



Interserve International Fellowship

**Trustees Annual Report and Unaudited
Financial Statements
Year ended 31 December 2020**

Charity registration - 1187558

Company number - 11599413

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Trustees annual report

The Board of Trustees, who are also directors of the Charity for the purposes of the Companies Act, and trustees for charity law purposes, submit their annual report and the financial statements of Interserve International Fellowship for the year ended 31 December 2020.

The Board of Trustees confirms that the annual report and financial statements of the Charity comply with current statutory requirements, including the Charity Act 2011, as well as the requirements of the Charity's governing document and the provisions of 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) second edition (effective 1 January 2019)', the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Companies Act 2006.

Our nature, charitable purpose & approach

The Interserve International Fellowship charity joins with independently registered "Interserve" organisations in thirteen countries and a number of partnering agencies in other countries to form an alliance (broadly referred to as 'the fellowship') seeking to positively affect quality of life wherever we serve. Members of the fellowship serve among the peoples of Asia and the Arab World in the geography of Asia and the Arab World as well as peoples of Asia and the Arab world who live in diaspora elsewhere. We are united in our diverse contexts, and our diverse service efforts, by our vision, purpose, and values which are articulated on our foundation documents.

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:

The Interserve International Fellowship (IIF) Charity oversees the work of Interserve around the world. The International Leadership Team provides overall leadership to the entities and ministry teams to which members of the fellowship are assigned and associated.

Regional Directors serve in distinct regions assisting local teams to craft relevant ministry plans, ensure members are healthy and cared for, and provide essential input from those local ministry dynamics to the international leadership body.

Functional Directors serve across Interserve to provide resources and tools generally, including leadership development, HR best practices and guidance, focus on emerging trends and ministry development, communication internally across the fellowship as well as coordinating communications externally through member organisations.

Supporting these roles, the Charity:

- Provides central information systems,
- Assists in managing financial resource development and distribution,
- Advises in personal security and operational security for our ministry groupings, and
- Coordinates regional and international meetings, forums, conferences, consultations and other gatherings.

The International Leadership Team is led by the International Director who is accountable to the Interserve International Council which includes the Charity's Board of Trustees.

The global fellowship of Interserve is 'evangelical' in its understanding and practice of the Bible's teaching. It works for, with and through the local church in roughly 50 countries. Interserve works 'wholistically', or in an integrated way, serving the whole person in the whole context of life – i.e. body, mind and spirit, within a social context and culture – the whole of life being subject to the whole nature of God and His goodness.

We do this through:

- Listening and responding to God;
- Building communities of disciples;
- Ministering wholistically with those from other cultures and faiths in appropriate and respectful ways; and,
- Facilitating missional engagement.

The Trustees have reviewed the guidance issued by the Charity Commission with regard to the public benefit arising from the activities undertaken by the Charity. The Trustees are satisfied that the services provided by the Charity fully meet the principles of public benefit as set out in the Charity Commission Guidance.

Strategic Report

Our activities in 2020 were significantly affected by the COVID-19 pandemic. The extensive and ongoing disruption to global travel led to the cancellation of numerous activities, events and conferences, while others were shifted online. Many Interserve members were forced to return unexpectedly to their home countries. At the same time, those working in some ministry areas faced increased demand for their services and were able to assist those suffering from the consequences of the pandemic. These include people working in healthcare facilities across our contexts, community development projects, and those serving the marginalised who are disproportionately at risk because of the pandemic.

In these difficult circumstances the IIF continued its work:

Leadership

The International Leadership Team appointed a number of Directors and At-Large members to the team as a result of turnover, as well as adjustments to the emerging challenges international ministry is facing. These appointments ensure the provision of effective leadership at a time of significant need.

Working Groups

Several existing working groups made progress on their objectives to better understand the emerging nature of international ministry and the increasingly rapid pace of change in local contextual dynamics. These include:

- Functional roles for the fellowship and each of its entities in the coming years so that structural adaptations can be planned and implemented.
- Financial models that will allow the fellowship to continue to be sustainable into the coming years.
- Commissions and study groups that research specific challenges and aspirational outcomes, then provide input into international decision-making bodies.

