

**FRIENDS INTERNATIONAL MINISTRIES**

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(Company limited by guarantee and not having a share capital)

Registered Company Number: 4500270

English and Welsh Registered Charity Number: 1094095

Scottish Registered Charity Number: SCO48838

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

FRIENDS INTERNATIONAL MINISTRIES

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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FRIENDS INTERNATIONAL MINISTRIES

Registered office: The Rowan Centre, All Nations Christian College, Easneye, Ware, Herts SG12 8LX

Administrative details of the charity, the trustees and advisors

The Trustees present their report together with the accounts of the charitable company for the year ended 31 December 2021. All of the trustees act in the role of directors.

The following trustees served from 1 January 2021 and up to the date of the approval of the accounts:-

Stroma Beattie (Chair)  
Naomi Dawson (appointed 5 March 2021)  
Henry Lu  
Robert Mallet  
Natasha Rayan  
Jonathan Salkeld  
Sara Slater  
Jonathan Smith  
Geoffrey Spence

The day to day operations of the charity are overseen by Alan Tower, the National Director

Key Management Personnel :

National Director:	Alan Tower
Regional Development Directors:	Sarah Dawkins Pete Edwards Susanne Koch Iván Neira
Finance Manager:	Robert Felix FCA
Principal address:	The Rowan Centre All Nations Christian College Easneye Ware Herts SG12 8LX
Bankers:	Bank of Scotland Barclays Bank plc CAF Bank
Auditor:	Griffin Stone Moscrop & Co. 21-27 Lamb's Conduit Street London WC1N 3GS
Solicitors:	Ellis-Fermor & Negus 2 Devonshire Avenue Beeston Nottingham NG9 1BS

FRIENDS INTERNATIONAL MINISTRIES  
REPORT OF THE TRUSTEES

## Chair's Report

As we reflect back on the second year of the pandemic, Friends International has risen to the challenges. We have seen lives changed, new centres opened and heard stories that have inspired us at the most difficult of times. International Students have had a very stressful time, often confined to their residencies, unable to return to their home countries or unable to arrive to start their courses. We have adapted our ways of working and seen initiatives in areas such as pre-sessional online language classes, mental health support, online baking competitions, the delivery of food parcels, on campus socially distanced walks and closer liaison with some university international student offices. New centres have been opened in Reading and Dublin - the latter in partnership with Christian Unions Ireland, and 15 new staff have been recruited. The publication of the book *'Is Christianity a Western Religion and Other Questions International Students Ask?'* has been well received and the Philip Project, which supports Christian students develop their handling of the Bible, moved online. We continue to seek to make the best and most effective use of our resources, mobilise and train a large group of volunteers, and work alongside local churches and educational establishments, through growing friendship and faith with international students in the UK and Ireland.

Continuing challenges have presented themselves in the ongoing coronavirus (COVID-19) pandemic, but we have been encouraged by the adaptability and resilience of staff and local groups. A further 15 staff were recruited, mainly as staff workers in local Centres, but also to resource the Support Centre. In a major change from the previous year, nearly all registered international students arrived on site at British universities on schedule. "In person" groups have largely restarted although with some online options and generally more socially distanced, less food-based, more small-group and more outdoor activities. Interest has remained high although access has sometimes been a challenge. As regulations and restrictions constantly changed, the Board and Leadership Team regularly reviewed strategy and risk to ensure an appropriate response to the changes.

The year 2021 started with our main conference for staff, trainees, volunteers and affiliates from other ministries being held online for the first time. It proved to be important and well-received (particularly through views of a livestream recording) as well as stretching the viability of screen-based events. Student facing activities were essentially digital for the first half of the year. Some new staff and leadership events have been possible in person, and other staff training events have been held online. Since September more events have been possible "in person", but careful consideration has been needed each time with appropriate risk assessments being made. This has led to some incomplete gatherings, some concerns about the wisdom of meeting, but also the losses when not meeting together. Hybrid meetings have been attempted successfully, but always at a considerable additional workload.

We continued to pursue our Growth Strategy Plan aiming to recruit staff in new Centres and reinforce existing Centre staff teams, in the places where most international students are studying – goals being 25 extra staff by 2025 and a total of 35 by 2030. As well as the establishment of New Centres in Reading and Dublin, Centres have been strengthened by the appointment of additional staff in St Andrews, Exeter and London, with pump-priming funds applied to help the new roles start well where possible.

We have seen the benefit of previous investment in infrastructure with continued progress on data protection responses, IT security and particularly risk assessments during the virus-related restrictions. Our partnership for international student ministry with Christian Unions Ireland continues to thrive in its second five-year period, especially with the appointment in Dublin. Affiliate numbers continue to rise, to 78 at the end of 2021, from 68 at the beginning of the year, representing other ministries, including churches and other agencies, linked in for training and fellowship. Staff contributions to wider networks in Europe and globally continue, though currently usually online rather than through travelling, and cross-agency collaboration among student ministry agencies in Britain has been facilitated through leader consultations.

We have been looking afresh at our Safeguarding policies as well as the level of staff training in this area. Although most international students are not typically vulnerable adults as far as a legal/technical definition is concerned, we recognise that cross-cultural differences can lead to vulnerabilities so, pastorally, we have felt it important to ensure that best practice is followed in this area.

