

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 2020



THE INTERNATIONAL SERVICE FELLOWSHIP TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS - 31ST DECEMBER 2020

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REPORT OF THE DIRECTORS

The directors present their report together with the financial statements of the charitable company for the year ended 31st December 2020. 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.

1. Our nature, charitable purpose & approach

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 twelve national offices and a number of partnerships with other organisations. Our workers serve in Asia and the Arab world and among Asians and Arabs in Great Britain & Ireland (GBI). The international fellowship operates on the basis of agreed 'foundation documents', which include a 'statement of faith' and a common vision, purpose and values.

Our vision:

To see lives and communities transformed through encounter with Jesus Christ.

Our purpose:

To make Jesus Christ known among the peoples of Asia and the Arab World.

How we work:

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

We do this through:

- A. recruiting Christians in our focus area for service.
- B. serving local churches through training how to reach out to those from other cultures and faiths in appropriate and respectful ways.
- C. contributing to social cohesion and the common good in multi-religious societies.

Rather than running our own projects, Interserve workers are often placed into projects led by other charities, local churches and other institutions set up to meet the common good and in line with our charitable objects. In many cases, Interserve workers do not obtain a salary from other charities and organisations and are provided with living allowances and ministry expenses by Interserve. In setting long-term strategies, reviewing annual priorities and regularly discussing the impact that the activities of the charity are having, the Trustees have regard to the Charity Commission's general guidance on public benefit and our charitable objects.

2. Strategic Report

What we did in 2020: Activities, Achievements and Performance

Activities in 2020 were significantly restricted by the COVID-19 pandemic. Nevertheless, at the end of the year 48 long-term workers (serving more than two years) remained engaged in overseas work, either in situ or remotely from the UK. Between them, they were engaged in activities such as:

- Community support
 - ethical business (providing local employment and modelling an approach to business with a high moral standard)
 - medical services
 - educational services
 - community projects
- Church support and development
 - Supporting local churches, including how they serve the marginalised in their local communities.
 - residential theological training
 - 'theological education by extension' (TEE)

Within the UK, at the end of 2020, 38 workers and 31 associate members were engaged in activities such as:

- educational services including homework clubs and English teaching courses
- life-skill groups and support for migrants (transient and resident)
- 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
- facilitating the set-up and running of wellbeing initiatives
- walking alongside others in their faith journeys and providing mentoring.

In addition, our National Office support staff worked throughout the year with flexibility, resilience and excellence in the face of COVID-19 lockdown restrictions including extensive homeworking in order to retain:

- a quality care and support facility appropriate to the needs of those serving overseas and in Great Britain & Ireland.
- an efficient, effective, and financially sustainable administrative function.

As well as placement of workers overseas and within the UK to meet our objectives, we also continued to engage churches and individual supporters through ongoing communications designed to inform, stimulate thought and equip people. These included:

REPORT OF THE DIRECTORS

- Publication and distribution of “Go” Magazine – sent to around 7000 recipients in 2020.
- Content creation and engagement through multiple social media channels.
- Production and distribution of booklets to stimulate prayer. While Interserve takes the lead in these projects, these are created in close collaboration with a number of other charities and promoted widely.

We continue to operate as an entity out of St. John’s House in the Alum Rock area of Birmingham, having moved office operations there in 2019. St. John’s House provides a multi-cultural context for our work and an opportunity for office administration, leadership and training functions to be done in a context where local community projects are also taking place.

Internally, the Board of Trustees successfully completed a Governance Review in order to assess, update and strengthen governing policies for the charity.

Impact of COVID-19 pandemic on our achievements and performance

Around the world, many of our workers were in contexts where national and international responses to the pandemic had a significant impact on their ability to carry out their normal work. These included restrictions in international travel, limits on in-person interactions and closure of schools, colleges, and churches. Some, who work in hospital settings, played key roles in the medical response to the pandemic. In many cases, workers who had to stop in-person activities such as teaching and mentoring were able to move at least some initiatives into an on-line environment. Some workers who were not able to return overseas as planned were able to work remotely from the UK.

In response to the acute medical needs created by the pandemic in some of the hospitals in South Asia where our workers are placed, we launched a fundraising campaign. Over £30,000 was raised and distributed to three hospitals, to:

- Fund two non-invasive ventilators and a blood gas analyser for critical care.
- Cover the costs of PPE for women delivering babies.
- Ensure that doctors and nurses remained employed at a time of increased need but reduced income.
- Re-adapt a dental clinic so it could operate in a COVID-safe manner.