Leaders Consultation

As required by the Articles of Interserve International Fellowship, the leaders of the broader alliance, known as the Leaders Consultation met virtually to reflect on and deliberate over a number of core matters pertaining to the focus and priorities of the fellowship. Members of this consultation are prescribed in the foundation documents and are designed to provide representation from all parts of the fellowship. Holding this meeting virtually was a direct impact of the pandemic.

Leadership Development Programme

Encouraging growth and personal development in individuals who can then serve the broader fellowship is one of the core areas of responsibility for the International Leadership Team specifically, and for Interserve International Fellowship. We engage individuals who commit to a two year program with a small cohort of other leaders to focus on building character for leadership. The Leadership Development (LD) program includes two 5-day residential intensives over those two years, however due to the pandemic provisions for launching the next class are being made in anticipation of a 2022 start.

With the entrance of the SARS-2 COVID-19 virus across the globe, and the responses to that by local public health ministries throughout Asia and the Arab world, the impact on society has far exceeded the physical health of millions of people. The economic and emotional health impacts in the communities that are most vulnerable to them has been devastating. IIF has facilitated the development and distribution of financial resources to make available to ministries associated with Interserve members in response to these impacts. Many of these projects are facing the twin impacts of increased demand for their services, coupled with reduced income due to a drop in charitable giving, loss of access to supply chains, and/or to markets around the world.

IIF was able to re-direct some of its funds toward this effort due to reduced expenses in 2020 directly related to cancelled travel and related expenses when lock-downs were imposed. This assistance was channeled through NGOs and ethical businesses operated by Interserve personnel. Ministries which benefited from this initiative include:

- A language learning centre in the Arab World which works to enable refugees to learn the local language, thereby increasing their job and educational prospects;
- An ethical business in South-East Asia which helps local people earn a living from agriculture rather than from involvement in the drugs trade;
- A community development initiative in Asia which provides education for local children, support for women and operates a homeless shelter;
- A programme of practical assistance provided to migrant workers in Asia who found themselves stranded hundreds of miles from home by sudden national lockdowns.

[Impact of COVID-19](#)

The pandemic had a significant impact on our ability to carry out normal work. This was intensely experienced by members of Interserve Fellowship who are not directly attached to IIF, (they are attached to member agencies), and who are essential for fulfilling our purpose. These included restrictions in travel, limits on in-person interactions and closure of schools, colleges, and churches. The travel restrictions naturally had a major impact on our activities in 2020. Repatriation to country of origin was problematic for certain nationalities. At the same time expatriate workers remaining in place were often prevented from travelling within the countries in which they worked, resulting in significant limitations being placed on their work at a time of greatly increased need.

People working in IIF-affiliated healthcare institutions were (and continue to be) extremely busy. Hospitals across Asia have been placed under great strain and the burden continues to weigh heavily on people and institutions. In response to this, IIF personnel have set up additional healthcare resources to provide emergency care to those in need, while funds have been raised around the world and distributed to provide equipment and resources to people on the front lines.

The response made by Interserve workers to the extraordinary circumstances of the COVID-19 pandemic reflect our organisational history of loving service to the peoples of Asia and the Arab World.

[Financial review](#)

At the point of registration, at the start of the 2020 financial year, the Charity received an initial transfer from the the previous unincorporated body of \$798,583 which is shown as an extraordinary item on the Statement of Financial Activities. During the 2020 financial year, the Charity achieved a surplus of \$245,408 through ongoing activities, resulting in total year end reserves of \$1,043,991.

The Trustees are satisfied with the financial performance of the Charity throughout the year.

Of the total reserves held at year end \$734,526 were unrestricted as to use, although only \$97,621 was available as general funds as a result of designations made to support various projects as outlined in note 8 of the financial statements.

[Reserves policy](#)

The Trustees have set a reserves policy that the Charity should hold a minimum unrestricted general reserve equivalent to three months expenditure - approximately \$95,000. The current level of \$97,621 is just above this level.

[Principal Risks and Uncertainties](#)

[Access and Residency Permits](#)

One of the more immediate threats facing the effectiveness of the organisation is our ability to physically reside in the contexts where ministry, projects and commercial activities are being implemented. This includes our ability to provide relational support and encouragement to those serving in our Countries of Service (largely expatriates serving out of their passport countries). In the wake of the global pandemic, immigration regulations are extremely limited. In some countries citizens are restricted from travelling outside of national borders. In many more, there are restrictions on visa residency and work permits that provide longer term residency.