Regular giving to General funds has continued at a steady level although at the end of year, our actual General Fund reserves were lower than our ideal minimum due to the investment in infrastructure established in preparation for growth. This is an area which continues to receive attention - particularly in the areas of Communications, Public Relations and Marketing to raise the profile of the Charity and increase engagement. Further work is being done to develop the General Fund to secure the resources needed to meet the Growth Strategy Plan infrastructure needs. Staff funds which resource local ministry have continued to grow particularly where new staff are joining, combined with the measured use of accumulated historic reserves. Further fundraising to support the Growth Strategy Plan will also be addressed. Close attention is being paid to the best use of the investment property and cash deposits held.

The charity is fulfilling its aims and greatly enriches the lives of many international students when they come to the UK.

## FRIENDS INTERNATIONAL MINISTRIES REPORT OF THE TRUSTEES

### **Our Objectives and Activities:**

Friends International Ministries is an evangelical mission agency dedicated to encouraging and equipping churches to reach international students for Christ. We seek to help international students, whatever their faith background, during their stay in the UK and elsewhere. Friends International's vision is to see international students transformed by the good news of Jesus so that they fully engage with the mission of the church in the world.

### **Public Benefit:**

The trustees have considered the Charity Commission's general guidance on public benefit and in particular its supplementary public guidance on the advancement of religion for the public benefit. Friends International's purposes comply directly with three of the Charities Act's descriptions of "charitable purpose" namely:

- **"the advancement of religion";** We aim to demonstrate to international students the relevance of Christian faith to personal life today, how Christian faith has developed and how it is variously expressed in the 21st century world. We partner with university chaplaincies in providing pastoral support for international students and some of our staff are also university chaplains.
- **"the advancement of education";** We interact with international students in a range of different ways, helping them improve their English language, understand different cultures, and sometimes with more specific training such as leadership skills and preparation for their return home.
- **"the advancement of citizenship or community development";** We produce resources in multiple formats for new international students (called "Life UK") to help them integrate into our country, and we run orientation programmes mainly in the autumn term. Our latest addition to these resources has been an App to help international students link into local activities. In partnership with local Christian communities we arrange cultural trips and opportunities for international students to engage with a British family. During the pandemic we have partnered with Universities to offer English language practice sessions, helping international students to be effective for their time in the UK and establishing friendships that will help them thrive on arrival.

The trustees seek to ensure that these purposes are met as the Charity works principally to support and enable Christian churches' outreach in their local communities with specific focus on international students furthering their education in the UK.

### **Strategies:**

Key strategies for 2020 – 2025 include:

- Growth initiatives aim to help us reach a tipping point of students aware of Friends International so that all international students can experience a welcome to the UK and Ireland, as well as an opportunity to investigate the Christian faith.
- Reaching out to students who have difficulty hearing the Christian message in their home country or who are not initially attracted to our activities is an emphasis for ministry development. We aim to identify them, identify fruitful practice, model best practice with local ownership, and raise profile.
- Returnee focus, for when students return to their home countries or move elsewhere, to be built in from the first contacts with students, through friendship, to continue moving staff, Branches and Development Groups, Churches and volunteers, from acknowledging the returnee focus to influencing how they conduct their ministry.
- Events speaking training helps to develop skills in public ministry to better achieve international student outreach, both to model contextualised Bible teaching and evangelism in a multicultural setting, and to equip others to do the same.
- Innovation in Student Engagement includes new approaches to reach out to and meet the needs of international students, as well as resources for leadership skills, international student wellbeing, discipleship and outreach.
- Ministry Partnership Development helps staff draw in a full schedule of financial and prayer supporters to allow their work to proceed fully resourced.
- Learning and Development are promoted as a whole life approach for staff, volunteers and partners, including training evaluation and the development of an essential skills framework.
- Member Care aims to embed good practice throughout the organisation through leadership engagement, training provision, healthy induction of new staff and academic research.

## FRIENDS INTERNATIONAL MINISTRIES REPORT OF THE TRUSTEES

### **Activities:**

We currently have ten major areas of activity where we seek to implement our strategies. Regional Development Directors identify areas of concentration of international students without focused international student ministry and seek to develop vision among local churches and other partner agencies through establishing new Centres. We then aim to build local ministry teams ('Centres') with sound funding and effective support groups, through the recruitment and appointment of staff (including Apprentices and Associates), the partnering with local churches and Affiliates, and through Development Groups that become Branches. We encourage, model and support welcome and cultural ministries through international student cafés and seek to engage international students with biblical truth, encouragement and challenges through group and individual Bible study. We encourage the setting up and running of local hospitality programmes to increase the volunteer provision of appropriate contact and support for international students. We also offer language practice-based activities, values-based leadership studies, intercultural training for future Bible teachers and other focused programmes offering relevant skills to international students through contact with Christians. We seek to engage with University chaplaincies and student welfare bodies to offer counselling, wellbeing and other services that help universities value, care for and add value to the student experience for international students. Our Reach graduate trainee programme is used to envision and train recent graduate Christians from home and abroad. We develop appropriate regional and national supervisory structures to provide a unifying vision and direction which supports each locality appropriately and we build effective and accessible regional and national resources and events using relevant communication channels to our key stakeholders.

### **Review of Achievements and Performance:**

Friends International is now working in 35 centres and through affiliates in 10 more. It has taken the opportunities offered by the pandemic to adjust its training resources to online seminars for both churches and University Christian Unions. This has often led to a larger number of participants than would have attended in person.

Despite the restrictions of the pandemic, students have been contacted through initiatives which have led to some coming to faith, others having support when facing loneliness or mental health issues, all being offered friendship and a means of better integrating into life in the UK. Several university departments have welcomed the practical help of the organisation as their own international offices have struggled given the pandemic related restrictions. One university welcomed Friends International staff and volunteers onto campus to accompany international students on socially distanced walks. The Philip Project, a course which enables Christian international students to develop their Bible-handling skills, moved completely online.

