of the charity's fundraising and publicity programme in the local area. In order to provide more catering the water and electricity supplies were replaced to the theatre Burger Bar, along with telephone cabling. This formed one part of a larger scheme to improve the amenity infrastructure around the Pound House lawn and Camping Field area making safe electricity and water supplies available for a variety of group and summer activities. A large part of the total of £10,414 expended related to the housing and wiring of the electrical outlets.
- Payment and donation facilities. Facilities were set up to be able to receive credit card payments at Reception, by telephone and over the internet. During the course of the year it was extended to cover theatre tickets, e-book download (Affirmation & Accountability) and other shop items online, and to make donations. During 2008 we plan to set up an online booking confirmation system. The cost in service provider charges was £896 for 9 months but many people now assume the facility will be available so it seemed only a matter of time before it was obligatory. The provision has undoubtedly helped to speed up the administration of ticket sales and bookings while securing revenue, and early indications are that sales have increased. We plan to build on this further to maximise the benefits to the charity and our guests.
- Installation of computer server. Following a risk assessment of the charity's IT systems the peer to peer network was replaced with a small business server. The primary issues that needed resolving were to improve security of sensitive data from the risk of unauthorised access within and without the organisation, to improve backup security in the event of fire or hardware failure, and to increase available space for data storage. All these issues have been successfully resolved. The migration took place in early December and included a major reorganisation of the charity's data plus staff training on the new system. The whole project also included setting up an intranet for the charity, upgrading some design and office software, and replacing a workstation. The total cost was £11,560.
- The Long Barn. £1,151 was spent on a digital survey of the existing Long Barn, but the next stage of design work on proposed improvements to this part of the guest accommodation was postponed until 2008. Preliminaries adjacent to the Long Barn were carried out including a granite retaining wall and redesign of the drainage of surface and spring water runoff from the fields to avoid problems with flash flooding around the building after heavy rain. The total cost was £6308.65. Further retaining wall work will be carried out in 2008.

Additional projects were also completed during the year:

- Extension of Mary's Lodge. This single person unit of Community living accommodation was extended at a cost of £38,400 in order to make it suitable for a married couple. There had been various enquiries from couples interested in joining the Community but we had been unable to consider them because of the lack of accommodation. Expanding the resident Community remains a high priority for the charity as the Community are the key people running the centre and providing consistent care for guests. Various recruitment efforts during the year were ultimately unsuccessful, although there are some promising developments on the horizon for 2008.

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- Bins, Hens and Carparking. The area around the entrance carpark had become rather scruffy with an elderly poultry house and dustbin area. Reducing the number of hens and moving them to a mobile ark in the field enabled us to extend the carparking area and make a cleaner and tidier dustbin and recycling area. Building rubble from the Chapel and Mary's Lodge was helpfully recycled for this purpose. The total cost was £7,800.
- Access track. A simple vehicle access track was created to the stage and dressing room of the open air theatre at a cost of £7,000. The theatre was originally built with all materials brought in by wheelbarrow, and concert equipment was carried in by the same steep gravel paths. Manual lifting regulations were making this increasingly problematic but the problem has been resolved with this infrastructure addition.
- The Fat Pigeon Flies. To celebrate the charity's 21<sup>st</sup> birthday the Community published a colourful book telling the story of Sheldon's development with hundreds of photographs from the archives. It is a compelling story of faith and perseverance which we hope will generate additional support as well as being a fundraising venture in its own right. The desktop publishing was done in house and £11,300 spent on printing and promotions. The book was launched at the end of November and £3,000 worth had been sold by the end of the year. The aim is to recoup the printing costs by the end of 2008.

### **Risk Assessments**

The trustees have identified the risks to which the charity is exposed, and have established systems to mitigate those risks. The Trustees affirm their ongoing commitment to implementation of all policies.

*Fire Safety* – a risk assessment has been carried out of the entire premises, supported by staff training and routine checks.