Our short-term response has been to utilise technology to communicate and collaborate across national boundaries. While these technologies are powerful and enable a significant degree of productivity, longer term solutions will need to get beyond these tools and develop trusted external networks where our ability to be physically present remains restricted.

[Finance Team Capacity and Process Documentation](#)

An existing threat to our ability to perform one of our core services, financial resource management and distribution, is that our finance team capacity is significantly concentrated on certain individuals. All of our financial management processes and tasks are performed by these individuals. In addition, financial protocols and system knowledge reside in their individual memories.

To address this risk, we are currently working to recruit a deputy finance manager to increase the capacity of this team. In addition, we will develop internal protocol and system documentation describing the operating dynamics of our financial management systems.

[Monitoring and Compliance of Policies](#)

Threats and liabilities tied to individual and organisational behaviour in the area of safeguarding (Child and vulnerable persons safety) is an ongoing risk.

Developing a culture of best practice enables our personnel to safeguard the assets and reputation of the Charity. In addition, creating a culture where these expectations are practiced consistently greatly reduces the likelihood that damage to the Charity occurs. Improved systems that promote compliance and accountability for best practices is a significant component to creating that culture.

We will initiate an effort to review and map existing guidelines and policy to those areas required to be addressed in regulations, then revise or develop guidelines and policy where gaps are found.

[Concentration of our Information Management Systems to our Custom Software](#)

The Charity owns, develops and maintains a custom software system that provides a large range of central functions. These include personnel data, application and placement information, prayer information, and a large range of resources.

In the event of software failure, or critical information loss, providing coordinated information services in these areas would be adversely affected.

In response to this risk, we have initiated an evaluation of open source and subscription-based applications that reduce the load on our custom software. Anticipated outcomes of this evaluation is to implement data migration to these systems once they have been tested and approved for our use.

Governance and management structures

Interserve International Fellowship was incorporated as a company limited by guarantee (England & Wales) on October 2nd 2018 (registration number 11599413) and is governed by its Articles of Association. This company is registered with the Charity Commission in England and Wales under reference 1187558, with the registration completed on 24 January 2020.

The International Council, which includes the Trustees, are responsible for appointing the International 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 International Director in accordance with the policies established by the International Council from time to time.

The International Council Finance Committee (ICFC) is a sub-committee of the Council. This committee monitors the work of the Chief Finance Officer and the Finance Manager and is tasked by Council with overseeing the preparation of the Financial Statements; the budgeting process; and the audit process.

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

Registered Interserve organisations in their local jurisdiction have signed a “Covenant of Fellowship” with the other entities that form the International Fellowship. The covenant commits each signatory organisation 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, each registered organisation retains its legal autonomy within the International Fellowship and duly operates within the charity laws and regulations within its registered jurisdictions.

The Charity currently does not employ any staff directly and instead utilises staff employed by other Interserve entities and reimburses those entities for expenses incurred in their services.

Reference and administrative details

Registered office

652 Alum Rock Road
Birmingham
B8 3NS

Trustees

The Trustees who served during the year, and since commencement, were as follows:

Mrs. Elizabeth Jane Fucella (Chair)
Mr. Peter Michael Oyugi
Mr. Arend Sylvester Zwanepol

These, the trustees of the IIF, are members of the International Council of Interserve as mentioned above in “Our nature, charitable purpose & approach.” The remaining members of the International Council of Interserve are as follows:

Mr. Vijay Alexander
Ms. Delnia Bastos
Mr. Minyoung Jung
Ms. Zaza Lima
Mr. Jay Matenga
Ms. Theresa Roco-Lua
Ms. Adrienne Strengholdt-Ester
Mr. Ross Wilkerson

[Independent examiners](#)

Andy Nash Accounting & Consultancy
Units 24 & 25
Goodsheds Container Village
Hood Road
Barry
CF62 5QU

[Solicitor](#)

Russell Cooke
2 Putney Hill
London
SW15 6AB

Statement of Board of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of expenditure over income for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- 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; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. In addition, the Trustees confirm that they are happy that the content of the annual review on pages 3 to 10 of this document, meet the requirements of both the Trustees' Annual Report under charity law and the Directors' Report under company law.