#### **1. Centres and Staff**

- In 2021 Friends International continued to develop activities through staff in 35 centres and through affiliates in 10 more.
- Through our partnership with Christian Unions Ireland we have been developing awareness and best practice of ministry among International Students through our Project Team Leader for ISM in Ireland. A new staff appointment started in Dublin during 2021 and a second staff member was appointed to complement the established staff worker for the greater Belfast area. Further appointments elsewhere in Ireland will be considered.
- We continue to recruit new staff to the organisation both to establish new centres and to strengthen existing centres. We currently have 77 across full and part time patterns of work. Staff are involved in a variety of activities shaped significantly by the centres in which they serve and by the locally agreed strategy. Since a key aim of the organisation is to resource local churches in their engagement with international students, staff invest considerable time in training church members to multiply effective ministry. In some centres there are established inter-church teams offering a programme of events, hospitality and Christian teaching. In other places the work is centred around one or two churches which provide local volunteers.
- Much ministry is based around term time and weekly events. Such events can be purely social, or an event with some Christian content to introduce the Christian faith, or events of a discipleship nature for those openly professing a Christian faith or a desire to explore specifically the Christian faith.
- Summer outreaches were severely curtailed due to the virus-related restrictions during 2021, but some local staff and volunteer activities, without the usual residential teams, were attempted. These are largely welcome and cultural introduction events for language students, some of whom are enrolling for longer term university courses. Bible study engagement is also offered.

## FRIENDS INTERNATIONAL MINISTRIES REPORT OF THE TRUSTEES

- Across our centres we aim to help international students settle into student life, provide care and support where it is appropriate, encourage them to consider the Christian faith, and prepare them for the challenges of the reverse-culture shock they may face on their return home.

### **2. Support Base**

Of the total £1,828,861 income from donations and gifts, roughly two-thirds (including related gift aid) was donated by individuals, the remainder coming from churches and trusts. The organisation has a core support base that has been committed to our work for a long time, whilst new staff broaden our donor base with their networks of contacts and supporters. We benefit from committed support from a Christian Trust.

### **3. Leadership and Support Centre**

- The team of Directors is established and has allowed better focus on development work in London particularly, but also in potential centres with between 1,750 and 2,500 university international students. Regional Development Directors and the National Director have continued to meet regularly to oversee strategy and current issues, with the RDDs also having regular supervision from the National Director. The Leadership Forum, which meets three times each year, resources a wider set of Cluster and specialist leaders. Strategy has been dually focused on future growth and specialist ministry areas.
- The Support Centre team has been renewed through the appointments of replacement Communications Coordinator and Finance Manager, and has continued to seek to provide a high level of service to staff, affiliates, graduate trainees, supporters, partner churches and trustees. The Operations Manager has given attention to the effective implementation of new policies and regulations such as for Safeguarding, and the oversight of coronavirus related risk assessments.
- In terms of our ongoing relationship with All Nations Christian College where the Support Centre is sited, we have continued to endeavour to develop this strategically and welcome students to the newly sited office, with more adequate meeting space. Trustee and Director meetings have also been able to take place there.

### **4. Affiliate Network**

We continue to develop the Affiliate Network, aiming to support, train, encourage and partner well with affiliates in their local church roles working amongst international students. Resources available to Affiliates include Cluster days and conferences, and resources including recordings online.

### **5. Training and Development**

Training and developing our staff and affiliates team is important to the future of the organisation and our work. A key fixture is the annual conference where staff, affiliates, graduate trainees and others (such as Branch and Development Group members, Trustees, retired staff, international and key student visitors) meet to share experiences, best-practice, and learn from outside speakers about different aspects of inter-cultural ministry. Plans for the 2022 Conference were developed on the theme of Humility and planning to meet in person but with online options.

There are local and regional staff training days, and training events specifically aimed at equipping volunteers and local churches. We believe training is a core role for FI and one we are seeking to grow and develop. Processes have been developed so that staff can identify areas where further growth and development are needed, as well as where they might be able to access the appropriate training resources.

### **6. Reach Programme**

The focus of the training year is to invest in the lives of young Christian graduates who show potential in Christian ministry.

- Between 30-75% of each Reach trainee cohort are international, and we see this programme also as a means of discipling and training promising international students who will go on to be a blessing to churches around the world.

## FRIENDS INTERNATIONAL MINISTRIES REPORT OF THE TRUSTEES

- Reach alumni include church leaders in the UK, Greece, France and China, cross-cultural workers in Italy, the Philippines and the Middle East, and returnees who are thriving in their local churches and still involved in International Student Ministry/supporting returnees in Vietnam, China and Hungary.
- A number of former Reach trainees return to FI as staff after relevant experience gained in other contexts.

### **7. Branches and Development Groups**

Branches and Development Groups exist to implement locally the national vision of Friends International alongside staff. Their ethos is to be forward-looking and seeking to develop best practice. Key roles in which members contribute include strategic thinking; networking across different Christian communities in a town or city; and encouraging partnership development. Key relationships are those of the Chair, local Centre Team Leader and Regional Development Director working well together. Branch training has moved online leading to a greater uptake and wider insights into best practice.

