

# INTERNATIONAL SERVICE FELLOWSHIP TRUST

England & Wales · Charity number 1020758

## Details

|                |                                                         |
|----------------|---------------------------------------------------------|
| Other names    | INTERSERVE                                              |
| Status         | Registered                                              |
| Legal form     | Charitable company                                      |
| Company number | <a href="#">02789773</a>                                |
| Registered     | 1993-05-07                                              |
| Register       | <a href="#">View on the Charity Commission register</a> |

## Contact

|         |                                                                  |
|---------|------------------------------------------------------------------|
| Address | St. Johns House<br>652 Alum Rock Road<br>Birmingham<br>B8 3NS    |
| Phone   | 03333601600                                                      |
| Email   | <a href="mailto:enquiries@isgbi.org">enquiries@isgbi.org</a>     |
| Website | <a href="http://www.interserve.org.uk">www.interserve.org.uk</a> |

## Activities

**Objects:** TO ADVANCE THE CHRISTIAN RELIGION IN ACCORDANCE WITH THE DOCTRINAL BASIS SET OUT IN THE MEMORANDUM OF ASSOCIATION.

**Activities:** The charity exists to make Jesus Christ known through wholistic ministry, in partnership with the global church, amongst the neediest people of Asia and the Arab World and in Great Britain & Ireland.

## Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Human Resources, Provides Services, Provides Advocacy/advice/information
- **What:** Education/training, The Advancement Of Health Or Saving Of Lives, The Prevention Or Relief Of Poverty, Overseas Aid/famine Relief, Religious Activities
- **Who:** People Of A Particular Ethnic Or Racial Origin

## Geography

- Afghanistan
- Bangladesh
- Cambodia
- India
- Kyrgyzstan
- Laos
- Nepal
- Northern Ireland
- Pakistan
- Scotland
- Throughout England And Wales

## Finances

| Period end | Income     | Expenditure | Assets     | Employees |
|------------|------------|-------------|------------|-----------|
| 2024-12-31 | £2,638,094 | £2,614,035  | £5,104,392 | 59        |
| 2023-12-31 | £2,628,736 | £2,542,319  | £5,046,289 | 59        |
| 2022-12-31 | £2,424,770 | £2,543,967  | £4,561,344 | 65        |
| 2021-12-31 | £2,312,463 | £2,546,185  | £4,714,677 | 67        |
| 2020-12-31 | £3,080,809 | £2,704,526  | £4,790,728 | 76        |

## Trustees

| Name                        | Role  | Appointed  |
|-----------------------------|-------|------------|
| Rev Jane Methven Howitt     | Chair | 2016-12-03 |
| Alan Butler                 |       | 2023-01-01 |
| Dr Christine Boardman       |       | 2023-06-03 |
| EMMANUEL GILL               |       | 2023-09-02 |
| Keiko Tsunekawa Butterworth |       | 2019-03-02 |
| Malcolm Kemp                |       | 2014-01-02 |
| Rev JOHN PETER SMUTS        |       | 2015-03-12 |
| Simon Hocking               |       | 2025-05-19 |

**INTERNATIONAL SERVICE FELLOWSHIP TRUST**

England & Wales - Charity number 1020758

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# Accounts

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**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 2024**



THE INTERNATIONAL SERVICE FELLOWSHIP TRUST  
ANNUAL REPORT AND FINANCIAL STATEMENTS - 31ST DECEMBER 2024

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## REPORT OF THE DIRECTORS

### Report of the Directors

The directors present their report together with the financial statements of the charitable company for the year ended 31st December 2024. 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 Interserve national offices and a number of partnerships with other organisations. Our workers serve in Asia and the Arab world and among Asian and Arab communities 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.

## REPORT OF THE DIRECTORS

### 2. Strategic Report

#### *What we did in 2024: Activities, Achievements and Performance*

At the end of the year 39 long-term workers (serving more than two years) were 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.
  - ‘theological education by extension’ (TEE)

Within the UK, at the end of 2024, 54 long-term workers and 25 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.

We continued to enjoy the participation of Interserve Partners from overseas in our national team in 2024, with four coming from India and two from Brazil.

Our National Office support staff continued to provide:

- 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.
- Support for workers coming from other parts of the international Fellowship to join our team in the UK.

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 6,000 recipients in 2024.
- 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.
- Launch of a one-session student version of the *Friendship First* course, a resource for equipping people to reach out effectively in a cross-cultural context.

The Board of Trustees have decided to continue the strategic direction set in our last full-scale strategy review in 2021. These are summarised by the three strategic intents: *growing diversity, growing responsiveness and growing community*. The Board continue to believe that these strategic intents are highly relevant. Our staff and volunteer communities continue to grow in cultural and ethnic diversity and we are starting to see more engagement of those under the age of 35.

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

The financial results for the year ended 31st December 2024 are reflected in the Statement of Financial Activities on page 14. The overall surplus for the year was £58,103 (2023 surplus - £484,945). The surplus for the year included £453,748 from legacies (2023 - £501,524). 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.

The unrestricted funds reported a net surplus of £74,209, consisting of net income of £37,202, increased by a net addition of £37,007 arising from gains on investments.

Of the total income of £2,638,094 (2023 - £2,628,736); donations & gifts given by individuals and organisations in support of our objects totalled £1,986,355 (2023 - £1,997,068). Of this sum £1,467,249 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, £1,330,106 (2023- £1,404,511) has been spent directly in support of the charity’s Partners and their project work. Included in this cost is £150,026 (2023 - £161,445) 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 £1,180,080 spent in this year (2023 - £1,243,066). 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 £2,534,810 spent in the year (2023 - £2,475,741), £939,416, was spent on our Overseas activities (2023 - £991,357), £1,210,438 on UK based activities (2023 - £1,103,086), £352,810 on our National outreach (2023 - £344,385) and £32,146 on Resources and Conferences (2023 - £36,913). After income generated from the sale of resources and conference income, the Resources and conferences activity had a net cost of £19,114. Further detail can be found in Notes 6 & 7 to the financial statements.

## REPORT OF THE DIRECTORS

There has been a reduction in the support and governance costs to £664,727 in the year (2023 - £749,697). Further analysis of these costs is given in Note 8 to the financial statements.

In accordance with the 'Investment Policy' on page 5 the investments objectives are to preserve the capital value and to generate income to support the on-going activities of the Trust.

In total investment generated net gain of £48,044 (2023 - £416,528) with £15,240 relating to the increase of the investment property market value (2023 - £397,002 from the sale of previous investment property) and £32,804 (2023 - £19,526) generated by a portfolio of the listed investments.

Income from the listed investments portfolio amounted to £21,991 (2023 - £20,829). No rent is payable by a life tenant occupying the investment property.

The trustees consider that over the longer term both objectives have been achieved.

### ***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.
- budgeted short to medium term projects that fall over more than one financial year, including for example upgrading the financial system
- 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.
- 12 to 20 weeks of salaries and costs to allow for compliance of employment law and current regulations

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 2024, Interserve's total charity funds amounted to £5,104,392 (2023 - £5,046,289) but of these funds, £3,734,984 (2023- £3,026,616) 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).

## REPORT OF THE DIRECTORS

Of the balance of £1,369,408 (2023- £2,019,673) Interserve considers it reasonable to hold reserves of c£585,000 to cater for potential adverse experience. This is approximately 37 weeks of its General Fund expenditure or approximately 11 weeks of its overall expenditure for the year ending 31 December 2024.

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 2025 and agreed by the Board in June 2025.

*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**

In 2025 we will recruit a new National Director as the current incumbent will move to a role within the International Fellowship. The Board of Trustees are all involved in the selection of the new National Director and are working to ensure that there is a smooth transition in leadership and continued strategic focus.

Having appointed a Young Adults and Digital Communications Coordinator in 2024, we will continue to grow our efforts to engage people under 30 in the aims and objectives of the charity. Fundraising is another area we continue to pay attention to and we have recruited a new Communications and Fundraising Manager in order to develop our engagement with supporters and funders.

The Board of Trustees have appointed a Refurbishment Group to work with a firm of architects to scope out options to improve the accommodation at our charity's home at St John's House in Birmingham. The aim of this work is to maximise the impact of this key asset well into the future whilst having regard for prudent and effective use of the resources under the charity's control.

### **Principle 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 continues to be the potential failure to recruit and retain long-term workers to carry out the activities of the charity. For those who want to serve overseas, some governments are less willing to grant visas to overseas workers and in several of the contexts where the charity works, the legislative environment has changed significantly.

## REPORT OF THE DIRECTORS

Steps to mitigate this risk include broadening our engagement efforts, more flexible processes for matching workers with opportunities and promoting opportunities in the UK as well as overseas. A commitment to providing good care to existing workers helps to maximise retention.

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. Due diligence is carried out on all donations that are made by the charity and scrutinized by the Finance and Risk Management Group in an annual review.

### **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 the 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. The day to day management of the charity is delegated to the National Director who is also Company Secretary; and chair (NLT) Iain Dougall is the Interim ND since Chris Binder left at end of February 2025.

*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

## REPORT OF THE DIRECTORS

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 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:* Key management personnel pay and remuneration is set within the context of an overall staff pay and remuneration pay-scale policy

### **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  
 Dr Christine Boardman  
 Mr Alan Butler  
 Mrs Keiko Butterworth  
 Mr Emmanuel Gill  
 Rev Jane Howitt (Chair)  
 Mr Malcolm Kemp  
 Mr Jude Olisa (resigned 2 November 2024)  
 Rev John Smuts  
 Mr Simon Hocking (appointed 19 May 2025)

## REPORT OF THE DIRECTORS

### 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

#### 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

Anthony Collins Solicitors  
134 Edmund Street  
Birmingham  
B3 2ES

#### Investment Manager

JM Finn  
4 Coleman Street  
London  
EC2R 5TA

## REPORT OF THE DIRECTORS

### ***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***

In 2025, the Trustees re-appointed Messrs Griffin Stone Moscrop & Co, Chartered Accountants and Registered Auditors for three years.

The above Directors Report and Strategic Report have been approved by the Board of Directors on 2 June 2025 and signed on its behalf by:-

*Iain Dougall*

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**I Dougall**  
**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 2024 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 2024, 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.

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

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 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.

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

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.

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:

- Performing audit work over the risk of management override of controls, including evaluating the rationale of significant transactions outside the normal course of the charitable activity and any accounting estimates for bias;
- Carry out substantive checks, on a sample basis, to supporting documentation of individual transactions within income and expenditure, to give comfort the statement of financial activities does not contain any material irregular items;
- Verifying the material balances within the balance sheet are supported by third party evidence to confirm existence and valuation at the balance sheet date;
- Enquiry of management and those charged with governance around actual and potential litigation and claims; and .
- Reviewing minutes of the trustee meetings.

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.

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

- 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.

### 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 FCA (Senior Statutory Auditor)  
For and on behalf of GRIFFIN STONE MOSCROP & CO  
Statutory Auditor

21-27 Lamb's Conduit Street  
London, WC1N 3GS  
2 June 2025

STATEMENT OF FINANCIAL ACTIVITIES (including the Income and Expenditure Account)  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2024

|                                                         |           |                            |                          |                         | 2024                | 2023                |
|---------------------------------------------------------|-----------|----------------------------|--------------------------|-------------------------|---------------------|---------------------|
|                                                         | Note      | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Endowment<br>funds<br>£ | Total<br>funds<br>£ | Total<br>funds<br>£ |
| <b>Income and endowments from:</b>                      |           |                            |                          |                         |                     |                     |
| Donations and legacies                                  | 2         | 2,265,388                  | 174,715                  | -                       | 2,440,103           | 2,498,592           |
| Charitable activities                                   | 3         | 59,072                     | -                        | -                       | 59,072              | 58,441              |
| Investments                                             | 4         | 138,919                    | -                        | -                       | 138,919             | 71,703              |
| <b>Total</b>                                            |           | <b>2,463,379</b>           | <b>174,715</b>           | <b>-</b>                | <b>2,638,094</b>    | <b>2,628,736</b>    |
| <b>Expenditure on:</b>                                  |           |                            |                          |                         |                     |                     |
| Raising funds                                           | 5         | 79,225                     |                          | -                       | 79,225              | 66,578              |
| Charitable activities                                   | 6         | 2,346,952                  | 187,858                  | -                       | 2,534,810           | 2,475,741           |
| <b>Total</b>                                            |           | <b>2,426,177</b>           | <b>187,858</b>           | <b>-</b>                | <b>2,614,035</b>    | <b>2,542,319</b>    |
| <b>Net income/(expenditure)<br/>before movements on</b> |           | <b>37,202</b>              | <b>(13,143)</b>          | <b>-</b>                | <b>24,059</b>       | <b>86,417</b>       |
| Net gains (losses) on investments                       |           | 37,007                     | (2,685)                  | 13,722                  | 48,044              | 416,528             |
| <b>Net income/(expenditure)</b>                         | <b>10</b> | <b>74,209</b>              | <b>(15,828)</b>          | <b>13,722</b>           | <b>72,103</b>       | <b>502,945</b>      |
| <b>Other recognised (losses)/gains:</b>                 |           |                            |                          |                         |                     |                     |
| Actuarial gains on defined benefit pension scheme       | 21        | (14,000)                   | -                        | -                       | (14,000)            | (18,000)            |
| <b>Net movement in funds</b>                            |           | <b>60,209</b>              | <b>(15,828)</b>          | <b>13,722</b>           | <b>58,103</b>       | <b>484,945</b>      |
| <b>Reconciliation of funds:</b>                         |           |                            |                          |                         |                     |                     |
| Total funds brought forward                             | 11        | 4,552,782                  | 90,645                   | 402,862                 | 5,046,289           | 4,561,344           |
| <b>Total funds carried forward</b>                      |           | <b>4,612,991</b>           | <b>74,817</b>            | <b>416,584</b>          | <b>5,104,392</b>    | <b>5,046,289</b>    |

The attached notes form part of these financial statements.

BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER 2024  
Company Registration Number 02789773

|                                                       | Note  | 2024             | 2023             |
|-------------------------------------------------------|-------|------------------|------------------|
|                                                       |       | £                | £                |
| <b>Fixed assets</b>                                   |       |                  |                  |
| Tangible assets                                       | 16    | 874,241          | 925,828          |
| Investments                                           | 17    | <u>1,405,227</u> | <u>705,302</u>   |
|                                                       |       | 2,279,468        | 1,631,130        |
| <b>Current assets</b>                                 |       |                  |                  |
| Stocks                                                | 18    | 19,328           | 20,265           |
| Debtors                                               | 19    | 462,285          | 728,958          |
| Investments - notice deposits >3 months               |       | 750,887          | 793,475          |
| Cash at bank and in hand                              |       | <u>1,920,837</u> | <u>2,131,972</u> |
|                                                       |       | 3,153,337        | 3,674,670        |
| <b>Creditors: amounts falling due within one year</b> | 20    | 177,413          | 102,511          |
| <b>Net current assets</b>                             |       | <u>2,975,924</u> | <u>3,572,159</u> |
| <b>Total assets less current liabilities</b>          |       | 5,255,392        | 5,203,289        |
| Defined benefit scheme provision                      | 21    | <u>(151,000)</u> | <u>(157,000)</u> |
| <b>Total net assets</b>                               |       | <u>5,104,392</u> | <u>5,046,289</u> |
| <b>The funds of the charity:</b>                      |       |                  |                  |
| Endowment fund                                        | 22,26 | 416,584          | 402,862          |
| Restricted income funds                               | 23,26 | 74,817           | 90,645           |
| Unrestricted funds:                                   |       |                  |                  |
| Designated funds                                      | 24,26 | 4,003,235        | 3,985,270        |
| General fund                                          | 25,26 | <u>609,756</u>   | <u>567,512</u>   |
| <b>Total charity funds</b>                            |       | <u>5,104,392</u> | <u>5,046,289</u> |

Approved and authorised for issue by the board of directors on 2 June 2025 and signed on its behalf by:-

|                     |   |           |
|---------------------|---|-----------|
|                     | ) |           |
| <i>Jane Howitt</i>  | ) |           |
| Rev Jane Howitt     | ) |           |
|                     | ) | DIRECTORS |
|                     | ) |           |
| <i>Malcolm Kemp</i> | ) |           |
| Mr Malcolm Kemp     | ) |           |

The attached notes form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2024

|                                                                           | Note | 2024<br>Total funds<br>£ | 2023<br>Total funds<br>£ |
|---------------------------------------------------------------------------|------|--------------------------|--------------------------|
| <b>Cash flows from operating activities:</b>                              |      |                          |                          |
| Net cash provided by operating activities                                 | 27   | <u>267,436</u>           | <u>86,710</u>            |
| <b>Cash flows from investing activities:</b>                              |      |                          |                          |
| Dividends, interest and rents from investments                            |      | 75,111                   | 44,678                   |
| Proceeds from Sale of property                                            |      | -                        | 925,000                  |
| Purchase of Property                                                      |      | (600,000)                | -                        |
| Proceeds from sale of investments                                         |      | 158,046                  | 235,047                  |
| Purchase of investments                                                   |      | (209,530)                | (311,058)                |
| Purchase of Fixed assets                                                  |      | (2,198)                  | -                        |
| Withdrawal from deposit accounts                                          |      | <u>100,000</u>           | <u>-</u>                 |
| <b>Net cash provided by investing activities</b>                          |      | <u>(478,571)</u>         | <u>893,667</u>           |
| <b>Change in cash and cash equivalents in the reporting period</b>        |      | (211,135)                | 980,377                  |
| <b>Cash and cash equivalents at the beginning of the reporting period</b> |      | <u>2,131,972</u>         | <u>1,151,595</u>         |
| <b>Cash and cash equivalents at the end of the reporting period</b>       | 28   | <u><u>1,920,837</u></u>  | <u><u>2,131,972</u></u>  |

## NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2024 (continued)

### 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 financial statements are prepared in sterling, which is the presentation currency of the charitable company, and are rounded to the nearest £1.

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.

#### Judgements in applying policies and key sources of estimation uncertainty

In preparing these financial statements, the directors are required to make judgements, estimates and assumptions about the carrying amount of the assets and liabilities that are not obtainable from other sources. Judgement, estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates, but are unlikely to be material.

#### (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 23 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 24 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.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2024 (continued)

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. 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.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2024 (continued)(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.

(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 2024 and 2023.

**2. Income from Donations and legacies**

|                                       | <u>2024</u>             | <u>2023</u>             |
|---------------------------------------|-------------------------|-------------------------|
|                                       | <u>£</u>                | <u>£</u>                |
| Donations                             | 1,986,355               | 1,997,068               |
| Legacies                              | <u>453,748</u>          | <u>501,524</u>          |
| Donations and legacies total per SOFA | <u><u>2,440,103</u></u> | <u><u>2,498,592</u></u> |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2024 (continued)**3. Income from charitable activities**

|                                                                   | <u>2024</u>   | <u>2023</u>   |
|-------------------------------------------------------------------|---------------|---------------|
|                                                                   | <u>£</u>      | <u>£</u>      |
| Ministry resource sales                                           | 13,032        | 15,858        |
| Conference income                                                 | 4,550         | 185           |
| Independently funded Partners and mid term mission support income | 3,533         | 13,625        |
| Associates income                                                 | 710           | 1,060         |
| Short term mission trip charges                                   | 1,000         | 3,267         |
| Ancilliary income derived from St John's House                    | 21,185        | 17,230        |
| Other income                                                      | 15,062        | 7,216         |
|                                                                   | <u>59,072</u> | <u>58,441</u> |

**4. Investment income**

|                                                       | <u>2024</u>    | <u>2023</u>   |
|-------------------------------------------------------|----------------|---------------|
|                                                       | <u>£</u>       | <u>£</u>      |
| Gross income has been generated as follows from:      |                |               |
| Investments listed on a recognised stock exchange     | 21,991         | 20,829        |
| Bank account and short term deposit interest received | 79,087         | 14,934        |
| Interest income from Notice accounts >3 months        | 37,841         | 35,940        |
|                                                       | <u>138,919</u> | <u>71,703</u> |

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

|                                                   | <u>2024</u>   | <u>2023</u>   |
|---------------------------------------------------|---------------|---------------|
|                                                   | <u>£</u>      | <u>£</u>      |
| Direct cost of raising funds                      | 593           | 4,013         |
| Direct cost of managing & maintaining investments | 43,436        | 36,463        |
| Governance cost allocation (see note 8)           | 2,074         | 1,319         |
| Support cost allocation (see note 8)              | 33,122        | 24,784        |
|                                                   | <u>79,225</u> | <u>66,578</u> |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2024 (continued)**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 2024<br>£ | Total 2023<br>£ |
|-------------------------------------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------------|-----------------|-----------------|
| Direct Staff and related costs                        | 341,914                     | 791,926                     | 131,997                   | -                               | 1,265,837       | 1,088,014       |
| Other costs                                           | 154,945                     | 135,373                     | 12,039                    | 127                             | 302,484         | 421,213         |
| Grants paid (see note 9)                              | 62,000                      | 34,000                      | -                         |                                 | 96,000          | 26,573          |
| Direct project funding                                | 187,858                     | 4,812                       |                           |                                 | 192,670         | 184,071         |
| Conference and event expense                          | -                           | 17,207                      | 4,307                     | 4,975                           | 26,489          | 2,080           |
| Cost of GO magazine, prayer<br>materials, merchandise | 6,870                       | 3,414                       | 17,203                    | 5,332                           | 32,819          | 30,199          |
| Governance costs (see note 8)                         | 10,947                      | 13,179                      | 11,032                    | 1,279                           | 36,437          | 36,573          |
| Support costs (see note 8)                            | 174,882                     | 210,527                     | 176,232                   | 20,432                          | 582,073         | 687,018         |
| Total expenditure 2024                                | 939,416                     | 1,210,438                   | 352,810                   | 32,146                          | 2,534,810       |                 |
| Total expenditure 2023                                | 991,357                     | 1,103,086                   | 344,385                   | 36,913                          |                 | 2,475,741       |