They also confirm that the financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the Charity's governing document, the Charities Act 2011, 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) second edition (effective 1 January 2019)', the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant information of which the Charity's independent examiner is unaware; and,
- each Trustee has taken all the steps that they should have taken as a Trustee/Director in order to make themselves aware of any relevant independent examination information and to establish that the Charity's independent examiner is aware of that information.

Preparation of the report

This report has been prepared taking advantage of the small companies exemption of section 415A of the Companies Act 2006, and the exemptions available for smaller charities under the Statement of Recommended Practice.

This report was approved and authorised for issue by the Board of Trustees on 24 September 2021 and signed on its behalf by:

Jane Fucella

ELIZABETH JANE FUCELLA

CHAIR



BIJOY KOSHY

INTERNATIONAL DIRECTOR

Independent examiner's report

I report to the Trustees on my examination of the accounts of Interserve International Fellowship (charity number 1187558, company number 11599413) for the year ended 31 December 2020 which are set out on pages 13 to 23.

Respective responsibilities of trustees and examiner

The Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act'). The Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 ('the 2011 Act') nor under Part 16 of the 2006 Act, and that an independent examination is needed.

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the general directions given by the Charity Commission under section 145(5)(b) of the Charities Act; and,
- to state whether particular matters have come to my attention.

This report, including my statement, has been prepared for and only for the Charity's Trustees as a body. My work has been undertaken so that I might state to the Charity's Trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Charity and the Charity's Trustees as a body for my examination work, for this report, or for the statements I have made.

Basis of independent examiner's statement

My examination was carried out in accordance with general directions given by the Charity Commission. An examination includes a review of the accounting records kept by the Charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the Trustees concerning any such matters.

The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair' view and the report is limited to those matters set out in the statement below.

Independent examiner's statement

Since the Company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England & Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or,
- the accounts do not accord with those records; or,
- the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or,
- the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



ANDREW PHILIP NASH ACA

MEMBER OF THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES – 2461833

DATED: 24 SEPTEMBER 2021

Andy Nash Accounting & Consultancy Ltd
Units 24 & 25
Goodsheds Container Village
Hood Road
Barry
CF62 5QU

Statement of financial activities

Incorporating the Income and Expenditure Account & Statement of Realised Gains and Losses
For the year ended 31 December 2020

| | Notes | Unrestricted Funds 2020 \$ | Restricted Funds 2020 \$ | Total Funds 2020 \$ |
|---------------------------------|-------|-------------------------------------|-----------------------------------|------------------------------|
| Income from: | | | | |
| Donations & legacies | 2 | 78,811 | - | 78,811 |
| Charitable activities | 3 | 454,277 | 88,081 | 542,358 |
| Investments | | 2,865 | - | 2,865 |
| Total income | | 535,953 | 88,081 | 624,034 |
| Expenditure on: | | | | |
| Charitable activities | 4 | 345,193 | 33,433 | 378,626 |
| Total expenditure | | 345,193 | 33,433 | 378,626 |
| Net income/(expenditure) | | 190,760 | 54,648 | 245,408 |
| Initial transfer of capital | 5 | 543,766 | 254,817 | 798,583 |
| Net movement in funds | | 734,526 | 309,465 | 1,043,991 |
| Reconciliation of funds | | | | |
| Funds brought forward | 8 & 9 | - | - | - |
| Funds carried forward | 8 & 9 | 734,526 | 309,465 | 1,043,991 |

The notes on pages 16 to 23 form part of the financial statements.

There are no comparative figures presented as this is the first year of financial activities.

Balance sheet

As at 31 December 2020

| | Notes | \$ | Total Funds 2020 \$ |
|--|-------|------------------|------------------------------|
| Current assets: | | | |
| Debtors & prepayments | 6 | 70,643 | |
| Cash at bank and in hand | | <u>1,256,213</u> | |
| Current assets | | | 1,326,856 |
| Liabilities: | | | |
| Creditors: amounts falling due within one year | 7 | <u>(282,865)</u> | |
| Net current assets/(liabilities) | | | 1,043,991 |
| Net assets/(liabilities) | | | 1,043,991 |
| The funds of the charity: | | | |
| Restricted funds | 8 & 9 | | 309,465 |
| Unrestricted funds | | | |
| General funds | 8 & 9 | 97,621 | |
| Designated funds | 8 & 9 | <u>636,905</u> | |
| Unrestricted funds | | | <u>734,526</u> |
| Total charity funds | | | 1,043,991 |

The notes on pages 16 to 23 form part of the financial statements.