### **8. Communications**

During the pandemic online communications have been developed further with the hosting scheme on the successful App welcoming online contacts, the provision of some mental health resources geared for international students, the further use of social media to improve awareness/advertising of activities, and a greater sharing of resources with churches and increase fund-raising activity. Good communication and quality resources are key aspects of the charity for our staff and volunteer teams, our supporter base and our audience of international students. There was also the publication of a book written by the Head of Events Speaking addressing the key questions international students ask about Christianity.

### **9. Special Student Events**

The international student track at the national “Word Alive” conference, held on-line, again drew large numbers of International Students with its focus on preparing Christian students to return home. Over 180 students participated. This was organised in partnership with other charities.

The Philip Project trains future Bible teachers planning to return to their own countries for a day a month through the academic year and additionally runs a training weekend. Through substantial work by the Project Coordinator the format has been adapted to a more flexible on-line delivery.

### **Financial Review:**

The statement of financial activities (SOFA) for the year is set out on page 10 together with an analysis of funds on page 16. Our regular gift income has increased by 7.9% with an increase in our expenditure of 10.9%.

Overall there is a deficit in 2021 of £266,470; there was no legacy income during the year. After transfers between funds to ensure that the General Fund meets all under-funded staff there is a net decrease in the General Fund in 2021 of £92,669.

Each year we seek to achieve a balanced budget, for both ministry staff workers and their related Centres’ Designated Funds, as well as seeking a balancing of General Fund Income to meet Central costs (which are primarily the Support Centre and majority funding of the senior management team).

The financial policy of Friends International is to match and monitor funding with expenditure requirements for each area of ministry activity, mostly focused on Centres. A designated fund is therefore maintained for each venture which requires ongoing expenditure. It is acceptable to run with a current year deficit for a specific designated fund, provided there are sufficient brought forward reserves for that particular Centre to offset the loss. Much of the 2021 deficit arises from the spending of designated reserves that have been carried forward from the previous year.

Each designated fund is subject to monthly monitoring and appropriate discussion where required with the relevant staff member and, if necessary, their Supervisory Manager.

Before work is started in a new location, or a new member of staff is employed, it is the policy of Friends International to ensure that there is an appropriate level of pledged donor support. We continue to maintain a ‘Staff Support’ Central fund which has been resourced from the allocation of a portion of the substantial legacies received in recent years as well as the generosity of some specific supporters keen to support this venture. The Trustees continue to seek to extend this Fund as part of achieving new Strategic Ministry Centres as well as extending training opportunities for a new generation of ISM workers. However, some of the planned fundraising activities have been hindered by the pandemic.



## FRIENDS INTERNATIONAL MINISTRIES REPORT OF THE TRUSTEES

### **Investment Policy:**

**Fixed Asset Investments:** The charity has freehold title to their previous Support Centre office in Putney, a small but prime location in Southwest London. The Trustees regularly review both rental and sale options in terms of the most appropriate way of managing this Investment Property

**Liquid Investments:** The investment policy is to maintain a low risk liquid position. The aim is therefore to maintain balances in accounts that attract market competitive deposit account bank interest but with low risk institutions.

### **Reserves Policy:**

Our policy remains to hold sufficient unrestricted reserves (defined as all unrestricted funds including designated funds but excluding fixed asset related reserves) in order to protect the charity against a sudden and catastrophic fall in donations and any related gift aid for a period long enough to ensure a managed plan for survival, merger or cessation.

Unrestricted reserves are held in both the general fund (which bears all central costs) as well as designated staff support funds (comprising funds designated on an ongoing basis for both specific ministry centres as well as for individual staff workers working in a ministry centre).

Whilst the trustees are aware that all unrestricted reserves are available to use at their discretion in the event of a crisis, it is considered appropriate that for practical management purposes the Trustees will undertake two levels of monitoring:

1) Regular monitoring of central reserves required against general funds (comprising all unrestricted reserves excluding designated funds). These funds will be measured against both a minimum and maximum 'central' reserve level when monitoring performance and setting future budgets. The intention is to never drop below a minimum level and actively consider action to manage excess reserves where considered appropriate.

Such central reserve levels are calculated in order to provide a minimum of 3 months and a maximum of 9 months of reserves to cover projected support centre and national leadership costs.

As at 31 December 21 unrestricted general funds stood at £466,221 compared to a central reserve minimum of £142,000 and a maximum of £426,000.

This includes the Putney investment property, valued at £500,000, which could be realised as a resource available, should the need arise.

2) Periodic review of both the total amount and profile of designated staff support funds to ensure that they remain appropriate for the use they were designated for and to assess both the level and profile of funding capability the charity has for ongoing field ministry.

As at 31/12/21 designated staff support funds stood at £853,693 which was spread across both ministry centres and individual staff members.

Having anticipated the General Fund (excluding the Putney property) falling below zero, the Trustees and senior management team have been reviewing where costs can be saved and are proactively seeking to increase giving to the General Fund. There is now a structure in place that can support the continuing expansion of the charity's activities.

As at 31 December 2021 the charity's assets were available and adequate to fulfil the obligations to the charity and the trustees considered the financial state of affairs of the charity at that time to be satisfactory and in accordance with our budgetary expectations.

### **Plans for Future Periods:**

We intend to continue and grow our activities in future years, particularly with a concerted effort to research ministry opportunities alongside churches and Christian student groups through further staff worker posts so that new and better resourced centres with the most international university students are helped towards thriving International Student Ministry. We continue to seek ways of further developing the work in London in partnership with local churches and similarly minded charities. We aim to continue to develop our work in partnership with Christian Unions Ireland. Through seven Heads of Ministry we are developing our approaches to Learning and Development, Hard to Reach students, Returnees, Events Speaking, Innovation in Student Engagement, Ministry Partnership Development, and Member Care.