**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 2024<br>£ | Total 2023<br>£ |
|-----------------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------------|-----------------|-----------------|
| Total activity costs (per note 6) | 939,416                     | 1,210,438                   | 352,810                   | 32,146                          | 2,534,810       | 2,475,741       |
| Resources & conference income     | -                           | -                           | -                         | (13,032)                        | (13,032)        | (15,858)        |
| Ministry fees & charges income    | (3,533)                     | (1,710)                     | -                         | -                               | (5,243)         | (17,952)        |
| Other income                      | -                           | (36,247)                    | -                         | -                               | (36,247)        | (24,446)        |
| Net cost funded from other income | 935,883                     | 1,172,481                   | 352,810                   | 19,114                          | 2,480,288       | 2,417,485       |

**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.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2024 (continued)**8. Analysis of governance and support costs (continued)**

The support and governance costs are analysed as follows:

|                                           | Support<br>£   | Governance<br>£ | Total 2024<br>£ | 2023<br>£      |
|-------------------------------------------|----------------|-----------------|-----------------|----------------|
| Salaries and related costs                | 415,533        | -               | 415,533         | 523,322        |
| Other Staff costs                         | 73,402         | -               | 73,402          | 60,341         |
| Premises Costs                            | 19,533         | -               | 19,533          | 14,672         |
| Office administration costs               | 13,943         | -               | 13,943          | 14,259         |
| IT costs                                  | 27,897         | -               | 27,897          | 26,570         |
| Audit & related fees                      | -              | 20,149          | 20,149          | 17,284         |
| Board and sub committee expenses          | -              | 2,767           | 2,767           | 4,592          |
| Depreciation & equipment costs            | 53,784         | -               | 53,784          | 60,535         |
| Other organisational costs                | 33,136         | 4,583           | 37,719          | 28,117         |
| Allocation of support costs to governance | (11,021)       | 11,021          | -               | -              |
| Total 2024 costs                          | <u>626,207</u> | <u>38,520</u>   | <u>664,727</u>  |                |
| Total 2023 costs                          | <u>711,800</u> | <u>37,893</u>   |                 | <u>749,694</u> |

**9. Analysis of grants**

Grants to other organisations and projects totalling £96,000 (2023- £26,573) were made during the year. Details of organisations to which grants paid are detailed below:

|                                           | 2024<br>£     | 2023<br>£     |
|-------------------------------------------|---------------|---------------|
| Funded from designated Legacy tithe fund: |               |               |
| ACT International                         | -             | 15,000        |
| Interserve India                          | -             | 918           |
| Interserve Chile                          | -             | 9,655         |
| Interserve International                  | 50,000        | -             |
| Interserve Brazil                         | 12,000        | -             |
| Global Connections                        | -             | 1,000         |
| Increase Trust UK                         | 12,000        | -             |
| Evangelical Alliance                      | 21,500        | -             |
| World Prayer Guides                       | 500           | -             |
|                                           | <u>96,000</u> | <u>26,573</u> |

**10. Net income for the year**

|                                              | 2024<br>£     | 2023<br>£     |
|----------------------------------------------|---------------|---------------|
| This is stated after charging the following: |               |               |
| Depreciation                                 | 50,093        | 60,488        |
| Audit fee                                    | <u>20,149</u> | <u>17,284</u> |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2024 (continued)**11. Prior year comparative Statement of Financial Activities****For the Year ended 2023**

|                                                   | <i>Unrestricted<br/>funds</i> | <i>Restricted<br/>funds</i> | <i>Endowment<br/>funds</i> | <i>Total<br/>funds</i> |
|---------------------------------------------------|-------------------------------|-----------------------------|----------------------------|------------------------|
|                                                   | £                             | £                           | £                          | £                      |
| <b>Income and endowments from:</b>                |                               |                             |                            |                        |
| Donations and legacies                            | 2,294,272                     | 204,320                     | -                          | 2,498,592              |
| Charitable activities                             | 58,441                        | -                           | -                          | 58,441                 |
| Investments                                       | 71,703                        | -                           | -                          | 71,703                 |
| <b>Total</b>                                      | <b>2,424,416</b>              | <b>204,320</b>              | <b>-</b>                   | <b>2,628,736</b>       |
| <b>Expenditure on:</b>                            |                               |                             |                            |                        |
| Raising funds                                     | 66,578                        | -                           | -                          | 66,578                 |
| Charitable activities                             | 2,298,701                     | 177,040                     | -                          | 2,475,741              |
| <b>Total</b>                                      | <b>2,365,279</b>              | <b>177,040</b>              | <b>-</b>                   | <b>2,542,319</b>       |
| Net income before gains / (losses) on investments | 59,137                        | 27,280                      | -                          | 86,417                 |
| <b>Net(losses)/ gains on investments</b>          | <b>400,441</b>                | <b>3,367</b>                | <b>12,720</b>              | <b>416,528</b>         |
| <b>Net income</b>                                 | <b>459,578</b>                | <b>30,647</b>               | <b>12,720</b>              | <b>502,945</b>         |
| <b>Other recognised gains/(losses):</b>           |                               |                             |                            |                        |
| Actuarial gains on defined benefit pension scheme | (18,000)                      | -                           | -                          | (18,000)               |
| <b>Net movement in funds</b>                      | <b>441,578</b>                | <b>30,647</b>               | <b>12,720</b>              | <b>484,945</b>         |
| <b>Reconciliation of funds:</b>                   |                               |                             |                            |                        |
| Total funds brought forward                       | 4,111,204                     | 59,998                      | 390,142                    | 4,561,344              |
| <b>Total funds carried forward</b>                | <b>4,552,782</b>              | <b>90,645</b>               | <b>402,862</b>             | <b>5,046,289</b>       |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2024 (continued)**12. Analysis of Staff costs and remuneration of key management personnel**

|                                                   | <u>2024</u>      | <u>2023</u>      |
|---------------------------------------------------|------------------|------------------|
|                                                   | <u>£</u>         | <u>£</u>         |
| Wages and salaries                                | 1,457,169        | 1,413,938        |
| Social security costs                             | 98,560           | 93,988           |
| Staff Defined Contribution Pension Scheme costs   | 169,641          | 137,421          |
| Former Staff Defined Benefit Pension Scheme Costs | 6,197            | 6,628            |
|                                                   | <u>1,731,567</u> | <u>1,651,976</u> |

No employees had employee benefits in excess of £60,000 (2023 - 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 (2023- nil).

The key management personnel of the charity include the National Director. The total employee benefits of the 6 key management personnel of the charity were £225,607 (2023 - £231,595), including employer national insurance and pension contribution costs.

**13. Expenses paid to directors**

£1,735 (2023 - £2,911) was reimbursed to 5 (2023 - 7) 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>2024</u> | <u>2023</u> |
|-------------------------|-------------|-------------|
| Overseas activities     | 26          | 28          |
| UK based activities     | 28          | 25          |
| National outreach       | 4           | 5           |
| Resources & conferences | 1           | 1           |
|                         | <u>59</u>   | <u>59</u>   |

The average number of employees (including both UK and overseas Partners) employed during the year were 81 (2023 - 80) comprising 42 full time and 39 part time employees (2023 - full time 41, part time 39).

Volunteers (excluding committee members) gave 120 (2023 - 120) hours of service on the National Office support activities during the year. In addition the work of 19 independently funded Partners (not employees) contributed to the general “front line” charitable activities to varying extents of part time equivalents.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2024 (continued)**15. Related party transactions**

Related parties include the charity directors and close relatives and key management personnel.

Donations received during the year are:

|                                              | <u>2024</u>  | <u>2023</u>  |
|----------------------------------------------|--------------|--------------|
|                                              | £            | £            |
| Trustees and close relatives                 | 5,045        | 6,530        |
| Key management personnel and close relatives | 365          | 1,520        |
|                                              | <u>5,410</u> | <u>8,050</u> |

**16. Tangible fixed assets**

|                                 | <u>F/Hold<br/>property</u> | <u>Fixtures<br/>fittings and<br/>equipment</u><br>£ | <u>Computers</u><br>£ | <u>Total</u><br>£ |
|---------------------------------|----------------------------|-----------------------------------------------------|-----------------------|-------------------|
| Cost                            |                            |                                                     |                       |                   |
| Cost as at 1st January 2023     | 1,240,554                  | 429,390                                             | 125,200               | 1,795,144         |
| Additions in the year at cost   |                            |                                                     | 2,198                 | 2,198             |
| Disposals in the year           | -                          | (101,490)                                           | (40,162)              | (141,652)         |
| At 31st December 2024           | <u>1,240,554</u>           | <u>327,900</u>                                      | <u>87,236</u>         | <u>1,655,690</u>  |
| Depreciation and impairments    |                            |                                                     |                       |                   |
| Accum. dep. at 1st January 2024 | 501,353                    | 255,778                                             | 112,186               | 869,316           |
| Charge in the year              | 7,700                      | 29,087                                              | 13,306                | 50,093            |
| Disposal                        | -                          | (97,799)                                            | (40,162)              | (137,961)         |
| At 31st December 2024           | <u>509,053</u>             | <u>187,066</u>                                      | <u>85,330</u>         | <u>781,449</u>    |
| Net book value                  |                            |                                                     |                       |                   |
| At 31st December 2024           | <u>731,501</u>             | <u>140,834</u>                                      | <u>1,906</u>          | <u>874,241</u>    |
| Net book value                  |                            |                                                     |                       |                   |
| At 31st December 2023           | <u>739,201</u>             | <u>173,612</u>                                      | <u>13,014</u>         | <u>925,828</u>    |

**17. Fixed asset investments**

|                                       | <u>Investment<br/>property</u><br>£ | <u>Listed<br/>investments</u><br>£ | <u>Total</u><br>£ |
|---------------------------------------|-------------------------------------|------------------------------------|-------------------|
| Market value at 1st January 2024      | -                                   | 705,302                            | 705,302           |
| Additions in the year                 | 600,000                             | 209,530                            | 809,530           |
| <u>Less:</u> Disposals in period      | -                                   | (154,265)                          | (154,265)         |
| Net movement during the year          | <u>15,240</u>                       | <u>29,420</u>                      | <u>44,660</u>     |
| Market value at 31st December 2024    | <u>615,240</u>                      | <u>789,987</u>                     | <u>1,405,227</u>  |
| Historical cost at 31st December 2024 | <u>600,000</u>                      | <u>767,773</u>                     | <u>1,367,773</u>  |

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

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2024 (continued)

The property with a life tenant from whom no rent is received but who is required to ensure that it is adequately insured at her own expense. The Trust completed the purchase of the replacement Property for £600,000 in West London in May 2024 and is maintained by the Trust to preserve the value of the property.

The fair value of the investment property on 31 December 2024 was determined by the finance manager using UK House Price Index for Ealing for the relevant period. The property was purchased in May 2024 for £600,000 and hasn't since been revalued by an independent valuer.

The listed investments are directly invested on a recognised UK stock exchange and are valued at open market values on 31st December 2024 using the Stock Exchange Daily Official Listing or are invested in open ended collective investment funds valued by the provider in a similar manner. JM Finn as Investment Managers have provided valuation as at 31<sup>st</sup> December 2024.

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

|                                                  | <u>2024</u> | <u>2023</u> |
|--------------------------------------------------|-------------|-------------|
|                                                  | <u>£</u>    | <u>£</u>    |
| Flat 9, 20 North Common Road.London W5 2QB       | 615,240     | -           |
| JP Morgan American Investment Trust Ord GBP 0.05 | 56,839      | 38,741      |
| I Shares Core S&P 500 Ucits ETF Usd Inc          | 52,752      | 37,213      |
| Investico Markets 111PLC                         | 51,094      | -           |

|                                                   | <u>2024</u>    | <u>2023</u>    |
|---------------------------------------------------|----------------|----------------|
|                                                   | <u>£</u>       | <u>£</u>       |
| The investments are held for the following funds: |                |                |
| Endowment fund                                    | 328,878        | 318,594        |
| Restricted Funds                                  | 32,490         | 35,174         |
| Unrestricted - Designated funds                   | -              | -              |
| - General fund                                    | 428,619        | 351,534        |
|                                                   | <u>789,987</u> | <u>705,302</u> |

**18. Stock Value**

A net holding value of stock for books and other resources available for sale of £19,328 (2023 - £20,265) is held at year-end.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2024 (continued)**19. Debtors**

|                                              | <u>2024</u>    | <u>2023</u>    |
|----------------------------------------------|----------------|----------------|
|                                              | <u>£</u>       | <u>£</u>       |
| Amounts owed by overseas Interserve councils | 708            | -              |
| Income tax recoverable                       | 17,092         | 7,234          |
| Accrued income                               | 152,389        | 200,569        |
| Prepayments                                  | 44,184         | 44,456         |
| VAT recoverable                              | 1,414          | 357            |
| Amounts due from ISSI and ISI                | 235,827        | 430,098        |
| Other debtors                                | 10,671         | 46,244         |
|                                              | <u>462,285</u> | <u>728,958</u> |

Accrued income includes £140,962 legacy income confirmed as owing to Interserve from the estates of deceased under wills, 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 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 2024 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>2024</u>    | <u>2023</u>    |
|------------------------------------------|----------------|----------------|
|                                          | <u>£</u>       | <u>£</u>       |
| Amounts owed to Interserve International | 110,907        | 28,128         |
| Expense creditors                        | 6,291          | 9,894          |
| Taxation and social security costs       | 30,379         | 26,080         |
| Expense Accruals                         | 29,338         | 27,076         |
| Other creditors                          | 498            | 11,333         |
|                                          | <u>177,413</u> | <u>102,511</u> |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2024 (continued)**21. Defined benefit scheme provision**

The Plan is a defined benefit plan operated on behalf of three 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 three 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>2024</u>      | <u>2023</u>      |
| Discount rate                                          | 5.0% p.a.        | 4.3% p.a.        |
| Mortality assumption                                   | 90% S4PFA_L      | 90% S3PFA_L      |
| CMI Projection Model                                   | CMI 2023         | CMI 2022         |
| 2022 weight parameter                                  | 15%              | 25%              |
| 2023 weight parameter                                  | 15%              | n/a              |
| Long - term rate of improvement                        | 1.5%p.a.         | 1.5%p.a.         |
|                                                        | <u>2024</u>      | <u>2023</u>      |
|                                                        | £                | £                |
| <b>Change in Defined Benefit Obligation</b>            |                  |                  |
| Beginning Balance                                      | (157,000)        | (157,000)        |
| Interest cost                                          | (6,000)          | (7,000)          |
| Benefits paid                                          | 26,000           | 25,000           |
| Experience gains/(losses) on liabilities               | (15,000)         | (15,000)         |
| Changes to demographic assumptions                     | (3,000)          | 1,000            |
| Changes to financial assumptions                       | 4,000            | (4,000)          |
| Closing balance                                        | <u>(151,000)</u> | <u>(157,000)</u> |
| <b>Remeasurements over the year</b>                    |                  |                  |
| Experience gains/(losses) on liabilities               | (15,000)         | (15,000)         |
| (Losses)/gains from changes to demographic assumptions | (3,000)          | 1,000            |
| (Losses)/gains from changes to financial assumptions   | 4,000            | (4,000)          |
| Total remeasurements                                   | <u>(14,000)</u>  | <u>(18,000)</u>  |
| <b>Amounts recognised in the balance sheet</b>         |                  |                  |
| Present value of Scheme liabilities                    | 151,000          | 157,000          |
| <b>Expense recognised in Profit and Loss</b>           |                  |                  |
| Interest on liabilities                                | 6,000            | 7,000            |
|                                                        | <u>2024</u>      | <u>2023</u>      |
|                                                        | £                | £                |
| <b>Amounts for the current and previous period</b>     |                  |                  |
| Defined benefit obligation                             | (151,000)        | (157,000)        |
| Experience adjustments on liabilities                  | (14,000)         | (18,000)         |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2024 (continued)**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>01.01.2024 | Gain/ (losses) | C/Bal<br>31.12.2024 |
|---------------|---------------------|----------------|---------------------|
|               | £                   | £              | £                   |
| 2024 movement | <u>402,862</u>      | <u>13,722</u>  | <u>416,584</u>      |
| 2023 movement | <u>390,143</u>      | <u>12,719</u>  | <u>402,862</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>01.01.24 | Income         | Expenses         | Gains/(losses) | Transfers | Balance<br>31.12.24 |
|------------------|---------------------|----------------|------------------|----------------|-----------|---------------------|
|                  | £                   | £              | £                | £              | £         | £                   |
| Country Team     | 27,236              | -              | -                | (4,165)        | -         | 23,071              |
| Partners Respite | 8,412               | -              | -                | 1,480          | -         | 9,892               |
| Transmissions    | 54,784              | 101,220        | (114,232)        | -              | -         | 41,772              |
| Other Councils   | 213                 | 73,495         | (73,626)         | -              | -         | 82                  |
| 2023 Total       | <u>90,645</u>       | <u>174,715</u> | <u>(187,858)</u> | <u>(2,685)</u> | <u>-</u>  | <u>74,817</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.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2024 (continued)**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>01.01.2024 | Income    | Expenses    | Gains/(losses) | Transfers | Balance<br>31.12.2024 |
|----------------------------|-----------------------|-----------|-------------|----------------|-----------|-----------------------|
|                            | £                     | £         | £           | £              | £         | £                     |
| Insurance                  | 16,403                | -         | -           | -              | -         | 16,403                |
| Legacy & exceptional gift  | 587,328               | -         | (3,394)     | -              | 89,514    | 673,448               |
| Legacy tithe               | 179,129               | -         | (96,000)    | -              | 45,374    | 128,503               |
| Asset Management Fund      | 264,830               | -         | (1,418)     | -              | -         | 263,412               |
| Strategic Development      | 232,867               | -         | -           | -              | -         | 232,867               |
| Fellowship Partner         | 150,110               | 4,953     | 2,283       | -              | (9,951)   | 147,395               |
| Property with life tenant  | 895,170               | -         | (36,963)    | 15,240         | -         | 873,447               |
| Capital reserve            | 925,827               | -         | (53,784)    | -              | 2,198     | 874,241               |
| St Johns House             | 171                   | 22,174    | (128,493)   | -              | 106,148   | 0                     |
| Kitab new publication fund | 28,219                | -         | -           | -              | -         | 28,219                |
| Community Ministry Fund    | 375                   | 63        | -           | -              | (438)     | -                     |
| Partner resettlement fund  | 47,463                | -         | (6,093)     | -              | 3,226     | 44,596                |
| Partner support funds      | 653,781               | 1,466,911 | (1,311,093) | -              | (92,273)  | 717,326               |
| IFP & OT Plus              | 3,597                 | 811       | (200)       | -              | (830)     | 3,378                 |
| 2024 Total                 | 3,985,270             | 1,494,912 | (1,635,155) | 15,240         | 142,968   | 4,003,235             |

**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.
- Asset Management Fund - monies designated for the development and maintenance of fixed assets.
- 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.

## NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2024 (continued)

### 24. Designated funds (continued)

- 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.
- Community ministry fund - monies set aside to fund ministries by members of Interserve and outside of Interserve.
- 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. 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 2024:

##### **Between general fund and designated funds (£142,968):**

£453,748 legacy income transferred out from the General fund into the Legacy & exceptional gift (90%, £408,373) and Legacy tithe (10%, £45375) funds as per policy.

£165,000 transferred in to the General fund from the Legacy & exceptional gift fund to cover costs of internal development projects and approved operational deficit.

£142,526 transferred in to the General fund from Partner support funds , being contribution towards the direct support costs of the National Office.

£7,500 transferred in to the General fund from Partner Support fund, being net contribution towards the direct support costs of the National Office

£2,048 transferred from the General Fund to Partner Support fund .

£2,198 transferred into capital reserve for costs that have been capitalised.

##### **Between specific designated funds:**

£3,225 transferred out from the Partner support funds into 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.

£106,148 transferred out from Legacy & exceptional gift fund into St John's House fund for contribution to Operational costs.

£47,712 transferred out from Legacy & exceptional gift fund into Partner support funds in support of net underfunded Partner costs.

£750 transferred in to the Partner Support Fund from OT funds.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2024 (continued)

£438 transferred from the Community Fund to Partner Support funds.

£10,163 was transferred from the Partner Fellowship Support to Partner Support Funds to adjust the net effect of the funding method change .

£212 was transferred into the Partner Fellowship Support Fund on closure of the Community Ministry Fund.

