

# **THE INTERNATIONAL SERVICE FELLOWSHIP TRUST**

(known as INTERSERVE GREAT BRITAIN & IRELAND)

Company Registration Number: 02789773

Charity Commission Registration Number: 1020758

OSCR number: SCO47295

(A company limited by guarantee having no share capital)

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31st December 2019**



THE INTERNATIONAL SERVICE FELLOWSHIP TRUST  
ANNUAL REPORT AND FINANCIAL STATEMENTS - 31ST DECEMBER 2019

| Contents                          | Page  |
|-----------------------------------|-------|
| Report of the directors           | 1-14  |
| Independent auditor's report      | 15-18 |
| Statement of financial activities | 19    |
| Balance sheet                     | 20    |
| Cash flow statement               | 21    |
| Notes to the financial statements | 22-38 |

The directors present their report together with the financial statements of the charitable company for the year ended 31st December 2019. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice, SORP (FRS102) – Accounting and Reporting by Charities issued in 2015. In preparing this report, the directors have considered the Charity Commission's general guidance on public benefit.

***1. Our nature, charitable purpose & strategic objectives***

1.1 Our registered name is '*The International Service Fellowship Trust*' (ISFT) and we are a member of the global alliance of agencies known as '*The Interserve Fellowship*', which is a voluntary collaboration of fourteen independently registered charities that recruit, send and support Christian workers through fourteen national offices. Our workers serve among Asians and Arabs in Great Britain & Ireland (GBI) as well as in Asia and the Arab world. The international fellowship operates on the basis of agreed 'foundation documents', which include a 'statement of faith'; 'common values'; a 'mission statement' and agreed 'operating principles' and 'priorities'.

1.2 Interserve is 'evangelical' in its understanding and practice of the Bible's teaching. It is inclusive of gender, age and ethnicity at all levels of leadership. It works *for, with and through* the local church in around 40 countries of Asia and the Arab world, as well as among these peoples living in 'diaspora' in Great Britain & Ireland. Interserve also works 'wholistically', or in an integrated way, serving the whole person – i.e. body, mind and spirit, within a social context.

***1.3 Our legal Objects:***

- i) to share the good news about Jesus Christ with the peoples of Asia and the Arab world and such other countries as may be determined, including Great Britain & Ireland.
- ii) in partnership with local churches, to preach the gospel of Jesus Christ and build up the faith of Christian believers in un-reached areas or where the church is under pressure;
- iii) to facilitate the training of Christians through seminars, church visits, Bible College courses and lectures and distance learning modules aimed at leadership development in local churches; engaging in effective evangelism and church planting where appropriate; and
- iv) to advance the Christian faith and promote Christian education among the peoples of Asia and the Arab world by the publication and sale of Christian resources – i.e. literature; broadcasting; audio-visual and such other means, and by giving monetary or other forms of help to those engaged in such activity.

***1.4 Our vision:***

To see the lives of individuals, and their communities, transformed through an encounter with Jesus Christ.

***1.5 Our mission:***

To facilitate wholistic Christian ministry via local churches and the wider Christian community among the peoples of Asia and the Arab world – overseas and in Great Britain & Ireland and the Euro-zone.

***1.6 Our Core Objectives:***

- A. to mobilise and recruit Christians in our focus area, for cross-cultural witness

- B. to provide orientation, people-care and administrative support for those who work with us
- C. to serve local churches and training places with cross-cultural expertise
- D. to train, equip and resource people for cross-cultural engagement
- E. to contribute to social cohesion and the common good in multi-religious communities
- F. to maintain relevant and appropriate organisational structures and processes

## Strategic Report

### 2. *Our strategic activities in 2019*

2.1 To achieve our core objectives we are involved in personal engagement with people from all different backgrounds, contributing to the general life, growth and wellbeing of individuals – and through them – the church and wider community. (Core objective E).

National Office staff in the areas of People Care; Finance; and Admin functions support workers both overseas and in Great Britain & Ireland, aim at:

- retaining a quality ‘member care’ facility appropriate to the needs of those serving overseas and in Great Britain & Ireland. (Core objective B)
- retaining an efficient, effective and financially sustainable administrative function. (Core objective F)

Our workers are placed *loco parentis* into “Interserve Country Teams”, which have their own local ‘Country Leadership Team’ (CLT) that is overseen by an ‘International Leadership Team’ (ILT). Our workers engage in the following activities:

#### 2.2 *Overseas Activities*

- Community support (Core objective E)
  - ethical business (Christian ethos and providing local employment and a livelihood for ethnic or religious minorities)
  - medical services
  - educational services
  - community projects (various)
- Church support and development (Core objective C)
  - church planting and enabling to be viable
  - residential theological training (Core objective D)
  - ‘theological education by extension’ (TEE) (Core objective D)
  - internet based blogs and social media
- Community cohesion (Core objective F)
  - community reconciliation – e.g. after terrorist violence or social disturbance
  - media and internet to engage in apologetics to resistant societies where Christians are a repressed minority



## REPORT OF THE DIRECTORS (continued)

- Objectives have been delivered in this area during 2019 via (Core objective A & E):
  - *Long-termers* – We accepted two new long-term workers (i.e. two year terms or more); four long-term workers either resigned or retired.
  - *Short-termers* – We placed nine new On-Trackers (i.e. up to two years); including new medical electives.

So at the end of 2019, we were responsible for 88 long-term workers in total – of these, 52 are overseas, 36 based in 18 cities in Great Britain & Ireland. We also had 29 Associates based in 18 cities or towns.

### 2.3 Activities based in Great Britain & Ireland

In 2019 our ‘national presence’ in GBI amongst people of Asia and the Arab World is as follows:

- *Country Team* – 36 workers were located in 18 major towns and cities, led and supported primarily by its own country leadership team, who are themselves, workers.
- *Associates* – the country team is complemented by 29 volunteers, in 18 major towns and cities (some but not all overlapping with the above), who are aligned with our ethos and linked to us under the status of recognised professionals who are employed elsewhere within multi-cultural contexts.
- *Connexions Network* – We continue to seek to develop our *alumni* of former workers, staff, trustees and volunteers. These are now referred to as the ‘Connexions Network’ which is recognised as an active part of who we are and what we do. (Core objective B & D)

These three categories in our network, have been orchestrated into an interrelated structure to achieve synergy in delivering the following outcomes: (Core objective A & C)

- educational services including homework clubs and English teaching courses
- life-skill groups and support for migrants (transient and resident)
- community reconciliation and cohesion building via ‘meetings for better understanding’ (MBUs) by bringing Muslims and Christians together, including leaders
- promotion & mobilisation in churches, Christian Unions and Bible Colleges
- cultural awareness courses and seminars
- prayer initiatives
- practical engagement with asylum seekers
- training and resourcing local British churches as they help refugees settle and integrate

### 2.4 National engagement

Our objectives have been delivered in this area via:

- Our mobilising of churches and training places and recruiting Christians for active service overseas or in Great Britain & Ireland: (Core objective C)

## REPORT OF THE DIRECTORS (continued)

- We have grown our mobilising team by recruiting a part time On-Track worker to assist the full time coordinator. With a full-time Communications Manager; we now have six members of the Interserve GBI team focussing primarily on engaging and supporting local churches.
- The mobilisation team has grown awareness of both the need for engagement with local Asian/Arab communities and offered both training and support of programmes. We have especially seen encouraging growth in Northern Ireland and Scotland
- We have continued to speak in local churches and area events; training seminars for cross-cultural engagement; college Christian Unions; and Bible Colleges/Christian training places. (Core objective C & D).
- We have worked alongside other organisations to conduct occasional regional cross-cultural training days on the issue of Christian life and witness amongst people of other faiths. (Core objective C).

Our GO magazine continues to be well received. We send out approximately 6,283 as hard copy. We are pleased with our continuing level of engagement with our supporters. The E-version grew from 487 in 2018 to 689.

- *Web presence:*
  - Our website is being redesigned and planned to be operational in the second half of 2020. (Core objective A).
  - We continue to see extensive use of the prayer guides we produce - 30 Days of Prayer and 15 Days of Prayer
  - Our membership has continued in the national mission fraternity called *Global Connections* as well as our collaborative activities with UK regional networks for joint mission mobilisation. (Core objective A).
- *Transition strategy:* (Core objective C & E)  
The following activities were aimed at achieving a relevant and sustainable future for the organisation:

We continue to work through our ongoing Strategic Plan as we transition to a leaner, more dynamic organisation engaging better with individuals, local churches, national organisations and the international community. A review of the plan in 2019 saw us highlight five priority goals.

- Our People Care staff are also actively strengthening the working relationship with local churches, which have people working through the auspices of Interserve GBI. (Core objective C & D). There were three resignations from the People Care team in 2019, including the People Care manager. All have been replaced.



## REPORT OF THE DIRECTORS (continued)

- The continuation of preparation for the new consultant/support role to local churches is referred to in our Strategic Plan as 'E3'. This offers help to *Engage, Equip* and *Envision* for cross-cultural mission around them overseas and in Great Britain & Ireland. (Core objective C & D)
- In October 2019 we transferred our office from Milton Keynes to St John's House in Birmingham. This brings together our office/admin tasks and active ministry. The move meant a significant change in staffing. But we have settled well into our new premises. (Core objective D)

### 2.5 Resources & Conferences

Our objectives have been delivered in this area via:

- Biennial conferences – i.e. for our own workers or supporters or the public
- Ongoing global distribution of a streamlined catalogue of saleable cross-cultural educational materials via the *Kitab Resources* unit (Core objective D) including resources such as “*Friendship First*”, “*Joining the Family*” and “*East+West*”.

