

The Panacea Charitable Trust

REPORT AND FINANCIAL STATEMENTS

For the year ended

31 December 2016

Charity Registration No. 227530

The Panacea Charitable Trust

31 December 2016

CONTENTS

	Page
Trustees, Officers and Advisers	1
Trustees' Report	2-7
Statement of Trustees' Responsibilities	8
Independent Auditor's Report	9
Statement of Financial Activities	10
Balance Sheet	11
Statement of Cash Flows	12
Accounting Policies	13-15
Notes to the Financial Statements	16-24

The Panacea Charitable Trust

TRUSTEES, OFFICERS AND ADVISERS

TRUSTEES

Mr G Allan (Chair)
Rev. Professor C Rowland
Dr J J Meggitt
Mr C N Monsell
Mr E Jones
Dr N Hilton

EXECUTIVE OFFICER

Mr D McLynn ACMA

PRINCIPAL OFFICE

14/16 Albany Road, Bedford, Bedfordshire, MK40 3PH

CHARITY NUMBER: 227530

AUDITOR

RSM UK Audit LLP, The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, Bucks, MK9 1BP

BANKERS

National Westminster Bank plc, 81 High Street, Bedford, Bedfordshire, MK40 1NE

SOLICITORS

Sloan Plumb Wood LLP, Apollo House, Isis Way, Minerva Business Park, Lynch Wood, Peterborough, PE2 6QR

INVESTMENT MANAGERS

Rathbones Investment Management, 1 Temple Row, Birmingham, B2 5LG

PROPERTY MANAGERS

Thomas Charles Property Management, 160 Castle Road, Bedford, Bedfordshire, MK40 3SW

The Panacea Charitable Trust

TRUSTEES' REPORT

Report of the trustees for the year ended 31 December 2016

The trustees present their annual report and financial statements of the charity for the year ended 31 December 2016. The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's trust deed, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

Structure, Governance and Management

Background

The charity was originally linked with a religious community, the Panacea Society, which thrived in Bedford between the First and Second World Wars. From that period the Society witnessed a steady decline in the number of active members. In recognition of the demise of that community within the last decade, on 10 February 2012 the charity changed its name from The Panacea Society to The Panacea Charitable Trust.

Over the years, members of the Panacea Society donated money and property to the charity to further the life of the community and its religious aims. Today the charity's income is derived primarily from its property and other investments.

The principal aim of the charity is to support the study of the Christian religion with particular emphasis on the teachings of Joanna Southcott and other prophets of the Visitation. It achieves this aim by funding academic research and the sponsoring, publishing and distribution of publications. In addition to this work, in August 2012 the charity opened a Museum of the history of the Visitation in one of its functional properties. Alongside this work, the charity also supports recognised local organisations dealing with the relief of poverty and sickness, and educational and social support within the Bedford area.

Constitution

The charity was established as a Charitable Trust by a declaration of trust dated 24th July 1926, which was registered with the Charity Commissioners of England & Wales on 7 September 1926. The registered number of the charity is 227530.

Working with the Charity Commission, in 2001 the trustees arranged for the modernisation of the objects under a cy-pres scheme. A further modernisation of the governance of the charity took place in 2007. A new governing document was approved by the trustees on 27 February 2007 and was sealed by the Charity Commission on 20 March 2007, replacing the 1926 trust deed and 2001 scheme. The Commission approved a further scheme in February 2012 to change the name of the charity, as noted above.

Recruitment and appointment of new trustees

The trustees feel that the most suitable candidates to be invited to become trustees are those who can demonstrate a clear empathy with the history and aims of the charity, have a recognised skill or competence, and can demonstrate a clear understanding of the role of a charity trustee.

New trustees are appointed by majority vote at a Special Meeting of the trustee body. Trustees serve a fixed term of 5 years, after which period they may put themselves forward for re-appointment. The Trust Deed provides for a minimum of 3 and a maximum of 8 trustees.

Induction and training of new trustees

The induction process for any newly appointed trustee comprises a series of meetings with fellow trustees and the charity's Executive Officer on a broad range of topics, including but not limited to: investments, grant making including selection criteria, accounting policies, powers and responsibilities of the Council, delegated powers of the Executive Officer, and risk management.

New trustees are given a copy of the charity's Governing Document, the last three years Reports and Accounts, copies of previous trustee meeting minutes, and the Charity Commission publication "the Essential Trustee – What You Need to Know".