25. Unrestricted- General fund

|                   | O/Bal    |         |           |        |           | C/Bal    |
|-------------------|----------|---------|-----------|--------|-----------|----------|
|                   | 01.01.24 | Income  | Expenses  | Gains  | Transfers | 31.12.24 |
|                   | £        | £       | £         | £      | £         | £        |
| 2024 General fund | 567,512  | 968,468 | (805,025) | 21,768 | (142,968) | 609,756  |

All fund transfers to and from in 2024 were between it and designated funds, details for which are shown under Note 24.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2024 (continued)**26. Analysis of net assets between funds**

|                                                            | <u>Unrestricted funds</u> |                   |              | Restricted   | <u>Endowment</u> | Total        |
|------------------------------------------------------------|---------------------------|-------------------|--------------|--------------|------------------|--------------|
|                                                            | <u>General</u>            | <u>Designated</u> | <u>Total</u> | <u>funds</u> | <u>fund</u>      | <u>funds</u> |
|                                                            | £                         | £                 | £            | £            | £                | £            |
| Tangible fixed assets                                      | -                         | 874,241           | 874,241      | -            | -                | 874,241      |
| Investments                                                | 428,619                   | 615,240           | 1,043,859    | 32,489       | 328,878          | 1,405,226    |
| Current assets                                             | 500,986                   | 2,522,318         | 3,023,303    | 42,328       | 87,706           | 3,153,337    |
| Current liabilities                                        | (168,849)                 | (8,564)           | (177,413)    | -            | -                | (177,413)    |
| Defined benefit scheme provision                           | (151,000)                 | -                 | (151,000)    | -            | -                | (151,000)    |
|                                                            | 609,756                   | 4,003,235         | 4,612,991    | 74,817       | 416,584          | 5,104,392    |
| Unrealised gains on above investments                      | 18,774                    | 15,240            | 34,014       | (223)        | 3,663            | 37,454       |
| Reconciliation of unrealised gains/(losses) on investments |                           |                   |              |              |                  |              |
| Unrealised gains/(losses) at 1st January 2024              | (604)                     | -                 | (604)        | 2,443        | (5,798)          | (3,959)      |
| Gain/(loss) on revaluation/disposal in year                | 19,378                    | 15,240            | 34,618       | (2,666)      | 9,461            | 41,413       |
| Unrealised gains at 31st December 2024                     | 18,774                    | 15,240            | 34,014       | (223)        | 3,663            | 37,454       |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2024 (continued)**27. Reconciliation of net income to net cash flow from operating activities**

|                                                                                                         | <u>2024</u>    | <u>2023</u>   |
|---------------------------------------------------------------------------------------------------------|----------------|---------------|
|                                                                                                         | <u>£</u>       | <u>£</u>      |
| <b>Net (Expenditure)/Income for the reporting period (as per the statement of financial activities)</b> | 72,103         | 502,945       |
| <b>Adjustments for:</b>                                                                                 |                |               |
| Depreciation charges                                                                                    | 50,093         | 60,488        |
| (Gains) /Loss on investments                                                                            | (48,044)       | (416,529)     |
| Dividends, interest and rents from investments                                                          | (138,919)      | (71,703)      |
| Loss on disposal of fixed assets                                                                        | 3,691          | -             |
| Decrease in stocks                                                                                      | 937            | 462           |
| Decrease in debtors incl.short term investments                                                         | 266,673        | 41,753        |
| (Decrease)Increase in creditors                                                                         | 74,902         | (12,706)      |
| Defined benefit pension scheme interest adjustment                                                      | (14,000)       | (18,000)      |
| <b>Net cash provided by operating activities</b>                                                        | <u>267,436</u> | <u>86,710</u> |

**Analysis of changes in net debt**

|                          | At 1 January<br>2024 | Cash flows       | At 31 December<br>2024 |
|--------------------------|----------------------|------------------|------------------------|
|                          | <u>£</u>             | <u>£</u>         | <u>£</u>               |
| Cash at bank and in hand | <u>2,131,972</u>     | <u>(211,135)</u> | <u>1,920,837</u>       |

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

|                                        | <u>2024</u>      | <u>2023</u>      |
|----------------------------------------|------------------|------------------|
|                                        | <u>£</u>         | <u>£</u>         |
| Cash in hand                           | 1,920,837        | 2,131,972        |
| <b>Total cash and cash equivalents</b> | <u>1,920,837</u> | <u>2,131,972</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.

**INTERNATIONAL SERVICE FELLOWSHIP TRUST**

England & Wales - Charity number 1020758

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# Accounts

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**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 2023**



THE INTERNATIONAL SERVICE FELLOWSHIP TRUST  
ANNUAL REPORT AND FINANCIAL STATEMENTS - 31ST DECEMBER 2023

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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 2023. 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 Interserve national offices and a number of partnerships with other organisations. Our workers serve in Asia and the Arab world and among Asian and Arab communities 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.

## REPORT OF THE DIRECTORS

### 2. Strategic Report

#### *What we did in 2023: Activities, Achievements and Performance*

At the end of the year 31 long-term workers (serving more than two years) were 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.
  - ‘theological education by extension’ (TEE)

Within the UK, at the end of 2023, 52 long-term workers and 25 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.

We saw an increase in workers joining our team from overseas in 2023 with four coming from India and three from Brazil.

Our National Office support staff continued to provide:

- 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.
- Support for workers coming from other parts of the international Fellowship to join our team in the UK.

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 6,000 recipients in 2023.
- 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.
- Launch of the 2<sup>nd</sup> edition of our course *Friendship First*, a resource for equipping individuals and churches to reach out effectively in a cross-cultural context.

We continue to be guided by the three strategic intents set by the Board of Trustees in 2021: *growing diversity, growing responsiveness and growing community*. Our team is becoming increasingly international and is increasing our effectiveness in serving the multicultural communities around us. We have made some progress in developing links with a broader range of churches, particularly those with high ethnic and cultural diversity. In 2023 we made structural changes to some of our financial processes in order to develop more flexible ways for people to work with the charity.

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

The financial results for the year ended 31st December 2023 are reflected in the Statement of Financial Activities on page 14. The overall surplus for the year was £484,945 (2022 deficit - £153,333). The surplus for the year included £501,524 from legacies (2022 - £290,894). 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.

The unrestricted funds reported a net surplus of £459,578, consisting of net income of £59,137, increased by a net addition of £400,441 arising from gains on investments.

Of the total income of £2,628,736 (2022 - £2,424,770); donations & gifts given by individuals and organisations in support of our objects totalled £1,997,070 (2022 - £2,033,599). Of this sum £1,384,511 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, £1,404,511 (2022- £1,415,354) has been spent directly in support of the charity’s Partners and their project work. Included in this cost is £161,445 (2022 - £168,898) 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 £1,243,066 spent in this year (2022 - £1,246,456). 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 £2,475,741 spent in the year (2022 - £2,425,441), £991,357, was spent on our Overseas activities (2022 - £1,096,543), £1,103,086 on UK based activities (2022 - £1,028,182), £344,385 on our National outreach (2022 - £248,993) and £36,913 on Resources and Conferences (2022 - £51,723). After income generated from the sale of resources and conference

## REPORT OF THE DIRECTORS

income, the Resources and conferences activity had a net cost of £21,055. Further detail can be found in Notes 6 & 7 to the financial statements.

There has been a reduction in the support and governance costs to £749,697 in the year (2022 - £756,749). 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;
- budgeted short to medium term projects that fall over more than one financial year, including for example upgrading the financial system;
- 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;
- designated funds for specific Partners; and
- 12 to 20 weeks of salaries and costs to allow for compliance of employment law and current regulations.

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 2023, Interserve's total charity funds amounted to £5,046,289 (2022 - £4,561,344) but of these funds, £3,026,616 (2022- £2,911,550) 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 £2,019,673 (2022- £1,649,794) 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 12 weeks of its overall expenditure for the year ending 31 December 2023.

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 2024 and agreed by the Board in June 2024.

## REPORT OF THE DIRECTORS

*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**

We will continue to seek ways to strengthen our dialogue with ethnically, culturally and socially diverse churches, particularly those with many people from an Asian background given the focus of the charity, and those from black majority churches given their rapid growth in the UK over the past few decades.

We are also increasing our efforts to engage people under 30 in the aims and objectives of the charity, including through recruitment of someone to improve digital awareness raising and engagement.

Fundraising is another area we are seeking to strengthen, growing our capacity to engage with larger-scale donors and trusts.

### **Principle 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 a challenging fundraising environment and less importance placed on cross-cultural ministry and service by some churches. For those who want to serve overseas, some governments are less willing to grant visas to overseas workers. Steps to mitigate this risk include broadening our engagement efforts, more flexible processes for matching workers with opportunities and promoting opportunities in the UK as well as overseas. A commitment to providing good care to existing workers helps to maximise retention.

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

## REPORT OF THE DIRECTORS

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. We also actively monitor laws and regulations related to financial sanctions in order to ensure compliance whilst seeking to work in some of the neediest parts of the world.

### 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 the 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 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:* Key management personnel pay and remuneration is set within the context of an overall staff pay and remuneration pay-scale policy.

## REPORT OF THE DIRECTORS

### **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  
 Dr Christine Boardman (appointed 3 June 2023)  
 Mr Gordon Brown (resigned 2 September 2023)  
 Mr Alan Butler (appointed 1 January 2023)  
 Mrs Keiko Butterworth  
 Mr Emmanuel Gill (appointed 2 September 2023)  
 Rev Jane Howitt (Chair)  
 Mr Malcolm Kemp  
 Mrs Ann McConkey (resigned 3 June 2023)  
 Mr Jude Olisa  
 Mr Onkar Singh (resigned 3 June 2023)  
 Rev John Smuts

## REPORT OF THE DIRECTORS

### 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

#### 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

Anthony Collins Solicitors  
134 Edmund Street  
Birmingham  
B3 2ES

#### Investment Manager

JM Finn  
4 Coleman Street  
London  
EC2R 5TA

## REPORT OF THE DIRECTORS

### ***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***

In 2022, the Trustees re-appointed Messrs Griffin Stone Moscrop & Co, Chartered Accountants and Registered Auditors for three years following tendering.

The above Directors Report and Strategic Report have been approved by the Board of Directors on 8<sup>th</sup> June 2024 and signed on its behalf by: -


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**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 2023 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 2023, 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.

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

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 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.

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

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.

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:

- Performing audit work over the risk of management override of controls, including evaluating the rationale of significant transactions outside the normal course of the charitable activity and any accounting estimates for bias;
- Carry out substantive checks, on a sample basis, to supporting documentation of individual transactions within income and expenditure, to give comfort the statement of financial activities does not contain any material irregular items;
- Verifying the material balances within the balance sheet are supported by third party evidence to confirm existence and valuation at the balance sheet date;
- Enquiry of management and those charged with governance around actual and potential litigation and claims; and
- Reviewing minutes of the trustee meetings.

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.

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

- 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 (i.e. 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.

### 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  
10 June 2024

STATEMENT OF FINANCIAL ACTIVITIES (including the Income and Expenditure Account)  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023

|                                                         |      |                       |                     |                    | 2023             | 2022             |
|---------------------------------------------------------|------|-----------------------|---------------------|--------------------|------------------|------------------|
|                                                         | Note | Unrestricted<br>funds | Restricted<br>funds | Endowment<br>funds | Total<br>funds   | Total<br>funds   |
|                                                         |      | £                     | £                   | £                  | £                | £                |
| <b>Income and endowments from:</b>                      |      |                       |                     |                    |                  |                  |
| Donations and legacies                                  | 2    | 2,294,272             | 204,320             | -                  | 2,498,592        | 2,324,492        |
| Charitable activities                                   | 3    | 58,441                | -                   | -                  | 58,441           | 68,796           |
| Investments                                             | 4    | 71,703                | -                   | -                  | 71,703           | 31,482           |
| <b>Total</b>                                            |      | <b>2,424,416</b>      | <b>204,320</b>      | <b>-</b>           | <b>2,628,736</b> | <b>2,424,770</b> |
| <b>Expenditure on:</b>                                  |      |                       |                     |                    |                  |                  |
| Raising funds                                           | 5    | 66,578                |                     | -                  | 66,578           | 118,526          |
| Charitable activities                                   | 6    | 2,298,701             | 177,040             | -                  | 2,475,741        | 2,425,441        |
| <b>Total</b>                                            |      | <b>2,365,279</b>      | <b>177,040</b>      | <b>-</b>           | <b>2,542,319</b> | <b>2,543,967</b> |
| <b>Net income/(expenditure)<br/>before movements on</b> |      | <b>59,137</b>         | <b>27,280</b>       | <b>-</b>           | <b>86,417</b>    | <b>(119,197)</b> |
| Net gains (losses) on investments                       |      | 400,441               | 3,367               | 12,720             | 416,528          | (54,136)         |
| <b>Net income/(expenditure)</b>                         | 10   | <b>459,578</b>        | <b>30,647</b>       | <b>12,720</b>      | <b>502,945</b>   | <b>(173,333)</b> |
| <b>Other recognised (losses)/gains:</b>                 |      |                       |                     |                    |                  |                  |
| Actuarial gains on defined benefit pension scheme       | 21   | (18,000)              | -                   | -                  | (18,000)         | 20,000           |
| <b>Net movement in funds</b>                            |      | <b>441,578</b>        | <b>30,647</b>       | <b>12,720</b>      | <b>484,945</b>   | <b>(153,333)</b> |
| <b>Reconciliation of funds:</b>                         |      |                       |                     |                    |                  |                  |
| Total funds brought forward                             | 11   | 4,111,204             | 59,998              | 390,142            | 4,561,344        | 4,714,677        |
| <b>Total funds carried forward</b>                      |      | <b>4,552,782</b>      | <b>90,645</b>       | <b>402,862</b>     | <b>5,046,289</b> | <b>4,561,344</b> |

The attached notes form part of these financial statements.

BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER 2023  
Company Registration Number 02789773

|                                                       | Note  | 2023             | 2022             |
|-------------------------------------------------------|-------|------------------|------------------|
|                                                       |       | £                | £                |
| <b>Fixed assets</b>                                   |       |                  |                  |
| Tangible assets                                       | 16    | 925,828          | 986,316          |
| Investments                                           | 17    | <u>705,302</u>   | <u>609,712</u>   |
|                                                       |       | 1,631,130        | 1,596,028        |
| <b>Current assets</b>                                 |       |                  |                  |
| Stocks                                                | 18    | 20,265           | 20,727           |
| Debtors                                               | 19    | 728,958          | 766,580          |
| Investments - notice deposits >3 months               |       | 793,475          | 769,983          |
| Property                                              |       | -                | 528,648          |
| Cash at bank and in hand                              |       | <u>2,131,972</u> | <u>1,151,595</u> |
|                                                       |       | 3,674,670        | 3,237,533        |
| <b>Creditors: amounts falling due within one year</b> | 20    | 102,511          | 115,217          |
| <b>Net current assets</b>                             |       | <u>3,572,159</u> | <u>3,122,316</u> |
| <b>Total assets less current liabilities</b>          |       | 5,203,289        | 4,718,344        |
| Defined benefit scheme provision                      | 21    | <u>(157,000)</u> | <u>(157,000)</u> |
| <b>Total net assets</b>                               |       | <u>5,046,289</u> | <u>4,561,344</u> |
| <b>The funds of the charity:</b>                      |       |                  |                  |
| Endowment fund                                        | 22,26 | 402,862          | 390,143          |
| Restricted income funds                               | 23,26 | 90,645           | 59,997           |
| Unrestricted funds:                                   |       |                  |                  |
| Designated funds                                      | 24,26 | 3,985,270        | 3,551,078        |
| General fund                                          | 25,26 | <u>567,512</u>   | <u>560,126</u>   |
| <b>Total charity funds</b>                            |       | <u>5,046,289</u> | <u>4,561,344</u> |

Approved and authorised for issue by the board of directors on 8<sup>th</sup> June 2024 and signed on its behalf by:

|                 |   |  |
|-----------------|---|--|
| Jane Howitt     | ) |  |
| Rev Jane Howitt | ) |  |
|                 | ) |  |
|                 | ) |  |
| Malcolm Kemp    | ) |  |
| 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 2023

|                                                                           | Note | 2023<br>Total funds<br>£ | 2022<br>Total funds<br>£ |
|---------------------------------------------------------------------------|------|--------------------------|--------------------------|
| <b>Cash flows from operating activities:</b>                              |      |                          |                          |
| Net cash provided by operating activities                                 | 27   | <u>86,710</u>            | <u>(81,287)</u>          |
| <b>Cash flows from investing activities:</b>                              |      |                          |                          |
| Dividends, interest and rents from investments                            |      | 44,678                   | 22,268                   |
| Proceeds from the sale of property                                        |      | 925,000                  | -                        |
| Proceeds from sale of investments                                         |      | 235,047                  | 539,502                  |
| Purchase of investments                                                   |      | <u>(311,058)</u>         | <u>(443,302)</u>         |
| Invest in notice deposit accounts > 3 months                              |      | <u>-</u>                 | <u>-</u>                 |
| <b>Net cash provided by investing activities</b>                          |      | <u>893,667</u>           | <u>118,468</u>           |
| <b>Change in cash and cash equivalents in the reporting period</b>        |      | 980,377                  | 37,181                   |
| <b>Cash and cash equivalents at the beginning of the reporting period</b> |      | 1,151,595                | 1,114,414                |
| <b>Cash and cash equivalents at the end of the reporting period</b>       | 28   | <u><u>2,131,972</u></u>  | <u><u>1,151,595</u></u>  |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2023**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 23 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 24 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.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2023 (continued)

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. 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 - 31<sup>ST</sup> DECEMBER 2023 (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 2023 and 2022.

**2. Income from Donations and legacies**

|                                       | <u>2023</u>             | <u>2022</u>             |
|---------------------------------------|-------------------------|-------------------------|
|                                       | <u>£</u>                | <u>£</u>                |
| Donations                             | 1,997,068               | 2,033,598               |
| Legacies                              | <u>501,524</u>          | <u>290,894</u>          |
| Donations and legacies total per SOFA | <u><u>2,498,592</u></u> | <u><u>2,324,492</u></u> |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2023 (continued)**3. Income from charitable activities**

|                                                                   | <u>2023</u>   | <u>2022</u>   |
|-------------------------------------------------------------------|---------------|---------------|
|                                                                   | <u>£</u>      | <u>£</u>      |
| Ministry resource sales                                           | 15,858        | 16,977        |
| Conference income                                                 | 185           | 3,480         |
| Independently funded Partners and mid term mission support income | 13,625        | 14,661        |
| Associates income                                                 | 1,060         | 1,170         |
| Short term mission trip charges                                   | 3,267         | 2,354         |
| Ancilliary income derived from St John's House                    | 17,230        | 19,569        |
| Other income                                                      | 7,216         | 10,585        |
|                                                                   | <u>58,441</u> | <u>68,796</u> |

**4. Investment income**

|                                                       | <u>2023</u>   | <u>2022</u>   |
|-------------------------------------------------------|---------------|---------------|
|                                                       | <u>£</u>      | <u>£</u>      |
| Gross income has been generated as follows from:      |               |               |
| Investments listed on a recognised stock exchange     | 20,829        | 22,666        |
| Bank account and short term deposit interest received | 14,934        | 251           |
| Interest income from Notice accounts >3 months        | 35,940        | 8,565         |
|                                                       | <u>71,703</u> | <u>31,482</u> |

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

|                                                   | <u>2023</u>   | <u>2022</u>    |
|---------------------------------------------------|---------------|----------------|
|                                                   | <u>£</u>      | <u>£</u>       |
| Direct cost of raising funds                      | 4,013         | 34,159         |
| Direct cost of managing & maintaining investments | 36,463        | -              |
| Governance cost allocation (see note 8)           | 1,319         | 5,436          |
| Support cost allocation (see note 8)              | 24,784        | 78,931         |
|                                                   | <u>66,578</u> | <u>118,526</u> |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2023 (continued)**6. Analysis of expenditure on charitable activities**

|                                                    | Overseas<br>activities | UK based<br>activities | National<br>Outreach | Resources &<br>Conferences | Total 2023 | Total 2022 |
|----------------------------------------------------|------------------------|------------------------|----------------------|----------------------------|------------|------------|
|                                                    | £                      | £                      | £                    | £                          | £          | £          |
| Direct Staff and related costs                     | 310,946                | 705,119                | 71,949               | -                          | 1,088,014  | 1,054,764  |
| Other costs                                        | 225,666                | 173,023                | 18,012               | 4,512                      | 421,213    | 362,102    |
| Grants paid (see note 9)                           | 26,573                 | -                      | -                    | -                          | 26,573     | 27,000     |
| Direct project funding                             | 177,040                | 7,031                  | -                    | -                          | 184,071    | 245,932    |
| Conference and event expense                       | -                      | -                      | 2,080                | -                          | 2,080      | 21,142     |
| Cost of GO magazine, prayer materials, merchandise | 5,486                  | 2,702                  | 16,404               | 5,607                      | 30,199     | 42,119     |
| Governance costs (see note 8)                      | 12,416                 | 10,878                 | 11,925               | 1,354                      | 36,573     | 43,324     |
| Support costs (see note 8)                         | 233,230                | 204,333                | 224,015              | 25,440                     | 687,018    | 629,058    |
| Total expenditure 2023                             | 991,357                | 1,103,086              | 344,385              | 36,913                     | 2,475,741  |            |
| Total expenditure 2022                             | 1,096,543              | 1,028,182              | 248,993              | 51,723                     |            | 2,425,441  |

**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 | UK based<br>activities | National<br>Outreach | Resources &<br>Conferences | Total 2023 | Total 2022 |
|-----------------------------------|------------------------|------------------------|----------------------|----------------------------|------------|------------|
|                                   | £                      | £                      | £                    | £                          | £          | £          |
| Total activity costs (per note 6) | 991,357                | 1,103,086              | 344,385              | 36,913                     | 2,475,741  | 2,425,441  |
| Resources & conference income     | -                      | -                      | -                    | (15,858)                   | (15,858)   | (16,977)   |
| Ministry fees & charges income    | (13,625)               | (4,327)                | -                    | -                          | (17,952)   | (18,185)   |
| Other income                      | -                      | (24,446)               | -                    | -                          | (24,446)   | (30,154)   |
| Net cost funded from other income | 977,732                | 1,074,313              | 344,385              | 21,055                     | 2,417,485  | 2,360,125  |

**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.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2023 (continued)**8. Analysis of governance and support costs (continued)**

The support and governance costs are analysed as follows:

|                                           | Support<br>£   | Governance<br>£ | Total 2023<br>£ | 2022<br>£      |
|-------------------------------------------|----------------|-----------------|-----------------|----------------|
| Salaries and related costs                | 523,322        | -               | 523,322         | 539,591        |
| Other Staff costs                         | 60,341         | -               | 60,341          | 45,071         |
| Premises Costs                            | 14,672         | -               | 14,672          | 19,918         |
| Office administration costs               | 14,259         | -               | 14,259          | 15,399         |
| IT costs                                  | 26,570         | -               | 26,570          | 25,982         |
| Audit & related fees                      | -              | 17,284          | 17,284          | 18,195         |
| Board and sub committee expenses          | -              | 4,592           | 4,592           | 2,770          |
| Depreciation & equipment costs            | 60,535         | -               | 60,535          | 62,043         |
| Other organisational costs                | 23,201         | 4,916           | 28,117          | 27,780         |
| Allocation of support costs to governance | (11,101)       | 11,101          | -               | -              |
| Total 2023 costs                          | <u>711,800</u> | <u>37,893</u>   | <u>749,694</u>  |                |
| Total 2022 costs                          | <u>707,989</u> | <u>48,760</u>   |                 | <u>756,749</u> |

**9. Analysis of grants**

Grants to other organisations and projects totalling £26,573 (2022- £27,000) were made during the year. Details of organisations to which grants paid are detailed below:

|                                           | 2023<br>£     | 2022<br>£     |
|-------------------------------------------|---------------|---------------|
| Funded from designated Legacy tithe fund: |               |               |
| ACT International                         | 15,000        | -             |
| Interserve India                          | 918           | -             |
| Interserve Chile                          | 9,655         | -             |
| Global Connections                        | 1,000         | -             |
| Increase Trust UK                         | -             | 15,000        |
| Fountain of Life                          | -             | 12,000        |
|                                           | <u>26,573</u> | <u>27,000</u> |