*Annual Portable Appliance Testing (PAT)* is undertaken for all electrical appliances, plus a rolling programme of electrical installation certification.

*Health and Safety at Work* – a risk assessment has been undertaken for all public areas, staff practices and public events, plus product assessment for COSHH, and staff training.

*Employment Legislation* – all staff have job descriptions, induction procedures, disciplinary and grievance procedures in place.

*Child Protection, Confidentiality and Whistleblowing* policies are in place.

### **Governance and Management**

The charity's governing instrument is the Deed of Trust dated 10th February 1987. The charity's Trustees are elected by majority vote of existing Trustees. Trustees serve for terms of 3 or 5 years and are eligible to stand for re-election when their term expires. John Perry, Roy Walford and Averil Swanton came to the end of their terms as Trustees. John and Roy stood for re-election and were re-elected for terms of 3 years each. Averil did not stand for re-election. The Chair is elected by the Trustees. Jonathan Williams was elected chair for one year from March 2007. The Warden is entitled to nominate candidates for consideration by the Trustees. A quorum of Trustees (four) meets three times a year to be briefed by the Society's Officers (the Warden and Treasurer) and to make decisions by majority vote. New Trustees are trained with the aid of the Organisation Handbook which summarises all major policy decisions taken by the trustees. The Warden is responsible for all day to day management of the charity and leadership of the Sheldon Community.

Sheldon Ltd is a subsidiary trading company, wholly owned by the charity, and profits are gift aided to the charity.

The Sheldon Community has its own Rule of Life and domestic decision making which is independent of the Trustees. Community members are employees of the charity, provided with housing and food and a personal allowance of £75 per week plus £15/week into a pooled community account. Small contributions are made into stakeholder pensions. Five Community members served throughout the year, four of whom had employed status. Work is organised into

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### TRUSTEES' REPORT

Administration, Housekeeping and Maintenance departments. The charity employs a dozen local part time staff salaried at market rates. The total staff wages bill was £69,700 (£63,400 in 2006). About 50 people contributed a total of about 4,000 hours of voluntary labour in 2007 as hospitality, reception, maintenance and workparty volunteers, with an estimated monetary value of £26,000).

#### Financial Review

Until 2005 we divided accounts between the Ministry Fund for day to day activities, and the Capital Fund for additions and major improvements to the property. This division was dropped in order to follow the SORP 2005 guidelines on Restricted and Unrestricted Funds.

#### Fund Balances and Net Assets

Readers should note that the charity only holds modest cash (current) assets, and most of these are in Reserves. The vast majority of the charity's assets are in the form of the fixed asset of the Sheldon Centre (£1.8m) plus the fixed assets of furniture, vehicles and equipment connected with running the Centre (£48,000). The charity also holds £112,200 in interest free loans from supporters with most repayment dates ranging from one to five years. Half of the £100,000 loan from the Diocese of Exeter was repaid 18 months early during 2007 and the balance is due at the end of 2008. An appropriate balance for cash flow purposes is held in current accounts, and all other current assets are held in the COIF Charities Deposit Account.

#### Reserves (Unrestricted)

The charity's Reserves policy was adopted in 1998 and reviewed most recently in 2006. At the end of 2007, the following Reserves were held:

- Contingency Reserve of £30,000 (2006: £35,000) for major or unexpected repairs to the buildings;
- Equipment Reserve of £14,000 (2006: £40,000) for routine replacement and upgrading of vehicles, computers and equipment.
- Staff Benevolent Reserve of £60,000 (2006: £50,000) which is held at the discretion of the Trustees.

The balance remaining serves as a buffer to cover running expenses for 2 – 3 months in the event of unforeseen interruption to income sources as well as monies set aside for small projects anticipated in 2008.