### **3. Public benefit & detriment**

3.1 A key Trustee duty (section 17 of the Charities Act 2011) is to have due regard for the ‘public benefit’ from our work. As we review our performance the following indicators demonstrate – what we understand to be – the ‘public benefit’ of our activities.

These include:

- i) participation in the national UK conversation on migration and world faiths
- ii) a contribution to ‘social cohesion’ and ‘community integration’
- iii) support to vulnerable Christian communities in hostile contexts
- iv) equipping people for life and Christian witness in multi-cultural societies
- v) encouraging people who exercise their right to freedom of religious choice
- vi) the benefit we believe is contained in the life and teaching of Jesus Christ.

Our primary beneficiaries are local churches overseas and in the UK.

3.2 Our delivery of public benefit in the global south has been in terms of support; empowerment; encouragement; solidarity; aid and training – especially where Christians are a repressed minority or where the Christian Church is in a poorly resourced fledgling condition. (Core objective D & E).

3.3 Delivery in Britain & Europe has been in terms of enabling people to understand the western context; learning how to operate in a complex and plural context; and resourcing to enable them to engage with humility and confidence. (Core objective D).

A developing feature in this regard is the development of a suite of training materials for Christians on cross-cultural relating with people from other faith backgrounds, for the common good. The material is designed for use in small groups and delivered within the local church programme. The net result for British society is the strengthening of social cohesion. (Core objective C & D)

## REPORT OF THE DIRECTORS (continued)

3.4 In the interests of integrity, good relations and the common good, we continued to engage in interface with leaders and members of the majority communities in the countries and communities where we work. (Core objective E).

### **4. Human Resources**

4.1 *Staffing*: We have a National Office team of 17.9 full-time equivalents based in Birmingham and various other locations around the country. There is a focus on resourcing in areas that impact our relationship with the Christian public, and help grow opportunities for individuals and churches to engage with world mission (Core objective F).

4.2 *Volunteers*: We continue to mobilise our *alumni* in the *Connexions Network*, which now forms a new cohort of potential volunteers that will be developed further going forward. (Core objective A & E). The overall contribution from the *Connexions Network* has not been significant in 2019, but it is anticipated that it will become more so, as we transition into our new national presence and strategy.

### **5. Financial review & how expenditure supported objectives**

5.1 The financial results for the year ended 31st December 2019 are reflected in the Statement of Financial Activities on page 19. The overall deficit for the year was £818,871 (2018 - £306,933). The deficit for the year included £379,970 from legacies (2018 - £451,067). This legacy income is transferred to designated funds, where 10% is allocated for use in grant support of the work of associated organisations' projects to further the achievement of our objectives. The remaining 90% is allocated to a Development fund which is being used to meet the strategic investment needs of Interserve activity such as the development of St John's House, Birmingham.

5.2 The unrestricted funds reported a net deficit of £887,745, consisting of net expenditure of £903,266 (including an impairment charge of £443,486 to adjust the book value of St John's House building down to a level approximating its market value at 31 December 2019), offset by a net addition of £15,521 arising from a combination of unrealised gains on investments, transfers between funds and actuarial losses on the defined benefit pension scheme.

5.3 Of the total income of £2,775,767 (2018 - £3,232,900); donations & gifts given by individuals and organisations in support of our objects totalled £2,263,471 (2018 - £2,620,701). Of this sum £1,671,985 was donations and gifts in direct support of our "Partners" (our frontline workers overseas and in the UK), who are targeted with raising sufficient support under our personalised support system, to meet the costs of their ministry activity.

5.4 From the total income raised, £1,672,314 (2018 - £1,658,444) has been spent directly in support of the charity's Partners and their project work. Included in this cost is £201,210 (2018 - £200,977) which is used to cover the costs within the National Office budget in undertaking the essential Partner support activities, including member care and financial administration. The remainder of the income is applied to the direct costs of the individual Partners and associated projects, being £1,471,104 spent in this year (2018 - £1,457,467). The balance is carried forward to meet the direct and support costs of the Partners and projects in the coming year.



## REPORT OF THE DIRECTORS (continued)

5.5 Of our total activity costs of £3,576,741 spent in the year (2018 - £2,756,187), £1,320,601 was spent on our Overseas activities (2018 - £1,400,121), £1,670,036 on UK based activities (2018 - £833,885), £535,078 on our National outreach (2018 - £467,214) and £51,026 on Resources and Conferences (2018 - £54,967). After income generated from the sale of resources and conference income, the Resources and conferences activity had a net cost of £11,055. Further detail can be found in Notes 6 & 7 to the financial statements.

5.6 There has been an increase in the support and governance costs to £707,353 in the year (2018 - £683,383). Further analysis of these costs is given in Note 8 to the financial statements.

### **6. Reserves & Investment policy**

6.1 Interserve keeps reserves and can spend them in order to meet a range of issues including:

- emergencies both in the UK and overseas including repatriation costs for Partners in some countries where political and religious stability is currently unpredictable and the current Covid-19 Pandemic;
- budgeted short to medium term projects that fall over more than one financial year, including for example in 2019 funding the costs of the National Office move to Birmingham;
- variations in general income and legacy income that are either predicted or, by nature, not predictable;
- restricted funds allocated by donors and shown separately in the accounts which are set aside for these specified purposes and normally relate to Partners; and
- designated funds for specific Partners.

6.2 Interserve's Reserves Policy involves:

- (a) Excluding those elements of the charity's total funds that constitute endowment or other restricted funds set aside for specified purposes, that are designated towards the support of specific partners, that are invested in fixed assets not practically realisable in the near term (e.g. buildings Interserve uses itself) and that have already been committed to existing programmes or to meet expected general fund deficits over the next three years;
- (b) Determining how much of the balance should be retained in reserve to meet plausible potential adverse experience including costs that the charity would be subject to if some unforeseen event caused it to close or to need to merge with another charity. The charity does this bearing in mind Charity Commission guidance on what are reasonable reserves to set aside for these purposes; and
- (c) Determining the best way to spend the remaining balance in furtherance of its strategic objectives.

At 31 December 2019, Interserve's total charity funds amounted to £4,464,148 (2018-£5,283,019) but of these funds, £3,447,008 (2018- £3,228,725) were in endowment or other restricted funds set aside for specified purposes, designated towards the support of specific partners, in fixed assets not practically realisable in the near term or had otherwise been committed as per (a).

Of the balance of £1,017,140 (2018- £2,054,294) Interserve considers it reasonable to hold reserves of c£575,000 to cater for potential adverse experience. This is approximately 30 weeks of its General Fund expenditure or approximately 9 weeks of its overall expenditure for the year ending 31 December 2019.

## REPORT OF THE DIRECTORS (continued)

Interserve's Reserves Policy is reviewed annually by the Finance and Risk Management Group (FRMG, a sub-committee of the Board), bearing in mind current known risks which are regularly assessed by this Group. It was most recently reviewed by this Group in May 2020 and agreed by the Board in June 2020.

**6.3 Investment Policy:** In accordance with our 'Investment Policy', investments held have been acquired in accordance with the powers available to the directors. The investments are held in a mix of asset classes in order to provide capital growth over the long term together with lower risk investments providing income security and the ability to react to cash demands as highlighted by the reserves policy, in accord with the Investment policy. In line with its values, Interserve will not invest in market sectors such as tobacco, arms, alcohol, gambling or pornography. The application of the Investment policy is overseen by the FRMG on behalf of the Board.

## **7. Risk management**

**7.1** All significant activities undertaken are subject to an ongoing risk review as part of an ongoing management process using a robust Risk Register. The trustees and management team review these risks on an ongoing basis and satisfy themselves that adequate systems and procedures are in place to manage the risks identified.

Major risks are identified by the management team in collaboration with the FRMG and captured in a Risk Register, which is scrutinised and approved by the Board.

**7.2** Risks are ranked in terms of the potential impact and likelihood. A 'major risk' is one that may have significant impact on:

- operational performance, including risks to our personnel and volunteers;
- financial sustainability, including stability and security of income;
- achievement of our aims and objectives; or
- meeting the expectations of our beneficiaries or supporters.

**7.3** The following framework is used as central to ensuring adequate risk assessment and management of mitigation, across the organisation:

- regular monitoring of major risks and development of action plans
- embedding risk identification and assessment within operating procedures
- a clear structure of delegated authority and control
- income and contribution targets for our fundraising and trading activities
- maintaining reserves in line with set policies
- regular summary reports on risk management to the FRMG and the Board

**7.4** During the year, the possible major risks identified and their risk management approaches were:

- *Strategic:*
  - There is a risk of decline in long-term partners due to the changing methods and foci of engagement by churches and individuals in world mission
    - Ensure clarity of vision and strategy within the organisation and remain flexible to enable engagement by churches and individuals to ensure both their and the organisation's expectations are met



## REPORT OF THE DIRECTORS (continued)

- There is a risk that we fail to engage and retain a reasonable sized pool of supporters.
  - o A robust communications strategy developed which focuses on differing needs and expectations amongst the supporter base.
  - o We continue to invest in IT packages such as CRM and Personnel systems, and relevant resources.
- *Operational:*
- There is a risk of decline in income which will impact both the short-term operations and the long-term viability of the organisation
  - o Ongoing awareness of budgetary systems and implementation of strategy to ensure a mix of income streams using the unique selling points that the organisation holds.
- Political instability or insecurity in countries where personnel are located is an ongoing reality.
  - o It is accepted that the organisation needs to rely on Interserve International security and response systems for people placed overseas. International systems and processes are reviewed annually and are considered to be robust and appropriate.
  - o An annual review of our national response processes and procedures.
- Data security, breach of operational systems and loss of personal data and ongoing compliance with GDPR.
  - o Regular reviews of IT protocols and security testing are carried out and updates implemented as required/ available.
  - o Databases and personal information are held in secure databases with limited access.