**10. Net income for the year**

|                                              | 2023<br>£     | 2022<br>£     |
|----------------------------------------------|---------------|---------------|
| This is stated after charging the following: |               |               |
| Depreciation                                 | 60,488        | 62,045        |
| Audit fee                                    | <u>17,284</u> | <u>17,603</u> |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2023 (continued)**11. Prior year comparative Statement of Financial Activities****For the Year ended 2022**

|                                                   | <i>Unrestricted<br/>funds</i> | <i>Restricted<br/>funds</i> | <i>Endowment<br/>funds</i> | <i>Total funds</i> |
|---------------------------------------------------|-------------------------------|-----------------------------|----------------------------|--------------------|
|                                                   | £                             | £                           | £                          | £                  |
| <b>Income and endowments from:</b>                |                               |                             |                            |                    |
| Donations and legacies                            | 2,106,512                     | 217,980                     | -                          | 2,324,492          |
| Charitable activities                             | 68,796                        | -                           | -                          | 68,796             |
| Investments                                       | 31,482                        | -                           | -                          | 31,482             |
| <b>Total</b>                                      | <b>2,206,790</b>              | <b>217,980</b>              | <b>-</b>                   | <b>2,424,770</b>   |
| <b>Expenditure on:</b>                            |                               |                             |                            |                    |
| Raising funds                                     | 118,526                       |                             | -                          | 118,526            |
| Charitable activities                             | 2,179,510                     | 245,932                     | -                          | 2,425,441          |
| <b>Total</b>                                      | <b>2,298,035</b>              | <b>245,932</b>              | <b>-</b>                   | <b>2,543,967</b>   |
| Net income before gains / (losses) on investments | (91,245)                      | (27,952)                    | -                          | (119,197)          |
| <b>Net(losses)/ gains on investments</b>          | <b>(28,570)</b>               | <b>822</b>                  | <b>(26,388)</b>            | <b>(54,136)</b>    |
| <b>Net income</b>                                 | <b>(119,815)</b>              | <b>(27,130)</b>             | <b>(26,388)</b>            | <b>(173,333)</b>   |
| <b>Other recognised gains/(losses):</b>           |                               |                             |                            |                    |
| Actuarial gains on defined benefit pension scheme | 20,000                        | -                           | -                          | 20,000             |
| <b>Net movement in funds</b>                      | <b>(99,815)</b>               | <b>(27,130)</b>             | <b>(26,388)</b>            | <b>(153,333)</b>   |
| <b>Reconciliation of funds:</b>                   |                               |                             |                            |                    |
| Total funds brought forward                       | 4,211,019                     | 87,128                      | 416,530                    | 4,714,677          |
| <b>Total funds carried forward</b>                | <b>4,111,204</b>              | <b>59,998</b>               | <b>390,142</b>             | <b>4,561,344</b>   |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2023 (continued)**12. Analysis of Staff costs and remuneration of key management personnel**

|                                                   | <u>2023</u>      | <u>2022</u>      |
|---------------------------------------------------|------------------|------------------|
|                                                   | <u>£</u>         | <u>£</u>         |
| Wages and salaries                                | 1,413,938        | 1,401,686        |
| Social security costs                             | 93,988           | 97,829           |
| Staff Defined Contribution Pension Scheme costs   | 137,421          | 140,671          |
| Former Staff Defined Benefit Pension Scheme Costs | 6,628            | 3,134            |
|                                                   | <u>1,651,976</u> | <u>1,643,320</u> |

No employees had employee benefits in excess of £60,000 (2022 - £60,000). 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 (2022- nil).

The key management personnel of the charity include the National Director. The total employee benefits of the 6 key management personnel of the charity were £231,595 (2022 - £260,993), excluding employer national insurance and pension contribution costs.

**13. Expenses paid to directors**

£2,911 (2022 - £2,182) was reimbursed to 7 (2022 - 8) 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>2023</u> | <u>2022</u> |
|-------------------------|-------------|-------------|
| Raising funds           | 0           | 2           |
| Overseas activities     | 28          | 34          |
| UK based activities     | 25          | 25          |
| National outreach       | 5           | 3           |
| Resources & conferences | 1           | 1           |
|                         | <u>59</u>   | <u>65</u>   |

The average number of employees (including both UK and overseas Partners) employed during the year were 80 (2022 - 75) comprising 41 full time and 39 part time employees (2022 - full time 43, part time 32).

Volunteers (excluding committee members) gave 120 (2022 - 120) hours of service on the National Office support activities during the year. In addition, the work of 18 independently funded Partners (not employees) contributed to the general “front line” charitable activities to varying extents of part time equivalents.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2023 (continued)**15. Related party transactions**

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

|                                              | <u>2023</u>  | <u>2022</u>  |
|----------------------------------------------|--------------|--------------|
|                                              | £            | £            |
| Trustees and close relatives                 | 6,530        | 6,180        |
| Key management personnel and close relatives | 1,520        | 2,326        |
|                                              | <u>8,050</u> | <u>8,506</u> |

**16. Tangible fixed assets**

|                                     | <u>F/Hold<br/>property</u> | <u>Fixtures<br/>fittings and<br/>equipment</u> | <u>Computers</u> | <u>Total</u>     |
|-------------------------------------|----------------------------|------------------------------------------------|------------------|------------------|
|                                     | £                          | £                                              | £                | £                |
| <b>Cost</b>                         |                            |                                                |                  |                  |
| Cost as at 1st January 2023         | 1,240,554                  | 429,390                                        | 125,200          | 1,795,144        |
| At 31st December 2023               | <u>1,240,554</u>           | <u>429,390</u>                                 | <u>125,200</u>   | <u>1,795,144</u> |
| <b>Depreciation and impairments</b> |                            |                                                |                  |                  |
| Accum. dep. at 1st January 2023     | 493,660                    | 220,038                                        | 95,130           | 808,828          |
| Charge in the year                  | 7,692                      | 35,740                                         | 17,056           | 60,488           |
| At 31st December 2023               | <u>501,353</u>             | <u>255,778</u>                                 | <u>112,186</u>   | <u>869,316</u>   |
| <b>Net book value</b>               |                            |                                                |                  |                  |
| At 31st December 2023               | <u>739,201</u>             | <u>173,612</u>                                 | <u>13,014</u>    | <u>925,828</u>   |
| Net book value                      |                            |                                                |                  |                  |

**17. Fixed asset investments**

|                                       | <u>Listed<br/>investments</u> | <u>Total</u>   |
|---------------------------------------|-------------------------------|----------------|
|                                       | £                             | £              |
| Market value at 1st January 2023      | 609,712                       | 609,712        |
| Additions in the year                 | 311,058                       | 311,058        |
| <u>Less: Disposals in period</u>      | (233,694)                     | (233,694)      |
| Net movement during the year          | 18,226                        | 18,226         |
| Market value at 31st December 2023    | <u>705,302</u>                | <u>705,302</u> |
| Historical cost at 31st December 2023 | <u>709,261</u>                | <u>709,261</u> |

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

The property with 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 was sold in December 2023. This was reclassified as a current investment in December 2022. The Trust completed the purchase of the replacement Property for £600,000 in West London in May 2024.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2023 (continued)

The listed investments are directly invested on a recognised UK stock exchange and are valued at open market values on 31st December 2023 using the Stock Exchange Daily Official Listing or are invested in open ended collective investment funds valued by the provider in a similar manner. JM Finn have been appointed as Investment Managers and are in the process of changing the portfolio make up. JM Finn have provided valuation as at 31<sup>st</sup> December 2023.

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

|                                                       | <u>2023</u>    | <u>2022</u>    |
|-------------------------------------------------------|----------------|----------------|
|                                                       | <u>£</u>       | <u>£</u>       |
| JP Morgan American Investment Trust Ord GBP 0.05      | 38,741         | -              |
| I Shares Core S&P 500 Ucits ETF Usd Inc               | 37,213         | -              |
| M & G Securities Ltd - Charibond Charities Fixed      |                |                |
| Interest, Common Investment Fund 77,133 income shares | 0              | 83,543         |
| Sarasin Alp CIF Income Fund 108086 units              | 0              | 102,390        |
|                                                       |                |                |
|                                                       | <u>2023</u>    | <u>2022</u>    |
|                                                       | <u>£</u>       | <u>£</u>       |
| The investments are held for the following funds:     |                |                |
| Endowment fund                                        | 318,594        | 390,273        |
| Restricted Funds                                      | 35,174         | 31,806         |
| Unrestricted - Designated funds                       | -              | -              |
| - General fund                                        | 351,534        | 187,633        |
|                                                       | <u>705,302</u> | <u>609,712</u> |

**18. Stock Value**

A net holding value of stock for books and other resources available for sale of £20,265 (2022 - £20,727) is held at year-end.

**19. Debtors**

|                                              | <u>2023</u>    | <u>2022</u>    |
|----------------------------------------------|----------------|----------------|
|                                              | <u>£</u>       | <u>£</u>       |
| Amounts owed by overseas Interserve councils | -              | 22,288         |
| Income tax recoverable                       | 7,234          | 9,384          |
| Accrued income                               | 200,569        | 158,680        |
| Prepayments                                  | 44,456         | 47,320         |
| VAT recoverable                              | 357            | 232            |
| Amounts due from ISSI and ISI                | 430,098        | 424,282        |
| Other debtors                                | 46,244         | 104,394        |
|                                              | <u>728,958</u> | <u>766,580</u> |

Accrued income includes £166,373 legacy income confirmed as owing to Interserve from the estates of deceased under wills, but not yet received by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2023 (continued)

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 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 2023 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>2023</u> | <u>2022</u> |
|------------------------------------------|-------------|-------------|
|                                          | <u>£</u>    | <u>£</u>    |
| Amounts owed to Interserve International | 28,128      | 18,995      |
| Expense creditors                        | 9,894       | 9,733       |
| Taxation and social security costs       | 26,080      | 45,823      |
| Expense Accruals                         | 27,076      | 38,935      |
| Other creditors                          | 11,333      | 1,731       |
|                                          | <hr/>       | <hr/>       |
|                                          | 102,511     | 115,217     |
|                                          | <hr/>       | <hr/>       |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2023 (continued)**21. Defined benefit scheme provision**

The Plan is a defined benefit plan operated on behalf of three 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 three 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>2023</u>       | <u>2022</u>       |
| Discount rate        | 4.3% p.a.         | 4.9% p.a.         |
| Mortality assumption | 90% S3PFA_L       | 90% S3PFA_L       |
|                      | CMI 2022 LTR 1.5% | CMI 2021 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>2023</u>      | <u>2022</u>      |
|                                                        | £                | £                |
| <b>Change in Defined Benefit Obligation</b>            |                  |                  |
| Beginning Balance                                      | (157,000)        | (197,000)        |
| Interest cost                                          | (7,000)          | (3,000)          |
| Benefits paid                                          | 25,000           | 23,000           |
| Experience gains/(losses) on liabilities               | (15,000)         | (13,000)         |
| Changes to demographic assumptions                     | 1,000            | 6,000            |
| Changes to financial assumptions                       | (4,000)          | 27,000           |
| Closing balance                                        | <u>(157,000)</u> | <u>(157,000)</u> |
| <b>Remeasurements over the year</b>                    |                  |                  |
| Experience gains/(losses) on liabilities               | (15,000)         | (13,000)         |
| (Losses)/gains from changes to demographic assumptions | 1,000            | 6,000            |
| (Losses)/gains from changes to financial assumptions   | (4,000)          | 27,000           |
| Total remeasurements                                   | <u>(18,000)</u>  | <u>20,000</u>    |
| <b>Amounts recognised in the balance sheet</b>         |                  |                  |
| Present value of Scheme liabilities                    | 157,000          | 157,000          |
| <b>Expense recognised in Profit and Loss</b>           |                  |                  |
| Interest on liabilities                                | 7,000            | 3,000            |
| <b>Amounts for the current and previous period</b>     |                  |                  |
|                                                        | <u>£</u>         | <u>£</u>         |
| Defined benefit obligation                             | (157,000)        | (157,000)        |
| Experience adjustments on liabilities                  | (18,000)         | 20,000           |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2023 (continued)**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>01.01.2023 | Gain/ (losses)  | C/Bal<br>31.12.2023 |
|---------------|---------------------|-----------------|---------------------|
|               | £                   | £               | £                   |
| 2023 movement | <u>390,143</u>      | <u>12,719</u>   | <u>402,862</u>      |
| 2022 movement | <u>416,530</u>      | <u>(26,387)</u> | <u>390,143</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>01.01.23 | Income         | Expenses         | Gains/(losses) | Transfers | Balance<br>31.12.23 |
|------------------|---------------------|----------------|------------------|----------------|-----------|---------------------|
|                  | £                   | £              | £                | £              | £         | £                   |
| Country Team     | 25,655              | -              | -                | 1,581          | -         | 27,236              |
| Partners Respite | 6,626               | -              | -                | 1,786          | -         | 8,412               |
| Transmissions    | 27,718              | 121,269        | (94,203)         | -              | -         | 54,784              |
| Other Councils   | -                   | 83,051         | (82,838)         | -              | -         | 213                 |
| 2023 Total       | <u>59,999</u>       | <u>204,320</u> | <u>(177,041)</u> | <u>3,367</u>   | <u>-</u>  | <u>90,645</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.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2023 (continued)**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>01.01.2023 | Income    | Expenses    | Gains/(losses) | Transfers | Balance<br>31.12.2023 |
|----------------------------|-----------------------|-----------|-------------|----------------|-----------|-----------------------|
|                            | £                     | £         | £           | £              | £         | £                     |
| Insurance                  | 16,403                | -         | -           | -              | -         | 16,403                |
| Legacy & exceptional gift  | 454,124               | -         | (51,955)    | -              | 185,159   | 587,328               |
| Legacy tithe               | 155,550               | -         | (26,573)    | -              | 50,152    | 179,129               |
| Asset Management Fund      | 264,830               | -         | -           | -              | -         | 264,830               |
| Strategic Development      | 232,867               | -         | -           | -              | -         | 232,867               |
| Fellowship Partner         | 154,177               | 2,168     | (2,379)     | -              | (3,856)   | 150,110               |
| Property with life tenant  | 528,649               | -         | -           | 397,002        | (30,481)  | 895,170               |
| Capital reserve            | 986,316               | -         | (60,489)    | -              | -         | 925,827               |
| St Johns House             | 2,796                 | 17,330    | (104,827)   | -              | 84,872    | 171                   |
| Kitab new publication fund | 28,219                | -         | -           | -              | -         | 28,219                |
| Community Ministry Fund    | 225                   | 150       | -           | -              | -         | 375                   |
| Partner resettlement fund  | 63,447                | -         | (19,445)    | -              | 3,461     | 47,463                |
| Partner support funds      | 636,452               | 1,381,214 | (1,256,442) | -              | (107,443) | 653,781               |
| IFP & OT Plus              | 27,026                | 980       | (1,625)     | -              | (22,784)  | 3,597                 |
| 2022 Total                 | 3,551,081             | 1,401,842 | (1,523,735) | 397,002        | 159,080   | 3,985,270             |

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.
- Asset Management Fund - monies designated for the development and maintenance of fixed assets.
- 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-realizable value of property subject to life tenancy.
- Capital reserve - monies invested in tangible fixed assets.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2023 (continued)

St John's House - funding for development and operational costs of St John's House, Birmingham.

**24. Designated funds (continued)**

- 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.
- Community ministry fund - monies set aside to fund ministries by members of Interserve and outside of Interserve.
- 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. 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 2023:****Between general fund and designated funds (£159,080):**

£501,523 legacy income transferred out from the General fund into the Legacy & exceptional gift (90%, £451,370) and Legacy tithe (10%, £50,152) funds as per policy.

£175,000 transferred into the General fund from the Legacy & exceptional gift fund to cover costs of internal development projects and approved operational deficit.

£146,445 transferred into the General fund, £144,490 from Partner support funds and £1,954 from the fellowship support fund, being contribution towards the direct support costs of the National Office.

£15,000 transferred into the General fund from Partner Support fund, being net contribution towards the direct support costs of the National Office

£12,998 transferred into General Fund from the Legacy & exceptional gift fund to cover one off mobilising costs.

£7,000 transferred from the General Fund to Partner Support fund to cover cost of living one off award.

**Between specific designated funds:**

£3,461 transferred out from the Partner support funds into 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.

£1,000 transferred from the Partner Support Fund to IFP fund to cover cost of living one off award.

£23,784 transferred into the Partner Support Fund from IFP Support funds.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2023 (continued)

£1,902 transferred out from Fellowship partner fund into Partner support funds in support of net underfunded Partner costs.

£84,872 transferred out from Legacy & exceptional gift fund into St John's House fund for contribution to Operational costs.

£30,481 transferred out from Partner with Life tenant into Legacy & exceptional gift fund for contribution to downsizing of the Ealing Property costs.

£23,822 transferred out from Legacy & exceptional gift fund into Partner support funds in support of net underfunded Partner costs.

**25. Unrestricted- General fund**

|                   | O/Bal    |           |           |       |           | C/Bal    |
|-------------------|----------|-----------|-----------|-------|-----------|----------|
|                   | 01.01.23 | Income    | Expenses  | Gains | Transfers | 31.12.23 |
|                   | £        | £         | £         | £     | £         | £        |
| 2023 General fund | 560,126  | 1,022,572 | (859,546) | 3,439 | (159,080) | 567,512  |

All fund transfers in 2023 were between designated funds, details for which are shown under Note 24.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2023 (continued)**26. Analysis of net assets between funds**

|                                                                       | <u>Unrestricted funds</u> |                   |              | Restricted   | <u>Endowment</u> | Total        |
|-----------------------------------------------------------------------|---------------------------|-------------------|--------------|--------------|------------------|--------------|
|                                                                       | <u>General</u>            | <u>Designated</u> | <u>Total</u> | <u>funds</u> | <u>fund</u>      | <u>funds</u> |
|                                                                       | £                         | £                 | £            | £            | £                | £            |
| Tangible fixed assets                                                 | -                         | 925,828           | 925,828      | -            | -                | 925,828      |
| Investments                                                           | 351,535                   | -                 | 351,535      | 35,173       | 318,594          | 705,302      |
| Current assets                                                        | 471,842                   | 3,063,088         | 3,534,930    | 55,472       | 84,268           | 3,674,670    |
| Current liabilities                                                   | (98,866)                  | (3,646)           | (102,512)    | -            | -                | (102,512)    |
| Defined benefit scheme provision                                      | (157,000)                 | -                 | (157,000)    | -            | -                | (157,000)    |
|                                                                       | 567,511                   | 3,985,270         | 4,552,781    | 90,645       | 402,862          | 5,046,289    |
| Unrealised gains on above investments                                 | (604)                     | -                 | (604)        | 2,443        | (5,798)          | (3,959)      |
| Reconciliation of unrealised gains/(losses) on investments            |                           |                   |              |              |                  |              |
| Unrealised gains/(losses) at 1st January 2023                         | 2,826                     | 178,646           | 181,472      | 5,412        | 56,424           | 243,308      |
| Gain realised on investment property disposal                         |                           | (178,646)         | (178,646)    | -            | -                | (178,646)    |
| Gain/(loss) on revaluation/ disposal of other investments in the year | (3,430)                   | -                 | (3,430)      | (2,969)      | (62,222)         | (68,621)     |
| Unrealised gains at 31st December 2023                                | (604)                     | -                 | (604)        | 2,443        | (5,798)          | (3,959)      |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2023 (continued)**27. Reconciliation of net income to net cash flow from operating activities**

|                                                                                                         | <u>2023</u>   | <u>2022</u>     |
|---------------------------------------------------------------------------------------------------------|---------------|-----------------|
|                                                                                                         | <u>£</u>      | <u>£</u>        |
| <b>Net (Expenditure)/Income for the reporting period (as per the statement of financial activities)</b> | 502,945       | (173,333)       |
| <b>Adjustments for:</b>                                                                                 |               |                 |
| Depreciation charges                                                                                    | 60,488        | 62,043          |
| (Gains) /Loss on investments                                                                            | (416,529)     | 54,136          |
| Dividends, interest and rents from investments                                                          | (71,703)      | (31,480)        |
| Decrease in stocks                                                                                      | 462           | 1,065           |
| Decrease in debtors incl. short term investments                                                        | 41,753        | 43,797          |
| (Decrease)Increase in creditors                                                                         | (12,706)      | (17,515)        |
| Defined benefit pension scheme interest adjustment                                                      | (18,000)      | (20,000)        |
| <b>Net cash provided by operating activities</b>                                                        | <u>86,710</u> | <u>(81,287)</u> |

**Analysis of changes in net debt**

|                          | At 1 January<br>2023 | Cash flows     | At 31 December<br>2023 |
|--------------------------|----------------------|----------------|------------------------|
|                          | <u>£</u>             | <u>£</u>       | <u>£</u>               |
| Cash at bank and in hand | <u>1,151,595</u>     | <u>980,377</u> | <u>2,131,972</u>       |

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

|                                        | <u>2023</u>      | <u>2022</u>      |
|----------------------------------------|------------------|------------------|
|                                        | <u>£</u>         | <u>£</u>         |
| Cash in hand                           | 2,131,972        | 1,151,595        |
| <b>Total cash and cash equivalents</b> | <u>2,131,972</u> | <u>1,151,595</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.

**INTERNATIONAL SERVICE FELLOWSHIP TRUST**

England & Wales - Charity number 1020758

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# Accounts

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**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 2022**



THE INTERNATIONAL SERVICE FELLOWSHIP TRUST  
ANNUAL REPORT AND FINANCIAL STATEMENTS - 31ST DECEMBER 2022

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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 2022. 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 2019.

### 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 Interserve 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.

## REPORT OF THE DIRECTORS

### 2. Strategic Report

#### *What we did in 2022: Activities, Achievements and Performance*

Activities in 2022 somewhat normalised following the COVID-19 pandemic around the world as restrictions on travel to and from most countries was eased. At the end of the year 32 long-term workers (serving more than two years) were 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.
  - ‘theological education by extension’ (TEE)

Within the UK, at the end of 2022, 49 long-term workers and 25 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.

