

The Panacea Charitable Trust

REPORT AND FINANCIAL STATEMENTS

For the year ended

31 December 2018

Charity Registration No. 227530

The Panacea Charitable Trust

31 December 2018

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The Panacea Charitable Trust

TRUSTEES, OFFICERS AND ADVISERS

TRUSTEES

Dr J J Meggitt (Chair)

Rev. Professor C Rowland***

Mr C N Monsell

Mr E Jones

Ms S Cowsls**

Dr N Hilton*

Rev Dr P Lockley****

* Dr N Hilton resigned on 16 March 2018 and was reappointed on 15 March 2019

** Ms S Cowsls was appointed on 16 March 2018

*** Rev Professor C Rowland's term of office ended on 23 May 2018.

**** Rev Dr P Lockley was appointed on 15 March 2019

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 1YN

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 2018

The trustees present their annual report and financial statements of the charity for the year ended 31 December 2018. 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 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 sponsoring, publishing and distributing academic publications and through the operation of a Museum of the history of the Visitation and the Panacea Society. 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 followed by a modernisation of the objects under a cy-pres scheme in 2001. 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, What You Need to Do".

Organisational structure and decision making

The charity's trustees are responsible for overall direction and policy-making, meeting at least three times per year. The trustees approve all investment decisions, grants, and sets the broad strategy and areas of activity for the charity. The charity's trustees hold the title to all properties on behalf of 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, Administration, Museum and Archives, and Education, each comprising trustees and the Executive Officer have been set up.

The charity 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.

The Panacea Charitable Trust

TRUSTEES' REPORT

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 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 for the Public Benefit

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.

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. With the creation and ongoing development of CenSAMM, the charity has discontinued its Education grant-making programme.

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. Periodic application windows are opened between one and two times each year, with criteria and guidance information published on the charity's website.

The Panacea Charitable Trust

TRUSTEES' REPORT

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 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 in order that the charity's education centre, CenSAMM (the Centre for the Study of Apocalyptic and Millenarian Movements). CenSAMM, receives high quality education materials from respected authorities in the areas of apocalyptic and millenarian movements.
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 three websites 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, £340,570 for the Panacea Museum, CenSAMM, and archives development. Expenditure included additional development to museum activities and expanding the museum visitor experience. Expenditure also included the costs of redeveloping 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. Its main activities in the year were the development of its web presence, and organisation of three conferences held in April, June and September. Also included are the costs of developing the charity's unique archive.
2. Under object 2 above, £68,342 to a fund poverty, sickness and education grants that were directed towards supporting organisations and groups whose work covers health and social work within the local community.

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 2018, the charity had over 7,000 visitors to its museum complex of two main buildings, outbuildings, and gardens, an increase of 1,000 versus the previous year.
- The development of a Centre of Excellence for the Critical Study of Millenarian and Apocalyptic Movements (CenSAMM). In 2018, this project focused on creating engagement with those identified as the target audience through: further developing the Centre's website, organisation of three conferences held in the year, and development of a new online academic resource, the CenSAMM Dictionary of Apocalyptic and Millenarian Movements (CDAMM).
- Grant making activities: the charity supports a broad range of charities working in the borough of Bedford through administering a non-academic grant-making programme, which made a similar amount of grant awards in 2018.

The charity does not carry out any fundraising activities.

The Panacea Charitable Trust

TRUSTEES' REPORT

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 2017 capital values by 2%. Annual rental income derived from these properties was £255,828, an increase of just over 2.5% (2017: £249,362). This reflects the continued appeal of the charity's rental property portfolio and no void periods or tenant changes in the year. 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 8.5% capital loss in the year. Overall income derived from those investments, £487,879, outperformed target of £450,000 the charity set for its investment managers in January 2018, and representing an increase of just over 2% on the previous year (2017: £478,093). The trustees remain satisfied with the work of the charity's investment managers in managing the charity's investment assets, and have communicated an expectation of similar levels of investment income for the 2018 financial year.

Financial Review

Income and Expenditure

Total income for the year was £747,560 (2017: £730,212), and total expenditure was £708,979 (2017: £679,808), leaving net income of £38,581 (2017: £50,404). The net decrease in funds after revaluation of investments and Fixed Assets was £1,340,710 (2017: increase in funds of £2,425,168).

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.

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.

Investment Policy

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 2019, the charity plans to build on the work it has previously undertaken to further develop the museum and CenSAMM, 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. The poverty and sickness grants programme will continue to be delivered in-house in 2019.

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

The Panacea Charitable Trust

TRUSTEES' REPORT

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.