One of our key resources for equipping individuals and churches to reach out effectively in a cross-cultural context, *Friendship First*, was successfully deployed in a fully online format and used several times across the UK.

Speaking in local churches, at conferences, colleges and universities was significantly limited because of the pandemic, although there were some opportunities for teaching and speaking through online events.

Many of the community projects at St John’s House in Birmingham had to be restricted or cancelled through much of the year, although some activities, such as English teaching were able to move online.

It was decided to stop further work on the rear cloister due to the financial uncertainty arising from Covid-19 £27,324 was spent on this in 2020.

REPORT OF THE DIRECTORS

Public benefit & detriment

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.

Financial review & how expenditure supported objectives

The financial results for the year ended 31st December 2020 are reflected in the Statement of Financial Activities on page 15. The overall surplus for the year was £326,580 (2019 deficit - £818,871). The surplus for the year included £690,693 from legacies (2019 - £379,970). 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.

The unrestricted funds reported a surplus of £405,445, consisting of net incoming resources of £411,098, offset by a net deduction of £5,653 arising from a combination of unrealised gains on investments and actuarial losses on the defined benefit pension scheme.

Of the total income of £3,080,809 (2019 - £2,775,767); donations & gifts given by individuals and organisations in support of our objects totalled £2,234,790 (2019 - £2,263,471). Of this sum £1,588,240 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 both overseas in countries across the Asian and Arab world and in the UK.

From the total income raised, £1,502,148 (2019 - £1,672,314) has been spent directly in support of the charity’s Partners and their project work. Included in this cost is £182,294 (2019 - £201,210) 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 £1,319,854 spent in this year (2019 - £1,471,104). The balance is carried forward to meet the direct and support costs of the Partners and projects in the coming year.

Of our total activity costs of £2,627,853 spent in the year (2019 - £3,576,741), £1,325,281 was spent on our Overseas activities (2019 - £1,320,601), £843,721 on UK based activities (2019 - £1,670,036), £420,812 on our National outreach (2019 - £535,078) and £38,039 on Resources and Conferences (2019 - £51,029). After income generated from the sale of resources and conference income, the

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Resources and conferences activity had a net cost of £9,300. Further detail can be found in Notes 6 & 7 to the financial statements.

There has been a decrease in the support and governance costs to £666,254 in the year (2019 - £707,353). Further analysis of these costs is given in Note 8 to the financial statements

Reserves & Investment policy

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.

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 2020, Interserve's total charity funds amounted to 4,790,728 (2019-£4,464,148) but of these funds, £3,107,489 (2019- £3,447,008) 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 £1,683,239 (2019- £1,017,140) Interserve considers it reasonable to hold reserves of c£585,000 to cater for potential adverse experience. This is approximately 35 weeks of its General Fund expenditure or approximately 11 weeks of its overall expenditure for the year ending 31 December 2020.

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 2021 and agreed by the Board in June 2021.

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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.

Plans for the Future

At the end of 2020, the Trustees embarked on a strategic review process that is expected to be concluded in mid to late 2021. The review process aims to explore how the objects of the charity can most effectively be met in a context that has changed significantly since its founding. For example:

- The majority of Christians now live in the Global South. Within the Interserve Fellowship globally, the fastest-growing parts of the organisation are in South Asia and South America.
- Churches in the UK are seeing a significant shift in demographics, with churches with majority congregations from diaspora communities among those growing the fastest.
- The long-term effects of the COVID-19 pandemic are as yet unknown but likely to be profound on areas such as global travel and the global economy.
- Internally, we also saw the arrival of a number of key staff in 2020 including a new National Director.

We believe that we are at a significant transition point and the strategic review process may lead to some fundamental changes in the way that we operate and fund our work.

As COVID-19 vaccines are rolled-out across the UK and around the world, we anticipate that many of the projects that our long-term workers are engaged in will resume. As many of our workers are engaged in contexts of economic and social deprivation, we anticipate that the needs of these communities will be even greater as the virus is exacerbating the issues caused by inequality. Preparing our workers to take on these challenges will be an important activity. Similarly, for our work at St John's House, Birmingham, we anticipate a resumption of, and increase in, community projects as pandemic restrictions are eased.

Principal Risks and Uncertainties

All significant activities undertaken are subject to a 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 a Finance and Risk Management Group (FRMG) which maintains the Risk Register; scrutinised and approved by the Board.