#### Income

Friends of the charity supported the appeal for the refurbishment of the medieval chapel with gifts totalling £19,000. The small surplus will be spent on remedials to the chapel of Mary, Martha and Lazarus in 2008. £4,000 was given towards the improvements in Benedict's Wood, £1,500 for finishing touches to the Pig Pens. £1,100 was given in memory of Mary Wilson, a key volunteer who died in 2007, towards the extension of Mary's Lodge.

Guests contribute towards the costs of their stays at Sheldon. Usually this is from their own resources, although increasingly church leaders or local churches will make a contribution towards this. People in ministry receive a 20% discount on all events that are open to everyone. For the Linhay Lodges, we provide contribution guidelines at a level which most guests are able to afford, but are below the real costs of provision. We do not operate a formal bursary scheme, but always endeavour to ensure that finance is not a bar to guests who need the resources of Sheldon. The 10% increase in guest income is largely a reflection of additional bookings on programme events.

The bulk of our donated income is received from the Friends of the Society. £38,000 of this was received in standing orders, CAF vouchers and other planned giving. £19,000 was given by churches, cathedrals and other religious communities. £11,000 was given by Trusts supporting the day to day expenses of the ministry including The Corporation of the Sons of the Clergy (£5,500) and the Mercers' Company. Unrestricted giving was on a par with the previous year, but overall giving was lower because there was no capital appeal being run.

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### TRUSTEES' REPORT

One legacy of £5,900 from Rosemary Gell was received in the year.

Every effort is made to ensure that gifts are made in a tax efficient way, and £18,867 of tax was reclaimed. The 2006 figure was artificially doubled as a result of the transition from accounting for tax income in the year the claim was made to accounting for it in the year the income is received.

Trading income was received from the shop in the Reception area and the Fat Pigeon bar, plus small amounts of frozen food supplied to groups. Fund-raising concerts took place in Sheldon's open air theatre in the summer months and we were delighted with a 75% increase in gross income over the previous year.

All profits from the Society's wholly-owned subsidiary company, Sheldon Ltd, were gift aided to the Society.

#### **Expenditure**

The 2005 Statement of Recommended Practice requires that all expenditure be apportioned between the headings shown on the SOFA (Statement of Financial Activities). While this may suit larger charities, the nature of this charity is that staff, buildings and other resources are used in a flexible and integrated way across all the categories. We have continued with the basis for apportionment devised in 2006, but would caution against placing undue reliance on these. For example, the costs of generating voluntary income are shown as £18,397 on the SOFA. As well as direct costs like the printing of our newsletter, note 4 to the accounts shows a proportion of Community and admin staff wages, an allowance of the food consumed by Community members thus engaged, and a proportion of running costs of the buildings such as insurance and energy are also included in this figure.

Investment management costs relate to the use of the Sheldon premises by Sheldon Ltd to generate the rent and profits shown in the income section. An increase in the rent was agreed to reflect these.

Governance costs include the expenses of auditors and trustees, plus a proportion of wage and running costs of the buildings as outlined above.

Maintaining the buildings and grounds is always a large part of our budget. Routine costs such as boiler servicing, PAT testing, fire protection servicing, septic tank emptying, vet bills and pest control are reasonably constant, but projects vary widely year to year. 2007 included tree surgery and repairs to the Linhay summer house and repairs to the Farmhouse roof.

Insurance costs rose sharply in 2007. Accountancy and bookkeeping costs rose due to the need to employ more reliable regular bookkeeping help, and the routine payroll work was also outsourced. Specialist help is more routinely employed to avoid software accounting difficulties mounting up as happened in 2005.

Depreciation is the method of accounting for items such as cars, furniture and equipment that cost over £500 and have a lifespan of longer than a year. The initial purchase of such items is made from the Equipment Reserve. The 2007 purchases were a Kubota ride-on mower, garden trailer, second hand rotovator and the computer server.