The Panacea Charitable Trust

TRUSTEES' REPORT

Organisational structure and decision making

The charity's trustees are responsible for overall direction and policy-making, meeting between three and six times per year. The trustees approve all investment decisions, grants, and sets the broad strategy and areas of activity for the charity. The Executive Officer has day-to-day responsibility for the management of the charity, including liaison with grantees, staff management, investment and financial administration, and all office functions. The Executive Officer reports to the trustees formally at trustee meetings, and informally through telephone and email as and when necessary. To facilitate the management of the charity, three sub-committees each comprising trustees and the Executive Officer have been set up.

The Trust benefits from the involvement and enthusiastic support of a number of volunteers who support the museum and archive staff across a range of day-to-day activities. In accordance with the Charities SORP, the economic contribution of general volunteers is not recognised in these accounts.

Major Risks

The trustees have considered the major strategic, business, heritage and operational risks that the charity faces, and consider that it has minimal exposure to them. This is documented in the charity's Risk Matrix. Accounting systems and controls are in place, managed by the Executive Officer. A formal risk assessment has been developed.

Where necessary the trustees maintain suitable insurance to cover all perceived risks to minimise any potential loss to the charity. Property investments are insured for rebuilding costs. Other tangible and heritage assets are also insured.

Public Benefit

We have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Objectives and Activities

Objects

The objects of the charity are:

To advance the Christian religion (and in doing so the trustees may have regard to the teachings of Joanna Southcott and her successors);

In furtherance of Christian principles to relieve both poverty and sickness and to advance education both generally and in the production, publication and dissemination of religious works.

The Trustees have resolved that, under the above objects, the charity will:

1. Educate and disseminate information to the public about the Christian religion, particularly the history, beliefs and practices of the Panacea Society its antecedents and similar Christian religious groups, which is achieved by:
 - 1.1 Fund, support and co-ordinate academic research, seminars and conferences and their outputs;
 - 1.2 Operate a museum on the site of the former community and maintaining in perpetuity the collection displayed in the museum;
 - 1.3 Maintain and make available the charity's archive of books, manuscripts and papers;
 - 1.4 Support any other activities that the trustees consider will help the charity to achieve this objective.
2. Make grants for the relief of poverty and sickness and to advance education generally, primarily in Bedford and the surrounding area.

The Panacea Charitable Trust

TRUSTEES' REPORT

Grants

The charity began its grant making activities in 2001, and since that time has made a number of grants to both local and national organisations, basing its award criteria on the two areas of education, and poverty, sickness and social support.

Education grants are made in two main ways:

- through supporting research projects at various UK universities,
- by sponsoring, or supporting, academic conferences.

All educational grants are assessed and awarded directly by the Panacea Charitable Trust, taking expert advice as and where necessary.

Poverty, sickness and social related grants are designated to support Bedford and its surrounding local community across a broad range of initiatives and recipients, to provide a range of valuable work and support in the area.

Main objectives for the year

Using the charity's own resources, the charity set the following as its main objectives for the year:

1. To continue to develop the museum and archives, in particular its museum, to as wide an audience as possible and as the focal point of the charity;
2. To continue to support relevant academic research into clearly defined aspects of the Christian religion (Apocalyptic, Millenarianism, and Prophecy);
3. To continue to help those affected by poverty and or sickness in the Bedford area;
4. To continue to enhance the awareness of the work of the charity within the local community.

Strategies for achieving objectives

The strategies adopted during the year for achieving the charity's objectives were as follows:

1. The ongoing development and marketing of the charity's museum (the Panacea Museum);
2. Develop a wider network of academics, institutions, and interest groups;
3. Maintain relationships with key local grant-funding organisations in order to more effectively administer and distribute a part of the charity's annual charitable expenditure budget;
4. Make use of digital imaging and database software to develop the charity's unique archive;
5. Maintain and enhance the charity's website www.panaceatrust.org as the primary communication tool to third parties, thereby explaining both the background and present work of the charity.

Significant activities

The trustees have approved a set of criteria that they consider meets their objectives, the full details of which can be found on the charity's website www.panaceatrust.org.

Applying these criteria during the year, the trustees approved the following direct charitable expenditure:

1. Under object 1 above, £281,582 for the museum, archives and centre of excellence project. Expenditure included additional development to museum activities and buildings (museum, Founders House, Chapel and gardens) and expanding the visitor experience. Expenditure also included the costs of developing a project surrounding the critical study of apocalyptic and millenarian movements (CenSAMM), which will act as a resource for academics primarily, but will also appeal to the general public, religious constituencies and mainline churches. Its main activities in the year were the development of a new web presence, and organisation of three conferences to be held in 2017. Also included are the costs of developing the charity's unique archive.
2. Under object 1 above. £20,083 to fund an education project at the University of Bristol.
3. Under object 1 above. £5,000 to part fund the employment of a curator at the Bunyan Museum.
4. Under object 1 above. £9,400 to IB Tauris Ltd, to support the publication of two books.
5. Under object 2 above, £50,000 to Bedfordshire & Luton Community Foundation to provide a fund that will be directed towards supporting organisations and groups whose work covers health and social work within the local community.