We believe that our greatest strategic risk going forward is the failure to recruit and retain long-term workers to carry out the activities of the charity. Underlying factors that increase the likelihood of this risk include potential long-term restrictions on travel as a result of the pandemic, less willingness of governments to grant visas to overseas workers and a trend towards decreasing lengths of service. Steps to mitigate this risk include development and maintenance of a relevant communications strategy and active promotion of opportunities for service, commitment to

REPORT OF THE DIRECTORS

providing good care to existing workers in order to maximise retention and more flexible processes for matching workers with opportunities.

As a charity, Interserve is dependent on the donations of individuals, churches, and charitable trusts. There is a risk of decline in income which will impact both the short-term operations and the long-term viability of the organisation. To mitigate this risk our fundraising team seeks to maintain a diverse range of funding streams that include regular and one-off donations, legacy income and income-generating activities. Management accounts are scrutinized monthly by the management team and quarterly by the Finance and Risk Management Group and a cash reserves policy is followed. Other operational risks in areas such as safeguarding, and data protection are minimized through maintaining up to date policies and processes and comprehensive training of staff and volunteers.

Political instability or insecurity in countries where personnel are located is an ongoing reality. Interserve International has robust systems and processes in place to ensure rapid and appropriate responses when needed.

3. Governance and management structures

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), is 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.

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 and Ireland (Interserve GBI) has signed a "Covenant of Fellowship" with the other entities within the International Fellowship. The covenant commits Interserve GBI to uphold the statement of faith, purpose statement, vision and values of the International Fellowship, to work within the accountability structures by which the fellowship functions, to observe agreed financial principles and procedures and maintain consistent communications. At the same time, Interserve

REPORT OF THE DIRECTORS

GBI retains its legal autonomy within the International Fellowship and duly operates within the charity laws and regulations within its registered territories.

Management pay policy: This is scrutinised periodically and reviewed annually by the Board. Key management personnel pay and remuneration is set within the context of an overall staff pay and remuneration pay-scale policy. There were no employees who received employee benefits of more than £60,000 during the reporting period.

4. Reference and administrative details

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 in England and Wales under reference 1020758 and with the Scottish Charity Regulator in Scotland under reference SC047295.

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 within the limits set out in the Memorandum and Articles of Association, namely a minimum of 8 and a maximum of 15.

Trading names

The International Service Fellowship Trust operates as Interserve Great Britain and Ireland. It also uses the trading name of Kitab, or Kitab Interserve Resources for its book publication and marketing activity.

Registered Office

652 Alum Rock Road, Birmingham B8 3NS

Directors

The directors who served during the year were as follows:

Mr Kevin Ashman
Mr Gordon Brown
Mrs Keiko Butterworth
Mr T Chacko (resigned 5 September 2020)
Mrs Jilda Clark
Ms Shadi Fatehi
Rev Jane Howitt (Chair)
Mr Malcolm Kemp (Treasurer)
Mrs Ann McConkey
Dr Sean Oliver-Dee
Prof Mark Pietroni (resigned 5 September 2020)
Mrs Jane Showell-Rogers
Mr Onkar Singh

REPORT OF THE DIRECTORS

Rev John Smuts (Vice Chair)

Relevant organisations

Principal Bankers

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

Close Brothers Treasury
4th Floor
10 Crown Place
London
EC2A 4FT

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

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Directors' responsibilities

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

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.

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.

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.

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.

Auditor

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 18 June 2021 and signed on its behalf by:-



C J 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 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including 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 2020, 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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. The trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the

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

financial statements themselves. 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 and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 strategic report and the directors' 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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 9 and 10, 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 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 (ie. gives a true and fair view).

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.

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

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
24 June 2021

STATEMENT OF FINANCIAL ACTIVITIES (including the Income and Expenditure Account)
FOR THE YEAR ENDED 31ST DECEMBER 2020


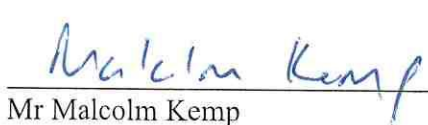
	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	2020 Total funds £	2019 Total funds £
Income and endowments from:						
Donations and legacies	2	2,725,637	234,631	-	2,960,268	2,643,441
Charitable activities	3	72,554	-	-	72,554	77,961
Investments	4	47,987	-	-	47,987	54,365
Total		2,846,178	234,631	-	3,080,809	2,775,767
Expenditure on:						
Raising funds	5	76,673	-	-	76,673	64,631
Charitable activities	6	2,358,407	269,446	-	2,627,853	3,133,257
Charitable activities- impairment	6	-	-	-	-	443,486
Total		2,435,080	269,446	-	2,704,526	3,641,374
Net income/(expenditure) before movements on		411,098	(34,815)	-	376,283	(865,607)
Net gains on investments	17	26,347	(1,439)	(42,611)	(17,703)	62,736
Net income/(expenditure)	10	437,445	(36,254)	(42,611)	358,580	(802,871)
Other recognised (losses)/gains:						
Actuarial (losses)/gains on defined benefit pension scheme	21	(32,000)	-	-	(32,000)	(16,000)
Net movement in funds		405,445	(36,254)	(42,611)	326,580	(818,871)
Reconciliation of funds:						
Total funds brought forward	11	3,962,453	78,128	423,567	4,464,148	5,283,019
Total funds carried forward		4,367,898	41,874	380,956	4,790,728	4,464,148