#### **Plans for 2008 & Beyond**

The most important objective is to continue providing a stable and reliable place of refuge and renewal for clergy and their families who need it at times of stress, crisis, burnout or breakdown. This entails continued support and development of the Community, and the funds needed to run the centre on a day to day basis. Fuel and food inflation are noted as potential challenges for the year ahead. Within this framework there are particular objectives for the year:



**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF  
THE SOCIETY OF MARY AND MARTHA  
YEAR ENDED 31 DECEMBER 2007**

We have audited the financial statements of The Society of Mary and Martha for the year ended 31 December 2007 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Charity's trustees, as a body, in accordance with Sections 43 and 44 of the Charities Act 1993. 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 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 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are to prepare financial statements for each financial year which give a true and fair view of the financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the trustees should follow best practice and:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards and statements of recommended best practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the charity, and to enable them to ensure that the financial statements comply with the Charities Act 1993 the Charity (Accounts and Reports). The Trustees are responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK 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. We also report to you if, in our opinion, the information given in the Trustees' Report is not consistent with the financial statements.

In addition we report to you if, in our opinion, 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' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of Audit Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK 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.

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF  
THE SOCIETY OF MARY AND MARTHA  
YEAR ENDED 31 DECEMBER 2007**

We planned and performed our audit in order to obtain all the information and explanations which we considered necessary 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.

**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 charity's affairs as at 31 December 2007 and of its incoming resources and application of resources for the year then ended, and
- the financial statements have been properly prepared in accordance with the Charities Act 1993.

**BUSH & CO**  
**Chartered Accountants**  
**Registered Auditors**

2 Barnfield Crescent  
Exeter

**THE SOCIETY OF MARY AND MARTHA**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED 31 DECEMBER 2007**

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
<b>INCOMING RESOURCES</b>					
<b>Incoming Resources from Generated Funds</b>					
<i><b>Voluntary income</b></i>					
Donations		114,437	22,947	137,384	222,032
Tax refunds		18,867	-	18,867	40,406
<i><b>Activities for generating funds</b></i>					
Trading income		18,175	-	18,175	16,819
Fund raising events		16,265	-	16,265	9,196
<i><b>Investment income</b></i>					
Bank interest		18,914	-	18,914	13,791
Donation from Sheldon Ltd		31,000	-	31,000	40,000
Rent		20,000	-	20,000	12,000
<b>Incoming Resources from Charitable Activities</b>					
Contributions from guests	2	119,003	-	119,003	107,927
<b>Other Incoming Resources</b>	3	4,122	-	4,122	8,712
		<u>360,783</u>	<u>22,947</u>	<u>383,730</u>	<u>464,467</u>
<b>RESOURCES EXPENDED</b>					
<b>Cost of generating funds</b>					
Costs of generating voluntary income		18,397	-	18,397	18,258
Fundraising & Trading: costs of goods and other costs		25,600	-	25,600	20,362
Investment management costs		25,583	-	25,583	19,979
<b>Charitable activities</b>		285,096	1,000	286,096	248,109
<b>Governance costs</b>		7,533	-	7,533	7,057
	4	<u>362,209</u>	<u>1,000</u>	<u>363,209</u>	<u>313,765</u>
<b>Net Incoming Resources Before Transfers</b>		(1,426)	21,947	20,521	150,702
Reserves transfer	12	21,947	(21,947)	-	-
Reserves brought forward		<u>2,125,947</u>	<u>-</u>	<u>2,125,947</u>	<u>1,975,245</u>
Reserves carried forward		<u>2,146,468</u>	<u>-</u>	<u>2,146,468</u>	<u>2,125,947</u>

There were no acquisitions or discontinued operations in the current or preceding year.

There were no recognised gains or losses other than the net income for the year.

The notes on pages 13 to 18 form part of these financial statements.



**THE SOCIETY OF MARY AND MARTHA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2007**

**1. ACCOUNTING POLICIES**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Society's financial statements.

**a) Basis of Accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP) issued in February 2005.

**b) Incoming Resources**

Voluntary income including grants is accounted for on receipt. Legacies are recognised as income when there is entitlement, certainty of receipt and quantification of the legacy.