There are no comparative figures presented as this is the first year of financial activities.

The financial statements have been prepared in accordance with section 415A of the Companies Act 2006 relating to small companies and FRS 102 Section 1A.

The charitable company is entitled to exemption from audit under section 477 of the Companies Act 2006 for the year ended 31 December 2020, and the members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 December 2020 under section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

They were approved and authorised for issue by the Board of Trustees on 24 September 2021 and signed on their behalf by:

Jane Fucella

ELIZABETH JANE FUCELLA

CHAIR

Statement of cash flows

For year ended 31 December 2020

| | | Total Funds 2020 \$ |
|--|----------|------------------------------|
| Cash flows from operating activities: | | |
| Net income/(expenditure) for period (as per SOFA) | | 245,408 |
| Adjustments for: | | |
| Investment income | (2,865) | |
| (Increase)/decrease in advances | (30,535) | |
| (Increase)/decrease in prepayments | (1,383) | |
| (Increase)/decrease in other debtors | (217) | |
| Increase/(decrease) in national office accounts | 210,676 | |
| Increase/(decrease) in accruals | 17,637 | |
| Increase/(decrease) in other liabilities | 16,044 | |
| | | <u>209,357</u> |
| Net cash used in operating activities | | <u>454,765</u> |
| Cash flows from investing activities | | |
| Investment income | 2,865 | |
| | | <u>2,865</u> |
| Net cash used in investing activities | | <u>2,865</u> |
| Cash flows from financing activities | | |
| Initial transfer of capital | 798,583 | |
| | | <u>798,583</u> |
| Net cash used in financing activities | | <u>798,583</u> |
| Change in cash and cash equivalents in period | | <u>1,256,213</u> |
| Cash and cash equivalents at the beginning of the period | | - |
| Cash and cash equivalents at the end of the period | | <u>1,256,213</u> |

The notes on pages 16 to 23 form part of the financial statements.

There are no comparative figures presented as this is the first year of financial activities.

Notes to the financial statements

1. Accounting policies

Basis of preparation of the financial statements

The financial statements have been prepared in accordance with '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) second edition (effective 1 January 2019)', the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), including Update Bulletin 1, and the Companies Act 2006.

The effect of any event relating to the year ended 31 December 2020, which occurred before the date of approval of the financial statements by the Board of Trustees has been included in the financial statements to the extent required to show a true and fair view of the state of affairs at 31 December 2020 and the results for the year ended on that date.

The functional currency of the Charity is USD and amounts in the financial statements are rounded to the nearest dollar.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Going concern

The financial statements have been prepared on the going concern basis as the Board of Trustees is confident that future reserves and future income is more than sufficient to meet current commitments. There are no material uncertainties that impact this assessment, and the ongoing global COVID-19 pandemic has had no material impact on this assessment.

Legal status

Interserve International Fellowship is a charitable company registered in England & Wales and meets the definition of a public benefit entity. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member. The registered address is 652 Alum Rock Road, Birmingham, B8 3NS.

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.

Designated funds are unrestricted funds which have been designated for a specific purpose by the Trustees. The aim and use of each designated fund is set out in note 8 of the financial statements.

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors or that have been raised by the Charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in note 8 of the financial statements.

Income

Income is recognised when the Charity has entitlement to the funds, any performance indicators attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Donations are recognised in full in the Statement of Financial Activities when entitled, receipt is probable and when the amount can be quantified with reasonable accuracy. Gift aid receivable is included when claimable.

1. Accounting policies (continued from previous page)

Income (continued from previous page)

Grant income is credited to the Statement of Financial Activities when received or receivable whichever is earlier, unless the grant relates to a future period, in which case it is deferred.

Income from charitable activities, including national office and On Track contributions, is credited to the Statement of Financial Activities when received or receivable whichever is earlier, unless it relates to a specific future period or event, in which case it is deferred.