The attached notes form part of these financial statements.

BALANCE SHEET AS AT 31ST DECEMBER 2020
Company Registration Number 02789773

	Note	2020	2019
		£	£
Fixed assets			
Tangible assets	16	1,110,948	1,169,499
Investments	17	<u>1,216,026</u>	<u>1,533,729</u>
		2,326,974	2,703,228
Current assets			
Stocks	18	22,437	22,310
Debtors	19	1,044,883	739,606
Investments - notice deposits >3 months		754,325	946,008
Property		300,000	
Cash at bank and in hand		<u>768,850</u>	<u>511,161</u>
		2,890,495	2,219,085
Creditors: amounts falling due within one year	20	117,741	159,165
Net current assets		<u>2,772,754</u>	<u>2,059,920</u>
Total assets less current liabilities		5,099,728	4,763,148
Defined benefit scheme provision	21	<u>(309,000)</u>	<u>(299,000)</u>
Total net assets		<u>4,790,728</u>	<u>4,464,148</u>
The funds of the charity:			
Endowment fund	22,26	380,956	423,567
Restricted income funds	23,26	41,874	78,128
Unrestricted funds:			
Designated funds	24,26	3,810,357	3,412,679
General fund	25,26	<u>557,541</u>	<u>549,774</u>
Total charity funds		<u>4,790,728</u>	<u>4,464,148</u>

Approved and authorised for issue by the board of directors on 18th June 2021 and signed on its behalf by:-


 Rev Jane Howitt

 Mr Malcolm Kemp

DIRECTORS

The attached notes form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2020

	Note	2020 Total funds £	2019 Total funds £
Cash flows from operating activities:			
Net cash provided by operating activities	27	<u>22,455</u>	<u>(363,296)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		39,671	42,374
Purchase of property, plant and equipment		(4,437)	(559,136)
Sale of Leasehold Property			
Invest in notice deposit accounts > 3 months		<u>200,000</u>	<u>300,000</u>
Net cash provided by investing activities		<u>235,234</u>	<u>(216,762)</u>
Change in cash and cash equivalents in the reporting period			
		257,689	(580,058)
Cash and cash equivalents at the beginning of the reporting period			
		511,161	1,091,219
Cash and cash equivalents at the end of the reporting period			
	28	<u><u>768,850</u></u>	<u><u>511,161</u></u>

1. Accounting policies

(a) Basis of preparation and assessment of going concern

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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.

Government grant income received from the Coronavirus Job Retention Scheme (Furlough Income) has been recognised in the Statement of Financial Activities in the period to which the underlying furloughed staff costs relate to.

(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
- 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 - 31ST DECEMBER 2020 (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 2020 and 2019.

2. Income from Donations and legacies

	<u>2020</u>	<u>2019</u>
	<u>£</u>	<u>£</u>
Donations	2,234,790	2,263,471
Legacies	690,693	379,970
Furlough Grant	34,785	-
Donations and legacies total per SOFA	<u>2,960,268</u>	<u>2,643,441</u>

3. Income from charitable activities

	<u>2020</u>	<u>2019</u>
	<u>£</u>	<u>£</u>
Ministry resource sales	24,928	39,854
Conference income	3,812	-
Independently funded Partners and mid term mission support income	13,767	8,821
Associates income	1,420	1,133
Short term mission trip charges	125	2,728
Ancillary income derived from St John's House	17,988	17,883
Other income	10,514	7,542
	<u>72,554</u>	<u>77,961</u>

4. Investment income

	<u>2020</u>	<u>2019</u>
	<u>£</u>	<u>£</u>
Gross income has been generated as follows from:		
Investments listed on a recognised stock exchange	28,013	31,786
Property rental	11,617	10,265
Bank account and short term deposit interest received	496	1,823
Interest income from Notice accounts >3 months	7,412	9,237
Loan interest receivable (Visa deposit loan)	449	1,254
	<u>47,987</u>	<u>54,365</u>