### **8. Objectives for the future**

8.1 COVID-19 has had a large short-term impact on our ability to minister as an organisation. We are closely monitoring the situation with workers, particularly those who remain overseas as well as tracking changes in donor income. The National Leadership Team has performed a COVID-19 risk assessment and is implementing mitigation steps to minimise the risks to individual workers and to the organisation as a whole. To date we have not seen a significant drop in donor income but, as many of our awareness raising and engagement activities have had to stop, we are anticipating a drop in income in the coming months. To mitigate against this, we are utilising the UK government's Furloughing scheme for about one third of our staff. We will closely monitor our income month to month and make further changes as necessary in order to try to maintain a healthy level of cash reserves.

8.2 Longer-term, we will need to mitigate against the risk that the COVID-19 crisis continues to severely limit us from meeting our core objectives through our established range of activities. We have already moved from actual to virtual events as we continue to link with supporters. In the coming months we will increase our efforts to assist workers and churches in how to adapt their ministries to account for social-distancing requirements and less/no ability to travel. This will likely involve making substantial changes to our current long-term strategy. While we expect to find ourselves in a dramatically different operating context post-COVID, we will continue to serve the local church as they seek to engage with people of Asia and the Arab World both in their local communities and further afield. (Core objective F).

8.3 We look to continue to contribute to the national conversations regarding world faiths in a British context. Also, by working through our 'Country Team' of Great Britain & Ireland based

## REPORT OF THE DIRECTORS (continued)

Partners to serve local churches and Bible colleges as cross-cultural consultants in best practice in Christian witness to other faiths. (Core objective C, D and E).

8.4 Having undertaken a full review of the stock of our *Kitab Resources*, with its sales and marketing, we continue to explore ways of developing income-generating resources, from a base of fewer products but which yield a more significant sales turnover as a way of income-generating activity. We look for ways of delivering cost-effective but income-generating cross-cultural awareness and training opportunities for local churches. (Core objective C and D).

8.5 We are seeking to retain a presence – as a charity – that is recognised in the palace of Westminster and Lambeth Palace, to be a contributor in the political process, particularly in the areas of “cultural assimilation” and “social cohesion” agenda and the multi-faith presence in Britain. (Core objective E)

8.6 We look to continue modelling innovative ways of engaging in mission both in Great Britain & Ireland and in Asia & the Arab World at a time when context and expectations are seeing ongoing change. On this basis, looking to work with other Christian mission agencies to grow and develop both the national and local church to engage with world mission, both locally and globally.

### 9. *Governance and management structures*

9.1 *Governance*: The charitable company is governed by its Memorandum & Articles of Association. The directors form its Board and they are responsible for appointing the National Director (the senior role of the management team), approving the Annual Report and financial statements, appointing the auditors, and ensuring that the charitable company is managed by the National Director in accordance with the policies established by the Board from time to time.

The directors are recruited through recommendations from Board members and others. An audit of skills, training and experience is kept and is used to prioritise the selection of people that are needed on the Board. The National Director (or Company Secretary) provides an orientation programme with new directors after appointment.

The *Finance and Risk Management Group* (FRMG), a sub-committee of the Board. This committee monitors the work of the Finance Manager and is tasked by Board with overseeing the preparation of the Annual Report & Financial Statements; the budgeting process; the audit process; and the risk-management process.

The National Director, through a National Leadership Team, is responsible for taking all actions necessary to achieve the aims of the charity.

9.2 *International*: Our involvement with the International Fellowship continues through the role of the Chair of the Board and the National Director, who are both voting members of the *International Leaders' Consultation*. The ‘Leaders’ Consultation’ (LC) elects the governing body called the *International Council* (IC) and holds it accountable for the execution of the policies of the broader Interserve Fellowship, internationally.

Interserve in Great Britain & Ireland, retains its legal autonomy within the international fellowship and duly operates within the charity laws and regulations within its registered territories.



## REPORT OF THE DIRECTORS (continued)

*9.3 Organisational structure:* We continue our direction towards a flatter structure with slightly more devolved decision-making. The National Director convenes the National Leadership Team (NLT) comprised of the managers i.e. finance, mobilisation and personnel; and the external Country Team Leader (an employed mission Partner).

All other staff work to support the NLT which leads the office staff and those working in the regions across Great Britain & Ireland. (Core objective F)

*9.4 Management pay policy:* This is scrutinised periodically and reviewed annually by the Board against the following criteria.

Key management personnel pay and remuneration is set within the context of an overall staff pay and remuneration pay-scale policy, which was established by a professionally guided benchmarking exercise. Each role is assessed against a matrix to determine its location on the pay-scale; and the current base salary levels for each point on the pay-scale were identified.

Pay increases are driven by an annual review based on published inflation data. An annual appraisal process is also used to determine whether a one-off bonus payment or a salary increment award is appropriate and affordable.

Appraisal awards are reviewed by the Finance and Risk Management Group and approved by the Board.

## **10. Reference and administrative details**

### 10.1 Constitution

The International Service Fellowship Trust was incorporated as a company limited by guarantee on 12th February 1993 (registration number 2789773) and is governed by its Memorandum and Articles of Association. All the business and assets of the unincorporated association INTERSERVE and ISFT Limited were assigned by deed to The International Service Fellowship Trust on 1st March 1993. This company is registered with the Charity Commission under reference 1020758.

The directors may at any time appoint a member to be a director either to fill a casual vacancy or by way of an additional director provided the maximum number of 25 is not exceeded.

### 10.2 Trading names

The International Service Fellowship Trust was commonly known as Interserve England, Wales and the Islands (ISEWI). It also uses the trading name of Kitab, or Kitab Interserve Resources for its book publication and marketing activity. Urban Vision has formerly been used in reference to the UK based Country Team ministry activity; however, this activity is now branded as Interserve GB Country Team. Following the reorganisation with Interserve Scotland & Ireland in May 2017, the operating name of Interserve Great Britain & Ireland, is now used.

### 10.3 Registered Office

652 Alum Rock Road, Birmingham B8 3NS

## REPORT OF THE DIRECTORS (continued)

### 10.4 Directors

The directors who served during the year were as follows:

Mr K Ashman  
Mr G Brown (appointed September 2019)  
Mrs K Tsunekawa Butterworth (appointed March 2019)  
Mr T Chacko  
Mrs J Clark (appointed September 2019)  
Mrs R Downes (resigned December 2019)  
Ms S Fatehi (appointed September 2019)  
Rev J Howitt (appointed Vice Chair – December 2019)  
Mr M Kemp  
Dr M Laing (Vice Chair – resigned December 2019)  
Mrs A McConkey  
Dr S Oliver-Dee  
Prof M Pietroni (Chair)  
Mrs J Showell-Rogers  
Mr O Singh  
Rev J Smuts

### 10.5 Management

The day to day management of the charity is delegated to the National Director who is also Company Secretary; and chair of the National Leadership Team (NLT), which comprises:

The day-to-day management of the charity is delegated to the National Leadership Team, which comprised of:

Mr K Martin, Interim National Director(resigned April 2020)  
Mr C Binder, National Director/Company Secretary (appointed May 2020)  
Mrs M Avotri, Finance Manager  
Mr D Cooper, Operations & Facilities Manager  
Mrs H Lee, Country Team Leader  
Mrs N Lorincz, People Care Manager (resigned December 2019)  
Mr K Wren, Head of Development  
Mr I Dougall, People Care Manager (appointed March 2020)

### 10.6. Relevant organisations

#### Principal Bankers

Barclays Bank Plc  
Ashton House  
497 Silbury Boulevard  
Milton Keynes  
MK9 2LD

Close Brothers Treasury  
4<sup>th</sup> Floor  
10 Crown Place  
London  
EC2A 4FT

## REPORT OF THE DIRECTORS (continued)

### Auditor

Griffin Stone Moscrop & Co.  
21-27 Lamb's Conduit Street  
London  
WC1N 3GS

### Actuaries

Barnett Waddingham LLP  
Chalfont Court Hill  
Hill Avenue  
Amersham  
HP6 5BB

### Solicitors

#### H.R

Keelys LLP  
28 Dam Street  
Lichfield  
Staffordshire  
WS13 6AA

#### Property

Coley & Tilley Solicitors  
Neville House  
Waterloo Street  
Birmingham  
B2 5UF

## **11. Directors' responsibilities**

11.1 The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

11.2 Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including the income and expenditure, of the charitable company for that year. In preparing these financial statements the board of directors are required to:-

- a) select suitable accounting policies and then apply them consistently;
- b) observe methods and principles in the Charities SORP;
- c) make judgments and estimates that are reasonable and prudent;
- d) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- e) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

11.3 The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company, and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

11.4 As far as the members of the Board are aware, there is no relevant audit information of which the charitable company's auditor is unaware.