Interest is recorded when it is receivable.

Expenditure and irrecoverable VAT

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities.

Indirect costs, including governance costs, which cannot be directly attributed to activities, are allocated proportionate to total direct costs allocated to each project area, as outlined in note 4 of the financial statements.

Irrecoverable VAT is charged against the category of expenditure for which it was incurred.

Tangible fixed assets and depreciation

All assets costing more than \$1,000 are capitalised.

There are currently no assets held by the Charity over this amount.

Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits with banks and funds that are readily convertible into cash at, or close to, their carrying values but are not held for investment purposes.

Debtors and prepayments

Trade and other debtors are recognised at the settlement amount after any trade discount is applied. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and accruals

Creditors 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.

Critical estimates and judgements

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The annual depreciation charge for tangible fixed assets is sensitive to changes in useful economic lives and residual values of assets. In the view of the Trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

Financial instruments

Basic financial instruments are measured at amortised cost other than investments which are measured at fair value.

1. Accounting policies (continued from previous page)

Foreign currencies

Foreign currency balances have been translated at the exchange rate ruling at the Balance Sheet date.

Income and expenditure transactions have been translated at the prevailing rate at the time of the transaction.

2. Income from donations and legacies

| | Unrestricted Funds 2020 \$ | Restricted Funds 2020 \$ | Total Funds 2020 \$ |
|-----------|-------------------------------------|-----------------------------------|------------------------------|
| Donations | 78,811 | - | 78,811 |
| | <u>78,811</u> | <u>-</u> | <u>78,811</u> |

3. Income from charitable activities

| | Unrestricted Funds 2020 \$ | Restricted Funds 2020 \$ | Total Funds 2020 \$ |
|-------------------------------|-------------------------------------|-----------------------------------|------------------------------|
| National office contributions | 441,327 | - | 441,327 |
| On Track contributions | 12,950 | - | 12,950 |
| Other contributions | - | 88,081 | 88,081 |
| | <u>454,277</u> | <u>88,081</u> | <u>542,358</u> |

4. Total expenditure

| | Unrestricted Funds 2020 \$ | Restricted Funds 2020 \$ | Total Funds 2020 \$ |
|-------------------------|-------------------------------------|-----------------------------------|------------------------------|
| Leadership | 27,484 | - | 27,484 |
| Ministry development | 828 | - | 828 |
| Operational development | 31,616 | - | 31,616 |
| People development | 20,207 | - | 20,207 |
| Regional development | 17,286 | - | 17,286 |
| Other programme support | 61,686 | 33,433 | 95,119 |
| Administration | 181,590 | - | 181,590 |
| Governance | 4,496 | - | 4,496 |
| | <u>345,193</u> | <u>33,433</u> | <u>378,626</u> |

Governance costs includes:

| | Total Funds 2020 \$ |
|-----------------------------|------------------------------|
| Independent examination | 3,692 |
| Trustee indemnity insurance | 352 |
| Other | 452 |
| | <u>4,496</u> |

5. Initial transfer of capital

Previously, the operations of Interserve International Fellowship had been managed through an unincorporated entity. An initial transfer of net assets totalling \$798,583 were transferred to the newly registered charity in January 2020.

This transfer has been treated as an extraordinary item below income and expenditure as permitted under clauses 4.16 to 4.18 of the SORP.

6. Debtors and prepayments

| | Total Funds 2020 \$ |
|--------------------------|------------------------------|
| National office accounts | 38,508 |
| Advances | 30,535 |
| Prepayments | 1,383 |
| Other | 217 |
| | <hr/> 70,643 <hr/> |

7. Creditors: amounts falling due within one year

| | Total Funds 2020 \$ |
|--------------------------|------------------------------|
| National office accounts | 249,184 |
| Accruals | 17,637 |
| Other | 16,044 |
| | <hr/> 282,865 <hr/> |