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 26 July 2019

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 the 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 apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgments and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any departures disclosed and explained in the financial statements; and
- Prepare the accounts on a going concern basis unless it is inappropriate to presume that the charity will continue in business

The trustees are responsible for maintaining 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 accounts comply with the Charities Act 2011; the Charity (Accounts and Reports) Regulations 2008; and the provisions of the trust deed. 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

We have audited the financial statements of The Panacea Charitable Trust (the 'charity') for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2018 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.

Basis for opinion

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.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 financial statements is inconsistent in any material respect with the Trustees' Report; or
- sufficient accounting records have not been kept by the charity; 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 7, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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 opinions we have formed.

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

Date:

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 2018

	Notes	Total Funds 2018 £	Total Funds 2017 £
Income from:			
Investment income	1	743,707	727,455
Other income		3,853	2,757
Total income		<u>747,560</u>	<u>730,212</u>
Expenditure on:			
Expenditure on raising funds:			
Investment management costs	3	230,942	226,453
Expenditure on charitable activities	4,5,6	478,037	453,355
Total expenditure		<u>708,979</u>	<u>679,808</u>
(Loss)/Gain on revaluation of investments	12	(1,464,492)	2,171,904
Net (expenditure)/income before transfers		<u>(1,425,911)</u>	<u>2,222,308</u>
Other recognised gains and losses:			
Gain on revaluation of fixed assets	11	64,364	202,860
Net movement in funds		<u>(1,361,547)</u>	<u>2,425,168</u>
Balance at 1 January 2018		35,043,835	32,618,667
Balance at 31 December 2018		<u><u>33,682,288</u></u>	<u><u>35,043,835</u></u>

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BALANCE SHEET
31 December 2018

Charity Number 227530

	<i>Notes</i>	2018 £	2017 £
FIXED ASSETS			
Tangible fixed assets	11	4,541,262	4,399,875
Investments	12	28,922,222	30,485,810
		<u>33,463,484</u>	<u>34,885,685</u>
CURRENT ASSETS			
Debtors	13	24,640	18,513
Cash at bank and in hand		274,433	227,806
		<u>299,073</u>	<u>246,319</u>
CREDITORS: Amounts falling due within one year	14	80,269	88,169
NET CURRENT ASSETS		<u>218,804</u>	<u>158,150</u>
NET ASSETS		<u>33,682,288</u>	<u>35,043,835</u>
FUNDS			
Unrestricted fund		33,682,288	35,043,835
		<u>33,682,288</u>	<u>35,043,835</u>

The notes on pages 13 to 23 form part of these financial statements.

The financial statements were approved by the trustees and authorised for issue on 26 July 2019 and signed on their behalf by:

..... Justin Meggitt, Trustee

..... Charles Nicholas Monsell, Trustee

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STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	<i>Notes</i>	2018 £	2017 £
Net cash used in operating activities	17	(614,170)	(595,609)
Cash Flows from investing activities			
Interest and dividends		481,752	478,093
Rental income		255,828	249,362
Proceeds on disposal of tangible fixed assets		31,175	1,347
Purchase of tangible fixed assets		(107,958)	(9,394)
Net cash provided by investing activities		660,797	719,409
Change in cash and cash equivalents in the year		46,627	123,800
Cash and cash equivalents brought forward		227,806	104,006
Cash and cash equivalents carried forward		274,433	227,806

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ACCOUNTING POLICIES

For the year ended 31 December 2018

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. 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 principal office of the Trust is shown on page 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 due to reliable investment income underpinned by substantial long term financial assets.

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, including irrecoverable VAT, 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 comprises 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. All 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, assets in the course of construction, 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.

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ACCOUNTING POLICIES

For the year ended 31 December 2018

Properties in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use

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 as the trustees review their carrying value each year and adjust as appropriate.

Revaluation gains are recognised in other gains and losses. Revaluation losses are recognised in expenditure on charitable activities except to the extent that they reverse previously recognised gains.

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. Listed 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.

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.

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ACCOUNTING POLICIES

For the year ended 31 December 2018

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.