## REPORT OF THE DIRECTORS (continued)

All of the members of the Board have taken all steps that they ought to as directors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

### 12. *Auditor*

A resolution to re-appoint Messrs Griffin Stone Moscrop & Co, Chartered Accountants and Registered Auditors as auditor will be proposed at the annual general meeting.

The Trustees have decided to put the audit for the year ended 31 December 2021 out for tender.

The above Directors Report and Strategic Report have been approved by the Board of Directors on 5<sup>th</sup> June 2020 and signed on its behalf by:-



---

**C Binder**  
**SECRETARY**



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INTERNATIONAL SERVICE FELLOWSHIP TRUST

## Opinion

We have audited the financial statements of The International Service Fellowship Trust (the 'charitable company') for the year ended 31 December 2019 which comprise the 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, including Financial Reporting Standard 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 charitable company's affairs as at 31 December 2019, and of its incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006.

## Basis for opinion

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 charitable company 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 charitable company'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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INTERNATIONAL  
SERVICE FELLOWSHIP TRUST (continued)

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual 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, except to the extent otherwise explicitly stated in our report, 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.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors and the Strategic Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors and the Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INTERNATIONAL SERVICE FELLOWSHIP TRUST (continued)

### **Responsibilities of trustees**

As explained more fully in the directors' responsibilities statement set out on pages 13 & 14, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 charitable company'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 charitable company 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INTERNATIONAL  
SERVICE FELLOWSHIP TRUST (continued)

are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Reema Mistry ACA (Senior Statutory Auditor)  
For and on behalf of GRIFFIN STONE MOSCROP & CO  
Statutory Auditor

21-27 Lamb's Conduit Street  
London, WC1N 3GS  
8 June 2020



STATEMENT OF FINANCIAL ACTIVITIES (including the Income and Expenditure Account)  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2019



|  | Note | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Endowment<br>funds<br>£ | 2019<br>Total<br>funds<br>£ | 2018<br>Total<br>funds<br>£ |
|--|------|----------------------------|--------------------------|-------------------------|-----------------------------|-----------------------------|
| <b>Income and endowments from:</b>                             |      |                            |                          |                         |                             |                             |
| Donations and legacies   | 2    | 2,436,605                  | 206,836                  | -                       | 2,643,441                   | 3,071,768                   |
| Charitable activities  | 3    | 77,961                     | -                        | -                       | 77,961                      | 100,491                     |
| Investments  | 4    | 54,365                     | -                        | -                       | 54,365                      | 60,641                      |
| <b>Total</b>   |      | <b>2,568,931</b>           | <b>206,836</b>           | <b>-</b>                | <b>2,775,767</b>            | <b>3,232,900</b>            |
| <b>Expenditure on:</b>   |      |                            |                          |                         |                             |                             |
| Raising funds  | 5    | 64,631                     | -                        | -                       | 64,631                      | 158,346                     |
| Charitable activities  | 6    | 2,964,080                  | 169,177                  | -                       | 3,133,257                   | 2,756,187                   |
| Charitable activities- impairment                              | 6    | 443,486                    | -                        | -                       | 443,486                     | -                           |
| <b>Total</b>   |      | <b>3,472,197</b>           | <b>169,177</b>           | <b>-</b>                | <b>3,641,374</b>            | <b>2,914,533</b>            |
| <b>Net income/(expenditure)<br/>before movements on</b>        |      | <b>(903,266)</b>           | <b>37,659</b>            | <b>-</b>                | <b>(865,607)</b>            | <b>318,367</b>              |
| Net gains on investments                                       | 17   | 33,521                     | (799)                    | 30,014                  | 62,736                      | (13,434)                    |
| <b>Net income/(expenditure)</b>                                | 10   | <b>(869,745)</b>           | <b>36,860</b>            | <b>30,014</b>           | <b>(802,871)</b>            | <b>304,933</b>              |
| <b>Transfers between funds</b>                                 |      | <b>(2,000)</b>             | <b>2,000</b>             | <b>-</b>                | <b>-</b>                    | <b>-</b>                    |
| <b>Other recognised (losses)/gains:</b>                        |      |                            |                          |                         |                             |                             |
| Actuarial ( losses)/gains on defined<br>benefit pension scheme | 21   | (16,000)                   | -                        | -                       | (16,000)                    | 2,000                       |
| <b>Net movement in funds</b>                                   |      | <b>(887,745)</b>           | <b>38,860</b>            | <b>30,014</b>           | <b>(818,871)</b>            | <b>306,933</b>              |
| <b>Reconciliation of funds:</b>                                |      |                            |                          |                         |                             |                             |
| Total funds brought forward                                    | 11   | 4,850,198                  | 39,268                   | 393,553                 | 5,283,019                   | 4,976,086                   |
| <b>Total funds carried forward</b>                             |      | <b>3,962,453</b>           | <b>78,128</b>            | <b>423,567</b>          | <b>4,464,148</b>            | <b>5,283,019</b>            |

The attached notes form part of these financial statements.

BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER 2019  
Company Registration Number 02789773

|   | Note  | 2019             | 2018             |
|---|-------|------------------|------------------|
|   |       | £                | £                |
| <b>Fixed assets</b>                                   |       |                  |                  |
| Tangible assets                                       | 16    | 1,169,499        | 1,076,060        |
| Investments   | 17    | <u>1,533,729</u> | <u>1,470,993</u> |
|   |       | 2,703,228        | 2,547,053        |
| <b>Current assets</b>                                 |       |                  |                  |
| Stocks  | 18    | 22,310           | 27,091           |
| Debtors   | 19    | 739,606          | 878,649          |
| Investments - notice deposits >3 months               |       | 946,008          | 1,240,918        |
| Cash at bank and in hand                              |       | <u>511,161</u>   | <u>1,091,219</u> |
|   |       | 2,219,085        | 3,237,877        |
| <b>Creditors: amounts falling due within one year</b> | 20    | 159,165          | 199,911          |
| <b>Net current assets</b>                             |       | <u>2,059,920</u> | <u>3,037,966</u> |
| <b>Total assets less current liabilities</b>          |       | 4,763,148        | 5,585,019        |
| Defined benefit scheme provision                      | 21    | <u>(299,000)</u> | <u>(302,000)</u> |
| <b>Total net assets</b>                               |       | <u>4,464,148</u> | <u>5,283,019</u> |
| <b>The funds of the charity:</b>                      |       |                  |                  |
| Endowment fund  | 22,26 | 423,567          | 393,553          |
| Restricted income funds                               | 23,26 | 78,128           | 39,268           |
| Unrestricted funds:                                   |       |                  |                  |
| Designated funds                                      | 24,26 | 3,412,679        | 4,305,946        |
| General fund  | 25,26 | <u>549,774</u>   | <u>544,252</u>   |
| <b>Total charity funds</b>                            |       | <u>4,464,148</u> | <u>5,283,019</u> |

Approved and authorised for issue by the board of directors on 5<sup>th</sup> June 2020 and signed on its behalf by:-

  
 Rev J Howitt  
  
 Mr Malcolm Kemp

DIRECTORS

The attached notes form part of these financial statements.

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2019

|   | Note | 2019<br>Total funds<br>£ | 2018<br>Total funds<br>£ |
|---|------|--------------------------|--------------------------|
| <b>Cash flows from operating activities:</b>                              |      |                          |                          |
| Net cash provided by operating activities                                 | 27   | <u>(363,296)</u>         | <u>115,394</u>           |
| <b>Cash flows from investing activities:</b>                              |      |                          |                          |
| Dividends, interest and rents from investments                            |      | 42,374                   | 43,442                   |
| Purchase of property, plant and equipment                                 |      | (559,136)                | (173,045)                |
| Sale of Leasehold Property  |      |                          | 620,000                  |
| Invest in notice deposit accounts > 3 months                              |      | <u>300,000</u>           | <u>-</u>                 |
| Net cash provided by investing activities                                 |      | <u>(216,762)</u>         | <u>490,397</u>           |
| <b>Change in cash and cash equivalents in the reporting period</b>        |      | (580,058)                | 605,791                  |
| <b>Cash and cash equivalents at the beginning of the reporting period</b> |      | 1,091,219                | 485,428                  |
| <b>Cash and cash equivalents at the end of the reporting period</b>       | 28   | <u><u>511,161</u></u>    | <u><u>1,091,219</u></u>  |



## 1. Accounting policies

### (a) Basis of preparation and assessment of going concern

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable in the UK and Republic of Ireland (FRS102) issued on the 16<sup>th</sup> July 2014 and the Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland (FRS 102) and UK Generally Accepted Practice as it applies from 1 January 2015, and the Companies Act 2006.

The charity has elected to apply all amendments to FRS 102, as set out in the Financial Reporting Council's triennial review published in December 2017, and included in Update Bulletin 2 to the Charities SORP (FRS 102), prior to mandatory adoption for accounting periods beginning on or after 1 January 2019.

The charity constitutes a public benefit entity as defined by FRS 102.

The directors consider that there are no material uncertainties about the charity's ability to continue as a going concern.