Our National Office support staff continued to provide:

- 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.
- Support for workers coming from other parts of the international Fellowship to join our team in the UK.

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:

- Publication and distribution of “Go” Magazine – sent to around 6000 recipients in 2022.
- Content creation and engagement through multiple social media channels.

## REPORT OF THE DIRECTORS

- 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.
- Running of our course *Friendship First*, a resource for equipping individuals and churches to reach out effectively in a cross-cultural context.

In response to floods in South Asia we launched an appeal and raised around £35,000 which was distributed through trusted partners organisations on the ground.

We continued to progress the three strategic intents set by the Board of Trustees in 2021: *growing diversity, growing responsiveness and growing community*. We were given permission by the UK Home Office to be a sponsor for Tier 2 Religious Worker visas alongside existing Tier 5 sponsorship. This has enabled us to recruit several workers from overseas to come to the UK and engage in work that meets our charitable aims and objects, as well as diversifying our team. We have deployed experienced workers short-term to support specialist refugee work in Germany as we seek to become more responsive to needs and opportunities. Also, we commissioned a large piece of research in order to explore attitudes of UK Christians to cross-cultural mission as we seek to work with a broader range of churches.

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

The financial results for the year ended 31st December 2022 are reflected in the Statement of Financial Activities on page 14. The overall deficit for the year was £153,333 (2021 deficit - £76,051). The deficit for the year included £290,894 from legacies (2021 - £95,402 ). 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.

The unrestricted funds reported a net deficit of £119,815, consisting of net expenditure of £91,245, offset by a net deduction of £28,570 arising from unrealised loss on investments .

Of the total income of £2,424,770 (2021 - £2,312,463); donations & gifts given by individuals and organisations in support of our objects totalled £2,033,599 (2021 - £2,096,539). Of this sum £1,447,931 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, £1,415,354 (2021- £1,423,345) has been spent directly in support of the charity's Partners and their project work. Included in this cost is £168,898 (2021 - £185,854) 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 1,246,456 spent in this year (2021 - £1,267,814). 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 £2,425,441 spent in the year (2021 - £2,442,851), £1,096,543 was spent on our Overseas activities (2021 - £1,152,525), £1,028,183 on UK based activities (2021 - £904,389), £248,993 on our National outreach (2021 - £352,599) and £51,721 on Resources and Conferences

## REPORT OF THE DIRECTORS

(2021 - £33,338). After income generated from the sale of resources and conference income, the Resources and conferences activity had a net cost of £34,745. Further detail can be found in Notes 6 & 7 to the financial statements.

There has been a slight increase in the support and governance costs to £756,748 in the year (2021 - £754,670). 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.
- 12 to 20 weeks of salaries and costs to allow for compliance of employment law and current regulations

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 2022, Interserve's total charity funds amounted to 4,561,344 (2021-£4,714,677) but of these funds, £2,911,550 ( 2021- £3,193,299) 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 £1,649,794 (2021- £1,521,378) 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 2022.

## REPORT OF THE DIRECTORS

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 2023 and agreed by the Board in June 2023.

*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

We will continue to implement our three strategic intents in 2023. Specific areas of focus at this point are:

- Analysis and development of specific recommendations of large-scale research among Church leaders and other Christians that we undertook at the end of 2022.
- Strengthening our dialogue with ethnically, culturally and socially diverse churches.
- Developing more flexible ways for people to work with the charity.

We have seen a significant shift in recent years from workers placed overseas to workers placed in the UK. We will adjust our support structures in light of this change. At the same time we will continue to highlight opportunities for overseas service.

A refreshed and updated version of our training course "Friendship First" will be launched in the spring.

We also anticipate growth in ministry activities at and through our property in Birmingham, St John's House, as key positions are filled.

### Principle 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 less willingness of governments to grant visas to overseas workers, a trend towards decreasing lengths of service and a challenging fundraising environment. Steps to mitigate this risk include development and maintenance of a relevant communications strategy and active promotion of opportunities for service, commitment to providing good care to existing workers in order to maximise retention and more flexible processes for matching workers with opportunities.

## REPORT OF THE DIRECTORS

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. We also actively monitor laws and regulations related to financial sanctions in order to ensure compliance whilst seeking to work in some of the neediest parts of the world.

### 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 the 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.

## REPORT OF THE DIRECTORS

At the same time, Interserve 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:* 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  
 Mrs Jilda Clark (resigned 2 December 2022)  
 Rev Jane Howitt (Chair)  
 Mr Malcolm Kemp  
 Mrs Ann McConkey  
 Mr Jude Olisa  
 Mrs Jane Showell-Rogers (resigned 5 March 2022)  
 Mr Onkar Singh  
 Rev John Smuts (Vice Chair)  
 Mr Alan Butler (appointed 1 January 2023)

## REPORT OF THE DIRECTORS

### 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

#### 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

#### Investment Manager

JM Finn  
4 Coleman Street  
London  
EC2R 5TA

## REPORT OF THE DIRECTORS

### ***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***

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 above Directors Report and Strategic Report have been approved by the Board of Directors on 2<sup>nd</sup> June 2023 and signed on its behalf by:-



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**C J BINDER**  
**SECRETARY**

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

### Opinion

We have audited the financial statements of The International Service Fellowship Trust (the 'charitable company') for the year ended 31 December 2022 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 2022, 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.

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

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 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.

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

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.

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).

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

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  
6 June 2023

STATEMENT OF FINANCIAL ACTIVITIES (including the Income and Expenditure Account)  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2022

|                                                         |      |                       |                     | 2022               | 2021             |
|---------------------------------------------------------|------|-----------------------|---------------------|--------------------|------------------|
|                                                         | Note | Unrestricted<br>funds | Restricted<br>funds | Endowment<br>funds | Total<br>funds   |
|                                                         |      | £                     | £                   | £                  | £                |
| <b>Income and endowments from:</b>                      |      |                       |                     |                    |                  |
| Donations and legacies                                  | 2    | 2,106,513             | 217,980             | -                  | 2,324,493        |
| Charitable activities                                   | 3    | 68,796                | -                   | -                  | 68,796           |
| Investments                                             | 4    | 31,482                | -                   | -                  | 31,482           |
| <b>Total</b>                                            |      | <b>2,206,790</b>      | <b>217,980</b>      | <b>-</b>           | <b>2,424,770</b> |
| <b>Expenditure on:</b>                                  |      |                       |                     |                    |                  |
| Raising funds                                           | 5    | 118,526               |                     | -                  | 118,526          |
| Charitable activities                                   | 6    | 2,179,510             | 245,932             | -                  | 2,425,441        |
| <b>Total</b>                                            |      | <b>2,298,035</b>      | <b>245,932</b>      | <b>-</b>           | <b>2,543,967</b> |
| <b>Net income/(expenditure)<br/>before movements on</b> |      | <b>(91,245)</b>       | <b>(27,952)</b>     | <b>-</b>           | <b>(119,197)</b> |
| Net(losses) gains on investments                        | 17   | (28,570)              | 822                 | (26,388)           | (54,136)         |
| <b>Net income/(expenditure)</b>                         | 10   | <b>(119,815)</b>      | <b>(27,130)</b>     | <b>(26,388)</b>    | <b>(173,333)</b> |
| <b>Other recognised (losses)/gains:</b>                 |      |                       |                     |                    |                  |
| Actuarial gains on defined benefit<br>pension scheme    | 21   | 20,000                | -                   | -                  | 20,000           |
| <b>Net movement in funds</b>                            |      | <b>(99,815)</b>       | <b>(27,130)</b>     | <b>(26,388)</b>    | <b>(153,333)</b> |
| <b>Reconciliation of funds:</b>                         |      |                       |                     |                    |                  |
| Total funds brought forward                             | 11   | 4,211,019             | 87,128              | 416,530            | 4,714,677        |
| <b>Total funds carried forward</b>                      |      | <b>4,111,204</b>      | <b>59,998</b>       | <b>390,142</b>     | <b>4,561,344</b> |

The attached notes form part of these financial statements.

BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER 2022  
Company Registration Number 02789773

|                                                       | Note  | 2022             | 2021             |
|-------------------------------------------------------|-------|------------------|------------------|
|                                                       |       | £                | £                |
| <b>Fixed assets</b>                                   |       |                  |                  |
| Tangible assets                                       | 16    | 986,316          | 1,048,358        |
| Investments                                           | 17    | 609,712          | 1,288,697        |
|                                                       |       | <u>1,596,028</u> | <u>2,337,055</u> |
| <b>Current assets</b>                                 |       |                  |                  |
| Stocks                                                | 18    | 20,727           | 21,792           |
| Debtors                                               | 19    | 766,580          | 810,377          |
| Investments - notice deposits >3 months               |       | 769,983          | 760,771          |
| Property                                              |       | 528,648          | -                |
| Cash at bank and in hand                              |       | <u>1,151,595</u> | <u>1,114,414</u> |
|                                                       |       | <u>3,237,533</u> | <u>2,707,354</u> |
| <b>Creditors: amounts falling due within one year</b> | 20    | 115,217          | 132,732          |
| <b>Net current assets</b>                             |       | <u>3,122,316</u> | <u>2,574,622</u> |
| <b>Total assets less current liabilities</b>          |       | 4,718,344        | 4,911,677        |
| Defined benefit scheme provision                      | 21    | <u>(157,000)</u> | <u>(197,000)</u> |
| <b>Total net assets</b>                               |       | <u>4,561,344</u> | <u>4,714,677</u> |
| <b>The funds of the charity:</b>                      |       |                  |                  |
| Endowment fund                                        | 22,26 | 390,143          | 416,530          |
| Restricted income funds                               | 23,26 | 59,997           | 87,128           |
| Unrestricted funds:                                   |       |                  |                  |
| Designated funds                                      | 24,26 | 3,551,078        | 3,592,363        |
| General fund                                          | 25,26 | <u>560,126</u>   | <u>618,656</u>   |
| <b>Total charity funds</b>                            |       | <u>4,561,344</u> | <u>4,714,677</u> |

Approved and authorised for issue by the board of directors on 2 June 2023 and signed on its behalf by:-

|                          |   |           |
|--------------------------|---|-----------|
|                          | ) |           |
| Jane Howitt              | ) |           |
| _____<br>Rev Jane Howitt | ) |           |
|                          | ) | DIRECTORS |
|                          | ) |           |
| Malcolm Kemp             | ) |           |
| _____<br>Mr Malcolm Kemp | ) |           |

The attached notes form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2022

|                                                                           | Note | 2022<br>Total funds<br>£ | 2021<br>Total funds<br>£ |
|---------------------------------------------------------------------------|------|--------------------------|--------------------------|
| <b>Cash flows from operating activities:</b>                              |      |                          |                          |
| Net cash provided by operating activities                                 | 27   | <u>(81,287)</u>          | <u>17,081</u>            |
| <b>Cash flows from investing activities:</b>                              |      |                          |                          |
| Dividends, interest and rents from investments                            |      | 22,268                   | 28,483                   |
| Proceeds from the sale of property                                        |      | -                        | 300,000                  |
| Proceeds from sale of investments                                         |      | 539,502                  | -                        |
| Purchase of investments                                                   | -    | 443,302                  | -                        |
| Invest in notice deposit accounts > 3 months                              |      | <u>-</u>                 | <u>-</u>                 |
| <b>Net cash provided by investing activities</b>                          |      | <u>118,468</u>           | <u>328,483</u>           |
| <b>Change in cash and cash equivalents in the reporting period</b>        |      | 37,181                   | 345,564                  |
| <b>Cash and cash equivalents at the beginning of the reporting period</b> |      | 1,114,414                | 768,850                  |
| <b>Cash and cash equivalents at the end of the reporting period</b>       | 28   | <u><u>1,151,595</u></u>  | <u><u>1,114,414</u></u>  |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2022**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 23 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 24 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.

## NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2022 (continued)

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. 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 - 31<sup>ST</sup> DECEMBER 2022 (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 2022 and 2021.

**2. Income from Donations and legacies**

|                                       | <u>2022</u>      | <u>2021</u>      |
|---------------------------------------|------------------|------------------|
|                                       | <u>£</u>         | <u>£</u>         |
| Donations                             | 2,033,599        | 2,096,539        |
| Legacies                              | 290,894          | 95,402           |
| Furlough Grant                        | -                | 20,685           |
| Donations and legacies total per SOFA | <u>2,324,493</u> | <u>2,212,626</u> |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2022 (continued)**3. Income from charitable activities**

|                                                                   | <u>2022</u>   | <u>2021</u>   |
|-------------------------------------------------------------------|---------------|---------------|
|                                                                   | <u>£</u>      | <u>£</u>      |
| Ministry resource sales                                           | 16,977        | 16,200        |
| Conference income                                                 | 3,480         | -             |
| Independently funded Partners and mid term mission support income | 14,661        | 15,968        |
| Associates income                                                 | 1,170         | 1,170         |
| Short term mission trip charges                                   | 2,354         | 1,825         |
| Ancillary income derived from St John's House                     | 19,569        | 23,283        |
| Other income                                                      | 10,585        | 6,463         |
|                                                                   | <u>68,796</u> | <u>64,909</u> |

**4. Investment income**

|                                                       | <u>2022</u>   | <u>2021</u>   |
|-------------------------------------------------------|---------------|---------------|
|                                                       | <u>£</u>      | <u>£</u>      |
| Gross income has been generated as follows from:      |               |               |
| Investments listed on a recognised stock exchange     | 22,666        | 28,313        |
| Bank account and short term deposit interest received | 251           | 100           |
| Interest income from Notice accounts >3 months        | 8,565         | 6,474         |
| Loan interest receivable (Visa deposit loan)          | -             | 41            |
|                                                       | <u>31,482</u> | <u>34,928</u> |

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

|                                                   | <u>2022</u>    | <u>2021</u>    |
|---------------------------------------------------|----------------|----------------|
|                                                   | <u>£</u>       | <u>£</u>       |
| Direct cost of raising funds                      | 34,158         | 32,228         |
| Direct cost of managing & maintaining investments | -              | 1,914          |
| Governance cost allocation (see note 8)           | 5,436          | 4,072          |
| Support cost allocation (see note 8)              | 78,931         | 65,120         |
|                                                   | <u>118,525</u> | <u>103,334</u> |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2022 (continued)**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 2022<br>£ | Total 2021<br>£ |
|----------------------------------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------------|-----------------|-----------------|
| Direct Staff and related costs                     | 328,838                     | 678,849                     | 47,077                    | -                               | 1,054,764       | 1,152,687       |
| Other costs                                        | 215,575                     | 130,778                     | 14,788                    | 962                             | 362,103         | 393,122         |
| Grants paid (see note 9)                           | 27,000                      | -                           | -                         | -                               | 27,000          | 10,000          |
| Direct project funding                             | 245,932                     | -                           | -                         | -                               | 245,932         | 173,875         |
| Conference and event expense                       | -                           | 15,129                      | 2,538                     | 3,475                           | 21,142          | 1,053           |
| Cost of GO magazine, prayer materials, merchandise | 6,621                       | 3,261                       | 17,046                    | 15,191                          | 42,119          | 26,635          |
| Governance costs (see note 8)                      | 17,563                      | 12,897                      | 10,795                    | 2,068                           | 43,324          | 40,337          |
| Support costs (see note 8)                         | 255,014                     | 187,268                     | 156,750                   | 30,026                          | 629,058         | 645,142         |
| Total expenditure 2022                             | 1,096,543                   | 1,028,183                   | 248,993                   | 51,723                          | 2,425,442       |                 |
| Total expenditure 2021                             | 1,152,525                   | 904,389                     | 352,599                   | 33,338                          |                 | 2,442,851       |

**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 2022<br>£ | Total 2021<br>£ |
|-----------------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------------|-----------------|-----------------|
| Total activity costs (per note 6) | 1,096,543                   | 1,028,183                   | 248,993                   | 51,723                          | 2,425,442       | 2,442,851       |
| Resources & conference income     | -                           | -                           | -                         | (16,977)                        | (16,977)        | (16,200)        |
| Ministry fees & charges income    | (14,661)                    | (3,524)                     | -                         | -                               | (18,185)        | (18,963)        |
| Other income                      | -                           | (30,154)                    | -                         | -                               | (30,154)        | (29,746)        |
| Net cost funded from other income | 1,081,882                   | 994,505                     | 248,993                   | 34,746                          | 2,360,126       | 2,377,942       |

**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.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2022 (continued)**8. Analysis of governance and support costs (continued)**

The support and governance costs are analysed as follows:

|                                           | Support<br>£   | Governance<br>£ | Total 2022<br>£ | 2021<br>£      |
|-------------------------------------------|----------------|-----------------|-----------------|----------------|
| Salaries and related costs                | 539,591        | -               | 539,591         | 536,202        |
| Other Staff costs                         | 45,071         | -               | 45,071          | 40,623         |
| Premises Costs                            | 19,918         | -               | 19,918          | 24,496         |
| Office administration costs               | 15,399         | -               | 15,399          | 15,872         |
| IT costs                                  | 25,982         | -               | 25,982          | 24,874         |
| Audit & related fees                      | -              | 18,195          | 18,195          | 17,880         |
| Board and sub committee expenses          | -              | 2,770           | 2,770           | 2,250          |
| Depreciation & equipment costs            | 62,043         | -               | 62,043          | 62,591         |
| Other organisational costs                | 13,415         | 14,365          | 27,780          | 29,882         |
| Allocation of support costs to governance | (13,430)       | 13,430          | -               | -              |
| Total 2022 costs                          | <u>707,989</u> | <u>48,760</u>   | <u>756,749</u>  |                |
| Total 2021 costs                          | <u>710,262</u> | <u>44,408</u>   |                 | <u>754,669</u> |

**9. Analysis of grants**

Grants to other organisations and projects totalling £27,000 (2021- £10,000) were made during the year. Details of organisations to which grants paid are detailed below:

|                                           | 2022<br>£     | 2021<br>£     |
|-------------------------------------------|---------------|---------------|
| Funded from designated Legacy title fund: |               |               |
| Increase Trust UK                         | 15,000        | -             |
| Fountain of Life                          | 12,000        | -             |
| Interserve Chile                          | -             | 10,000        |
|                                           | <u>27,000</u> | <u>10,000</u> |

**10. Net income for the year**

|                                              | £             | £             |
|----------------------------------------------|---------------|---------------|
| This is stated after charging the following: |               |               |
| Depreciation                                 | 62,045        | 62,591        |
| Audit fee                                    | <u>17,603</u> | <u>16,356</u> |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2022 (continued)**11. Prior year comparative Statement of Financial Activities****For the Year ended 2021**

|                                                   | <i>Unrestricted<br/>funds</i> | <i>Restricted<br/>funds</i> | <i>Endowment<br/>funds</i> | <i>Total funds</i> |
|---------------------------------------------------|-------------------------------|-----------------------------|----------------------------|--------------------|
|                                                   | £                             | £                           | £                          | £                  |
| <b>Income and endowments from:</b>                |                               |                             |                            |                    |
| Donations and legacies                            | 1,997,359                     | 215,267                     | -                          | 2,212,626          |
| Grants from ISSI and ISI                          | 64,909                        | -                           | -                          | 64,909             |
| Charitable activities                             | -                             | -                           | -                          | -                  |
| Investments                                       | 34,928                        | -                           | -                          | 34,928             |
| <b>Total</b>                                      | <b>2,097,196</b>              | <b>215,267</b>              | <b>-</b>                   | <b>2,312,463</b>   |
| <b>Expenditure on:</b>                            |                               |                             |                            |                    |
| Raising funds                                     | 103,334                       | -                           | -                          | 103,334            |
| Charitable activities                             | 2,268,976                     | 173,875                     | -                          | 2,442,851          |
| Charitable activities - impairment                | -                             | -                           | -                          | -                  |
| <b>Total</b>                                      | <b>2,372,310</b>              | <b>173,875</b>              | <b>-</b>                   | <b>2,546,185</b>   |
| Net income before gains / (losses) on investments | (275,114)                     | 41,392                      | -                          | (233,722)          |
| <b>Net(losses)/ gains on investments</b>          | <b>33,235</b>                 | <b>3,862</b>                | <b>35,574</b>              | <b>72,671</b>      |
| <b>Net income</b>                                 | <b>(241,879)</b>              | <b>45,254</b>               | <b>35,574</b>              | <b>(161,051)</b>   |
| <b>Other recognised gains/(losses):</b>           |                               |                             |                            |                    |
| Actuarial gains on defined benefit pension scheme | 85,000                        | -                           | -                          | 85,000             |
| <b>Net movement in funds</b>                      | <b>(156,879)</b>              | <b>45,254</b>               | <b>35,574</b>              | <b>(76,051)</b>    |
| <b>Reconciliation of funds:</b>                   |                               |                             |                            |                    |
| Total funds brought forward                       | 4,367,898                     | 41,874                      | 380,956                    | 4,790,728          |
| <b>Total funds carried forward</b>                | <b>4,211,019</b>              | <b>87,128</b>               | <b>416,530</b>             | <b>4,714,677</b>   |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2022 (continued)**12. Analysis of Staff costs and remuneration of key management personnel**

|                                                   | <u>2022</u>      | <u>2021</u>      |
|---------------------------------------------------|------------------|------------------|
|                                                   | <u>£</u>         | <u>£</u>         |
| Wages and salaries                                | 1,401,686        | 1,467,194        |
| Social security costs                             | 97,829           | 99,934           |
| Staff Defined Contribution Pension Scheme costs   | 140,671          | 154,263          |
| Former Staff Defined Benefit Pension Scheme Costs | 3,134            | 1,742            |
|                                                   | <u>1,643,320</u> | <u>1,723,133</u> |

No employees had employee benefits in excess of £60,000 (2021 - £60,000). 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 (2021- nil).

The key management personnel of the charity include the National Director. The total employee benefits of the 6 key management personnel of the charity were £260,993 (2021 - £295,545), including employer national insurance and pension contribution costs.