5. Analysis of expenditure on raising funds

	<u>2020</u>	<u>2019</u>
	<u>£</u>	<u>£</u>
Direct cost of raising funds	24,877	29,979
Direct cost of managing & maintaining investments	1,905	10,226
Governance cost allocation (see note 8)	2,453	1,156
Support cost allocation (see note 8)	47,438	23,270
	<u>76,673</u>	<u>64,631</u>

6. Analysis of expenditure on charitable activities

	Overseas activities £	UK based activities £	National Outreach £	Resources & Conferences £	Total 2020 £	Total 2019 £
Direct Staff and related costs	542,202	529,426	201,566	171	1,273,365	1,370,25
Other costs	231,956	94,941	3,124	687	330,708	902,35
Grants paid (see note 9)	30,000	-	-	-	30,000	15,00
Direct project funding	269,446	58,572	-	-	328,018	540,08
Conference and event expenses	-	9,085	1,696	4,527	15,308	4,58
Cost of GO magazine, prayer materials, merchandise	5,541	2,729	17,533	8,288	34,091	61,54
Governance costs (see note 8)	12,104	7,326	9,682	1,198	30,310	32,32
Support costs (see note 8)	234,032	141,642	187,211	23,168	586,053	650,60
Total expenditure 2020	1,325,281	843,721	420,812	38,039	2,627,853	
Total expenditure 2019	1,320,601	1,670,036	535,078	51,029		3,576,74

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 activities £	UK based activities £	National Outreach £	Resources & Conferences £	Total 2020 £	Total 2019 £
Total activity costs (per note 6)	1,325,281	843,721	420,812	38,039	2,627,853	3,576,740
Resources & conference income	-	-	-	(28,740)	(28,740)	(39,854)
Ministry fees & charges income	(13,767)	(1,545)	-	-	(15,312)	(12,383)
Other income	-	(28,502)	-	-	(28,502)	(25,429)
Net cost funded from other income	1,311,514	813,674	420,812	9,299	2,555,299	3,499,074

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 £	Governance £	Total 2020 £	2019 £
Salaries and related costs	437,439	-	437,439	399,655
Other Staff costs	48,775	-	48,775	90,753
Premises Costs	15,970	-	15,970	53,684
Office administration costs	15,763	-	15,763	14,858
IT costs	34,960	-	34,960	37,161
Audit & related fees	-	13,414	13,414	13,043
Board and sub committee expenses	-	1,402	1,402	9,551
Costs related to amalgamation with ISSI and ISI	-	-	-	-
Depreciation & equipment costs	62,986	-	62,986	22,212
Impairment costs /Loss on sale of Walker Ave	-	-	-	-
Other organisational costs	29,052	6,493	35,545	66,436
Allocation of support costs to governance	(11,455)	11,455	-	-
Total 2020 costs	<u>633,490</u>	<u>32,764</u>	<u>666,254</u>	
Total 2019 costs	<u>673,877</u>	<u>33,476</u>		<u>707,353</u>

9. Analysis of grants

Grants to other organisations and projects totalling £30,000 (2019- £15,000) were made during the year. Details of organisations to which grants paid are detailed below:

	2020 £	2019 £
Funded from designated Legacy tithe fund:		
Interserve India	20,000	10,000
G2K	10,000	5,000
	<u>30,000</u>	<u>15,000</u>

10. Net income for the year

	2020 £	2019 £
This is stated after charging the following:		
Depreciation	62,987	22,212
Impairment charge on St Johns House	-	443,486
Audit fee	<u>12,760</u>	<u>12,408</u>

11. Prior year comparative Statement of Financial Activities

For the Year ended 2019

	Unrestricted funds	Restricted funds	Endowment funds	Total funds
	£	£	£	£
Income and endowments from:				
Donations and legacies	2,436,605	206,836	-	2,643,441
Grants from ISSI and ISI	-	-	-	-
Charitable activities	77,961	-	-	77,961
Investments	54,365	-	-	54,365
Total	2,568,931	206,836	-	2,775,767
Expenditure on:				
Raising funds	64,631	-	-	64,631
Charitable activities	2,964,080	169,177	-	3,133,257
Charitable activities - impairment	443,486	-	-	443,486
Total	3,472,197	169,177	-	3,641,374
Net income before gains / (losses) on investments	(903,266)	37,659	-	(865,607)
Net(losses)/ gains on investments	33,521	(799)	30,014	62,736
Net income	(869,745)	36,860	30,014	(802,871)
Transfers between funds	(2,000)	2,000	-	-
Other recognised gains/(losses):				
Actuarial gains on defined benefit pension scheme	(16,000)	-	-	(16,000)
Net movement in funds	(887,745)	38,860	30,014	(818,871)
Reconciliation of funds:				
Total funds brought forward	4,850,198	39,268	393,553	5,283,019
Total funds carried forward	3,962,453	78,128	423,567	4,464,148