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 2018

1	INVESTMENT INCOME	2018 £	2017 £
	Dividends	487,879	478,093
	Rental income	255,828	249,362
		<u>743,707</u>	<u>727,455</u>

2	ALLOCATION OF INDIRECT COSTS & OVERHEADS	Total £	Cost of Generating Funds £	Charitable Activities £
	2018	£	£	£
	Staff	149,446	74,723	74,723
	Property	44,736	44,736	-
	Office/Other	28,056	14,553	13,503
		<u>222,238</u>	<u>134,012</u>	<u>88,226</u>
	2017	£	£	£
	Staff	148,637	74,319	74,319
	Property	43,121	43,121	-
	Office/Other	48,538	12,186	36,352
		<u>240,296</u>	<u>129,626</u>	<u>110,671</u>

3	INVESTMENT MANAGEMENT COSTS	2018 £	2017 £
	Fund management fees	96,931	96,827
	Investment properties management fees	18,130	17,563
	Investment properties maintenance and refurbishment	14,317	14,652
	Wages and salaries	74,723	74,319
	Insurance	11,963	10,530
	Miscellaneous/Other	14,878	12,562
		<u>230,942</u>	<u>226,453</u>

The Panacea Charitable Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

4	CHARITABLE ACTIVITIES	2018	2017
		£	£
	Museum & Archives		
	Museum Exhibition	145,583	133,110
	Archives and Conservation	34,540	20,258
	CenSAMM Project	122,124	125,449
	Wages and salaries	24,342	23,632
	Functional Properties - Maintenance and refurbishment	2,432	2,263
	Insurance	5,127	4,513
	Service/Other Costs	<u>6,422</u>	<u>7,049</u>
	Total exc. Grants and donations	340,570	316,274
	Grants & Donations (note 6)		
	University Research Grant	-	12,042
	Other miscellaneous Scholarship/Educational Grants	5,000	-
	Book publishing support	-	(12,000)
	Health/Social Grants	<u>68,342</u>	<u>50,000</u>
	Total Grants & Donations	73,342	50,042
	Support Costs (notes 2 & 5)		
	Wages & salaries	50,382	50,687
	Other - including governance costs	<u>13,743</u>	<u>36,352</u>
	Total Support Costs	64,125	87,039
		<u>478,037</u>	<u>453,355</u>

5	ANALYSIS OF CHARITABLE ACTIVITIES	2018	2018	2018	2017	2017	2017
		£	£	£	£	£	£
		Core Funding	Support Costs	Total	Core Funding	Support Costs	Total
	Museum, Archives & CenSAMM	340,570	57,712	398,282	316,274	78,336	394,610
	Other educational/publishing	5,000	3,206	8,206	42	4,352	4,394
	Health/Social Grants	68,342	3,207	71,549	50,000	4,352	54,352
		<u>413,912</u>	<u>64,125</u>	<u>478,037</u>	<u>366,316</u>	<u>87,039</u>	<u>453,355</u>

The Panacea Charitable Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

6	GRANTS PAYABLE	Paid in the year £	2018 Total £
	Grants committed at 1 January 2018 (net)		(42,442)
	Paid in the year:		
	GRANT AWARDS		
	Poverty, sickness and health grants programme	68,342	
	Bunyan Meeting Curator	5,000	
	M Niblett Blockley Research	5,158	
		<u> </u>	
	Total paid in the year		78,500
	Future commitments payable (note 14):		37,284
			<u> </u>
			73,342
			<u> </u>
	The major recipients for future grants are:	2018 £	
	OTHER EDUCATIONAL/PUBLISHING		
	Bristol University (PhD Research Project)	32,126	
	M Niblett Blockley Research	5,158	
		<u> </u>	
		37,284	
		<u> </u>	
7	ANALYSIS OF STAFF COSTS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL	2018 No.	2017 No.
	The average number of employees during the year was:		
	Maintenance and refurbishment	3	3
	Administration	2	2
	Museum, Archives & CENSAMM	9	8
		<u> </u>	<u> </u>
		14	13
		<u> </u>	<u> </u>

The Panacea Charitable Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

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

	2018	2017
Staff costs for above persons:		
Wages and salaries	294,763	274,683
Social security costs	22,287	21,105
Other pension costs	16,005	15,270
	<u>333,055</u>	<u>311,058</u>

There were no employees whose emoluments amounted to more than £60,000 in the year (2017: none).

The charity considers its key management personnel comprise the trustees and the two (2017: 2) 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 £92,575 (2017: £91,911), and Employers National Insurance costs of £8,187 (2017: £8,294).

In addition to paid employees, a small number of unpaid volunteers provide valuable support the museum and archives activities of the charity.

8 RELATED PARTY TRANSACTIONS AND TRUSTEES' REMUNERATION

Three trustees were reimbursed during the year for travel expenses of £262 (2017: three, £771).

Rent of £16,200 (2017: £16,200) was received from key management personnel during the year. There were no amounts outstanding at year end (2017: £nil).

9 AUDITOR'S REMUNERATION

The auditor's remuneration, including irrecoverable VAT, constituted an audit fee of £12,300 (2017: £12,172).