**13. Expenses paid to directors**

£2,182 (2021 - £1,384) was reimbursed to 8 (2021 - 6) 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>2022</u> | <u>2021</u> |
|-------------------------|-------------|-------------|
| Raising funds           | 2           | 1           |
| Overseas activities     | 34          | 35          |
| UK based activities     | 25          | 24          |
| National outreach       | 4           | 6           |
| Resources & conferences | 1           | 1           |
|                         | <u>65</u>   | <u>67</u>   |

The average number of employees (including both UK and overseas Partners) employed during the year were 75 (2021 - 85) comprising 43 full time and 32 part time employees (2021 - full time 50, part time 35).

Volunteers (excluding committee members) gave 120 (2021 - 120) hours of service on the National Office support activities during the year. In addition the work of 19 independently funded Partners (not employees) contributed to the general “front line” charitable activities to varying extents of part time equivalents.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2022 (continued)**15. Related party transactions**

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

|                                              | <u>2022</u>  | <u>2021</u>   |
|----------------------------------------------|--------------|---------------|
|                                              | £            | £             |
| Trustees and close relatives                 | 6,180        | 9,844         |
| Key management personnel and close relatives | 2,326        | 5,340         |
|                                              | <u>8,506</u> | <u>15,184</u> |

**16. Tangible fixed assets**

|                                 | <u>F/Hold</u>    | <u>Fixtures</u>     | <u>Computers</u> | <u>Total</u>     |
|---------------------------------|------------------|---------------------|------------------|------------------|
|                                 | <u>property</u>  | <u>fittings and</u> |                  |                  |
|                                 |                  | <u>equipment</u>    | <u>£</u>         | <u>£</u>         |
|                                 |                  | <u>£</u>            | <u>£</u>         | <u>£</u>         |
| Cost                            |                  |                     |                  |                  |
| Cost as at 1st January 2022     | 1,240,554        | 429,390             | 125,200          | 1,795,144        |
| Disposals in the year           | -                | -                   | -                | -                |
| At 31st December 2022           | <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 2022 | 485,958          | 183,101             | 77,727           | 746,786          |
| Charge in the year              | 7,704            | 36,937              | 17,404           | 62,045           |
| At 31st December 2022           | <u>493,662</u>   | <u>220,038</u>      | <u>95,131</u>    | <u>808,830</u>   |
| Net book value                  |                  |                     |                  |                  |
| At 31st December 2022           | <u>746,892</u>   | <u>209,352</u>      | <u>30,069</u>    | <u>986,313</u>   |
| Net book value                  |                  |                     |                  |                  |
| At 31st December 2021           | <u>754,596</u>   | <u>246,289</u>      | <u>47,473</u>    | <u>1,048,358</u> |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2022 (continued)**17. Fixed asset investments**

|                                       | <u>Investment</u><br><u>property</u> | <u>Listed</u><br><u>investments</u> | <u>Total</u> |
|---------------------------------------|--------------------------------------|-------------------------------------|--------------|
|                                       | <u>£</u>                             | <u>£</u>                            | <u>£</u>     |
| Market value at 1st January 2022      | 500,048                              | 788,649                             | 1,288,697    |
| Additions in the year                 |                                      | 443,302                             | 443,302      |
| <u>Less:</u> Disposals in period      | -                                    | (569,615)                           | (569,615)    |
| Net movement during the year          | 28,600                               | (52,624)                            | (24,023)     |
| Transfer to Current Investment        | (528,648)                            | -                                   | (528,648)    |
| Market value at 31st December 2022    | -                                    | 609,712                             | 609,712      |
| Historical cost at 31st December 2022 | -                                    | 545,050                             | 545,050      |

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

The Investment property at year-end comprises one freehold property. It 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. This valuation has been inflated by the Land Registry House Price Index to give a valuation as at December 2022 of £528,469. The life tenant wishes to downsize to a smaller property. It is the intention of the charity to sell the property and purchase another. An offer has been received for the sale of the property in March 2023. This has been reclassified as a current investment as it is due to be 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 2022 using the Stock Exchange Daily Official Listing or are invested in open ended collective investment funds valued by the provider in a similar manner. JM Finn have been appointed as Investment Managers and are in the process of changing the portfolio make up. JM Finn have provided valuation as at 31<sup>st</sup> December 2022.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2022 (continued)

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

|                                                       | <u>2022</u>    | <u>2021</u>      |
|-------------------------------------------------------|----------------|------------------|
|                                                       | <u>£</u>       | <u>£</u>         |
| Property - 47 Arlington Road, Ealing,                 | -              | 500,048          |
| M & G Securities Ltd - The Equities Investment Fund   |                |                  |
| for Charities - "Charifund"13,398 units               | -              | 208,500          |
| M & G Securities Ltd - Charibond Charities Fixed      |                |                  |
| Interest, Common Investment Fund 77,133 income shares | 83,543         | 93,462           |
| COIF Charity Funds - Property Fund                    |                |                  |
| 117,071.22 income units                               | -              | 145,683          |
| Sarasin Alp CIF Income Fund 108086 units              | 102,390        | 171,632          |
| Sarasin Alp CIF Endowment Fund 131,984.23 units       | -              | 169,072          |
|                                                       | <u>2022</u>    | <u>2021</u>      |
|                                                       | <u>£</u>       | <u>£</u>         |
| The investments are held for the following funds:     |                |                  |
| Endowment fund                                        | 390,273        | 416,661          |
| Restricted Funds                                      | 31,806         | 30,984           |
| Unrestricted - Designated funds                       | -              | 500,048          |
| - General fund                                        | 187,633        | 341,003          |
|                                                       | <u>609,712</u> | <u>1,288,696</u> |

**18. Stock Value**

A net holding value of stock for books and other resources available for sale of £20,727 (2021 - £21,792) is held at year-end.

**19. Debtors**

|                                              |                |                |
|----------------------------------------------|----------------|----------------|
| Amounts owed by overseas Interserve councils | 22,288         | 94,498         |
| Income tax recoverable                       | 9,384          | 11,190         |
| Accrued income                               | 158,680        | 225,471        |
| Prepayments                                  | 47,321         | 43,362         |
| VAT recoverable                              | 232            | 2,311          |
| Amounts due from ISSI and ISI                | 424,282        | 430,889        |
| Other debtors                                | 104,394        | 2,656          |
|                                              | <u>766,580</u> | <u>810,377</u> |

Accrued income includes £155,447 legacy income confirmed as owing to Interserve from the estates of deceased under wills, 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 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 2022 in substance are held for the benefit of The International Service Fellowship Trust, and accordingly are classified within debtors of this charity.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2022 (continued)**20. Creditors: amounts falling due within one year**

|                                          | <u>2022</u> | <u>2021</u> |
|------------------------------------------|-------------|-------------|
|                                          | <u>£</u>    | <u>£</u>    |
| Amounts owed to Interserve International | 18,995      | 37,276      |
| Expense creditors                        | 9,733       | 5,238       |
| Taxation and social security costs       | 45,823      | 52,837      |
| Expense Accruals                         | 38,935      | 36,917      |
| Other creditors                          | 1,731       | 464         |
|                                          | <hr/>       | <hr/>       |
|                                          | 115,217     | 132,732     |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2022 (continued)**21. Defined benefit scheme provision**

The Plan is a defined benefit plan operated on behalf of three 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 three 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>2022</u>                      | <u>2021</u>                      |
| Discount rate        | 4.9% p.a.                        | 1.6% p.a.                        |
| Mortality assumption | 90% S3PFA_L<br>CMI 2021 LTR 1.5% | 90% S3PFA_L<br>CMI 2020 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>2022</u>      | <u>2021</u>      |
|                                                        | £                | £                |
| <b>Change in Defined Benefit Obligation</b>            |                  |                  |
| Beginning Balance                                      | (197,000)        | (309,000)        |
| Interest cost                                          | (3,000)          | (2,000)          |
| Benefits paid                                          | 23,000           | 29,000           |
| Experience gains/(losses) on liabilities               | (13,000)         | 76,000           |
| Changes to demographic assumptions                     | 6,000            | -                |
| Changes to financial assumptions                       | 27,000           | 9,000            |
| Closing balance                                        | <u>(157,000)</u> | <u>(197,000)</u> |
| <b>Remeasurements over the year</b>                    |                  |                  |
| Experience gains/(losses) on liabilities               | (13,000)         | 76,000           |
| (Losses)/gains from changes to demographic assumptions | 6,000            | -                |
| (Losses)/gains from changes to financial assumptions   | 27,000           | 9,000            |
| Total remeasurements                                   | <u>20,000</u>    | <u>85,000</u>    |
| <b>Amounts recognised in the balance sheet</b>         |                  |                  |
| Present value of Scheme liabilities                    | 157,000          | 197,000          |
| <b>Expense recognised in Profit and Loss</b>           |                  |                  |
| Interest on liabilities                                | 3,000            | 2,000            |
| <b>Amounts for the current and previous period</b>     | <u>2022</u>      | <u>2021</u>      |
|                                                        | £                | £                |
| Defined benefit obligation                             | (157,000)        | (197,000)        |
| Experience adjustments on liabilities                  | 20,000           | 85,000           |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2022 (continued)**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>01.01.2022 | Gain/ (losses)  | C/Bal<br>31.12.2022 |
|---------------|---------------------|-----------------|---------------------|
|               | £                   | £               | £                   |
| 2022 movement | <u>416,530</u>      | <u>(26,387)</u> | <u>390,143</u>      |
| 2021 movement | <u>380,956</u>      | <u>35,574</u>   | <u>416,530</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>01.01.22 | Income         | Expenses         | Gains/(losses) | Transfers | Balance<br>31.12.22 |
|------------------|---------------------|----------------|------------------|----------------|-----------|---------------------|
|                  | £                   | £              | £                | £              | £         | £                   |
| Country Team     | 25,125              | -              | -                | 530            | -         | 25,655              |
| Partners Respite | 6,334               | -              | -                | 292            | -         | 6,626               |
| Transmissions    | 55,669              | 108,157        | (136,108)        | -              | -         | 27,718              |
| Other Councils   | -                   | 109,823        | (109,823)        | -              | -         | -                   |
| 2022 Total       | <u>87,128</u>       | <u>217,980</u> | <u>(245,931)</u> | <u>822</u>     | <u>-</u>  | <u>59,999</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.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2022 (continued)**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>01.01.2022 | Income    | Expenses    | Gains/(losses) | Transfers | Balance<br>31.12.2022 |
|----------------------------|-----------------------|-----------|-------------|----------------|-----------|-----------------------|
|                            | £                     | £         | £           | £              | £         | £                     |
| Insurance                  | 16,403                | -         | -           | -              | -         | 16,403                |
| Legacy & exceptional gift  | 457,787               | -         | (17,543)    | -              | 13,880    | 454,124               |
| Legacy tithe               | 153,460               | -         | (27,000)    | -              | 29,089    | 155,550               |
| Asset Management Fund      | 281,572               | -         | -           | -              | (16,742)  | 264,830               |
| Strategic Development      | 232,867               | -         | -           | -              | -         | 232,867               |
| Fellowship Partner         | 102,183               | 1,068     | (4,173)     | -              | 55,100    | 154,177               |
| Property with life tenant  | 500,048               | -         | -           | 28,600         | -         | 528,649               |
| Capital reserve            | 1,048,359             | -         | (62,043)    | -              | -         | 986,316               |
| St Johns House             | 2,348                 | 20,529    | (95,875)    | -              | 75,795    | 2,796                 |
| Kitab new publication fund | 28,219                | -         | -           | -              | -         | 28,219                |
| Community Ministry Fund    | -                     | 225       | -           | -              | -         | 225                   |
| Partner resettlement fund  | 68,813                | -         | (9,295)     | -              | 3,929     | 63,447                |
| Partner support funds      | 684,221               | 1,432,502 | (1,258,595) | -              | (221,676) | 636,452               |
| IFP & OT Plus              | 16,083                | 20,054    | (2,861)     | -              | (6,250)   | 27,026                |
| 2022 Total                 | 3,592,363             | 1,474,377 | (1,477,384) | 28,600         | (66,875)  | 3,551,081             |

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.
- Asset Management Fund - monies designated for the development and maintenance of fixed assets.
- 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.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2022 (continued)

St John's House - funding for development and operational costs of St John's House, Birmingham.

**24. Designated funds (continued)**

- 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.
- Community ministry fund - monies set aside to fund ministries by members of Interserve and outside of Interserve.
- 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. 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 2022:**Between general fund and designated funds (£66,875):**

£290,894 legacy income transferred out from the General fund into the Legacy & exceptional gift (90%, £261,805) and Legacy tithe (10%, £29,089) funds as per policy.

£175,000 transferred in to the General fund from the Legacy & exceptional gift fund to cover costs of internal development projects and approved operational deficit.

£162,648 transferred in to the General fund, £161,048 from Partner support funds and £1,600 from the fellowship support fund, being contribution towards the direct support costs of the National Office.

£6,250 transferred in to the General fund from IFP funds, being net contribution towards the direct support costs of the National Office

£13,872 transferred into General Fund from the Legacy & exceptional gift fund to cover one off mobilising costs.

**Between specific designated funds:**

£3,929 transferred out from the Partner support funds into 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.

£58,549 transferred from Partner Support fund to the Fellowship Partner fund being surplus funds of individual Partners at end of service.

£1,849 transferred out from Fellowship partner fund into Partner support funds in support of net underfunded Partner costs.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2022 (continued)

£59,053 transferred out from Legacy & exceptional gift fund into St John's House fund for contribution to Operational costs.

£16,742 transferred out from Asset Management fund into St John's House fund for contribution to building costs.

**25. Unrestricted- General fund**

|                   | O/Bal<br>01.01.22 | Income  | Expenses  | Losses   | Transfers | C/Bal<br>31.12.22 |
|-------------------|-------------------|---------|-----------|----------|-----------|-------------------|
|                   | £                 | £       | £         | £        | £         | £                 |
| 2022 General fund | 618,656           | 732,415 | (820,651) | (37,170) | 66,875    | 560,126           |

All fund transfers in 2022 were between designated funds, details for which are shown under Note 24.

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

|                                                            | <u>Unrestricted funds</u> |                   |              | Restricted   | <u>Endowment</u> | Total        |
|------------------------------------------------------------|---------------------------|-------------------|--------------|--------------|------------------|--------------|
|                                                            | <u>General</u>            | <u>Designated</u> | <u>Total</u> | <u>funds</u> | <u>fund</u>      | <u>funds</u> |
|                                                            | £                         | £                 | £            | £            | £                | £            |
| Tangible fixed assets                                      | -                         | 986,316           | 986,316      | -            | -                | 986,316      |
| Investments                                                | 187,633                   | -                 | 187,633      | 31,806       | 390,273          | 609,712      |
| Current assets                                             | 621,461                   | 2,588,013         | 3,209,474    | 28,191       | (130)            | 3,237,533    |
| Current liabilities                                        | (91,966)                  | (23,250)          | (115,217)    | -            | -                | (115,217)    |
| Defined benefit scheme provision                           | (157,000)                 | -                 | (157,000)    | -            | -                | (157,000)    |
|                                                            | 560,126                   | 3,551,078         | 4,111,204    | 59,997       | 390,143          | 4,561,344    |
| Unrealised gains on above investments                      | 2,826                     | 178,646           | 181,472      | 5,412        | 56,424           | 243,308      |
| Reconciliation of unrealised gains/(losses) on investments |                           |                   |              |              |                  |              |
| Unrealised gains/(losses) at 1st January 2022              | 39,600                    | 150,046           | 189,646      | 6,319        | 82,812           | 278,777      |
| Gain/(loss) on revaluation/disposal in year                | (36,774)                  | 28,600            | (8,174)      | (907)        | (26,388)         | (35,469)     |
| Unrealised gains at 31st December 2022                     | 2,826                     | 178,646           | 181,472      | 5,412        | 56,424           | 243,308      |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2022 (continued)**27. Reconciliation of net income to net cash flow from operating activities**

|                                                                                                         | <u>2022</u>     | <u>2021</u>   |
|---------------------------------------------------------------------------------------------------------|-----------------|---------------|
|                                                                                                         | <u>£</u>        | <u>£</u>      |
| <b>Net (Expenditure)/Income for the reporting period (as per the statement of financial activities)</b> | (173,333)       | (161,051)     |
| <b>Adjustments for:</b>                                                                                 |                 |               |
| Depreciation charges                                                                                    | 62,043          | 62,591        |
| Impairment charge                                                                                       | -               | -             |
| (Gains) /Loss on investments                                                                            | 54,136          | (72,671)      |
| Dividends, interest and rents from investments                                                          | (31,480)        | (34,928)      |
| Decrease in stocks                                                                                      | 1,065           | 645           |
| Decrease in debtors                                                                                     | 43,797          | 234,505       |
| (Decrease)Increase in creditors                                                                         | (17,515)        | 14,990        |
| Defined benefit pension scheme interest adjustment                                                      | (20,000)        | (27,000)      |
| <b>Net cash provided by operating activities</b>                                                        | <u>(81,287)</u> | <u>17,081</u> |

**Analysis of changes in net debt**

|                          | At 1 January<br>2022 | Cash flows    | At 31 December<br>2022 |
|--------------------------|----------------------|---------------|------------------------|
|                          | <u>£</u>             | <u>£</u>      | <u>£</u>               |
| Cash at bank and in hand | <u>1,114,414</u>     | <u>37,181</u> | <u>1,151,595</u>       |

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

|                                        | <u>2022</u>      | <u>2021</u>      |
|----------------------------------------|------------------|------------------|
|                                        | <u>£</u>         | <u>£</u>         |
| Cash in hand                           | 1,151,595        | 1,114,414        |
| <b>Total cash and cash equivalents</b> | <u>1,151,595</u> | <u>1,114,414</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.

**INTERNATIONAL SERVICE FELLOWSHIP TRUST**

England & Wales - Charity number 1020758

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# Accounts

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## **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 2021**



THE INTERNATIONAL SERVICE FELLOWSHIP TRUST  
ANNUAL REPORT AND FINANCIAL STATEMENTS - 31ST DECEMBER 2021

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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 2021. 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 2019.

### 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.

## REPORT OF THE DIRECTORS

### 2. Strategic Report

#### *What we did in 2021: Activities, Achievements and Performance*

Activities in 2021 continued to be impacted by the COVID-19 pandemic around the world. At the end of the year 37 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.
  - ‘theological education by extension’ (TEE)

Within the UK, at the end of 2021, 42 long-term workers and 22 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.

Our National Office support staff continued to provide:

- 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.
- Support for workers coming from other parts of the international Fellowship to join our team in the UK.

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:

- Publication and distribution of “Go” Magazine – sent to around 7000 recipients in 2021.

## REPORT OF THE DIRECTORS

- 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.
- Running of our course *Friendship First*, a resource for equipping individuals and churches to reach out effectively in a cross-cultural context, multiple times in an online format.

In response to ongoing critical needs caused by the Covid-19 pandemic, we ran for a second time a *Hospitals of Hope* fundraising campaign to enable hospitals in South Asia to continue to provide essential services. Over £43,000 was raised.

In 2021 the Board of Trustees undertook a comprehensive strategic review of the charity as we seek to respond effectively to the changing global context that we find ourselves in. This resulted in three strategic intents: *growing diversity, growing responsiveness and growing community*. This is providing direction for the charity's leadership team, with focus on a number of strategic initiatives in 2022.

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

The financial results for the year ended 31st December 2021 are reflected in the Statement of Financial Activities on page 14. The overall deficit for the year was £76,051 (2020 Surplus - £326,580). The deficit for the year included £95,402 from legacies (2020 - £690,693 ). 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.

The unrestricted funds reported a net deficit of £156,879, consisting of net expenditure of £275,114, offset by a net addition of £118,235 arising from a combination of unrealised gains on investments and actuarial gains on the defined benefit pension scheme.

Of the total income of £2,312,463 (2020 - £3,080,809); donations & gifts given by individuals and organisations in support of our objects totalled £2,096,539 (2020 - £2,234,790). Of this sum £1,487,604 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, £1,453,668 (2020 - £1,502,148) has been spent directly in support of the charity's Partners and their project work. Included in this cost is £185,854 (2020 - £182,294) 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 £1,267,814 spent in this year (2020 - £1,319,854). 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 £2,442,851 spent in the year (2020 - £2,627,853), £1,152,525 was spent on our Overseas activities (2020 - £1,325,281), £904,389 on UK based activities (2020 - £843,721), £352,599 on our National outreach (2020 - £420,812) and £33,338 on Resources and Conferences (2020 - £38,039). After income generated from the sale of resources and conference income, the

## REPORT OF THE DIRECTORS

Resources and conferences activity had a net cost of £17,138. Further detail can be found in Notes 6 & 7 to the financial statements.

There has been a increase in the support and governance costs to £754,670 in the year (2020 - £666,254). 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.
- 12 to 20 weeks of salaries and costs to allow for compliance of employment law and current regulations

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 2021, Interserve's total charity funds amounted to 4,714,677 (2020-£4,790,728) but of these funds, £3,193,299 ( 2020- £3,107,489) 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 £1,521,378 (2020- £1,683,239) 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 2021.

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

## REPORT OF THE DIRECTORS

assessed by this Group. It was most recently reviewed by this Group in May 2022 and agreed by the Board in June 2022.

*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

As travel restrictions around the world continue to ease, this has enabled more overseas activity to resume and we anticipate that 2022 will see the charity’s engagement overseas return to something closer to 2019 levels. The main focus for the charity over the coming year will be implementation of the strategic priorities set by the Trustees. A number of initiatives are planned, including:

- Strengthening our dialogue with ethnically, culturally and socially diverse churches.
- A survey of churches in Great Britain and Ireland to understand better the perception of charities such as Interserve and explore opportunities to serve churches in relevant ways in order to meet the charity’s objects.
- Developing more flexible ways for people to work with the charity.
- Piloting new ways of sharing resources with other parts of the international fellowship and external agencies in order to meet the charity’s objects.

We are also actively recruiting for key personnel to increase ministry activities at our property in Birmingham, St John’s House, many of which had to stop due to Covid-related restrictions.

### 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 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

## REPORT OF THE DIRECTORS

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. We also actively monitor laws and regulations related to financial sanctions in order to ensure compliance whilst seeking to work in some of the neediest parts of the world.