The Panacea Charitable Trust

TRUSTEES' REPORT

Achievements and performance

Review of charitable activities

The charity focused on its three main strands of charitable activity:

- The Panacea museum, first opened in late 2012, forms the major element of this work. In 2016, the charity had over 6,000 visitors to its museum complex of two main buildings, outbuildings, and gardens, an increase of over 2,500 (70%) compared to the previous year.
- The development of a Centre of Excellence for the Critical Study of Millenarian and Apocalyptic Movements (CenSAMM). In 2016, this project focused on creating engagement with those identified as the target audience through: creating a new website, and organisation of three conferences to be held in 2017.
- Grant making activities: the charity supports a broad range of charities working in the borough of Bedford through its partnership with the Bedford and Luton Community Foundation (BLCF). BLCF administers the charity's annual non-academic grant-making programme. In 2016, BLCF awarded grants to the following thirteen local organisations to help them with their work: Bedford Guild House, Bedfordshire Festival of Music, Speech and Drama, St. John's Special School Association, FLAG Bedford, Pink Rooster, Youth Inspired CIC, Bedford Open Door, Headway UK, Progressability, Fun 4 Young People, Autism Bedfordshire, Tibbs Dementia Foundation and Bedfordshire Refugee & Asylum Seeker Support.

Investment Performance

The effective management of investments is an important aspect of the ongoing work of the trustees and staff, as they are the main source of income available to the charity. Investments are held in UK residential and commercial property ("investment properties") and equities, bonds and cash ("financial investments"). The trustees periodically monitor both classes of investment in terms of weightings and performance.

The charity's investment portfolio mirrored the broader market trends during the year. Investment properties, accounting for approximately a third of the charity's investments by value, improved their 2015 capital values by 5%. Annual rental income derived from these properties improved 6% over 2015, reflecting the strong appeal of the charity's rental property portfolio and minimal void periods and tenant changes. Individual rentals achieved reflect current market levels, as advised by the charity's managing agents. The trustees remain satisfied with the work of the charity's property managers in managing the charity's property assets.

The charity's financial investments reflected the performance of the market as a whole, showing 16% capital gain in the year. Overall income derived from those investments, £452,210, outperformed targets the charity set for its investment managers in January 2016. This represents an increase in investment income of 15% (2015: £393,485). The trustees remain satisfied with the work of the charity's investment managers in managing the charity's investment assets, and has communicated an expectation of similar levels of investment income for the 2017 financial year.

Financial Review

Income and Expenditure

Total income for the year was £704,581 (2015: £631,275), and total expenditure was £686,564 (2015: £740,904), leaving net income of £18,017 (2015: net expenditure of £109,629). The net increase in funds after revaluation of investments was £3,422,318 (2015: £414,117).

Reserves Policy

The trustees continue to keep the charity's reserves policy under review, and aim to distribute up to 100% of net income after all expenses and investment allocations for the current year and thereafter. All reserves held as at 1 January 2001 were transferred to a Foundation Fund to be utilised at the discretion of the trustees for future projects or charitable payments and to cover any unexpected expenditure. The trustees have reserved the right to recoup amounts that have been transferred to the Foundation Fund to cover excess distributions from the General Fund.

The charity is reliant on income from its portfolio of investments, principally managed funds and investment properties, to support its work. It has funds to call upon if expenditure exceeds income in any particular year.

The Panacea Charitable Trust

TRUSTEES' REPORT

The movement on the charity's General Fund in the year was an underspend of £18,017, giving a year-end balance of £158,417 in deficit (2015: deficit £176,434). The trustees budgeted for an overspend in the year, recognising it as an aspect of the current strategy of the charity in expanding current projects and developing a new one. The overspend in the General Fund will be addressed through a transfer from the Foundation Fund.

Investment Policy

With the first full year of Rathbones' appointment as the charity's investment managers now completed, the financial investment objective is to generate a total return of inflation plus 3% per annum, after expenses, over the long term. This should allow the Charity to at least maintain the real value of the assets, whilst funding annual charitable expenditure in the region of 3% per annum, which meets Trustee requirements to generate both income and long-term capital growth.

In addition, a portfolio of property is held yielding rental income and long-term capital growth. The trustees consider that the use of both portfolios enables the charity to realise its policy and spread the risks associated with the investment market.