### (b) Funds structure

The charity has a single permanent endowment. This endowment fund arises from an appeal by the charity called "Interserve Plus Fund". The purpose of the appeal was to create a permanent fund, the income of which is included in unrestricted funds and is used for meeting International support costs.

Restricted funds are funds which are used in accordance with specific restrictions imposed by the donors or which have been raised by the charity for particular purposes. The aim and use of each restricted fund is set out in note 24 to the financial statements.

Unrestricted income funds comprise those funds which are available for use at the discretion of the directors in furtherance of the general objectives of the charity. Unrestricted funds include designated funds where the directors, at their discretion, have created a fund for specific purposes and a General fund. The aim and use of each designated fund is set out in note 25 to the financial statements.

### (c) Income recognition

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donations are recognised when the charity have been notified of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and is probable that those conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case by case basis following the granting of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

(d) Expenditure recognition and irrecoverable VAT

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure is classified under the following activity headings:

- Costs of raising funds, which comprise the costs of:
  - Fundraising which are specifically designed to increase the income of the charity
  - The costs of managing and maintaining investments
- Expenditure on charitable activities
- Other expenditure not falling into any other heading.

All expenses including support cost and governance costs are allocated or apportioned to the applicable activity headings. Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities and in particular those activities of the National office in support of our mission workers overseas and in the UK. Governance costs comprise all costs involved in the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit, board governance meeting costs, together with an apportionment of overhead and support costs.

The charity has a partial exemption for VAT. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

(e) Depreciation

Tangible fixed assets with an initial cost in excess of £1,000 are capitalised at cost in the financial statements. Prior to 2015 items over £500 have been capitalised. Any such items under £1,000 previously capitalised remain as part of the fixed asset cost and accumulated depreciation charges included in these financial statements. The net book value shown at the balance sheet dates are stated at cost less depreciation and provision for impairment in value. Depreciation is provided on tangible fixed assets at the following rates per annum so as to write off each asset over its estimated useful working life:

- Fixtures, fittings and equipment - between 10% and 25% on cost
- Long leasehold property - 2% on cost
- Computers – 20%- 25% on cost
- Freehold property – 1% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

(f) Investments

Investments are stated at their market value at the balance sheet date, any increase or decrease in values being included in the statement of financial activities.



## NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2019 (continued)

### (g) Financial instruments

The Charity principally has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments (including debtors and creditors) are initially recognised at transaction value and subsequently measured at their settlement value.

### (h) Cash at bank and in hand

Cash at bank and in hand includes cash and deposits which mature within 3 months of the date of opening. The statement of cash flows only reflects movements within bank financial statements held where the money can be accessed within three months of the date of opening the deposit.

Current asset investments represent bank deposits which mature 3 months or less after the date of opening.

### (i) Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Net realisable value is based on selling price less all further costs of distribution, marketing and selling.

### (j) Operating leases

Rentals payable under operating leases are charged in the statement of financial activities on the straight line basis over the terms of the leases.

### (k) Pensions

The charity operates a defined contribution pension scheme on behalf of its employees. The pension cost to the charity is charged to the statement of financial activities on the basis of a constant percentage of employee earnings.

The charity also operates a defined benefit pension scheme for past members of staff. This is an unfunded scheme which exists to ensure that a pension is provided to these past employees in accordance with the charity's past policy on pensions. As all of the scheme's members are now retired and receive pensions directly from the charity, no further contributions are made to the scheme. In respect of this scheme the charity's appointed actuaries have calculated the net present value of the future liabilities payable to the members of the scheme at the balance sheet date. Accordingly a liability is reflected in each of the balance sheets as at 31st December 2019 and 2018.

## **2. Income from Donations and legacies**

|                                       | <u>2019</u>      | <u>2018</u>      |
|---------------------------------------|------------------|------------------|
|                                       | <u>£</u>         | <u>£</u>         |
| Donations                             | 2,263,471        | 2,620,701        |
| Legacies                              | 379,970          | 451,067          |
| Donations and legacies total per SOFA | <u>2,643,441</u> | <u>3,071,768</u> |



NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2019 (continued)

**3. Income from charitable activities**

|   | <u>2019</u>   | <u>2018</u>    |
|---|---------------|----------------|
|   | <u>£</u>      | <u>£</u>       |
| Ministry resource sales   | 39,854        | 45,960         |
| Conference income   | -             | 2,340          |
| Independently funded Partners and mid term mission support income | 8,821         | 8,300          |
| Associates income   | 1,133         | 1,225          |
| Short term mission trip charges                                   | 2,728         | 4,229          |
| Ancillary income derived from St John's House                     | 17,883        | 25,087         |
| Other income  | 7,542         | 13,350         |
|   | <u>77,961</u> | <u>100,491</u> |

**4. Investment income**

|   | <u>2019</u>   | <u>2018</u>   |
|---|---------------|---------------|
|   | <u>£</u>      | <u>£</u>      |
| Gross income has been generated as follows from:      |               |               |
| Investments listed on a recognised stock exchange     | 31,786        | 35,527        |
| Property rental                                       | 10,265        | 10,953        |
| Bank account and short term deposit interest received | 1,823         | 2,168         |
| Interest income from Notice accounts >3 months        | 9,237         | 10,199        |
| Loan interest receivable (Visa deposit loan)          | 1,254         | 1,794         |
|   | <u>54,365</u> | <u>60,641</u> |

**5. Analysis of expenditure on raising funds**

|   | <u>2019</u>   | <u>2018</u>    |
|---|---------------|----------------|
|   | <u>£</u>      | <u>£</u>       |
| Direct cost of raising funds                      | 29,979        | 95,171         |
| Direct cost of managing & maintaining investments | 10,226        | 2,425          |
| Governance cost allocation (see note 8)           | 1,156         | 4,758          |
| Support cost allocation (see note 8)              | 23,270        | 55,992         |
|   | <u>64,631</u> | <u>158,346</u> |

**6. Analysis of expenditure on charitable activities**

|  | Overseas<br>activities<br>£ | UK based<br>activities<br>£ | National<br>Outreach<br>£ | Resources &<br>Conferences<br>£ | Total 2019<br>£ | Total 2018<br>£ |
|--|-----------------------------|-----------------------------|---------------------------|---------------------------------|-----------------|-----------------|
| Direct Staff and related costs                     | 574,701                     | 567,850                     | 223,378                   | 4,326                           | 1,370,255       | 1,314,537       |
| Other costs  | 317,705                     | 567,110                     | 15,853                    | 1,684                           | 902,352         | 462,296         |
| Grants paid (see note 9)                           | 15,000                      | -                           | -                         | -                               | 15,000          | 15,000          |
| Direct project funding                             | 169,177                     | 370,903                     | -                         | -                               | 540,080         | 261,854         |
| Conference and event expenses                      | -                           | -                           | 4,585                     | -                               | 4,585           | 12,266          |
| Cost of GO magazine, prayer materials, merchandise | 5,791                       | 2,852                       | 32,962                    | 19,941                          | 61,546          | 67,602          |
| Governance costs (see note 8)                      | 11,274                      | 7,635                       | 12,224                    | 1,187                           | 32,320          | 48,767          |
| Support costs (see note 8)                         | 226,952                     | 153,686                     | 246,076                   | 23,891                          | 650,605         | 573,866         |
| Total expenditure 2019                             | 1,320,601                   | 1,670,036                   | 535,078                   | 51,029                          | 3,576,743       |                 |
| Total expenditure 2018                             | 1,400,121                   | 833,885                     | 467,214                   | 54,967                          |                 | 2,756,187       |

**7. Summary analysis of expenditure and related income for charitable activities**

This note shows the cost of the main key charitable activities and the sources of income directly to support those activities.

|                                   | Overseas<br>activities<br>£ | UK based<br>activities<br>£ | National<br>Outreach<br>£ | Resources &<br>Conferences<br>£ | Total 2019<br>£ | Total 2018<br>£ |
|-----------------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------------|-----------------|-----------------|
| Total activity costs (per note 6) | 1,320,601                   | 1,670,036                   | 535,078                   | 51,026                          | 3,576,740       | 2,756,187       |
| Resources & conference income     | -                           | -                           | -                         | (39,854)                        | (39,854)        | (48,300)        |
| Ministry fees & charges income    | (8,521)                     | (3,862)                     | -                         | -                               | (12,383)        | (13,754)        |
| Other income                      | -                           | (25,429)                    | -                         | -                               | (25,429)        | (38,437)        |
| Net cost funded from other income | 1,312,080                   | 1,640,745                   | 535,078                   | 11,172                          | 3,499,074       | 2,655,696       |

**8. Analysis of governance and support costs**

The charity initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function, including an allocation of support costs based on apportionment of time spent on governance activity. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the key charitable activities undertaken (see note 6) in the year based on an apportionment of staff time, in recognition that the office overhead and administrative costs are broadly related to the allocation of staff resourcing within the National Support Office.