### 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 the 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 GBI 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

*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  
 Mrs Jilda Clark  
 Ms Shadi Fatehi (resigned 4 December 2021)  
 Rev Jane Howitt (Chair)  
 Mr Malcolm Kemp (Treasurer)  
 Mrs Ann McConkey  
 Dr Sean Oliver-Dee (resigned 19 June 2021)  
 Mrs Jane Showell-Rogers (resigned 5 March 2022)  
 Mr Onkar Singh  
 Rev John Smuts (Vice Chair)  
 Mr Jude Olisa (appointed 19 June 2021)

## REPORT OF THE DIRECTORS

### 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

#### 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

## REPORT OF THE DIRECTORS

### ***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***

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 above Directors Report and Strategic Report have been approved by the Board of Directors on 10 June 2022 and signed on its behalf by:-

*Christopher Binder*

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**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 2021 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 2021, 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  
13 June 2022

STATEMENT OF FINANCIAL ACTIVITIES (including the Income and Expenditure Account)  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021

|                                                                |      |                            |                          | 2021                    | 2020                |
|----------------------------------------------------------------|------|----------------------------|--------------------------|-------------------------|---------------------|
|                                                                | Note | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Endowment<br>funds<br>£ | Total<br>funds<br>£ |
| <b>Income and endowments from:</b>                             |      |                            |                          |                         |                     |
| Donations and legacies                                         | 2    | 1,997,359                  | 215,267                  | -                       | 2,212,626           |
| Charitable activities                                          | 3    | 64,909                     | -                        | -                       | 64,909              |
| Investments                                                    | 4    | 34,928                     | -                        | -                       | 34,928              |
| <b>Total</b>                                                   |      | <b>2,097,196</b>           | <b>215,267</b>           | <b>-</b>                | <b>2,312,463</b>    |
| <b>Expenditure on:</b>                                         |      |                            |                          |                         |                     |
| Raising funds                                                  | 5    | 103,334                    |                          | -                       | 103,334             |
| Charitable activities                                          | 6    | 2,268,976                  | 173,875                  | -                       | 2,442,851           |
| <b>Total</b>                                                   |      | <b>2,372,310</b>           | <b>173,875</b>           | <b>-</b>                | <b>2,546,185</b>    |
| <b>Net income/(expenditure)<br/>before movements on</b>        |      | <b>(275,114)</b>           | <b>41,392</b>            | <b>-</b>                | <b>(233,722)</b>    |
| Net gains on investments                                       | 17   | 33,235                     | 3,862                    | 35,574                  | 72,671              |
| <b>Net income/(expenditure)</b>                                | 10   | <b>(241,879)</b>           | <b>45,254</b>            | <b>35,574</b>           | <b>(161,051)</b>    |
| <b>Other recognised (losses)/gains:</b>                        |      |                            |                          |                         |                     |
| Actuarial ( losses)/gains on<br>defined benefit pension scheme | 21   | 85,000                     | -                        | -                       | 85,000              |
| <b>Net movement in funds</b>                                   |      | <b>(156,879)</b>           | <b>45,254</b>            | <b>35,574</b>           | <b>(76,051)</b>     |
| <b>Reconciliation of funds:</b>                                |      |                            |                          |                         |                     |
| Total funds brought forward                                    | 11   | 4,367,898                  | 41,874                   | 380,956                 | 4,790,728           |
| <b>Total funds carried forward</b>                             |      | <b>4,211,019</b>           | <b>87,128</b>            | <b>416,530</b>          | <b>4,714,677</b>    |

The attached notes form part of these financial statements.

BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER 2021  
Company Registration Number 02789773

|                                                       | Note  | 2021             | 2020             |
|-------------------------------------------------------|-------|------------------|------------------|
|                                                       |       | £                | £                |
| <b>Fixed assets</b>                                   |       |                  |                  |
| Tangible assets                                       | 16    | 1,048,358        | 1,110,948        |
| Investments                                           | 17    | 1,288,697        | 1,216,026        |
|                                                       |       | <u>2,337,055</u> | <u>2,326,974</u> |
| <b>Current assets</b>                                 |       |                  |                  |
| Stocks                                                | 18    | 21,792           | 22,437           |
| Debtors                                               | 19    | 810,377          | 1,044,883        |
| Investments - notice deposits >3 months               |       | 760,771          | 754,325          |
| Property                                              |       | -                | 300,000          |
| Cash at bank and in hand                              |       | <u>1,114,414</u> | <u>768,850</u>   |
|                                                       |       | 2,707,354        | 2,890,495        |
| <b>Creditors: amounts falling due within one year</b> | 20    | 132,732          | 117,741          |
| <b>Net current assets</b>                             |       | <u>2,574,622</u> | <u>2,772,754</u> |
| <b>Total assets less current liabilities</b>          |       | 4,911,677        | 5,099,728        |
| Defined benefit scheme provision                      | 21    | <u>(197,000)</u> | <u>(309,000)</u> |
| <b>Total net assets</b>                               |       | <u>4,714,677</u> | <u>4,790,728</u> |
| <b>The funds of the charity:</b>                      |       |                  |                  |
| Endowment fund                                        | 22,26 | 416,530          | 380,956          |
| Restricted income funds                               | 23,26 | 87,128           | 41,874           |
| Unrestricted funds:                                   |       |                  |                  |
| Designated funds                                      | 24,26 | 3,592,363        | 3,810,357        |
| General fund                                          | 25,26 | <u>618,656</u>   | <u>557,541</u>   |
| <b>Total charity funds</b>                            |       | <u>4,714,677</u> | <u>4,790,728</u> |

Approved and authorised for issue by the board of directors on 10 June 2022 and signed on its behalf by:-

|                        |   |           |
|------------------------|---|-----------|
|                        | ) |           |
| <i>Jane Howitt</i>     | ) |           |
| <u>Rev Jane Howitt</u> | ) |           |
|                        | ) | DIRECTORS |
|                        | ) |           |
|                        | ) |           |
| <i>Malcolm Kemp</i>    | ) |           |
| <u>Mr Malcolm Kemp</u> | ) |           |

The attached notes form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021

|                                                                           | Note | 2021<br>Total funds<br>£ | 2020<br>Total funds<br>£ |
|---------------------------------------------------------------------------|------|--------------------------|--------------------------|
| <b>Cash flows from operating activities:</b>                              |      |                          |                          |
| Net cash provided by operating activities                                 | 27   | <u>17,081</u>            | <u>22,455</u>            |
| <b>Cash flows from investing activities:</b>                              |      |                          |                          |
| Dividends, interest and rents from investments                            |      | 28,483                   | 39,671                   |
| Proceeds from the sale of property                                        |      | 300,000                  |                          |
| Purchase of property, plant and equipment                                 |      | -                        | (4,437)                  |
| Invest in notice deposit accounts > 3 months                              |      | <u>-</u>                 | <u>200,000</u>           |
| <b>Net cash provided by investing activities</b>                          |      | <u>328,483</u>           | <u>235,234</u>           |
| <b>Change in cash and cash equivalents in the reporting period</b>        |      | 345,564                  | 257,689                  |
| <b>Cash and cash equivalents at the beginning of the reporting period</b> |      | 768,850                  | 511,161                  |
| <b>Cash and cash equivalents at the end of the reporting period</b>       | 28   | <u><u>1,114,414</u></u>  | <u><u>768,850</u></u>    |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2021**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 23 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 24 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.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2021 (continued)

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. 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 - 31<sup>ST</sup> DECEMBER 2021 (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 2021 and 2020.

**2. Income from Donations and legacies**

|                                       | <u>2021</u>      | <u>2020</u>      |
|---------------------------------------|------------------|------------------|
|                                       | <u>£</u>         | <u>£</u>         |
| Donations                             | 2,096,539        | 2,234,790        |
| Legacies                              | 95,402           | 690,693          |
| Furlough Grant                        | 20,685           | 34,785           |
| Donations and legacies total per SOFA | <u>2,212,626</u> | <u>2,960,268</u> |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2021 (continued)**3. Income from charitable activities**

|                                                                   | <u>2021</u>   | <u>2020</u>   |
|-------------------------------------------------------------------|---------------|---------------|
|                                                                   | <u>£</u>      | <u>£</u>      |
| Ministry resource sales                                           | 16,200        | 24,928        |
| Conference income                                                 | -             | 3,812         |
| Independently funded Partners and mid term mission support income | 15,968        | 13,767        |
| Associates income                                                 | 1,170         | 1,420         |
| Short term mission trip charges                                   | 1,825         | 125           |
| Ancillary income derived from St John's House                     | 23,283        | 17,988        |
| Other income                                                      | 6,463         | 10,514        |
|                                                                   | <u>64,909</u> | <u>72,554</u> |

**4. Investment income**

|                                                       | <u>2021</u>   | <u>2020</u>   |
|-------------------------------------------------------|---------------|---------------|
|                                                       | <u>£</u>      | <u>£</u>      |
| Gross income has been generated as follows from:      |               |               |
| Investments listed on a recognised stock exchange     | 28,313        | 28,013        |
| Property rental                                       | -             | 11,617        |
| Bank account and short term deposit interest received | 100           | 496           |
| Interest income from Notice accounts >3 months        | 6,474         | 7,412         |
| Loan interest receivable (Visa deposit loan)          | 41            | 449           |
|                                                       | <u>34,928</u> | <u>47,987</u> |

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

|                                                   | <u>2021</u>    | <u>2020</u>   |
|---------------------------------------------------|----------------|---------------|
|                                                   | <u>£</u>       | <u>£</u>      |
| Direct cost of raising funds                      | 32,228         | 24,877        |
| Direct cost of managing & maintaining investments | 1,914          | 1,905         |
| Governance cost allocation (see note 8)           | 4,072          | 2,453         |
| Support cost allocation (see note 8)              | 65,120         | 47,438        |
|                                                   | <u>103,334</u> | <u>76,673</u> |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2021 (continued)**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 2021<br>£  | Total 2020<br>£  |
|----------------------------------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------------|------------------|------------------|
| Direct Staff and related costs                     | 436,231                     | 601,421                     | 115,035                   | -                               | 1,152,687        | 1,273,365        |
| Other costs                                        | 250,301                     | 126,112                     | 16,254                    | 455                             | 393,122          | 330,708          |
| Grants paid (see note 9)                           | 10,000                      | -                           | -                         | -                               | 10,000           | 30,000           |
| Direct project funding                             | 173,875                     | -                           | -                         | -                               | 173,875          | 328,018          |
| Conference and event expenses                      | -                           | -                           | 1,053                     | -                               | 1,053            | 15,308           |
| Cost of GO magazine, prayer materials, merchandise | 4,010                       | 1,974                       | 15,700                    | 4,951                           | 26,635           | 34,091           |
| Governance costs (see note 8)                      | 16,365                      | 10,291                      | 12,037                    | 1,644                           | 40,337           | 30,310           |
| Support costs (see note 8)                         | 261,743                     | 164,591                     | 192,520                   | 26,288                          | 645,142          | 586,053          |
| Total expenditure 2021                             | <u>1,152,525</u>            | <u>904,389</u>              | <u>352,599</u>            | <u>33,338</u>                   | <u>2,442,851</u> |                  |
| Total expenditure 2020                             | <u>1,325,281</u>            | <u>843,721</u>              | <u>420,812</u>            | <u>38,039</u>                   |                  | <u>2,627,853</u> |

**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 2021<br>£  | Total 2020<br>£  |
|-----------------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------------|------------------|------------------|
| Total activity costs (per note 6) | 1,152,525                   | 904,389                     | 352,599                   | 33,338                          | 2,442,851        | 2,627,853        |
| Resources & conference income     | -                           | -                           | -                         | (16,200)                        | (16,200)         | (28,740)         |
| Ministry fees & charges income    | (15,968)                    | (2,995)                     | -                         | -                               | (18,963)         | (15,312)         |
| Other income                      | -                           | (29,746)                    | -                         | -                               | (29,746)         | (28,502)         |
| Net cost funded from other income | <u>1,136,557</u>            | <u>871,648</u>              | <u>352,599</u>            | <u>17,138</u>                   | <u>2,377,942</u> | <u>2,555,299</u> |

**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.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2021 (continued)**8. Analysis of governance and support costs (continued)**

The support and governance costs are analysed as follows:

|                                           | Support<br>£   | Governance<br>£ | Total 2021<br>£ | 2020<br>£      |
|-------------------------------------------|----------------|-----------------|-----------------|----------------|
| Salaries and related costs                | 536,202        | -               | 536,202         | 437,439        |
| Other Staff costs                         | 40,623         | -               | 40,623          | 48,775         |
| Premises Costs                            | 24,496         | -               | 24,496          | 15,970         |
| Office administration costs               | 15,872         | -               | 15,872          | 15,763         |
| IT costs                                  | 24,874         | -               | 24,874          | 34,960         |
| Audit & related fees                      | -              | 17,880          | 17,880          | 13,414         |
| Board and sub committee expenses          | -              | 2,250           | 2,250           | 1,402          |
| Depreciation & equipment costs            | 62,591         | -               | 62,591          | 62,986         |
| Other organisational costs                | 19,645         | 10,237          | 29,882          | 35,545         |
| Allocation of support costs to governance | (14,041)       | 14,041          | -               | -              |
| Total 2021 costs                          | <u>710,262</u> | <u>44,408</u>   | <u>754,669</u>  |                |
| Total 2020 costs                          | <u>633,490</u> | <u>32,764</u>   |                 | <u>666,254</u> |

**9. Analysis of grants**

Grants to other organisations and projects totalling £10,000 (2020- £30,000) were made during the year. Details of organisations to which grants paid are detailed below:

|                                           | 2021<br>£     | 2020<br>£     |
|-------------------------------------------|---------------|---------------|
| Funded from designated Legacy tithe fund: |               |               |
| Interserve Chile                          | 10,000        | -             |
| Interserve India                          | -             | 20,000        |
| G2K                                       | -             | 10,000        |
|                                           | <u>10,000</u> | <u>30,000</u> |

**10. Net income for the year**

|                                              | <u>2021</u><br>£ | <u>2020</u><br>£ |
|----------------------------------------------|------------------|------------------|
| This is stated after charging the following: |                  |                  |
| Depreciation                                 | 62,591           | 62,987           |
| Audit fee                                    | <u>16,356</u>    | <u>12,760</u>    |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2021 (continued)**11. Prior year comparative Statement of Financial Activities****For the Year ended 2020**

|                                                   | <i>Unrestricted<br/>funds</i> | <i>Restricted<br/>funds</i> | <i>Endowment<br/>funds</i> | <i>Total funds</i> |
|---------------------------------------------------|-------------------------------|-----------------------------|----------------------------|--------------------|
|                                                   | £                             | £                           | £                          | £                  |
| <b>Income and endowments from:</b>                |                               |                             |                            |                    |
| Donations and legacies                            | 2,725,637                     | 234,631                     | -                          | 2,960,268          |
| Grants from ISSI and ISI                          | 72,554                        | -                           | -                          | 72,554             |
| Charitable activities                             | -                             | -                           | -                          | -                  |
| Investments                                       | 47,987                        | -                           | -                          | 47,987             |
| <b>Total</b>                                      | <b>2,846,178</b>              | <b>234,631</b>              | <b>-</b>                   | <b>3,080,809</b>   |
| <b>Expenditure on:</b>                            |                               |                             |                            |                    |
| Raising funds                                     | 76,673                        |                             | -                          | 76,673             |
| Charitable activities                             | 2,358,407                     | 269,446                     | -                          | 2,627,853          |
| Charitable activities - impairment                |                               | -                           | -                          | -                  |
| <b>Total</b>                                      | <b>2,435,080</b>              | <b>269,446</b>              | <b>-</b>                   | <b>2,704,526</b>   |
| Net income before gains / (losses) on investments | 411,098                       | (34,815)                    | -                          | 376,283            |
| <b>Net(losses)/ gains on investments</b>          | <b>26,347</b>                 | <b>(1,439)</b>              | <b>(42,611)</b>            | <b>(17,703)</b>    |
| <b>Net income</b>                                 | <b>437,445</b>                | <b>(36,254)</b>             | <b>(42,611)</b>            | <b>358,580</b>     |
| <b>Other recognised gains/(losses):</b>           |                               |                             |                            |                    |
| Actuarial gains on defined benefit pension scheme | (32,000)                      | -                           | -                          | (32,000)           |
| <b>Net movement in funds</b>                      | <b>405,445</b>                | <b>(36,254)</b>             | <b>(42,611)</b>            | <b>326,580</b>     |
| <b>Reconciliation of funds:</b>                   |                               |                             |                            |                    |
| Total funds brought forward                       | 3,962,453                     | 78,128                      | 423,567                    | 4,464,148          |
| <b>Total funds carried forward</b>                | <b>4,367,898</b>              | <b>41,874</b>               | <b>380,956</b>             | <b>4,790,728</b>   |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2021 (continued)**12. Analysis of Staff costs and remuneration of key management personnel**

|                                                   | <u>2021</u>      | <u>2020</u>      |
|---------------------------------------------------|------------------|------------------|
|                                                   | £                | £                |
| Wages and salaries                                | 1,467,194        | 1,461,025        |
| Social security costs                             | 99,934           | 94,799           |
| Staff Defined Contribution Pension Scheme costs   | 154,263          | 172,880          |
| Former Staff Defined Benefit Pension Scheme Costs | 1,742            | 5,327            |
|                                                   | <u>1,723,133</u> | <u>1,734,031</u> |

No employees had employee benefits in excess of £60,000 (2020 - £60,000). 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 (2020- nil).

The key management personnel of the charity include the National Director. The total employee benefits of the 6 key management personnel of the charity were £295,545 (2020 - £241,155), including employer national insurance and pension contribution costs.

**13. Expenses paid to directors**

£1,384 (2020 - £770) was reimbursed to 6 (2020 - 5) 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>2021</u> | <u>2020</u> |
|-------------------------|-------------|-------------|
| Raising funds           | 1           | 1           |
| Overseas activities     | 35          | 47          |
| UK based activities     | 24          | 22          |
| National outreach       | 6           | 5           |
| Resources & conferences | 1           | 1           |
|                         | <u>67</u>   | <u>76</u>   |

The average number of employees (including both UK and overseas Partners) employed during the year were 85 (2020 - 92) comprising 50 full time and 35 part time employees (2020 - full time 62, part time 30).

Volunteers (excluding committee members) gave 120 (2020 - 120) hours of service on the National Office support activities during the year. In addition the work of 14 independently funded Partners (not employees) contributed to the general “front line” charitable activities to varying extents of part time equivalents.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2021 (continued)**15. Related party transactions**

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

|                                              | <u>2021</u>   | <u>2020</u>   |
|----------------------------------------------|---------------|---------------|
|                                              | £             | £             |
| Trustees and close relatives                 | 9,844         | 10,520        |
| Key management personnel and close relatives | 5,340         | 1,173         |
|                                              | <u>15,184</u> | <u>11,693</u> |

**16. Tangible fixed assets**

|                                     | <u>F/Hold<br/>property</u> | <u>Fixtures<br/>fittings and<br/>equipment</u> | <u>Computers</u> | <u>Total</u>     |
|-------------------------------------|----------------------------|------------------------------------------------|------------------|------------------|
|                                     | £                          | £                                              | £                | £                |
| <b>Cost</b>                         |                            |                                                |                  |                  |
| Cost as at 1st January 2021         | 1,240,554                  | 429,390                                        | 125,200          | 1,795,144        |
| Disposals in the year               | -                          | -                                              | -                | -                |
| At 31st December 2021               | <u>1,240,554</u>           | <u>429,390</u>                                 | <u>125,200</u>   | <u>1,795,144</u> |
| <b>Depreciation and impairments</b> |                            |                                                |                  |                  |
| Accum. dep. at 1st January 2021     | 478,254                    | 145,620                                        | 60,323           | 684,197          |
| Charge in the year                  | 7,704                      | 37,481                                         | 17,404           | 62,589           |
| At 31st December 2021               | <u>485,958</u>             | <u>183,101</u>                                 | <u>77,727</u>    | <u>746,786</u>   |
| <b>Net book value</b>               |                            |                                                |                  |                  |
| At 31st December 2021               | <u>754,596</u>             | <u>246,289</u>                                 | <u>47,473</u>    | <u>1,048,358</u> |
| <b>Net book value</b>               |                            |                                                |                  |                  |
| At 31st December 2020               | <u>762,300</u>             | <u>283,771</u>                                 | <u>64,877</u>    | <u>1,110,948</u> |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2021 (continued)**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 2021                  | 475,444                                          | 740,582                                         | 1,216,026                |
| Net movement on revaluation at 31st December 2021 | 24,604                                           | 48,067                                          | 72,671                   |
| Market value at 31st December 2021                | 500,048                                          | 788,649                                         | 1,288,697                |
| Historical cost at 31st December 2021             | 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 one freehold property. It 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. This valuation has been inflated by the Land Registry House Price Index to give a valuation as at December 2021 of £500,048. Notification has been received post year end of the life tenant wishing to downsize to a smaller property. It is the intention of the charity to sell the property and purchase another.

The listed investments are directly invested on a recognised UK stock exchange and are valued at open market values on 31st December 2021 using the Stock Exchange Daily Official Listing or are invested in open ended collective investment funds valued by the provider in a similar manner. The Sarasin Funds are been managed by WJ Murray who have provided valuation as at 31<sup>st</sup> December 2021.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2021 (continued)

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

|                                                                                                           | <u>2021</u>      | <u>2020</u>      |
|-----------------------------------------------------------------------------------------------------------|------------------|------------------|
|                                                                                                           | <u>£</u>         | <u>£</u>         |
| Property - 47 Arlington Road, Ealing,                                                                     | 500,048          | 475,444          |
| M & G Securities Ltd - The Equities Investment Fund<br>for Charities - "Charifund"13,398 units            | 208,500          | 183,897          |
| M & G Securities Ltd - Charibond Charities Fixed<br>Interest, Common Investment Fund 77,133 income shares | 93,462           | 96,786           |
| COIF Charity Funds - Property Fund<br>117,071.22 income units                                             | 145,683          | 127,526          |
| Sarasin Alp CIF Income Fund 148,086.07 units                                                              | 171,632          | 174,297          |
| Sarasin Alp CIF Endowment Fund 131,984.23 units                                                           | 169,072          | 157,589          |
|                                                                                                           | <u>2021</u>      | <u>2020</u>      |
|                                                                                                           | <u>£</u>         | <u>£</u>         |
| The investments are held for the following funds:                                                         |                  |                  |
| Endowment fund                                                                                            | 416,661          | 381,087          |
| Restricted Funds                                                                                          | 30,984           | 27,122           |
| Unrestricted - Designated funds                                                                           | 500,048          | 475,444          |
| - General fund                                                                                            | 341,003          | 332,373          |
|                                                                                                           | <u>1,288,696</u> | <u>1,216,026</u> |

**18. Stock Value**

A net holding value of stock for books and other resources available for sale of £21,792 (2020 - £22,437) is held at year-end.