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

	<u>2020</u>	<u>2019</u>
	£	£
Wages and salaries	1,461,025	1,501,956
Social security costs	94,799	96,852
Staff Defined Contribution Pension Scheme costs	172,880	180,591
Former Staff Defined Benefit Pension Scheme Costs	5,327	6,610
	<u>1,734,031</u>	<u>1,786,009</u>

No employees had employee benefits in excess of £60,000 (2019 - 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 (2019- nil).

The key management personnel of the charity include the National Director. The total employee benefits of the key management personnel of the charity were £241,155 (2019 - £213,298), including employer national insurance and pension contribution costs.

13. Expenses paid to directors

£770 (2019 - £5,458) was reimbursed to 5 (2019 - 9) 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>2020</u>	<u>2019</u>
Raising funds	1	1
Overseas activities	47	51
UK based activities	22	23
National outreach	5	7
Resources & conferences	1	1
	<u>76</u>	<u>83</u>

The average number of employees (including both UK and overseas Partners) employed during the year were 92 (2019 - 93) comprising 62 full time and 30 part time employees (2019 - full time 63, part time 30).

Volunteers (excluding committee members) gave 120 (2019 - 60) hours of service on the National Office support activities during the year. In addition the work of 11 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>2020</u>	<u>2019</u>
	£	£
Trustees and close relatives	10,520	7,740
Key management personnel	1,173	849
	<u>11,693</u>	<u>8,589</u>

16. Tangible fixed assets

	<u>F/Hold property</u>	<u>Fixtures fittings and equipment</u> £	<u>Computers</u> £	<u>Total</u> £
Cost				
Cost as at 1st January 2020	1,240,554	429,390	120,763	1,790,707
Additions in the year at cost			4,437	4,437
Disposals in the year	-	-	-	-
At 31st December 2020	<u>1,240,554</u>	<u>429,390</u>	<u>125,200</u>	<u>1,795,144</u>
Depreciation and impairments				
Accum. dep. at 1st January 2020	470,554	108,137	42,518	621,209
Charge in the year	7,700	37,482	17,805	62,987
Impairment loss		-	-	-
At 31st December 2020	<u>478,254</u>	<u>145,619</u>	<u>60,323</u>	<u>684,196</u>
Net book value				
At 31st December 2020	<u>762,300</u>	<u>283,771</u>	<u>64,877</u>	<u>1,110,948</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>

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 as at 31 December 2019 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> <u>property</u>	<u>Listed</u> <u>investments</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Market value at 1st January 2020	764,500	769,229	1,533,729
Net movement on revaluation at 31st December 2020	10,944	(28,647)	(17,703)
Transfer to Current Investment	(300,000)	-	(300,000)
Market value at 31st December 2020	475,444	740,582	1,216,026
Historical cost at 31st December 2020	350,000	361,530	711,530

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 31st 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. This valuation has been inflated by the Land Registry House Price Index to give a valuation as at December 2020 of £475,444. 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. An offer for £300,000 has been received for the sale of the property in January 2021. Sale of the property was completed in April 2021. This has been reclassified as a current investment as it was sold within twelve months of the balance sheet date.

The listed investments are directly invested on a recognised UK stock exchange and are valued at open market values on 31st December 2020 using the Stock Exchange Daily Official Listing. The Sarasin Funds are been managed by WJ Murray who have provided valuation as at 31st December 2020.

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

	<u>2020</u>	<u>2019</u>
	<u>£</u>	<u>£</u>
Property - 47 Arlington Road, Ealing,	475,444	445,000
Property - 20 Ridgefield Gardens, Christchurch	-	319,500
M & G Securities Ltd - The Equities Investment Fund for Charities - "Charifund" 13,398 units	183,897	222,499
M & G Securities Ltd - Charibond Charities Fixed Interest, Common Investment Fund 77,133 income shares	96,786	95,468
COIF Charity Funds - Property Fund 117,071.22 income units	127,526	134,292
Sarasin Alp CIF Income Fund 148,086.07 units	174,297	167,337
Sarasin Alp CIF Endowment Fund 131,984.23 units	157,589	149,142
	<u>2020</u>	<u>2019</u>
	<u>£</u>	<u>£</u>
The investments are held for the following funds:		
Endowment fund	381,087	423,698
Restricted Funds	27,122	28,561
Unrestricted - Designated funds	475,444	764,500
- General fund	332,373	316,970
	<u>1,216,026</u>	<u>1,533,730</u>

18. Stock Value

A net holding value of stock for books and other resources available for sale of £22,437 (2019 - £22,310) is held at year-end.