Plans for Future Periods

In 2017, the charity plans to review its aims and how it applies its objects. Building on the work it has previously undertaken the charity plans to further develop the museum and CenSAMM projects, and how it will support research into and disseminating information to the Public about specific aspects of the Christian Religion. The charity plans to continue applying part of its funds to the relief of poverty and sickness in the Bedford area through the work of recognised local health and social care related organisations

Key Management Personnel Remuneration

The trustees consider the board of trustees and the senior staff as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis. All trustees give of their time freely and no trustee remuneration was paid in the year. Details of trustee expenses and related party transactions are disclosed in note 8 to the accounts. Trustees are required to disclose all relevant interests and register them with the Executive Officer and in accordance with the Trust's policy withdraw from decisions where a conflict of interest arises.

The remuneration of all staff is reviewed annually by the trustees, taking into account comparable both sector and professional comparatives. As part of the review process reference is also made to the government's annual inflation measures.

The Panacea Charitable Trust

TRUSTEES' REPORT

Auditor

The trustees in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the trustees have confirmed that they have taken all the steps they ought to take as trustees in order to make themselves aware of any relevant audit information and establish that it has been communicated to the auditor.

RSM UK Audit LLP was reappointed as the charity's auditor in the year, and has indicated its willingness to continue in office.

On behalf of the trustees

Justin Meggitt, Trustee 2 June 2017

The Panacea Charitable Trust

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible 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).

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

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011 and the Charity (Accounts and Reports) Regulations 2008. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE PANACEA CHARITABLE TRUST

Opinion on financial statements

We have audited the financial statements of The Panacea Charitable Trust (the 'charity') for the year ended 31 December 2016 which comprise Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

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

Emphasis of matter – early adoption of the Charities SORP (FRS 102)

In forming our opinion, which is not modified, we have considered the disclosure in the notes concerning the charity's early adoption of the Charities SORP (FRS 102) issued in July 2014, rather than applying the Charities 2005 SORP which has been withdrawn but is still referred to in the extant Charities (Accounts and Reports) Regulations 2008. This departure has been necessary for the financial statements to show a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice effective for accounting periods beginning on or after 1 January 2015.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Matters on which we are required to report by exception

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

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 8 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report is made solely to the charity's trustees as a body, in accordance with the Charities Act 2011. 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 the charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
The Pinnacle, 170 Midsummer Boulevard
Milton Keynes
MK9 1BP

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

The Panacea Charitable Trust
STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2016

	Notes	Unrestricted General Fund 2016 £	Unrestricted Foundation Fund 2016 £	Total Funds 2016 £	Total Funds 2015 £
Income					
Other trading activities:					
Investment income	1	702,354	-	702,354	629,288
Other income		2,227	-	2,227	1,987
Total income		<u>704,581</u>	<u>-</u>	<u>704,581</u>	<u>631,275</u>
Expenditure					
Expenditure on raising funds:					
Investment management costs	3	244,148	-	244,148	249,300
Expenditure on charitable activities	4,5,6	442,416	-	442,416	483,644
Loss on sale of fixed assets		-	-	-	7,960
Total expenditure		<u>686,564</u>	<u>-</u>	<u>686,564</u>	<u>740,904</u>
Gain on revaluation of investments	12	-	3,182,330	3,182,330	414,764
Net income before transfers		<u>18,017</u>	<u>3,182,330</u>	<u>3,200,347</u>	<u>305,135</u>
Other recognised gains and losses:					
Gain on revaluation of Fixed assets	11	-	226,200	226,200	184,000
Fixed asset impairment costs		-	-	-	(75,018)
Net movement in funds		<u>18,017</u>	<u>3,408,530</u>	<u>3,426,547</u>	<u>414,117</u>
Balance at 1 January 2016		(176,434)	29,368,554	29,192,120	29,192,120
Balance at 31 December 2016	17,18	<u>(158,417)</u>	<u>32,777,084</u>	<u>32,618,667</u>	<u>29,192,120</u>

All of the activities of the charity are classed as continuing.

The Panacea Charitable Trust

BALANCE SHEET

31 December 2016

Charity Number 227530

	<i>Notes</i>	2016 £	2015 £
FIXED ASSETS			
Tangible fixed assets	11	4,213,943	3,971,812
Investments	12	28,408,750	25,308,507
		<u>32,622,693</u>	<u>29,280,319</u>
CURRENT ASSETS			
Debtors	13	18,189	17,790
Cash at bank and in hand		104,006	69,210
		<u>122,195</u>	<u>87,000</u>
CREDITORS: Amounts falling due within one year	14	126,221	175,199
NET CURRENT LIABILITIES		<u>(4,026)</u>	<u>(88,199)</u>
NET ASSETS		<u>32,618,667</u>	<u>29,192,120</u>
FUNDS			
Unrestricted funds – general fund	17	(158,417)	(176,434)
Unrestricted funds – foundation fund	18	32,777,084	29,368,554
		<u>32,618,667</u>	<u>29,192,120</u>

The notes on pages 12 to 24 form part of these financial statements.