**19. Debtors**

|                                              | <u>2021</u>    | <u>2020</u>      |
|----------------------------------------------|----------------|------------------|
|                                              | <u>£</u>       | <u>£</u>         |
| Amounts owed by overseas Interserve councils | 94,498         | 34,082           |
| Income tax recoverable                       | 11,190         | 7,556            |
| Accrued income                               | 225,471        | 551,462          |
| Prepayments                                  | 43,362         | 51,278           |
| VAT recoverable                              | 2,311          | 185              |
| Amounts due from ISSI and ISI                | 430,889        | 323,481          |
| Other debtors                                | 2,656          | 76,839           |
|                                              | <u>810,377</u> | <u>1,044,883</u> |

Accrued income includes £218,963 legacy income confirmed as owing to Interserve from the estates of deceased under wills, but not yet received by the balance sheet date. After the balance sheet date a further £110,000 legacy income was received but not recognised as at 31 December 2021 as Interserve had not been notified of the amount nor had it met the criteria for income recognition.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2021 (continued)**19. Debtors contd**

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 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 2021 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>2021</u>    | <u>2020</u>    |
|------------------------------------------|----------------|----------------|
|                                          | <u>£</u>       | <u>£</u>       |
| Amounts owed to Interserve International | 37,276         | 22,584         |
| Expense creditors                        | 5,238          | 7,038          |
| Taxation and social security costs       | 52,837         | 54,597         |
| Expense Accruals                         | 36,917         | 32,288         |
| Other creditors                          | 464            | 1,234          |
|                                          | <u>132,732</u> | <u>117,741</u> |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2021 (continued)**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>2021</u>       | <u>2020</u>       |
| Discount rate        | 1.6% p.a.         | 0.8% p.a.         |
| Mortality assumption | 90% S3PFA_L       | 90% S3PFA_L       |
|                      | CMI 2020 LTR 1.5% | CMI 2019 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>2021</u>      | <u>2020</u>      |
|                                                        | £                | £                |
| <b>Change in Defined Benefit Obligation</b>            |                  |                  |
| Beginning Balance                                      | (309,000)        | (299,000)        |
| Interest cost                                          | (2,000)          | (5,000)          |
| Benefits paid                                          | 29,000           | 27,000           |
| Experience gains/(losses) on liabilities               | 76,000           | (14,000)         |
| Changes to demographic assumptions                     | -                | (2,000)          |
| Changes to financial assumptions                       | 9,000            | (16,000)         |
| Closing balance                                        | <u>(197,000)</u> | <u>(309,000)</u> |
| <b>Remeasurements over the year</b>                    |                  |                  |
| Experience gains/(losses) on liabilities               | 76,000           | (14,000)         |
| (Losses)/gains from changes to demographic assumptions | -                | (2,000)          |
| (Losses)/gains from changes to financial assumptions   | 9,000            | (16,000)         |
| Total remeasurements                                   | <u>85,000</u>    | <u>(32,000)</u>  |
| <b>Amounts recognised in the balance sheet</b>         |                  |                  |
| Present value of Scheme liabilities                    | 197,000          | 309,000          |
| <b>Expense recognised in Profit and Loss</b>           |                  |                  |
| Interest on liabilities                                | 2,000            | 5,000            |
| <b>Amounts for the current and previous period</b>     |                  |                  |
|                                                        | <u>2021</u>      | <u>2020</u>      |
|                                                        | £                | £                |
| Defined benefit obligation                             | (197,000)        | (309,000)        |
| Experience adjustments on liabilities                  | 85,000           | (32,000)         |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2021 (continued)**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>01.01.2021 | Gain/ (losses)  | C/Bal<br>31.12.2021 |
|---------------|---------------------|-----------------|---------------------|
|               | £                   | £               | £                   |
| 2021 movement | <u>380,956</u>      | <u>35,574</u>   | <u>416,530</u>      |
| 2020 movement | <u>423,567</u>      | <u>(42,611)</u> | <u>380,956</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><u>01.01.21</u> | <u>Income</u>  | <u>Expenses</u>  | <u>Gains/(losses)</u> | <u>Transfers</u> | Balance<br><u>31.12.21</u> |
|------------------|----------------------------|----------------|------------------|-----------------------|------------------|----------------------------|
|                  | £                          | £              | £                | £                     | £                | £                          |
| Country Team     | 21,993                     | -              | -                | 3,132                 | -                | 25,125                     |
| Partners Respite | 5,604                      | -              | -                | 730                   | -                | 6,334                      |
| Transmissions    | 14,277                     | 125,113        | (83,721)         | -                     | -                | 55,669                     |
| Other Councils   | -                          | 90,154         | (90,154)         | -                     | -                | -                          |
| 2021 Total       | <u>41,874</u>              | <u>215,267</u> | <u>(173,875)</u> | <u>3,862</u>          | <u>-</u>         | <u>87,128</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.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2021 (continued)**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>01.01.2021 | Income    | Expenses    | Gains/(losses) | Transfers | Balance<br>31.12.2021 |
|----------------------------|-----------------------|-----------|-------------|----------------|-----------|-----------------------|
|                            | £                     | £         | £           | £              | £         | £                     |
| Insurance                  | 16,403                | -         | -           | -              | -         | 16,403                |
| Legacy & exceptional gift  | 928,145               | -         | (15,768)    | -              | (454,590) | 457,787               |
| Legacy title               | 153,720               | -         | (10,000)    | -              | 9,740     | 153,460               |
| Asset Management Fund      | -                     | -         | -           | -              | 281,572   | 281,572               |
| Strategic Development      | 232,867               | -         | -           | -              | -         | 232,867               |
| Fellowship Partner         | 124,969               | 1,668     | (128)       | -              | (24,326)  | 102,183               |
| Property with life tenant  | 475,444               | -         | -           | 24,604         | -         | 500,048               |
| Capital reserve            | 1,110,950             | -         | (62,591)    | -              | -         | 1,048,359             |
| St Johns House             | 999                   | 26,363    | (96,763)    | -              | 71,749    | 2,348                 |
| Kitab new publication fund | 28,219                | -         | -           | -              | -         | 28,219                |
| Partner resettlement fund  | 75,672                | -         | (24,882)    | -              | 18,023    | 68,813                |
| Partner support funds      | 658,043               | 1,452,140 | (1,283,184) | -              | (142,778) | 684,221               |
| IFP & OT Plus              | 4,926                 | 38,900    | (9,630)     | -              | (18,113)  | 16,083                |
| 2021 Total                 | 3,810,357             | 1,519,071 | (1,502,946) | 24,604         | (258,723) | 3,592,363             |

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 title - 10% of legacy and exceptional gifts designated to support projects which complement Interserve's work and are consistent with our strategic objectives.
- Asset Management Fund - monies designated for the development and maintenance of fixed assets.
- 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.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2021 (continued)**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. 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 2021:**Between general fund and designated funds (£258,723):**

£95,402 legacy income transferred out from the General fund in to the Legacy & exceptional gift (90%, £85,862) and Legacy tithe (10%, £9,540) funds as per policy.

£186,931 transferred in to the General fund from the Legacy & exceptional gift fund to cover costs of internal development projects , approved operational deficit and sale of Legacy asset.

£160,854 transferred in to the General fund from Partner support funds, being contribution towards the direct support costs of the National Office.

£21,800 transferred in to the General fund from IFP & OT Plus funds, being net contribution towards the direct support costs of the National Office

£2,500 transferred from the General fund to Partner Support Fund

£12,960 transferred from the General Fund into Partner Resttlement Fund

**Between specific designated funds:**

£5,063 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.

£24,326 transferred out from Fellowship partner fund in to Partner support funds in support of net underfunded Partners costs.

£60,251 transferred out from Legacy & exceptional gift fund in to St John's House fund for contribution to Operational costs.

£293,069 transferred out from Legacy & exceptional gift fund in to a newly created Asset Management fund

£11,498 transferred out from Asset Management fund in to St John's House fund for contribution to building costs.

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2021 (continued)

£3,687 transferred into IFP & OT Plus from Partner Support Funds

£200 transferred from the Legacy development fund into the Legacy Tithe fund

**25. Unrestricted- General fund**

|                   | O/Bal<br>01.01.21 | Income  | Expenses  | Gains  | Transfers | C/Bal<br>31.12.21 |
|-------------------|-------------------|---------|-----------|--------|-----------|-------------------|
|                   | £                 | £       | £         | £      | £         | £                 |
| 2021 General fund | 557,541           | 578,126 | (869,364) | 93,630 | 258,723   | 618,656           |

All fund transfers in 2021 were between designated funds, details for which are shown under Note 24.

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

|                                                            | <u>Unrestricted funds</u> |                   |              | Restricted   | <u>Endowment</u> | Total        |
|------------------------------------------------------------|---------------------------|-------------------|--------------|--------------|------------------|--------------|
|                                                            | <u>General</u>            | <u>Designated</u> | <u>Total</u> | <u>funds</u> | <u>fund</u>      | <u>funds</u> |
|                                                            | £                         | £                 | £            | £            | £                | £            |
| Tangible fixed assets                                      | -                         | 1,048,358         | 1,048,358    | -            | -                | 1,048,358    |
| Investments                                                | 341,003                   | 500,048           | 841,051      | 30,985       | 416,661          | 1,288,697    |
| Current assets                                             | 541,580                   | 2,072,485         | 2,614,065    | 56,143       | (131)            | 2,670,077    |
| Current liabilities                                        | (66,927)                  | (28,529)          | (95,455)     | -            | -                | (95,455)     |
| Defined benefit scheme provision                           | (197,000)                 | -                 | (197,000)    | -            | -                | (197,000)    |
|                                                            | 618,656                   | 3,592,363         | 4,211,019    | 87,128       | 416,530          | 4,714,677    |
| Unrealised gains on above investments                      | 39,600                    | 150,046           | 189,646      | 6,319        | 82,812           | 278,777      |
| Reconciliation of unrealised gains/(losses) on investments |                           |                   |              |              |                  |              |
| Unrealised gains/(losses) at 1st January 2021              | 30,970                    | 185,441           | 216,411      | 2,457        | 47,238           | 266,106      |
| Gain realised on investment disposal                       |                           | (60,000)          | (60,000)     |              |                  | (60,000)     |
| Gain/(loss) on revaluation/disposal in year                | 8,630                     | 24,605            | 33,235       | 3,862        | 35,574           | 72,671       |
| Unrealised gains at 31st December 2021                     | 39,600                    | 150,046           | 189,646      | 6,319        | 82,812           | 278,777      |

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 2021 (continued)**27. Reconciliation of net income to net cash flow from operating activities**

|                                                                      | <u>2021</u>   | <u>2020</u>   |
|----------------------------------------------------------------------|---------------|---------------|
|                                                                      | <u>£</u>      | <u>£</u>      |
| <b>Net (Expenditure)/Income for the reporting period (as per the</b> | (161,051)     | 358,580       |
| <b>Adjustments for:</b>                                              |               |               |
| Depreciation charges                                                 | 62,591        | 62,986        |
| Impairment charge                                                    | -             | -             |
| (Gains) /Loss on investments                                         | (72,671)      | 17,703        |
| Dividends, interest and rents from investments                       | (34,928)      | (47,987)      |
| Loss on the sale of fixed assets                                     | -             | -             |
| Decrease/(Increase) in stocks                                        | 645           | (127)         |
| Decrease(Increase) in debtors                                        | 234,505       | (305,277)     |
| (Decrease)Increase in creditors                                      | 14,990        | (41,423)      |
| Defined benefit pension scheme interest adjustment                   | (27,000)      | (22,000)      |
| <b>Net cash provided by operating activities</b>                     | <u>17,081</u> | <u>22,455</u> |

**Analysis of changes in net debt**

|                          | At 1 January<br>2021 | Cash flows     | At 31 December<br>2021 |
|--------------------------|----------------------|----------------|------------------------|
|                          | <u>£</u>             | <u>£</u>       | <u>£</u>               |
| Cash at bank and in hand | <u>768,850</u>       | <u>345,564</u> | <u>1,114,414</u>       |

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

|                                        | <u>2021</u>      | <u>2020</u>    |
|----------------------------------------|------------------|----------------|
|                                        | <u>£</u>         | <u>£</u>       |
| Cash in hand                           | 1,114,414        | 768,850        |
| <b>Total cash and cash equivalents</b> | <u>1,114,414</u> | <u>768,850</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.

**INTERNATIONAL SERVICE FELLOWSHIP TRUST**

England & Wales - Charity number 1020758

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# Accounts

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## **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

## REPORT OF THE DIRECTORS

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.

## REPORT OF THE DIRECTORS

*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  
4<sup>th</sup> 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

## REPORT OF THE DIRECTORS

### *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:-



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**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 31<sup>ST</sup> DECEMBER 2020

|                                                                | Note      | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Endowment<br>funds<br>£ | 2020<br>Total<br>funds<br>£ | 2019<br>Total<br>funds<br>£ |
|----------------------------------------------------------------|-----------|----------------------------|--------------------------|-------------------------|-----------------------------|-----------------------------|
| <b>Income and endowments from:</b>                             |           |                            |                          |                         |                             |                             |
| 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                      |
| <b>Total</b>                                                   |           | <b>2,846,178</b>           | <b>234,631</b>           | <b>-</b>                | <b>3,080,809</b>            | <b>2,775,767</b>            |
| <b>Expenditure on:</b>                                         |           |                            |                          |                         |                             |                             |
| 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                     |
| <b>Total</b>                                                   |           | <b>2,435,080</b>           | <b>269,446</b>           | <b>-</b>                | <b>2,704,526</b>            | <b>3,641,374</b>            |
| <b>Net income/(expenditure)<br/>before movements on</b>        |           | <b>411,098</b>             | <b>(34,815)</b>          | <b>-</b>                | <b>376,283</b>              | <b>(865,607)</b>            |
| Net gains on investments                                       | 17        | 26,347                     | (1,439)                  | (42,611)                | (17,703)                    | 62,736                      |
| <b>Net income/(expenditure)</b>                                | <b>10</b> | <b>437,445</b>             | <b>(36,254)</b>          | <b>(42,611)</b>         | <b>358,580</b>              | <b>(802,871)</b>            |
| <b>Other recognised (losses)/gains:</b>                        |           |                            |                          |                         |                             |                             |
| Actuarial ( losses)/gains on<br>defined benefit pension scheme | 21        | (32,000)                   | -                        | -                       | (32,000)                    | (16,000)                    |
| <b>Net movement in funds</b>                                   |           | <b>405,445</b>             | <b>(36,254)</b>          | <b>(42,611)</b>         | <b>326,580</b>              | <b>(818,871)</b>            |
| <b>Reconciliation of funds:</b>                                |           |                            |                          |                         |                             |                             |
| Total funds brought forward                                    | 11        | 3,962,453                  | 78,128                   | 423,567                 | 4,464,148                   | 5,283,019                   |
| <b>Total funds carried forward</b>                             |           | <b>4,367,898</b>           | <b>41,874</b>            | <b>380,956</b>          | <b>4,790,728</b>            | <b>4,464,148</b>            |

The attached notes form part of these financial statements.

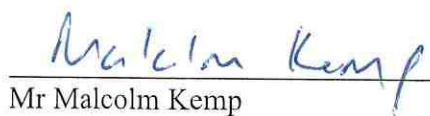
BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER 2020  
Company Registration Number 02789773

|                                                       | Note  | 2020             | 2019             |
|-------------------------------------------------------|-------|------------------|------------------|
|                                                       |       | £                | £                |
| <b>Fixed assets</b>                                   |       |                  |                  |
| 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        |
| <b>Current assets</b>                                 |       |                  |                  |
| 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        |
| <b>Creditors: amounts falling due within one year</b> | 20    | 117,741          | 159,165          |
| <b>Net current assets</b>                             |       | <u>2,772,754</u> | <u>2,059,920</u> |
| <b>Total assets less current liabilities</b>          |       | 5,099,728        | 4,763,148        |
| Defined benefit scheme provision                      | 21    | <u>(309,000)</u> | <u>(299,000)</u> |
| <b>Total net assets</b>                               |       | <u>4,790,728</u> | <u>4,464,148</u> |
| <b>The funds of the charity:</b>                      |       |                  |                  |
| 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>   |
| <b>Total charity funds</b>                            |       | <u>4,790,728</u> | <u>4,464,148</u> |

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

  
Rev Jane Howitt

DIRECTORS

  
Mr Malcolm Kemp

The attached notes form part of these financial statements.

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

|                                                                           | Note | 2020<br>Total funds<br>£ | 2019<br>Total funds<br>£ |
|---------------------------------------------------------------------------|------|--------------------------|--------------------------|
| <b>Cash flows from operating activities:</b>                              |      |                          |                          |
| Net cash provided by operating activities                                 | 27   | <u>22,455</u>            | <u>(363,296)</u>         |
| <b>Cash flows from investing activities:</b>                              |      |                          |                          |
| 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>         |
| <b>Change in cash and cash equivalents in the reporting period</b>        |      |                          |                          |
|                                                                           |      | 257,689                  | (580,058)                |
| <b>Cash and cash equivalents at the beginning of the reporting period</b> |      |                          |                          |
|                                                                           |      | 511,161                  | 1,091,219                |
| <b>Cash and cash equivalents at the end of the reporting period</b>       |      |                          |                          |
|                                                                           | 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 - 31<sup>ST</sup> 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<br>activities<br>£ | UK based<br>activities<br>£ | National<br>Outreach<br>£ | Resources &<br>Conferences<br>£ | Total 2020<br>£ | Total 2019<br>£ |
|----------------------------------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------------|-----------------|-----------------|
| 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<br>activities<br>£ | UK based<br>activities<br>£ | National<br>Outreach<br>£ | Resources &<br>Conferences<br>£ | Total 2020<br>£ | Total 2019<br>£ |
|-----------------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------------|-----------------|-----------------|
| 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<br>£   | Governance<br>£ | Total 2020<br>£ | 2019<br>£      |
|-------------------------------------------------|----------------|-----------------|-----------------|----------------|
| 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<br>£     | 2019<br>£     |
|-------------------------------------------|---------------|---------------|
| 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<br>£     | 2019<br>£     |
|----------------------------------------------|---------------|---------------|
| 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<br>funds | Restricted<br>funds | Endowment<br>funds | Total funds |
|---------------------------------------------------|-----------------------|---------------------|--------------------|-------------|
|                                                   | £                     | £                   | £                  | £           |
| <b>Income and endowments from:</b>                |                       |                     |                    |             |
| 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   |
| <b>Expenditure on:</b>                            |                       |                     |                    |             |
| 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               | -                  | -           |
| <b>Other recognised gains/(losses):</b>           |                       |                     |                    |             |
| Actuarial gains on defined benefit pension scheme | (16,000)              | -                   | -                  | (16,000)    |
| Net movement in funds                             | (887,745)             | 38,860              | 30,014             | (818,871)   |
| <b>Reconciliation of funds:</b>                   |                       |                     |                    |             |
| 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<br/>property</u> | <u>Fixtures<br/>fittings and<br/>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><br><u>property</u> | <u>Listed</u><br><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 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. 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 31<sup>st</sup> 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<br>for Charities - "Charifund" 13,398 units           | 183,897          | 222,499          |
| M & G Securities Ltd - Charibond Charities Fixed<br>Interest, Common Investment Fund 77,133 income shares | 96,786           | 95,468           |
| COIF Charity Funds - Property Fund<br>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 - 31<sup>ST</sup> 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 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 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/>       | <hr/>       |
|                                          | 117,741     | 159,165     |

## 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<br>CMI 2019 LTR 1.5% | 90% S3PFA_L<br>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>      |
|                                                    | £                | £                |
| <b>Change in Defined Benefit Obligation</b>        |                  |                  |
| 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> |
| <b>Remeasurements over the year</b>                |                  |                  |
| 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>  |
| <b>Amounts recognised in the balance sheet</b>     |                  |                  |
| Present value of Scheme liabilities                | 309,000          | 299,000          |
| <b>Expense recognised in Profit and Loss</b>       |                  |                  |
| Interest on liabilities                            | 5,000            | 7,000            |
| <b>Amounts for the current and previous period</b> |                  |                  |
|                                                    | <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<br>01.01.20<br>£ | Gain/ (losses)<br>£ | C/Bal<br>31.12.20<br>£ |
|---------------|------------------------|---------------------|------------------------|
| 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<br>01.01.20<br>£ | Income<br>£    | Expenses<br>£    | Gains/(losses)<br>£ | Transfers<br>£ | Balance<br>31.12.20<br>£ |
|------------------|--------------------------|----------------|------------------|---------------------|----------------|--------------------------|
| 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<br>01.01.20 | Income    | Expenses    | Gains/(losses) | Transfers | Balance<br>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 - 31<sup>ST</sup> DECEMBER 2020 (continued)

**25. Unrestricted- General fund**

|                   | O/Bal<br>01.01.20 | Income    | Expenses  | Gains    | Transfers | C/Bal<br>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**

|                                                            | General   | Unrestricted funds |           | Restricted funds | Endowment fund | Total funds |
|------------------------------------------------------------|-----------|--------------------|-----------|------------------|----------------|-------------|
|                                                            | £         | Designated         | Total     | £                | £              | £           |
| 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>         |
| <b>Net Income /(Expenditure) for the reporting period (as per the statement of financial activities)</b> | 358,580       | (802,871)        |
| <b>Adjustments for:</b>                                                                                  |               |                  |
| 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)         |
| <b>Net cash provided by operating activities</b>                                                         | <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        |
| <b>Total cash and cash equivalents</b> | <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.