# 8. Analysis of governance and support costs (continued)

The support and governance costs are analysed as follows:

|   | Support<br>£   | Governance<br>£ | Total 2019<br>£ | 2018<br>£      |
|---|----------------|-----------------|-----------------|----------------|
| Salaries and related costs                      | 399,655        | -               | 399,655         | 413,204        |
| Other Staff costs                               | 90,753         | -               | 90,753          | 51,627         |
| Premises Costs                                  | 53,684         | -               | 53,684          | 52,448         |
| Office administration costs                     | 14,858         | -               | 14,858          | 14,310         |
| IT costs  | 37,161         | -               | 37,161          | 22,462         |
| Audit & related fees                            | -              | 13,043          | 13,043          | 14,010         |
| Board and sub committee expenses                | -              | 9,551           | 9,551           | 10,975         |
| Costs related to amalgamation with ISSI and ISI | -              | -               | -               | 2,918          |
| Depreciation & equipment costs                  | 22,212         | -               | 22,212          | 13,489         |
| Impairment costs /Loss on sale of Walker Ave    | -              | -               | -               | 43,514         |
| Other organisational costs                      | 65,110         | 1,326           | 66,436          | 44,425         |
| Allocation of support costs to governance       | (9,556)        | 9,556           | -               | -              |
| Total 2019 costs                                | <u>673,877</u> | <u>33,476</u>   | <u>707,353</u>  |                |
| Total 2018 costs                                | <u>629,857</u> | <u>53,525</u>   |                 | <u>683,383</u> |

# 9. Analysis of grants

Grants to other organisations and projects totalling £15,000 (2018- £15,000) were made during the year.

Details of organisations to which grants paid are detailed below:

|   | 2019<br>£     | 2018<br>£     |
|---|---------------|---------------|
| Funded from designated Legacy tithe fund: |               |               |
| Interserve India                          | 10,000        | 10,000        |
| G2K                                       | 5,000         | -             |
| EMCP Joint Missions                       | -             | 2,500         |
| UK Training - H Ahmed                     | -             | 2,500         |
|   | <u>15,000</u> | <u>15,000</u> |

# 10. Net income for the year

This is stated after charging the following:

|                                     | 2019<br>£     | 2018<br>£     |
|-------------------------------------|---------------|---------------|
| Depreciation                        | 22,212        | 13,489        |
| Impairment charge on St Johns House | 443,486       | -             |
| Audit fee                           | <u>12,408</u> | <u>11,444</u> |

# 11. Prior year comparative Statement of Financial Activities

## For the Year ended 2018

|   | Unrestricted<br>funds | Restricted<br>funds | Endowment<br>funds | Total funds      |
|---|-----------------------|---------------------|--------------------|------------------|
|   | £                     | £                   | £                  | £                |
| <b>Income and endowments from:</b>                |                       |                     |                    |                  |
| Donations and legacies                            | 2,829,725             | 242,043             | -                  | 3,071,768        |
| Grants from ISSI and ISI                          | -                     | -                   | -                  | -                |
| Charitable activities                             | 100,491               | -                   | -                  | 100,491          |
| Investments                                       | 60,641                | -                   | -                  | 60,641           |
| <b>Total</b>                                      | <b>2,990,857</b>      | <b>242,043</b>      | <b>-</b>           | <b>3,232,900</b> |
| <b>Expenditure on:</b>                            |                       |                     |                    |                  |
| Raising funds                                     | 158,346               | -                   | -                  | 158,346          |
| Charitable activities                             | 2,497,115             | 259,072             | -                  | 2,756,187        |
| <b>Total</b>                                      | <b>2,655,461</b>      | <b>259,072</b>      | <b>-</b>           | <b>2,914,533</b> |
| Net income before gains / (losses) on investments | 335,396               | (17,029)            | -                  | 318,367          |
| <b>Net(losses)/ gains on investments</b>          | <b>15,872</b>         | <b>777</b>          | <b>(30,083)</b>    | <b>(13,434)</b>  |
| <b>Net income</b>                                 | <b>351,268</b>        | <b>(16,252)</b>     | <b>(30,083)</b>    | <b>304,933</b>   |
| <b>Other recognised gains/(losses):</b>           |                       |                     |                    |                  |
| Actuarial gains on defined benefit pension scheme | 2,000                 | -                   | -                  | 2,000            |
| <b>Net movement in funds</b>                      | <b>353,268</b>        | <b>(16,252)</b>     | <b>(30,083)</b>    | <b>306,933</b>   |
| <b>Reconciliation of funds:</b>                   |                       |                     |                    |                  |
| Total funds brought forward                       | 4,496,930             | 55,520              | 423,636            | 4,976,086        |
| <b>Total funds carried forward</b>                | <b>4,850,198</b>      | <b>39,268</b>       | <b>393,553</b>     | <b>5,283,019</b> |



## 12. Analysis of Staff costs and remuneration of key management personnel

|   | <u>2019</u>      | <u>2018</u>      |
|---|------------------|------------------|
|   | <u>£</u>         | <u>£</u>         |
| Wages and salaries                                | 1,501,956        | 1,479,572        |
| Social security costs                             | 96,852           | 95,645           |
| Staff Defined Contribution Pension Scheme costs   | 180,591          | 186,788          |
| Former Staff Defined Benefit Pension Scheme Costs | 6,610            | 5,970            |
| Compensation payment                              | -                | 13,000           |
|   | <u>1,786,009</u> | <u>1,780,975</u> |

No employees had employee benefits in excess of £60,000 (2018 - nil). Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

The directors were not paid or received any other benefits from employment with the charity in the year (2018- nil).

The key management personnel of the charity include the Volunteer Interim National Director, Head of Development, People Care Manager, Operations & Facilities Manager, Finance Manager and Country Team Leader. The total employee benefits of the 6 key management personnel of the charity were £213,298 (2018 - £261,311 for 7 employees), including employer national insurance and pension contribution costs.

## 13. Expenses paid to directors

£5,458 (2018 - £4,035) was reimbursed to 9 (2018 - 11) directors for travel and related expenses incurred in undertaking activities on behalf of the charity.

## 14. Employee Numbers and Volunteers

The average number of full time equivalent employees, analysed by time allocation during the year to the key charitable activities, are as shown in the following table:-

|                         | <u>2019</u> | <u>2018</u> |
|-------------------------|-------------|-------------|
| Raising funds           | 1           | 1           |
| Overseas activities     | 51          | 55          |
| UK based activities     | 23          | 22          |
| National outreach       | 7           | 6           |
| Resources & conferences | 1           | 1           |
|                         | <u>83</u>   | <u>85</u>   |

The average number of employees (including both UK and overseas Partners) employed during the year were 93 (2018 - 100) comprising 63 full time and 30 part time employees (2018 - full time 75, part time 25).

Volunteers (excluding committee members) gave 60 (2018 - 60) hours of service on the National Office support activities during the year. In addition the work of 7 independently funded Partners (not employees) contributed to the general "front line" charitable activities to varying extents of part time equivalents.

### 15. Related party transactions

Related parties include the charity directors and close relatives and key management personnel. Donations received during the year are:

|                              | <u>2019</u>  | <u>2018</u>   |
|------------------------------|--------------|---------------|
|                              | £            | £             |
| Trustees and close relatives | 8,185        | 9,343         |
| Key management personnel     | 849          | 1,018         |
|                              | <u>9,034</u> | <u>10,361</u> |

### 16. Tangible fixed assets

|                                 | <u>F/Hold</u><br><u>property</u> | <u>Fixtures</u><br><u>fittings and</u><br><u>equipment</u> | <u>Computers</u> | <u>Total</u>     |
|---------------------------------|----------------------------------|--|------------------|------------------|
|                                 | £                                | £  | £                | £                |
| Cost                            |                                  |  |                  |                  |
| Cost as at 1st January 2019     | 1,007,730                        | 103,078  | 120,763          | 1,231,571        |
| Additions in the year at cost   | 232,824                          | 326,312  |                  | 559,136          |
| Disposals in the year           | -                                | -  | -                | -                |
| At 31st December 2019           | <u>1,240,554</u>                 | <u>429,390</u>   | <u>120,763</u>   | <u>1,790,707</u> |
| Depreciation and impairments    |                                  |  |                  |                  |
| Accum. dep. at 1st January 2019 | 18,750                           | 99,801   | 36,960           | 155,511          |
| Charge in the year              | 8,318                            | 8,336  | 5,558            | 22,212           |
| Impairment loss                 | 443,486                          | -  | -                | 443,486          |
| At 31st December 2019           | <u>470,554</u>                   | <u>108,137</u>   | <u>42,518</u>    | <u>621,209</u>   |
| Net book value                  |                                  |  |                  |                  |
| At 31st December 2019           | <u>770,000</u>                   | <u>321,253</u>   | <u>78,245</u>    | <u>1,169,499</u> |
| Net book value                  |                                  |  |                  |                  |
| At 31st December 2018           | <u>988,980</u>                   | <u>3,277</u>   | <u>83,803</u>    | <u>1,076,060</u> |

Based upon a professional valuation undertaken in February 2020 by Harris Lamb Limited on the freehold property known as the St Johns building, the directors have written down the net book value to recognise the impairment in valuation. The valuation takes account of the St Johns building being a grade II listed building. The main purpose of the building is not held for investment purposes, rather is used for serving the ministry and is the principal office in Birmingham.