The financial statements were approved by the trustees and authorised for issue on 2 June 2017 and signed on their behalf by:

..... Justin Meggitt, Trustee

..... Charles Nicholas Monsell, Trustee

The Panacea Charitable Trust

STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	<i>Notes</i>	2016 £	2015 £
Net Cash used in operating activities	20	<u>(648,776)</u>	<u>(657,208)</u>
Cash Flows from Investing Activities			
Interest and Dividends		452,210	410,294
Rental Income		250,144	221,463
Proceeds on disposal of Tangible Fixed Assets		-	4,380
Purchase of Tangible Fixed Assets		(18,782)	(16,227)
Net cash from investing activities		<u>683,572</u>	<u>619,910</u>
Change in cash and cash equivalents in the year		<u>34,796</u>	<u>(37,298)</u>
Cash and cash equivalents brought forward		<u>69,210</u>	<u>106,508</u>
Cash and cash equivalents carried forward		<u>104,006</u>	<u>69,210</u>

The Panacea Charitable Trust

ACCOUNTING POLICIES

For the year ended 31 December 2016

BASIS OF ACCOUNTING

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and the UK Generally Accepted Accounting Practice as it applies from 1st January 2015. The financial statements are prepared in sterling, which is the functional currency of the Trust. Monetary amounts in these financial statements are rounded to the nearest £1.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

There are no material uncertainties in respect of going concern.

INCOME RECOGNITION

Interest on Government Securities and dividends on UK quoted equities, interest on bank deposits, and rental income is accounted for on an accruals basis.

Other income such as donations and legacies is recognised in the Statement of Financial Activities once the charity has entitlement to the resources, it is probable that the resources will be received and the monetary value of income can be measured with sufficient reliability.

EXPENDITURE RECOGNITION

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to the expenditure. Expenditure is included on an accruals basis. Key management personnel remuneration costs together with all support costs and governance costs have been apportioned between expenditure on raising funds and on charitable activities on a time apportionment basis.

EXPENDITURE ON RAISING FUNDS

Expenditure on raising funds comprise those costs directly attributable to managing the investment portfolio and raising investment income.

GRANTS PAYABLE

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attached are fulfilled.

ALLOCATION OF SUPPORT AND GOVERNANCE COSTS

Governance costs are associated with the governance arrangements of the charity, in particular the activities of the trustees. These costs include audit, legal advice for trustees and costs associated with meeting constitutional and statutory requirements such as the cost of trustee meetings and the preparation of statutory accounts. This category also includes costs associated with the strategic as opposed to the day to day management of the charity's activities. Governance and support costs have been apportioned on a time apportioned basis.

TANGIBLE FIXED ASSETS

Tangible fixed assets comprise functional freehold properties used as the charity's offices and in furtherance of its aims, certain furniture and chattels, and office equipment.

All functional properties are held at valuation, and maintained with a view to ensuring that total residual values are not less than values at which they are recorded in the accounts of the charity and consequently have not been depreciated.

The Panacea Charitable Trust

ACCOUNTING POLICIES

For the year ended 31 December 2016

Furniture and chattels are held at valuation, and are reviewed annually to consider any material changes likely to affect the balance sheet valuation. Such assets are not subject to depreciation.

Museum assets, office equipment, and motor vehicles purchased in direct furtherance of charitable activities are capitalised if the purchase value exceeds £5,000. Depreciation is charged at 25% on a straight-line basis on these capitalised assets.

HERITAGE ASSETS

In addition to the fixed assets noted above, the charity possesses a highly significant and unique collection of manuscripts and documents, artefacts and items of religious significance, along with Joanna Southcott's box. These items have been collected over many years since the inception of the charity. The collection is held by the charity in pursuit of preservation or conservation objectives and accordingly the trustees consider them to be heritage assets, as defined by the SORP FRS 102. It is the trustees' policy that any costs of conservation are not capitalised, but expensed as incurred. The trustees are currently taking advice on preservation techniques.

Acquisitions are made by purchase or donation. Assets which have been purchased and can be readily ascribed a value have been capitalised in the financial statements at cost. No value has been ascribed to the collection for assets which have been gifted in the past in these financial statements as there is no reliable cost information available or indeed suitable valuation techniques that are reliable. Therefore, due to the religious and unique nature of these items, it is not considered appropriate to recognise a value relating to the collection. The collection is catalogued and managed by the trustees.

It is the trustees' policy to add to this unique collection whenever the opportunity arises.