### **Structure, Governance and Management:**

#### **Governing Document:**

Friends International Ministries was incorporated as a company limited by guarantee and not having a share capital (number 4500270) on 31 July 2002 and is a registered charity with the Charity Commission (number 1094095). It is governed by its Memorandum and Articles of Association. Under UK company law, all the trustees are directors of the company. The liability of the company's members in the event of the charity being wound up is limited to a sum not exceeding £10. Friends International Ministries is also registered with the Office of the Scottish Charity Regulator.

FRIENDS INTERNATIONAL MINISTRIES  
REPORT OF THE TRUSTEES

**Appointment of Trustees:**

Potential trustees are identified from academia, business and Christian ministry backgrounds. The trustees are appointed by the board of Trustees through an invitation, application and interview process. New Trustees are given key Charity Commission information on their responsibilities and are encouraged to attend appropriate external training where this will facilitate the undertaking of their role. They undergo some induction and a new buddying scheme has been introduced as one means of enhancing their swift integration. In addition, they are given a copy of '*Tracks of Trustworthiness*', by Heather Wraight .

**Organisation:**

The board of trustees meet at least three times a year to review all aspects of the charity's activities. The board has established two sub-committees to assist with the running of the charity, namely the Executive Committee, responsible for meeting with senior staff between trustee meetings, and the Finance Committee, tasked with specifically monitoring and managing the charity's finances.

Stroma Beattie, Geoffrey Spence, Sara Slater and Jon Salkeld are members of the Executive and Finance Committee.

**Trustee Remuneration and Related Parties:**

None of the trustees receive remuneration or other benefit for their work for the charity. There were no related party transactions reported in the year between the charity and any trustee, senior manager or any of the third parties with contractual relationships with the charity.

**Pay Policy for Senior Staff:**

No trustees received remuneration during 2021. Details of trustee expenses are disclosed in note 7 to the financial statements.

The pay of senior management is reviewed annually using a standard formula benchmarked against published pay increases awarded to Classroom Teachers.

**Risk Management:**

The trustees review risks on a regular ongoing basis and use a risk matrix to define key risks, assess them by probability and impact before and after mitigating action is taken.

Such reviews take place within the two board sub-committees and in periodic review by the whole Board of key risks. In the past year, in response to the pandemic, a specific risk template looking at best, medium and worst case scenarios has been used to review regularly the activities of the charity.

The following are considered to be important Risks requiring Board and Senior Management focus during 2022:

- Risk of failing to engage with and support international students either on account of the changing tertiary education landscape caused by the pandemic or on account of the pandemic's economic impact. The Board and Leadership Team continue to monitor the situation closely and respond nimbly.
- Risk of failing to facilitate ISM in those areas of the UK where there is a large international student population. This requires identification of those locations where current ISM is deficient relative to the numbers of students and then focusing new ministry investment in such areas in order to build effective church partnerships supported by our staff. Plans and strategies have been formulated to enable this to happen.
- Risk of inadequate reserves: The fall in general funds during 2021 is being addressed by a review of how to increase income and reduce general fund expenditure.
- Residual Risk of incomplete implementation of certain data protection requirements primarily relating to some data retention and security issues: Whilst small in relation to the major GDPR risks managed in 2018, the appointment of the Operations Manager has brought a fresh attention to the task of ensuring compliance and improving practice across the organisation.

FRIENDS INTERNATIONAL MINISTRIES  
REPORT OF THE TRUSTEES

- Risk of Cyber-attack continues to be a concern in the current geopolitical climate. A specific insurance has been purchased and IT security is reviewed regularly.
- Reputational Risk is something which must be considered, particularly in the current climate. This is addressed by regular review of policies, including safeguarding as well as well-being initiatives managed by the Head of Member Care in conjunction with the Support Centre team.

### **Board Governance**

The board has reviewed the level of salaries and allowances particularly to allow for recruitment of further staff in London.

### **Trustees' Responsibilities:**

The trustees (who are also directors of Friends International Ministries for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors:**

A resolution to re-appoint Griffin Stone Moscrop & Co., Chartered Accountants and Statutory Auditors, will be proposed at a meeting of the trustees.

### **Statement of Disclosure of Information to Auditors:**

We, the directors of the company who held office at the date of approval of these financial statements, as set out above, each confirm so far as we are aware, that:

- There is no relevant audit information of which the charitable company's auditors are unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The above report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the Board of Trustees on 4 March 2022 and signed on its behalf by:



STROMA BEATTIE  
CHAIR OF TRUSTEES

FRIENDS INTERNATIONAL MINISTRIES  
STATEMENT OF FINANCIAL ACTIVITIES  
(INCLUDING THE INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 DECEMBER 2021