10 VOLUNTEERS

The charity reimbursed volunteers' travel and subsistence expenses of £2,023 (2017: £2,118).

The Panacea Charitable Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

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 2018	4,304,461	-	95,414	40,452	152,268	4,592,595
Transfer	(1,041,863)	1,041,863	-	-	-	-
Additions	-	107,958	-	-	-	107,958
Disposal			(30,935)	-	-	(30,935)
Revaluation	64,364	-	-	-	-	64,364
31 December 2018	<u>3,326,962</u>	<u>1,149,821</u>	<u>64,479</u>	<u>40,452</u>	<u>152,268</u>	<u>4,733,982</u>
Depreciation:						
1 January 2018	-	-	-	40,452	152,268	192,720
Impairment costs charged in year	-	-	-	-	-	-
31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,452</u>	<u>152,268</u>	<u>192,720</u>
Net book value						
31 December 2018	<u>3,326,962</u>	<u>1,149,821</u>	<u>64,479</u>	<u>-</u>	<u>-</u>	<u>4,541,262</u>
31 December 2017	<u>4,304,461</u>	<u>-</u>	<u>95,414</u>	<u>-</u>	<u>-</u>	<u>4,399,875</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 by the trustees at 31 December 2018 and deemed to be appropriate.

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. Further details of heritage assets are included in Note 16.

The Panacea Charitable Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

12 INVESTMENTS

	Investment properties £	Listed Investments £	Total £
Valuation at 1 Jan 2018	9,643,019	20,842,791	30,485,810
Less: Management fee charges	-	(99,096)	(99,096)
Gain/ (Loss)	192,857	(1,657,349)	(1,464,492)
Valuation at 31 Dec 2018	<u>9,835,876</u>	<u>19,086,346</u>	<u>28,922,222</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

	2018 £	2017 £
UK Securities	7,457,962	8,613,858
Overseas Securities	11,271,532	12,086,149
Market Value of Investments	<u>18,729,494</u>	<u>20,700,007</u>
Cash held by Investment Manager	356,852	142,784
	<u>19,086,346</u>	<u>20,842,791</u>
The listed investments are made up as follows:		
	2018 £	2017 £
Equities	16,512,165	18,494,836
Fixed Interest Securities	2,217,329	2,205,171
	<u>18,729,494</u>	<u>20,700,007</u>

13 DEBTORS

	2018 £	2017 £
Prepayments and accrued income	24,640	18,513
	<u>24,640</u>	<u>18,513</u>

The Panacea Charitable Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

14	CREDITORS: Amounts falling due within one year	2018	2017
		£	£
	Grants payable	37,284	42,442
	Accruals	35,591	38,988
	Other tax and social security	7,394	6,739
		<u>80,269</u>	<u>88,169</u>
		<u><u>80,269</u></u>	<u><u>88,169</u></u>

15	ANALYSIS OF NET ASSETS	2018	2017
		£	£
	Tangible fixed assets	4,541,262	4,399,875
	Investments	28,922,222	30,485,810
	Net Current Assets	218,804	158,150
		<u>33,682,288</u>	<u>35,043,835</u>
		<u><u>33,682,288</u></u>	<u><u>35,043,835</u></u>

16 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.

All heritage assets are available for consultation by researchers by appointment.

The Panacea Charitable Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

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

	2018 £	2017 £
Net Movement in funds	(1,361,547)	2,425,167
Adjustments for:		
(Gain) on investment properties	(192,857)	(459,191)
(Gain) on listed investments	1,756,445	(1,617,869)
Interest and dividends	(487,879)	(478,093)
Rental income	(255,828)	(249,362)
Loss on revaluation of property fixed assets	(64,364)	(202,860)
Impairment losses on heritage assets, chattels	-	22,756
(Gain)/ Loss on disposal of tangible fixed assets	(240)	2,218
Operating cash flows before movements in working capital	<u>(606,270)</u>	<u>(557,234)</u>
(Increase)/decrease in debtors	-	(324)
Decrease in creditors	(7,900)	(38,052)
Other	-	1
Cash used in operating activities	<u><u>(614,170)</u></u>	<u><u>(595,609)</u></u>

18 FINANCIAL INSTRUMENTS

	2018 £	2017 £
The carrying amount of the Trust's financial instruments at 31 December were:		
Financial Assets		
Measured at fair value through SOFA	19,086,346	20,842,791
Debt instruments measured at amortised cost	24,640	18,513
Financial Liabilities		
Measured at amortised cost	72,875	80,523