19. Debtors

	<u>2020</u>	<u>2019</u>
	<u>£</u>	<u>£</u>
Amounts owed by overseas Interserve councils	34,082	65,760
Income tax recoverable	7,556	9,104
Accrued income	551,462	311,819
Prepayments	51,278	38,607
VAT recoverable	185	1,111
Amounts due from ISSI and ISI	323,481	309,124
Other debtors	76,839	4,081
	<u>1,044,883</u>	<u>739,606</u>

Other Debtors includes a £70,000 loan to a partner in Malaysia, regarding a Residency Visa and Work Permit application which has been repaid in February 2021.

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2020 (continued)

Accrued income includes £545,581 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 financial statements, both of these entities amalgamated their operations with the charity with effect from 1st

May 2017 and therefore it is considered by all parties to that undertaking, that the net funds of these respective entities at 31st December 2020 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>2020</u>	<u>2019</u>
	<u>£</u>	<u>£</u>
Amounts owed to Interserve International	22,584	45,047
Expense creditors	7,038	17,594
Taxation and social security costs	54,597	41,838
Expense Accruals	32,288	26,493
Other creditors	1,234	28,193
	<hr/> 117,741 <hr/>	<hr/> 159,165 <hr/>

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.

The assumptions used for calculating the liabilities were as follows:

	31st December	
	<u>2020</u>	<u>2019</u>
Discount rate	0.8% p.a.	1.6% p.a.
Mortality assumption	90% S3PFA_L CMI 2019 LTR 1.5%	90% S3PFA_L CMI 2018 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>2020</u>	<u>2019</u>
	£	£
Change in Defined Benefit Obligation		
Beginning Balance	(299,000)	(302,000)
Interest cost	(5,000)	(7,000)
Benefits paid	27,000	26,000
Experience losses on liabilities	(14,000)	(12,000)
Changes to demographic assumptions	(2,000)	9,000
Changes to financial assumptions	(16,000)	(13,000)
Closing balance	<u>(309,000)</u>	<u>(299,000)</u>
Remeasurements over the year		
Experience losses on liabilities	(14,000)	(12,000)
Gains from changes to demographic assumptions	(2,000)	9,000
Losses from changes to financial assumptions	(16,000)	(13,000)
Total remeasurements	<u>(32,000)</u>	<u>(16,000)</u>
Amounts recognised in the balance sheet		
Present value of Scheme liabilities	309,000	299,000
Expense recognised in Profit and Loss		
Interest on liabilities	5,000	7,000
Amounts for the current and previous period		
	<u>2020</u>	<u>2019</u>
	£	£
Defined benefit obligation	(309,000)	(299,000)
Experience adjustments on liabilities	(32,000)	(16,000)

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 01.01.20 £	Gain/ (losses) £	C/Bal 31.12.20 £
2020 movement	<u>423,567</u>	<u>(42,611)</u>	<u>380,956</u>
2019 movement	<u>393,553</u>	<u>30,014</u>	<u>423,567</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 01.01.20 £	Income £	Expenses £	Gains/(losses) £	Transfers £	Balance 31.12.20 £
Country Team	23,160	-	-	(1,167)	-	21,993
Partners Respite	5,952	(76)	-	(272)	-	5,604
Transmissions	49,016	133,758	(168,497)	-	-	14,277
Other Councils	-	100,949	(100,949)	-	-	-
2020 Total	<u>78,128</u>	<u>234,631</u>	<u>(269,446)</u>	<u>(1,439)</u>	<u>-</u>	<u>41,874</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 01.01.20	Income	Expenses	Gains/(losses)	Transfers	Balance 31.12.20
	£	£	£	£	£	£
Insurance	16,403	-	-	-	-	16,403
Legacy & exceptional gift	614,753	-	(13,686)	(19,500)	346,578	928,145
Legacy tithe	114,651	-	(30,000)	-	69,069	153,720
Strategic Development	232,867	-	-	-	-	232,867
Fellowship Partner	113,440	4,883	(1,619)	-	8,265	124,969
Property with life tenant	445,000	-	-	30,444	-	475,444
Capital reserve	1,169,499	-	(62,986)	-	4,437	1,110,950
St Johns House	12,195	33,923	(140,119)	-	95,000	999
Kitab new publication fund	28,219	-	-	-	-	28,219
Partner resettlement fund	74,464	-	(5,763)	-	6,971	75,672
Partner support funds	594,338	1,586,321	(1,315,025)	-	(207,591)	658,043
IFP & OT Plus	(3,150)	19,456	(4,828)	-	(6,552)	4,926
2020 Total	3,412,679	1,644,583	(1,574,026)	10,944	316,177	3,810,357
2019 Total	4,305,946	1,716,861	(2,476,119)	4,231	(138,240)	3,412,679