		<b>Restricted Fund</b>	<b>Unrestricted Funds Designated Staff Support</b>	<b>Total 2021</b>	<b>Total 2020</b>
	<b>Note</b>	<b>General</b>			
<b>Income from:</b>					
Donations and gifts		23,873	109,438	1,695,550	1,828,861
Legacies		-	-	-	11,553
Charitable activities:					
Training events and literature sales		-	12,032	9,744	21,776
Investment income	2	-	14,096	-	14,956
Other income:					
Coronavirus grant income		-	-	27,782	27,782
<b>Total income</b>		<b>23,873</b>	<b>135,566</b>	<b>1,733,076</b>	<b>1,892,515</b>
<b>Expenditure on:</b>					
Fundraising costs	3	-	16,616	31,812	48,428
Charitable activities	3	15,667	129,425	1,965,465	2,110,557
<b>Total expenditure</b>		<b>15,667</b>	<b>146,041</b>	<b>1,997,277</b>	<b>2,158,985</b>
<b>Net (expenditure)/income before revaluation of investments</b>		<b>8,206</b>	<b>(10,475)</b>	<b>(264,201)</b>	<b>(266,470)</b>
Unrealised gain on revaluation of investment property		-	-	-	-
<b>Net (expenditure)/income</b>	5	<b>8,206</b>	<b>(10,475)</b>	<b>(264,201)</b>	<b>(266,470)</b>
Transfer between funds		-	(82,194)	82,194	-
Net movement in funds		8,206	(92,669)	(182,007)	(266,470)
Total funds brought forward at 1 January 2021		£ 28,724	558,890	1,035,700	1,623,314
Total funds carried forward at 31 December 2021		£ 36,930	466,221	853,693	1,356,844

All of the above results are derived from continuing activities.

The statement of financial activities includes all gains and losses recognised in the above periods.

The attached notes form part of these financial statements.

FRIENDS INTERNATIONAL MINISTRIESBALANCE SHEETCompany registration number 04500270

		31 DECEMBER 2021	2020
<b>Fixed assets</b>			
Tangible fixed assets	10	8,486	9,896
Investment property	11	500,000	500,000
		<u>508,486</u>	<u>509,896</u>
<b>Current assets</b>			
Debtors	12	47,113	43,934
Cash at bank and in hand		860,280	1,127,541
		<u>907,393</u>	<u>1,171,475</u>
Creditors: amounts falling due within one year	13	59,035	58,057
		<u>848,358</u>	<u>1,113,418</u>
<b>Net current assets</b>			
		<u>£ 1,356,844</u>	<u>1,623,314</u>
<b>Net assets</b>			
<b>Charity Funds:</b>			
<b>Unrestricted funds:</b>			
General funds		75,603	168,272
Revaluation reserve relating to investment property		390,618	390,618
Designated funds		853,693	1,035,700
		<u>1,319,914</u>	<u>1,594,590</u>
<b>Restricted fund</b>		<u>36,930</u>	<u>28,724</u>
<b>Total funds</b>	14	<u>£ 1,356,844</u>	<u>1,623,314</u>

Approved by the board of Trustees on 4 March 2022 and signed on its behalf by:



STROMA BEATTIE  
CHAIR OF TRUSTEES

The attached notes form part of these financial statements.

**FRIENDS INTERNATIONAL MINISTRIES**  
**STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>2021</b>	<b>2020</b>
<b>Cash used in operating activities</b> (see below)	(279,089)	(162,622)
<b>Cash flows from investing activities</b>		
Investment income	14,096	14,956
Purchase of tangible fixed assets	(2,268)	(9,798)
<b>Cash provided by investing activities</b>	11,828	5,158
<b>Cash flows from financing activities</b>		
Cash investment in short-term deposit	(5,630)	(75,733)
<b>Cash used in financing activities</b>	(5,630)	(75,733)
Decrease in cash and cash equivalents in the year	(272,891)	(233,197)
Cash and cash equivalents at the beginning of the year	616,808	850,005
<b>Total cash and cash equivalents at the end of the year</b>	£ 343,917	616,808

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

Net expenditure	(266,470)	(167,346)
Add back depreciation charge	3,678	2,262
Deduct interest income shown in investment activities	(14,096)	(14,956)
(Increase)/decrease in debtors	(3,179)	3,686
Increase in creditors	978	13,732
<b>Net cash used in operating activities</b>	£ (279,089)	(162,622)

**Analysis of net funds**

	Balance 1 January 2021	Movements	Balance 31 December 2021
Cash at bank and in hand (see note 1k)	616,808	(272,891)	343,917
Cash on deposit for more than three months (see note 1k)	510,733	5,630	516,363
	£ 1,127,541	£ (267,261)	£ 860,280

FRIENDS INTERNATIONAL MINISTRIES  
NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

**1 Accounting policies**

**a) Basis of preparation of financial statements**

The financial statements have been prepared in accordance with 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) (Charities SORP (FRS 102)), 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. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

**b) Fund Accounting**

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

The designated funds comprise unrestricted funds that have been set aside by the trustees for specific purposes, as set out in the notes to the accounts.

The restricted fund finances the support of international students from a sensitive and challenging context during their studies here in the UK.

**c) Income**

Donations and gifts are reflected in the financial statements in the period in which they are received.

Income tax recoverable in respect of gift aid donations is brought into account in the same period as the relevant donation.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified, or the charity is aware of the granting of probate.

**d) Expenditure and irrecoverable VAT**

Expenditure is charged to the statement of financial activities on the accruals basis and is mainly allocated across activities based on staff time.

Fundraising costs include all costs involved in raising income and in raising the profile of the charity.

Charitable activities are further analysed in note 4 and are split between direct charitable expenditure, support, management and administration costs and governance costs. Support costs are those costs incurred indirectly in support of expenditure on the objects of the charity or in connection with the management and administration of the charity. Governance costs reflect the costs of complying with constitutional and statutory requirements.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

**e) Tangible fixed assets and depreciation**

Tangible fixed assets costing more than £1,000 are capitalised.

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:

- Furniture and equipment - 20% straight line
- Computers and peripherals - 33% straight line

**f) Investment property**

Investment properties are stated at their market value. In order to present a true and fair view, and to comply with FRS 102, the company's investment properties are not being depreciated as required by the Companies Act 2006.