FIXED ASSET INVESTMENTS

Fixed asset investments comprise those freehold properties which are currently let, certain furniture and chattels, listed investments and cash on deposit. Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

PENSIONS

The Trust operates a Group Personal Pension Plan with Scottish Life that is open to all members of staff. The pension costs charged to the Statement of Financial Activities represent the contributions payable by the Trust during the year.

FUND ACCOUNTING

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities.

Trade debtors which are receivable within one year are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

The Panacea Charitable Trust

ACCOUNTING POLICIES

For the year ended 31 December 2016

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are those used by the Trust to in calculating the value of both functional and investment properties (see notes 11 and 12 for details).

The Panacea Charitable Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

1	INVESTMENT INCOME	2016 £	2015 £
	Dividends	452,210	393,485
	Rental income	250,144	235,803
		<u>702,354</u>	<u>629,288</u>

In 2015 all investment income was credited to the General Fund.

2	ALLOCATION OF INDIRECT COSTS & OVERHEADS	Total	Cost of Generating Funds	Charitable Activities
	2016	£	£	£
	Staff	157,692	78,846	78,846
	Property	62,113	62,113	-
	Office/Other	33,771	17,905	15,866
		<u>253,576</u>	<u>158,864</u>	<u>94,712</u>
	2015	£	£	£
	Staff	158,514	79,257	79,257
	Property	72,358	72,358	-
	Office/Other	34,781	17,730	17,051
		<u>265,653</u>	<u>169,345</u>	<u>96,308</u>

3	INVESTMENT MANAGEMENT COSTS	2016 £	2015 £
	Fund management fees	85,284	79,955
	Investment properties management fees	17,706	17,142
	Investment properties maintenance and refurbishment	33,986	43,573
	Wages and salaries	78,846	79,257
	Insurance	10,420	10,514
	Miscellaneous/Other	17,906	18,859
		<u>244,148</u>	<u>249,300</u>

In 2015 Investment management costs were charged to the General Fund.

The Panacea Charitable Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

4	CHARITABLE ACTIVITIES	2016	2015
		£	£
	Museum & Archives		
	Museum Exhibition	135,503	160,947
	Archives and Conservation	12,736	8,713
	CenSAMM Project	96,205	35,896
	Wages and salaries	23,361	23,206
	Functional Properties - Maintenance and refurbishment	3,103	13,668
	Insurance	4,466	4,506
	Service/Other Costs	<u>6,208</u>	<u>12,087</u>
	Total exc. Grants and donations	281,582	259,023
	 Grants & Donations (note 6)		
	University Research Grant	20,083	50,032
	Other miscellaneous Scholarship/Educational Grants	10,000	24,513
	Book publishing support	9,400	26,975
	Health/Social Grants	<u>50,000</u>	<u>50,000</u>
	Total Grants & Donations	89,483	151,520
	 Support Costs (notes 2 & 5)		
	Wages & salaries	55,485	56,050
	Other	<u>15,866</u>	<u>17,051</u>
	Total Support Costs	71,351	73,101
		<u>442,416</u>	<u>483,644</u>

In 2015 all charitable activities costs were charged to the General Fund.

5	ANALYSIS OF CHARITABLE ACTIVITIES	2016	2016	2016	2015	2015	2015
		£	£	£	£	£	£
		Core Funding	Support Costs	Total	Core Funding	Support Costs	Total
	Museum, Archives & CenSAMM	281,582	57,080	338,662	259,023	58,481	317,504
	Other educational/publishing	39,483	10,703	50,186	101,520	10,965	112,485
	Health/Social Grants	50,000	3,568	53,568	50,000	3,655	53,655
		<u>371,065</u>	<u>71,351</u>	<u>442,416</u>	<u>410,543</u>	<u>73,101</u>	<u>483,644</u>

The Panacea Charitable Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

6	GRANTS PAYABLE	Paid in the year £	2016 Total £
	Grants committed at 1 January 2016 (net)		(130,007)
	Paid in the year:		
	OTHER EDUCATIONAL/PUBLISHING		
	Bristol University (Downing Research Project)	50,032	
	Bunyan Meeting Museum (Church Curator)	5,000	
	M Niblett Blockley Research	5,158	
	IB Tauris publishing support	7,400	
	LOCAL AWARDS		
	Bedford & Luton Community Foundation	100,000	
	Total paid in the year		167,590
	Future commitments payable:		
	Approved in the year ended 31 December 2016		42,400
			<u>79,983</u>
	The major recipients for future grants are:		
		2016 £	
	OTHER EDUCATIONAL/PUBLISHING		
	Bristol University (PhD Research Project)	20,083	
	M Niblett Blockley Research	10,317	
	IB Tauris publishing support	12,000	
		<u>42,400</u>	
7	ANALYSIS OF STAFF COSTS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL	2016 No.	2015 No.
	The average number of employees during the year was:		
	Maintenance and refurbishment	3	3
	Administration	2	2
	Museum, Archives & SAMM	8	8
		<u>13</u>	<u>13</u>

The charity considers its key management personnel comprise the trustees and the four (2015: 4) full-time employees in charge of directing and controlling the charity and running and operating the charity on a day to day basis. The total employment benefits including employer pension contributions of the key management personnel were £192,420 (2015: £154,732), and Employers National Insurance of £17,385 (2015: £14,627).