Investment income is accounted for on a receivable basis.

**c) Tax Refunds**

Tax refunds arise out of the receipt of donations by way of Gift Aid and credit is taken in the accounts in the unrestricted fund.

**d) Resources Expended**

Expenditure is recognised when it is incurred and is reported gross of related income on the following bases:

Cost of generating funds comprises the costs associated with attracting voluntary income and the costs of other income generation.

Charitable expenditure comprises direct expenditure including direct staff costs attributable to the charity's activities. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of resources as described:

**e) Depreciation and Fixed Assets**

Fixed assets are capitalised at cost and depreciation is calculated so as to write off the cost over their effective useful lives:

Equipment	20% Straight line
Vehicles	25% Reducing balance

Individual items of equipment with a cost of less than £500 are not capitalised but are written off in the year of expenditure unless they are part of a larger project.

No depreciation is provided on the freehold property. It is the Society's policy to regularly incur expenditure on the maintenance and improvement of the property. The Trustees consider that the lives of these assets are so long and their residual value is so high that their depreciation is insignificant.

Major improvements and additions to land and buildings are initially included in Fixed Assets at cost. The Trustees then form an opinion as to whether they result in an addition to the value of the property of an amount less than cost. Where improvements give added value to the current use of the property, but are not likely to increase its value, they are charged to the Statement of Financial Activities as an impairment expense.

**THE SOCIETY OF MARY AND MARTHA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2007**

**1. ACCOUNTING POLICIES (continued)**

**f) Reserves**

The Unrestricted Reserve represents the main work of the society. The Restricted Reserve represents amounts given, raised or allocated for the purchase and improvement of the property, or the provision of new facilities. Maintenance of existing facilities is charged to the Unrestricted Reserve. Allocation of overhead expenditure between the funds is done on an equitable basis.

**g) Stock**

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

**h) Pensions**

The Society operates a defined contribution pension scheme for the members of the community. The assets of the scheme are held separately from those of the Society.

**2. INCOMING RESOURCES FROM ACTIVITIES TO FURTHER THE CHARITY'S OBJECTS**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Individual Retreats	53,211	44,041
Programme Events	63,001	58,071
Groups - day and catered	2,791	5,815
	<hr/>	<hr/>
	119,003	107,927
	<hr/> <hr/>	<hr/> <hr/>

**3. OTHER INCOMING RESOURCES**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Grants	411	6,416
Other Income	3,211	2,296
Profit on disposal of fixed assets	500	-
	<hr/>	<hr/>
	4,122	8,712
	<hr/> <hr/>	<hr/> <hr/>



**THE SOCIETY OF MARY AND MARTHA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2007**

**5. EMPLOYEES' REMUNERATION**

Included in the resources expended by the Society are costs of providing free accommodation and an allowance for food for the five members of the community. Four members of the community are paid a wage and work as full time employees of the Society (2006: 4.5). The average number of full time and casual employees during the year, including residents, was 18 (2006: 25). The total remuneration excluding food and accommodation costs was:

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Gross Wages	69,777	66,121
Employer's national insurance	955	1,251
Pension contributions	7,001	4,757
Council Tax for community members	2,277	2,389
	<hr/>	<hr/>
	80,010	74,518
	<hr/> <hr/>	<hr/> <hr/>

All other emoluments fell in the band £0 - £10,000 per employee.

The number of employees for whom retirement benefits are accruing was as follows:

Money Purchase schemes	4	4
	<hr/>	<hr/>

**6. TRUSTEES' REMUNERATION AND EXPENSES**

No remuneration directly or indirectly out of the funds of the charity was paid or payable for the year to any trustee or to any person or persons known to be connected with any of them (2006: £nil).

Travel expenses of £163 were paid to one of the trustees in the year (2006: £142).