**g) Operating leases**

Rentals payable under operating leases are charged on a straight line basis over the lease term.

FRIENDS INTERNATIONAL MINISTRIESNOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021 (Continued)**1 Accounting policies (continued)****h) Pensions**

The charity makes payments to defined contribution pension schemes for the benefit of its employees. Contributions charged during the year are written off as incurred.

**i) Expenses of trustees**

Trustees are reimbursed necessarily-incurred expenses. These are included in the appropriate category of resources expended.

**j) Debtors**

Trade and other debtors are recognised at the settlement amount after any discount offered. Prepayments are valued at the amount repaid net of any discounts due.

**k) Cash at bank and in hand**

Cash at bank and in hand includes cash and fixed term deposits of varying lengths. The statement of cash flows only reflects movements within bank accounts held where the money can be accessed within three months of the date of opening the deposit. An analysis of cash at bank at the balance sheet date, differentiating between deposits which mature 3 months after the date of opening and cash accessible within three months is provided as a note to the statement of cash flows.

**l) Creditors**

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any discounts due.

**m) Taxation**

Friends International Ministries is a registered charity and no tax is payable on its net income.

**n) Financial Instruments**

With the exception of an investment property the charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**2 Investment income**

	<b>2021</b>	<b>2020</b>
Bank deposit interest	6,096	6,956
Investment property income	8,000	8,000
	<u>£ 14,096</u>	<u>14,956</u>



## FRIENDS INTERNATIONAL MINISTRIES

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021 (Continued)

## 3 Total expenditure

	Restricted fund	General fund	Designated staff support funds	Total 2021	Total 2020
Fundraising costs					
Staff costs	-	-	28,941	28,941	26,268
Direct PR costs	-	15,580	-	15,580	12,986
Allocation of support & admin costs	-	1,036	2,871	3,907	5,268
	-	16,616	31,812	48,428	44,522
Charitable activities					
Staff costs - direct charitable expenditure	-	-	1,655,058	1,655,058	1,465,043
Staff costs in a supporting/admin role	-	-	126,668	126,668	109,630
Conference & resource costs	-	26,187	51,677	77,864	117,742
Travel, training & other costs related to staff	-	31,497	97,447	128,944	104,300
Grants payable	14,951	-	-	14,951	13,537
Support, management & admin costs	716	63,531	34,615	98,862	84,820
Governance costs	-	8,210	-	8,210	7,196
	15,667	129,425	1,965,465	2,110,557	1,902,268
£	15,667	£ 146,041	£ 1,997,277	£ 2,158,985	£ 1,946,790

During the year the charity's head office was based at All Nations Christian College, Hertfordshire. Here a number of staff operated, spending approximately 60 - 80% of their time in a support and administration role. Accordingly their salary costs are split between support/administration and direct charitable expenditure. The support, management and administration costs and governance costs do not relate directly to charitable expenditure and are further analysed in note 4 below.

## 4 Analysis of governance and support costs

	General Support	Governance costs	Total 2021	Total 2020
Rent	22,359	-	22,359	16,943
Investment property repairs, rates and utility costs	6,932	-	6,932	6,751
Office costs	67,838	-	67,838	59,568
Legal and professional costs	1,733	-	1,733	1,558
Auditor's remuneration	-	5,895	5,895	5,520
Costs relating to trustees' meetings	-	2,315	2,315	1,676
£	98,862	£ 8,210	£ 107,072	£ 92,016

## 5 Net expenditure

The total for net expenditure of £266,470 (2020: expenditure £167,346 ) is stated after charging:

Auditor's remuneration - in relation to audit and financial statements disclosures	£	5,895	5,520
Depreciation	£	3,678	2,262
Operating lease rentals - land and buildings	£	18,089	12,732

## 6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Salaries	1,512,786	1,335,832
National insurance	124,420	105,259
Pension costs	173,461	159,851
£	1,810,667	1,600,942
Average number of employees, analysed by function, was as follows:-		
Charitable activities	71	67
Fundraising	1	1
Administration	2	2
	74	70

No employee earned more than £60,000 (2020 : same).

The trustees were not paid or received any other benefits from employment with the charity in the year (2020 : same).

The key management of the charity comprises the national director, 4 regional development directors (2020 : 4) and the finance manager. The total employee benefits of key management personnel for the charity were £227,703 (2020 : £213,630).

FRIENDS INTERNATIONAL MINISTRIESNOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021 (Continued)**7 Trustees' expenses**

Travel and subsistence expenses of £234 was paid to one trustee to enable them to attend meetings and generally carry out their governance responsibilities (2020: nil).

**8 Pension costs**

The charity operates defined contribution schemes and contributions of £173,461 were paid in the year (2020: £159,851).

**9 Branches**

The charity has 18 (2020: 18) branches throughout the UK which generate income and carry out activities on behalf of the charity. The accounts of the branches are maintained at a local level and are then incorporated into the charity's financial statements. In 2021 the branches contributed net outgoing resources of £4,427 (2020: net incoming resources of £4,426).