The Panacea Charitable Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

7 ANALYSIS OF STAFF COSTS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL (continued)

	2016	2015
Staff costs for above persons:		
Wages and salaries	257,365	217,905
Social security costs	21,508	18,491
Other pension costs	22,414	15,218
	<u>301,287</u>	<u>251,614</u>
	=====	=====
The number of employees whose emoluments amounted to more than £60,000 in the year were:	No.	No.
£60,001 to £65,000	1	-
£65,001 to £70,000	-	1
	<u>=====</u>	<u>=====</u>
Of which pension contributions amounted to £3,634 (2015: £3,868).		

8 RELATED PARTY TRANSACTIONS AND TRUSTEES' REMUNERATION

Three trustees were reimbursed during the year for travel expenses of £1,443 (2015: Two, £960).

None of the trustees received remuneration during the year (2015: nil).

There have been no other related party transactions during the year.

9 AUDITORS' REMUNERATION

The auditor's remuneration constituted an audit fee of £11,640 (2015: £12,300).

10 VOLUNTEERS

The charity reimbursed volunteers travel and subsistence expenses of £4,221 (2015: £4,759).

The Panacea Charitable Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

11 TANGIBLE FIXED ASSETS

	Functional Properties £	Assets in the course of construction	Furniture, Chattels & Heritage Assets £	Office Equipment & Motor Vehicles £	Museum Assets £	Total £
Cost or valuation:						
1 January 2016	2,919,000	961,227	163,753	40,452	152,268	4,236,700
Additions	18,781	-	-	-	-	18,781
Transfers	961,227	(961,227)	-	-	-	-
Revaluation	193,200	-	33,000	-	-	226,200
31 December 2016	<u>4,092,208</u>	<u>-</u>	<u>196,753</u>	<u>40,452</u>	<u>152,268</u>	<u>4,481,681</u>
Depreciation:						
1 January 2016	-	-	75,010	37,602	152,268	264,888
Charged in the year	-	-	-	2,850	-	2,850
Impairment costs	-	-	-	-	-	-
31 December 2016	<u>-</u>	<u>-</u>	<u>75,018</u>	<u>40,452</u>	<u>152,268</u>	<u>267,738</u>
Net book value 31 December 2016	<u>4,092,208</u>	<u>-</u>	<u>121,735</u>	<u>-</u>	<u>-</u>	<u>4,213,943</u>
31 December 2015	<u>2,919,000</u>	<u>961,227</u>	<u>88,735</u>	<u>2,850</u>	<u>-</u>	<u>3,971,812</u>

The functional properties were formally valued by Messrs Jones, Norris, Adams, Chartered Surveyors, in April 2013. This valuation has been reviewed by the trustees at the balance sheet date, and based on published indices and knowledge of local market conditions, the trustees have updated the valuation to reflect changes in these. The cost of these properties to the charity was £272,535.

The furniture and chattels are included at the valuation provided by Messrs W&H Peacock Auctioneers and Valuers in May 2013. This valuation was reviewed and adjusted by the trustees at 31 December 2015. No material change in that valuation has been identified.

Included within furniture, chattels & heritage assets are £13,717 of heritage assets purchased in 2008. There have been no other acquisitions or disposals of heritage assets since that date. Specific heritage assets have been revalued at the balance sheet date to take into account a review of the value of the collection.

The Panacea Charitable Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

12 INVESTMENTS

	Investment properties £	Listed Investments £	Total £
Valuation at 1 Jan 2016	8,746,500	16,562,007	25,308,507
Less: Management fee charges	-	(82,088)	(82,088)
Gain	437,328	2,745,003	3,182,331
Valuation at 31 Dec 2016	<u>9,183,828</u>	<u>19,224,922</u>	<u>28,408,750</u>

The investment properties are included at market value. The properties were formally valued by Messrs Jones, Norris, Adams, Chartered Surveyors, in April 2013. This valuation has been reviewed by the Trustees at the balance sheet date, and based on published indices and knowledge of local market conditions, the Trustees have updated the valuation to reflect changes in these.