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 2020:

Between general fund and designated funds (£316,177):

£690,691 legacy income transferred out from the General fund in to the Legacy & exceptional gift (90%, £621,622) and Legacy tithe (10%, £69,069) funds as per policy.

£180,000 transferred in to the General fund from the Legacy & exceptional gift fund to cover costs of internal development projects and approved operational deficit.

£191,967 transferred in to the General fund from Partner support funds, being contribution towards the direct support costs of the National Office.

£6,994 transferred in to the General fund from IFP & OT Plus funds, being contribution towards the direct support costs of the National Office

£4,437 transferred into capital reserve for costs that have been capitalised.

Between specific designated funds:

£6,971 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.

£20,421 transferred out from Fellowship partner fund in to Partner support funds in support of net underfunded Partners costs.

£28,686 transferred from Partner Support fund to the Fellowship Partner fund being surplus funds of individual Partners at end of service.

£95,000 transferred out from Legacy & exceptional gift fund in to St John's House fund for contribution to development & Operational costs.

£29,085 transferred between Partner Support Funds as Partners transition between UK and Overseas

£442 transferred into IFP & OT Plus from Partner Support Funds

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2020 (continued)

25. Unrestricted- General fund

	O/Bal 01.01.20	Income	Expenses	Gains	Transfers	C/Bal 31.12.20
	£	£	£	£	£	£
2020 General fund	549,774	1,201,596	(861,055)	(16,597)	(316,177)	557,541

All fund transfers in 2020 were between designated funds, details for which are shown under Note 25.

26. Analysis of net assets between funds

	<u>General</u>	<u>Unrestricted funds</u> <u>Designated</u>	<u>Total</u>	<u>Restricted</u> <u>funds</u>	<u>Endowment</u> <u>fund</u>	<u>Total</u> <u>funds</u>
	£	£	£	£	£	£
Tangible fixed assets	-	1,110,948	1,110,948	-	-	1,110,948
Investments	332,373	475,444	807,817	27,122	381,087	1,216,026
Current assets	623,258	2,252,616	2,875,874	14,752	(131)	2,890,495
Current liabilities	(89,090)	(28,651)	(117,741)	-	-	(117,741)
Defined benefit scheme provision	(309,000)	-	(309,000)	-	-	(309,000)
	557,541	3,810,357	4,367,898	41,874	380,956	4,790,728
Unrealised gains on above investments	30,970	185,441	216,411	2,457	47,238	266,106
Reconciliation of unrealised gains/(losses) on investments						
Unrealised gains/(losses) at 1st January 2020	15,567	174,497	190,064	3,896	89,849	283,809
Gain/(loss) on revaluation/ disposal in year	15,403	10,944	26,347	(1,439)	(42,611)	(17,703)
Unrealised gains at 31st December 2020	30,970	185,441	216,411	2,457	47,238	266,106

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

	<u>2020</u>	<u>2019</u>
	<u>£</u>	<u>£</u>
Net Income /(Expenditure) for the reporting period (as per the statement of financial activities)	358,580	(802,871)
Adjustments for:		
Depreciation charges	62,986	22,112
Impairment charge	-	443,486
Loss/(Gains) on investments	17,703	(62,736)
Dividends, interest and rents from investments	(47,987)	(54,365)
(Increase)/Decrease in stocks	(127)	4,781
Decrease(Increase) in debtors	(305,277)	139,043
(Decrease)Increase in creditors	(41,423)	(40,746)
Defined benefit pension scheme interest adjustment	(22,000)	(12,000)
Net cash provided by operating activities	<u>22,455</u>	<u>(363,296)</u>

28. Analysis of cash and cash equivalents

	<u>2020</u>	<u>2019</u>
	<u>£</u>	<u>£</u>
Cash in hand	768,850	511,161
Total cash and cash equivalents	<u>768,850</u>	<u>511,161</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.