**10 Tangible fixed assets**

	<b>Furniture &amp; equipment</b>	<b>Computers &amp; Peripherals</b>	<b>Total</b>
Cost			
At 1 January 2021	12,943	17,529	30,472
Additions in the year		2,268	2,268
At 31 December 2021	12,943	19,797	32,740
Depreciation			
At 1 January 2021	7,683	12,893	20,576
Charge for the year	1,334	2,344	3,678
At 31 December 2021	9,017	15,237	24,254
Net book value			
At 31 December 2021	£ 3,926	4,560	8,486
Net book value			
At 31 December 2020	£ 5,260	4,636	9,896

**11 Investment Property****Freehold investment property**

As at 1 January 2021 and 31 December 2021	£ 500,000
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The investment property has a historical cost of £109,382. In accordance with the Charities SORP FRS 102, the investment property is being carried at its market value. An informal independent valuation was undertaken by a qualified local estate agent as at 31 December 2015 which resulted in a revised valuation of £500,000. Having made enquiries of a local estate agent in February 2022 with regards to the current market value of the property, the trustees believe that they would achieve a selling price at least equal to, but not materially different from, its carrying value and do not consider it necessary to bring a revaluation into the 2021 accounts.

**12 Debtors**

	<b>2021</b>	<b>2020</b>
Tax recoverable	11,614	11,771
Prepayments and other debtors	35,499	32,163
	£ 47,113	43,934

## FRIENDS INTERNATIONAL MINISTRIES

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021 (Continued)

13 Creditors: amounts falling due within one year	2021	2020
Trade creditors	8,934	3,720
Taxation and social security costs	27,435	25,351
Other creditors	-	8,000
Pension creditors	15,163	15,466
Accruals and deferred income	7,503	5,520
	<u>£ 59,035</u>	<u>58,057</u>

## 14 Analysis of net assets

	Unrestricted Funds			
	Restricted fund	General	Designated staff support funds	Total
Fixed assets	-	508,486	-	508,486
Current assets	36,930	(10,665)	881,128	907,393
Current liabilities	-	(31,600)	(27,435)	(59,035)
	<u>£ 36,930</u>	<u>£ 466,221</u>	<u>£ 853,693</u>	<u>£ 1,356,844</u>

**Designated staff support funds**

These funds consist of donations and gift income received plus funds set aside out of unrestricted funds for staff support.

The balances on individually designated funds are reviewed regularly. On an annual basis the Finance Committee will determine the extent to which transfers from the general fund should be made to ensure that the carrying value of individual staff support fund balances are recoverable. Following this year's review an aggregate transfer of £82,194 from the general fund to designated funds as reflected on the SOFA.

**Restricted fund**

The charity has one restricted fund, and the movements on this for 2021 are shown on the face of the SOFA. This restricted fund finances the support of international students from a sensitive and challenging context during their studies here in the UK.

## 15 Financial Commitments

At 31 December 2021 the charity had the following commitment to make the minimum lease payments under a non-cancellable lease for a property:

	2021	2020
Expiring between two and five years	-	14,209
	<u>£ -</u>	<u>14,209</u>

## 16 Related party transactions

Gifts from trustees of the charity totalled £1,760 (2020 : £1,634).

## FRIENDS INTERNATIONAL MINISTRIES

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021 (Continued)

## 17 Statement of Financial Activities for the year ended 31 December 2020

	Restricted Fund	Unrestricted Funds		Total 2020
		General	Designated Staff Support Funds	
<b>Income:</b>				
Donations and gifts	26,668	105,480	1,562,163	1,694,311
Legacy	-	9,017	2,536	11,553
Charitable activities:				
Training events and literature sales	-	32,237	8,142	40,379
Investment income	-	14,956	-	14,956
Other income:				
Coronavirus grant income	-	-	18,245	18,245
<b>Total income</b>	<b>26,668</b>	<b>161,690</b>	<b>1,591,086</b>	<b>1,779,444</b>
<b>Expenditure:</b>				
Fundraising costs	-	15,064	29,458	44,522
Charitable activities	14,337	146,527	1,741,404	1,902,268
<b>Total expenditure</b>	<b>14,337</b>	<b>161,591</b>	<b>1,770,862</b>	<b>1,946,790</b>
<b>Net (expenditure)/income before revaluation of investments</b>	<b>12,331</b>	<b>99</b>	<b>(179,776)</b>	<b>(167,346)</b>
Unrealised gain on revaluation of investment property	-	-	-	-
<b>Net (expenditure)/income</b>	<b>12,331</b>	<b>99</b>	<b>(179,776)</b>	<b>(167,346)</b>
Transfer between funds		(84,193)	84,193	-
<b>Net movement in funds</b>	<b>12,331</b>	<b>(84,094)</b>	<b>(95,583)</b>	<b>(167,346)</b>
Total funds brought forward at 1 January 2020	£ 16,393	642,984	1,131,283	1,790,660
Total funds carried forward at 31 December 2020	£ 28,724	558,890	1,035,700	1,623,314

## **Independent Auditor's Report to the Trustees of Friends International Ministries**

### **Opinion**

We have audited the financial statements of Friends International Ministries (the 'charitable company') for the year ended 31 December 2021 which comprise statement of financial activities, balance sheet, statement of cashflow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 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.

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

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

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

## **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 9, 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**

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- carrying out substantive checking to supporting documents on a sample basis of individual transactions within income and expenditure to give comfort that on a sample basis the SOFA does not contain any irregular items;
- carrying out walk-through testing to verify that the charity's accounting systems and controls are being implemented as designed;
- verifying the existence on a sample basis of individual employees on the payroll; and
- verifying that material balances within the balance sheet are supported by third party evidence to confirm the existence and valuation of these balances at the balance sheet date.

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.

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, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Richard Hill*

**Richard Hill**  
(Senior Statutory Auditor)

for and on behalf of Griffin Stone Moscrop & Co.  
Statutory Auditor  
21-27 Lamb's Conduit Street  
London  
WC1N 3GS

Date: 10/3/2022