12(i) LISTED INVESTMENTS ANALYSIS

	2016 £	2015 £
UK Securities	7,922,180	6,926,802
Overseas Securities	11,012,440	9,363,310
Market Value of Investments	<u>18,934,620</u>	<u>16,290,112</u>
Cash held by Investment Manager	290,302	271,895
	<u>19,224,922</u>	<u>16,562,007</u>

The listed investments are made up as follows:

	2016 £	2015 £
Equities	16,747,001	14,334,095
Fixed Interest Securities	2187,619	1,956,017
	<u>18,934,620</u>	<u>16,290,112</u>

13 DEBTORS

	2016 £	2015 £
Prepayments and accrued income	18,189	17,790
	<u>18,189</u>	<u>17,790</u>

The Panacea Charitable Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

14	CREDITORS: Amounts falling due within one year		2016 £	2015 £	
	Grants payable		42,400	130,007	
	Accruals		76,701	38,580	
	Other tax and social security		7,120	6,612	
			<u>126,221</u>	<u>175,199</u>	
15	DEFERRED INCOME				
	Deferred income comprises investment property rentals received in advance				
			2016 £	2015 £	
	Balance as at 1 January 2016		(4,725)	-	
	Amount released to income earned from charitable activities		4,725	-	
	Amount deferred in year		-	4,725	
	Balance as at 31 December 2016		<u>-</u>	<u>4,725</u>	
16	ANALYSIS OF NET ASSETS	General Fund	Foundation Fund	Total	
		£	£	£	
	Tangible fixed assets	-	4,213,943	4,213,943	
	Investments	-	28,408,750	28,408,750	
	Net Current Assets	(158,417)	154,391	(4,026)	
		<u>(158,417)</u>	<u>32,777,084</u>	<u>32,618,667</u>	
17	GENERAL FUND				
		Balance 1 January 2016 £	Income £	Expenditure £	Balance 31 December 2016 £
	General Fund	(176,434)	704,581	(686,564)	(158,417)
		<u>(176,434)</u>	<u>704,581</u>	<u>(686,564)</u>	<u>(158,417)</u>

The Panacea Charitable Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

18 FOUNDATION FUND

	Balance 1 January 2016 £	Income £	Expenditure £	Gain on Investments & Fixed Assets £	Balance 31 December 2016 £
Foundation Fund	29,368,554	-	-	3,408,530	32,777,084
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

In accordance with recommendations by the Charity Commission, the trustees have established a Foundation Fund incorporating the unspent funds brought forward at 1 January 2001.

The Foundation Fund will be treated as an unrestricted fund. The trustees will be able to make grants from this fund in keeping with the charity's objects and shortfalls arising on the General Fund may be repaid from this fund. All gains and losses will be charged to the Foundation Fund. All legacies will be recognised in the Foundation Fund as they are given for the long term benefit and future use of the charity.

19 HERITAGE ASSETS

The charity's heritage assets relate to the history of the Visitation, in particular the life and work of the prophetess Joanna Southcott. There are three distinct parts to the collection: Joanna Southcott's box and other items of material culture, books and manuscripts, and the charity's archive record of the work of the Panacea Society since its inception.

Acquisitions are made by purchase or donation. Assets which have been purchased and can be readily ascribed a value have been capitalised in the financial statements at cost.

No value has been ascribed to the collection for assets which have been gifted in the past in these financial statements as there is no reliable cost information available or indeed suitable valuation techniques that are reliable. In the opinion of the Trustees, reliable information on cost or valuation is not available for the charity's collections. This is owing to the lack of information on purchase cost; the lack of comparable market values; the diverse nature of the objects; and the volume of items held. These collections are therefore not reported as assets in the balance sheet.

The Panacea Charitable Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

20 RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Net Movement in funds	3,426,547	414,116
Adjustments for:		
Depreciation	2,850	40,915
Gain on investment properties	(437,328)	(416,500)
(Gain)/loss on listed investments	(2,662,915)	61,801
Interest and dividends	(452,210)	(410,294)
Rental income	(250,144)	(221,463)
Gain on revaluation of property fixed assets	(193,200)	(184,000)
(Gain)/impairment losses on heritage assets	(33,000)	75,018
Loss on disposal of tangible fixed assets	-	7,960
Operating cash flows before movements in working capital	<u>(4,025,947)</u>	<u>(1,046,563)</u>
(Increase)/decrease in debtors	(399)	32,102
Decrease in creditors	(48,978)	(56,864)
Other	1	1
Cash used in operating activities	<u><u>(648,776)</u></u>	<u><u>(657,208)</u></u>

21 FINANCIAL INSTRUMENTS

	2016 £	2015 £
The carrying amount of the Trust's financial instruments at 31 December were:		
Financial Assets		
Debt instruments measured at amortised cost	18,189	17,790
Financial Liabilities		
Measured at amortised cost	76,701	38,580