### 17. Fixed asset investments

|   | <u>Investment</u><br><u>property</u><br><u>£</u> | <u>Listed</u><br><u>investments</u><br><u>£</u> | <u>Total</u><br><u>£</u> |
|---|--|---|--------------------------|
| Market value at 1st January 2019                  | 760,269  | 710,724   | 1,470,993                |
| Net movement on revaluation at 31st December 2019 | 4,231  | 58,505  | 62,736                   |
| Market value at 31st December 2019                | 764,500  | 769,229   | 1,533,729                |
| Historical cost at 31st December 2019             | 590,000  | 361,530   | 951,530                  |

All investments are held for an investment return and are carried at market value as described below.

The Investment property at year-end comprises two freehold properties. One is a residential property in West London which was acquired in 2004 at a value of £350,000 under a Deed of Variation to a Will. The property has a life tenant from whom no rent is received but who is required to ensure that it is adequately insured and maintained at her own expense. This property was valued, by Buntings Chartered Surveyors, as at 31<sup>st</sup> December 2019. The unencumbered market value of the property was £975,000, but after taking into consideration the encumbrance of the life tenancy was valued at £445,000. The second property is a residential property located in Christchurch, Dorset and was received as part of a legacy during 2011 at a value of £240,000. The property is tenanted and rental income is received. This was valued, by BrightWater Properties Agents, as at 31<sup>st</sup> December 2019 at £319,500.

The listed investments are directly invested on a recognised UK stock exchange and are valued at open market values on 31st December 2019 using the Stock Exchange Daily Official Listing. The Sarasin Funds are been managed by WJ Murray who have provided valuation as at 31<sup>st</sup> December 2019.

Details of investments representing more than 5% by value of the portfolio are:



NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2019 (continued)

|   | <u>2019</u>      | <u>2018</u>      |
|---|------------------|------------------|
|   | <u>£</u>         | <u>£</u>         |
| Property - 47 Arlington Road, Ealing,   | 445,000          | 452,445          |
| Property - 20 Ridgfield Gardens, Christchurch   | 319,500          | 307,824          |
| M & G Securities Ltd - The Equities Investment Fund<br>for Charities - "Charifund"13,398 units            | 222,499          | 190,792          |
| M & G Securities Ltd - Charibond Charities Fixed<br>Interest, Common Investment Fund 77,133 income shares | 95,468           | 94,203           |
| COIF Charity Funds - Property Fund<br>117,071.22 income units   | 134,292          | 138,050          |
| Sarasin Alp CIF Income Fund 148,086.07 units  | 167,337          | 158,452          |
| Sarasin Alp CIF Endowment Fund 131,984.23 units   | 149,142          | 128,025          |
|   | <u>2019</u>      | <u>2018</u>      |
|   | <u>£</u>         | <u>£</u>         |
| The investments are held for the following funds:   |                  |                  |
| Endowment fund  | 423,698          | 393,683          |
| Restricted Funds  | 28,561           | 29,361           |
| Unrestricted - Designated funds   | 764,500          | 760,269          |
| - General fund  | 316,970          | 287,680          |
|   | <u>1,533,729</u> | <u>1,470,993</u> |

### 18. Stock Value

A net holding value of stock for books and other resources available for sale of £22,310 (2018 - £27,091) is held at year-end.

### 19. Debtors

|  | <u>2019</u>    | <u>2018</u>    |
|--|----------------|----------------|
|  | <u>£</u>       | <u>£</u>       |
| Amounts owed by overseas Interserve councils | 65,760         | 77,336         |
| Income tax recoverable                       | 9,104          | 8,753          |
| Accrued income                               | 311,819        | 458,611        |
| Prepayments                                  | 38,607         | 43,290         |
| VAT recoverable                              | 1,111          | 348            |
| Amounts due from ISSI and ISI                | 309,124        | 286,165        |
| Other debtors                                | 4,081          | 4,146          |
|  | <u>739,606</u> | <u>878,649</u> |

The amount owed by overseas Interserve Councils includes a £65,760 loan to Interserve International in Malaysia, which is held as a refundable deposit with the Malaysian government as a condition for issuing a Residency Visa and Work Permit for the post of International Personnel Director. The sum is shortly to be repaid as the visa has been cancelled.

Accrued income includes £305,242 legacy income confirmed as owing to Interserve from the estates of the deceased under the will, but not yet received by the balance sheet date.

Amounts due from ISSI and ISI represents the sum of balances collected within the bank accounts to which Interserve Scotland and Ireland and Interserve Ireland have the legal title to. As stated elsewhere in the

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2019 (continued)  
 financial statements, both of these entities amalgamated their operations with the charity with effect from 1<sup>st</sup> May 2017 and therefore it is considered by all parties to that undertaking, that the net funds of these respective entities at 31<sup>st</sup> December 2019 in substance are held for the benefit of The International Service Fellowship Trust, and accordingly are classified within debtors of this charity.

**20. Creditors: amounts falling due within one year**

|  | <u>2019</u>    | <u>2018</u>    |
|--|----------------|----------------|
|  | <u>£</u>       | <u>£</u>       |
| Amounts owed to Interserve International | 45,047         | 106,163        |
| Expense creditors                        | 17,594         | 15,858         |
| Taxation and social security costs       | 41,838         | 40,672         |
| Expense Accruals                         | 26,493         | 21,847         |
| Other creditors                          | 28,193         | 15,371         |
|  | <u>159,165</u> | <u>199,911</u> |

## 21. Defined benefit scheme provision

The Plan is a defined benefit plan operated on behalf of four pensioners who were previously employed by Interserve. In accordance with FRS 102, the net present value of the liabilities payable by Interserve in respect of this pension plan have been calculated as at 31st December for each of the years since 2005.

The benefits are not funded in advance and so no assets are held in a separate trust to meet the payments. The pensions for each of the members are payable for life, but no dependent benefits are payable on death. The pension payable to the four pensioners is increased at the rate of 5% per annum, from which a fixed offset is deducted.

At the balance sheet date, total £14,055 pension contributions remained payable by the charity.

The assumptions used for calculating the liabilities were as follows:

|                      | 31st December                    |                                  |
|----------------------|----------------------------------|----------------------------------|
|                      | <u>2019</u>                      | <u>2018</u>                      |
| Discount rate        | 1.6% p.a.                        | 2.3% p.a.                        |
| Mortality assumption | 90% S3PFA_L<br>CMI 2018 LTR 1.5% | 90% S2PFA_L<br>CMI 2017 LTR 1.5% |

There is no service cost for any of the years since there are no members accruing benefits.

The movement within the statement of financial activities for the year comprised:

|  | 31st December    |                  |
|--|------------------|------------------|
|  | <u>2019</u>      | <u>2018</u>      |
|  | £                | £                |
| <b>Change in Defined Benefit Obligation</b>        |                  |                  |
| Beginning Balance                                  | (302,000)        | (322,000)        |
| Interest cost                                      | (7,000)          | (6,000)          |
| Benefits paid                                      | 26,000           | 24,000           |
| Experience losses on liabilities                   | (12,000)         | (11,000)         |
| Changes to demographic assumptions                 | 9,000            | (2,000)          |
| Changes to financial assumptions                   | (13,000)         | 15,000           |
| Closing balance                                    | <u>(299,000)</u> | <u>(302,000)</u> |
| <b>Remeasurements over the year</b>                |                  |                  |
| Experience losses on liabilities                   | (12,000)         | (11,000)         |
| Gains from changes to demographic assumptions      | 9,000            | (2,000)          |
| Losses from changes to financial assumptions       | (13,000)         | 15,000           |
| Total remeasurements                               | <u>(16,000)</u>  | <u>2,000</u>     |
| <b>Amounts recognised in the balance sheet</b>     |                  |                  |
| Present value of Scheme liabilities                | 299,000          | 302,000          |
| <b>Expense recognised in Profit and Loss</b>       |                  |                  |
| Interest on liabilities                            | 7,000            | 6,000            |
| <b>Amounts for the current and previous period</b> | <u>2019</u>      | <u>2018</u>      |
|  | £                | £                |
| Defined benefit obligation                         | (299,000)        | (302,000)        |
| Experience adjustments on liabilities              | (16,000)         | 2,000            |



## 22. Endowment fund

The endowment fund arises from an historic appeal by the charity called "Interserve Plus ". The purpose of the appeal was to create a permanent fund, the income of which is included in unrestricted funds and is used for meeting International support costs.

|               | O/Bal<br>01.01.19<br>£ | Gain/ (losses)<br>£ | C/Bal<br>31.12.19<br>£ |
|---------------|------------------------|---------------------|------------------------|
| 2019 movement | <u>393,553</u>         | <u>30,014</u>       | <u>423,567</u>         |
| 2018 movement | <u>423,636</u>         | <u>(30,083)</u>     | <u>393,553</u>         |

## 23. Restricted funds

The company holds restricted funds comprising the following unexpended balances of donations held on trust to be applied for specific purposes:

|                  | Balance<br>01.01.19<br>£ | Income<br>£    | Expenses<br>£    | Gains/(losses)<br>£ | Transfers<br>£ | Balance<br>31.12.19<br>£ |
|------------------|--------------------------|----------------|------------------|---------------------|----------------|--------------------------|
| Country Team     | 23,808                   | -              | -                | (648)               | -              | 23,160                   |
| Partners Respite | 5,727                    | 376            | -                | (151)               | -              | 5,952                    |
| Transmissions    | 9,733                    | 105,757        | (66,474)         | -                   | -              | 49,016                   |
| Other Councils   | -                        | 100,703        | (102,703)        | -                   | 2,000          | -                        |
| 2019 Total       | <u>39,268</u>            | <u>206,836</u> | <u>(169,177)</u> | <u>(799)</u>        | <u>2,000</u>   | <u>78,128</u>            |

### Fund purposes:

- Country Team - monies received for work amongst Asians in Britain and the support of Asian workers. This fund was formerly known as the Urban Vision Fund. The interest from this fund is receipted to general funds to offset the Country Team expenses which are paid for from the general fund.
- Partners Respite - to enable the provision of respite for needy Partners.
- Transmissions - monies raised for specific projects or the work of named individuals and organisations.
- Other Councils - monies received for the support of non-England & Wales Partners.