8. Analysis of charity funds

| | Balance brought forward 2020 \$ | Income in year 2020 \$ | Expenses in year 2020 \$ | Transfer of capital 2020 \$ | Transfers between funds 2020 \$ | Balance carried forward 2020 \$ |
|------------------------------|---|------------------------------------|--------------------------------------|---|---|---|
| Restricted | | | | | | |
| Asian Mission Fund | - | - | - | 8,400 | - | 8,400 |
| Arab World Conference | - | 37,485 | - | 63,122 | - | 100,607 |
| E2S Development Fund | - | 14,496 | - | 45,193 | - | 59,689 |
| Medical Fund | - | 36,100 | (33,433) | 138,102 | - | 140,769 |
| Total restricted | - | 88,081 | (33,433) | 254,817 | - | 309,465 |
| Unrestricted | | | | | | |
| Designated | | | | | | |
| Leadership Development | - | | | 10,557 | 50,000 | 60,557 |
| Latin America | - | | | 4,744 | 40,000 | 44,744 |
| Ministry Development | - | | (5,000) | 44,231 | | 39,231 |
| International Meeting Fund | - | | | 141,756 | 40,000 | 181,756 |
| Global South | - | | (12,400) | 39,959 | 50,600 | 78,159 |
| Leadership Financial Support | - | | (15,000) | 30,819 | 10,000 | 25,819 |
| Philippines | - | | | 23,042 | | 23,042 |
| Africa Development | - | | | 21,533 | | 21,533 |
| Emergency Fund | - | | | 162,064 | | 162,064 |
| Total designated | - | - | (32,400) | 478,705 | 190,600 | 636,905 |
| General | - | 535,953 | (312,793) | 65,061 | (190,600) | 97,621 |
| Total unrestricted | - | 535,953 | (345,193) | 543,766 | - | 734,526 |
| Total funds | - | 624,034 | (378,626) | 798,583 | - | 1,043,991 |

Asian Mission Fund

This fund is to provide financial support to needy partners and training local ministries and member care ministries.

Arab World Conference

The Arab World Conference fund is to cover the costs of the joint Arab World Conference, held every three years. Each partner in the Arab World is assessed a monthly charge, paid by the partner's respective national office. These funds are accumulated in order to cover the costs of the conference.

E2S Development Fund

This fund is designed to pay the costs of E2S Conference and contributions are made from Conference participants.

8. Analysis of charity funds (continued from previous page)Medical fund

This fund is to provide funds for medical care when the partner is in the field. This fund is refreshed each month with a medical levy on each participant in the plan.

This fund is to encourage existing and emerging leaders across the Fellowship to engage in continuous personal development including study, reading and training.

Less Affluent Contexts (LAC) & Global South

Generally these funds are setup to support global south national offices and also to assist other national offices in times of financial difficulties.

Ministry development

This fund is for the development of core ministry within Interserve.

International Meeting Fund

The fund is to cover some of the costs of international meetings (Leaders Consultation, Regional Forums, Functional Leaders Conferences).

Leadership Financial Support

The fund is designed to assist and encourage members of the ILT in continuous personal development, training and study. It can also be used to assist in meeting financial obligations such as visa expenses while performing their leadership role.

Philippines

This fund is for the development of Philippines partnership.

Africa Development

This fund is for partnership development with Africa missions and churches.

Emergency Fund

The Emergency Fund is for the purpose of evacuating partners and their families out of an emergency situation while serving in their country of service where a National Office does not exist in that country.

9. Analysis of net assets

| | Unrestricted Funds 2020 \$ | Restricted Funds 2020 \$ | Total Funds 2020 \$ |
|---------------------|-------------------------------------|-----------------------------------|------------------------------|
| Current assets | 1,017,391 | 309,465 | 1,326,856 |
| Current liabilities | (282,865) | - | (282,865) |
| | <u>734,526</u> | <u>309,465</u> | <u>1,043,991</u> |

10. Analysis of net debt

| | As at 1 Jan '20 \$ | Cash flows \$ | Other movemts \$ | As at 31 Dec '20 \$ |
|---------------------------|--------------------------|---------------------|------------------------|---------------------------|
| Cash and cash equivalents | | | | |
| Cash at bank | - | 1,256,213 | - | 1,256,213 |
| | <u>-</u> | <u>1,256,213</u> | <u>-</u> | <u>1,256,213</u> |

11. Trustee remuneration

During the year, no trustee received any remuneration. No members of the Board of Trustees received reimbursement of expenses.

12. Related party transactions

During the year there were no related party transactions.



Interserve