**7. MANAGEMENT AND ADMINISTRATION**

These costs include:	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Audit Fee	3,320	2,702
Other fees payable to auditor	1,499	1,078

**THE SOCIETY OF MARY AND MARTHA**  
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**8. TANGIBLE FIXED ASSETS**

	<b>Freehold Land &amp; Buildings £</b>	<b>Equipment £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>COST</b>				
At 1 January 2007	1,817,438	267,853	22,686	2,107,977
Additions	38,403	22,760	-	61,163
Disposals	-	(9,870)	-	(9,870)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2007	1,855,841	280,743	22,686	2,159,270
<b>DEPRECIATION</b>				
At 1 January 2007	-	217,284	7,945	225,229
Charge for Year	-	36,296	3,684	39,980
Disposals	-	(9,870)	-	(9,870)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2007	-	243,710	11,629	255,339
<b>NET BOOK VALUE</b>				
At 31 December 2007	1,855,841	37,033	11,057	1,903,931
<b>NET BOOK VALUE</b>				
At 31 December 2006	1,817,438	50,569	14,741	1,882,748

The historic cost of the land and buildings is £2,094,616 (2006: £2,056,213).

**9. INVESTMENTS**

The Society has beneficial ownership of all of the ordinary share capital of Sheldon Limited. These shares were purchased on 25 May 2002 for £100.

The assets and liabilities of the subsidiary at 31 December 2007 were:

	<b>£</b>
Current Assets	7,968
Less: Creditors: Amounts falling due within one year	5,830
	<hr/>
Total Net Assets	2,318
	<hr/>
Aggregate share capital and reserves	2,318
	<hr/>

The results are not consolidated into these financial statements as the impact is immaterial. Turnover for the year was £50,758 (2006: £52,638) and after deducting expenditure of £51,474 (2006: £52,500) a loss of £716 arises (2006: profit £138). A donation under Gift Aid of £31,000 (2006: £40,000) was made to the charity and this is included as investment income in the Statement of Financial Activities.

**THE SOCIETY OF MARY AND MARTHA**  
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**10. DEBTORS**

	<b>2007</b>	<b>2006</b>
	£	£
Tax recoverable	18,866	19,859
Legacy	-	20,000
	18,866	39,859
	18,866	39,859

**11. LONG TERM LOANS**

The loans are interest free and repayable as follows:

	<b>2007</b>	<b>2006</b>
	£	£
After 1 year and within 5 years 58,550	159,950	
After 5 years	450	9,850
	59,000	169,800
	59,000	169,800

**12. UNRESTRICTED RESERVES**

Amounts disclosed in the Statement of Financial Activities for the year as restricted reserves relate to capital expenditure on the Mary's Lodge development. Income for this purpose has been spent in full on the property and this is recorded as additions to freehold property in note 7. There are no restrictions placed upon the use of the buildings following their development and, therefore, the surplus on the restricted reserve is transferred to unrestricted reserves. The charity has no restricted reserves carried forward.

**13. CAPITAL COMMITMENTS**

At 31 December 2007 the Trustees had no contractual commitments for capital expenditure.

**14. SECURED CREDITORS**

There is a legal charge dated 29 November 2002 and secured on the freehold property for a maximum of £100,000. This amount included in long term creditors at 31 December 2007 was reduced to £50,000.

**15. RELATED PARTIES**

The Treasurer of the Society, Sarah Horsman, is a director of Sheldon Limited. Averil Swanton, a Trustee, was a director of the company until 17 November 2007, when she retired. She was replaced by Rev John Perry on the same date. It is a wholly owned subsidiary of the charity as detailed in Note 9 above. Neither the Treasurer, nor any Trustee, received any income of any kind from that company. The company used some of the Society's facilities on its site at Sheldon and paid a rent for such use. The total paid in 2007 was £20,000 (2006: £12,000). The company gifted £31,000 (2006: £40,000) to the Society during 2007. At 31 December 2007 the Society owed Sheldon Limited £Nil (2006: £Nil).