## 24. Designated funds

The income funds of the company include the following designated funds which have been set aside out of unrestricted funds:

|                            | Balance<br>01.01.19 | Income    | Expenses    | Gains/(losses) | Transfers | Balance<br>31.12.19 |
|----------------------------|---------------------|-----------|-------------|----------------|-----------|---------------------|
|                            | £                   | £         | £           | £              | £         | £                   |
| Insurance                  | 16,403              | -         | -           | -              | -         | 16,403              |
| Legacy & exceptional gift  | 1,040,587           | -         | (47,916)    | 11,676         | (389,594) | 614,753             |
| Legacy tithe               | 91,654              | -         | (15,000)    | -              | 37,997    | 114,651             |
| Strategic Development      | 232,867             | -         | -           | -              | -         | 232,867             |
| Fellowship Partner         | 141,399             | 1,371     | -           | -              | (29,330)  | 113,440             |
| Property with life tenant  | 452,445             | -         | -           | (7,445)        | -         | 445,000             |
| Capital reserve            | 1,076,060           | -         | (465,697)   | -              | 559,136   | 1,169,499           |
| St Johns House             | 587,724             | 43,443    | (476,402)   | -              | (142,570) | 12,195              |
| Kitab new publication fund | 28,219              | -         | -           | -              | -         | 28,219              |
| Partner resettlement fund  | 66,684              | -         | -           | -              | 7,780     | 74,464              |
| Partner support funds      | 575,720             | 1,668,932 | (1,468,655) | -              | (181,659) | 594,338             |
| IFP & OT Plus              | (3,816)             | 3,115     | (2,449)     | -              | -         | (3,150)             |
| 2019 Total                 | 4,305,946           | 1,716,861 | (2,476,119) | 4,231          | (138,240) | 3,412,679           |
| 2018 Total                 | 3,686,600           | 1,930,299 | (1,644,131) | 35,474         | 297,704   | 4,305,946           |

### Fund purposes:

|                           |   |
|---------------------------|---|
| Insurance                 | - monies received from overseas partners for the purpose of replacing equipment when damaged or lost.   |
| Legacy & exceptional gift | - unrestricted legacy and exceptional large income gifts designated for use to initiate or support Interserve projects or support the general work if our reserves fall below the minimum set out in the Reserves Policy. |
| Legacy tithe              | - 10% of legacy and exceptional gifts designated to support projects which complement Interserve's work and are consistent with our strategic objectives.   |
| Strategic Development     | - monies designated for use to initiate or support Interserve projects.   |
| Fellowship Partner        | - monies raised for unallocated Partner support in year, but surplus to requirements and carried over to provide contingency support to individuals support requirements in future periods.                               |
| Property with life tenant | - reserve for non-realisable value of property subject to life tenancy.   |
| Capital reserve           | - monies invested in tangible fixed assets.   |
| St John's House           | - funding for development and operational costs of St John's House, Birmingham.   |
| Kitab new publication     | - monies from legacy fund used to publish books for sale through Kitab. The fund converts from stock back to cash as publications are sold.   |

**24. Designated funds (continued)**

- |                       |  |
|-----------------------|--|
| Partner resettlement  | - monies set aside to cover the costs of paying partner resettlement allowances at end of final period of service.   |
| Partner support funds | - monies carried forward to cover ongoing and future costs of supporting individual Partners.  |
| IFP & OT Plus         | - monies held for the support of Independently Funded (IFP) and On Track Plus (OT Plus, who are medium term placement) Partners. This is overdrawn because internal charges have been made against the fund. Where the funds are overdrawn the IFP and OT Plus would pay in the relevant amount to bring the balance back to credit or zero. |

Fund transfers in 2019:

**Between general fund and designated funds (£136,239):**

£379,970 legacy income transferred out from the General fund in to the Legacy & exceptional gift (90%, £341,973) and Legacy tithe (10%, £37,997) funds as per policy.

£315,000 transferred in to the General fund from the Legacy & exceptional gift fund to cover costs of internal development projects and approved operational deficit.

£201,209 transferred in to the General fund from Partner support funds, being contribution towards the direct support costs of the National Office.

**Between specific designated funds:**

£7,780 transferred out from the Partner support funds in to the Partner resettlement fund, to provide for payment of allowances at the end of their final term of service to help meet costs of resettling in the UK.

£29,330 transferred out from Fellowship partner fund in to Partner support funds in support of net underfunded Partners costs.

£66,566 transferred from Legacy & exceptional gift fund to fund the cost of refit and furnishing of the National Office that have been capitalised.

£350,000 transferred out from Legacy & exceptional gift fund in to St John's House fund for contribution to development costs.

£492,570 transferred out from St John's House fund into capital reserve for the development costs of St John's House fund that have been capitalised.

**Between specific designated funds and restricted funds (£2,000):**

£2,000 transferred out from Partner support funds to Restricted Transmission fund for specific project funding purposes.



NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2019 (continued)

**25 Unrestricted- General fund**

|                   | O/Bal<br>01.01.19 | Income  | Expenses  | Gains  | Transfers | C/Bal<br>31.12.19 |
|-------------------|-------------------|---------|-----------|--------|-----------|-------------------|
|                   | £                 | £       | £         | £      | £         | £                 |
| 2019 General fund | 544,252           | 852,070 | (996,077) | 13,290 | 136,239   | 549,774           |

All fund transfers in 2019 were between designated funds, details for which are shown under Note 25.

**26. Analysis of net assets between funds**

|  | <u>Unrestricted funds</u> |                   |              | <u>Restricted funds</u> | <u>Endowment fund</u> | <u>Total funds</u> |
|--|---------------------------|-------------------|--------------|-------------------------|-----------------------|--------------------|
|  | <u>General</u>            | <u>Designated</u> | <u>Total</u> |                         |                       |                    |
|  | £                         | £                 | £            | £                       | £                     | £                  |
| Tangible fixed assets                                      | -                         | 1,169,499         | 1,169,499    | -                       | -                     | 1,169,499          |
| Investments  | 316,970                   | 764,500           | 1,081,470    | 28,561                  | 423,698               | 1,533,729          |
| Current assets   | 673,020                   | 1,497,006         | 2,170,026    | 49,189                  | (130)                 | 2,219,085          |
| Current liabilities  | (140,839)                 | (18,326)          | (159,165)    | -                       | -                     | (159,165)          |
| Defined benefit scheme provision                           | (299,000)                 | -                 | (299,000)    | -                       | -                     | (299,000)          |
|  | 550,151                   | 3,412,679         | 3,962,830    | 77,750                  | 423,568               | 4,464,148          |
| Unrealised gains on above investments                      | 15,567                    | 174,497           | 190,064      | 3,897                   | 89,849                | 283,809            |
| Reconciliation of unrealised gains/(losses) on investments |                           |                   |              |                         |                       |                    |
| Unrealised gains/(losses) at 1st January 2019              | (13,723)                  | 170,266           | 156,543      | 4,696                   | 59,835                | 221,074            |
| Gain/(loss) on revaluation/ disposal in year               | 29,290                    | 4,231             | 33,521       | (799)                   | 30,014                | 62,735             |
| Unrealised gains at 31st December 2019                     | 15,567                    | 174,497           | 190,064      | 3,897                   | 89,849                | 283,809            |

**27. Reconciliation of net income to net cash flow from operating activities**

|  | <u>2019</u>      | <u>2018</u>    |
|--|------------------|----------------|
|  | <u>£</u>         | <u>£</u>       |
| <b>Net Expenditure for the reporting period (as per the statement of financial activities)</b> | (802,871)        | 304,933        |
| <b>Adjustments for:</b>  |                  |                |
| Depreciation charges   | 22,112           | 13,489         |
| Impairment charge  | 443,486          | -              |
| Gains on investments   | (62,736)         | 13,434         |
| Dividends, interest and rents from investments   | (54,365)         | (60,641)       |
| Decrease in stocks   | 4,781            | 288            |
| Loss on Disposal   |                  | (2,849)        |
| Decrease(Increase) in debtors  | 139,043          | (225,310)      |
| (Decrease)Increase in creditors  | (40,746)         | 83,050         |
| Defined benefit pension scheme interest adjustment   | (12,000)         | (11,000)       |
| <b>Net cash provided by operating activities</b>   | <u>(363,296)</u> | <u>115,394</u> |

**28. Analysis of cash and cash equivalents**

|  | <u>2019</u>    | <u>2018</u>      |
|--|----------------|------------------|
|  | <u>£</u>       | <u>£</u>         |
| Cash in hand                           | 511,161        | 1,091,219        |
| <b>Total cash and cash equivalents</b> | <u>511,161</u> | <u>1,091,219</u> |

**29. Corporation Taxation**

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation on chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.