

Charity registration number 200027

Company registration number 00688281 (England and Wales)

RURAL MINISTRIES
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

RURAL MINISTRIES

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Mrs E Fisher
Mr C Hughes
Mr T Lea
Mr S Spurgeon
Mr P Susans
Mrs H Taylor
Rev J Witts
Rev Y Dubreuil

Secretary

Mr N Jones

Charity number

200027

Company number

00688281

Registered office

Brynford House
21 Brynford Street
Holywell
Flintshire
United Kingdom
CH8 7RD

Auditor

Azets Audit Services
Brynford House
21 Brynford Street
Holywell
Flintshire
United Kingdom
CH8 7RD

Solicitors

Anthony Collins LLP
134 Edmund Street
Birmingham
United Kingdom
B3 2ES

Investment advisors

Investec Wealth & Investment Limited
2 GRESHAM STREET
London
EC2V 7QP
United Kingdom

RURAL MINISTRIES

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RURAL MINISTRIES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2022

The trustees present their annual report and financial statements for the year ended 31 March 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "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)".

Objectives and activities

Rural Ministries exists to encourage Christian mission and discipleship in the countryside throughout the UK, by enabling those seeking to pioneer new forms of church and mission, and resourcing existing rural churches and their leaders in terms of their growth, development, and missional engagement with their local context. Rural Ministries seeks to act as a support structure for both pioneers and churches, facilitating them either directly, or through existing denominational links, to provide a network to share ideas and best practice, help identify potential funding and practical assistance as well as encouraging prayer support. A secondary, but nonetheless important objective is to inspire, educate and encourage those who are already within the rural context as to how they might be more effective for mission, utilising their existing resources. To achieve these aims and objectives, Rural Ministries continue to develop meaningful working relationships with other mission agencies, denominations and organisations who share our basis of faith and vision. The Chief Executive, pastoral staff and trustees regularly review such relationships.

Each year the trustees review the objectives and activities of the charity to ensure they continue to reflect the organisation's aims. In this review, the trustees have considered the Charity Commission's general guidance on public benefit and continue to adopt the guiding principles.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

RURAL MINISTRIES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Overview of charity's operations

The year from April 2021 has been dominated by the recovery from the Covid-19 Pandemic, which has continued to impact RM's operations and the churches and mission initiatives within our network. Throughout the year, the Trustees, through the staff team, have sought to respond to the challenging situations and find new ways to support and encourage rural churches, denominations, charities, and mission initiatives from a broad spectrum of Christian traditions and experiences across the UK. We invest time in listening to the context, to God and people so that we might best come alongside others to encourage innovation, enable collaboration, and increase the expectation that there is still hope for the rural church. We think differently; where others see problems, we see opportunities.

The rural context geographically equates to 95% of the landmass of the United Kingdom and 16% of the population. There has been a noticeable shift from the urban to the rural context since the pandemic, labelled by some as 'the race for space'. Unfortunately, it is evident that many mainline denominations still do not fully understand, strategise, and resource help to those worshipping, working and witnessing in the rural context; in fact, a policy of church closure and withdrawal in the rural context has been seemingly adopted. This makes supporting, encouraging and networking pioneers, rural mission initiatives, rural churches, and their communities increasingly important. Rural churches and mission initiatives frequently provide essential services which would otherwise struggle to function in their communities. These can include services as diverse as youth clubs, food banks, pastoral and practical support for the elderly, cafés, substance abuse recovery, parenting courses and managing personal debt. Without resourcing and support from Rural Ministries, several of these would no longer be sustainable, nor the churches behind them.

The pandemic, especially during the two lockdowns, highlighted isolation issues for those living in rural communities, leading rural churches, and mission initiatives. As such, external support, training, and networking opportunities are essential. Many of the mainline denominations' focus and resourcing have a distinct urban bias, meaning that those in the rural context are rarely the beneficiaries. The result is that the rural context has few champions and advocates regarding church innovation and mission. Rural Ministries continually seeks to fill this gap by investing in, supporting and resourcing our growing network through a blend of online events, retreats and meeting up. The circulation of the triannual magazine 'MOSAIC' has continued to increase, and our weekly reflections sent via email continue to inspire comment and sharing on social media with a wider audience.

In 2021 we intentionally decided to move away from a membership-based engagement. Instead, we moved to a network of churches, people and organisations in the rural context and passionate about Jesus. Being a network grants us greater freedom to operate and inspire a more significant number of individuals as well as churches. Together we are rethinking mission and reimaging what church needs to look like to make disciples who make disciples, who in turn make disciples. We believe the future will favour a well-connected network of pioneers, practitioners, and permission givers.

We are not seeking to be a brand or a dominant voice. We are simply seeking to join in with what God is already doing. This means we link with like-minded mission agencies, church funding organisations, denominations, theological colleges, and other networks, helping them in what they are called to do. Connectivity has never been more important to us. Whether in person or virtually over Zoom, together, we can learn, share, support, pray and grow as a network. In addition to working with our network, Rural Ministries works closely with a range of complementary organisations to the mutual benefit of those in our network. These strategic alliances allow us to offer resources and skills to more rural churches than we could provide on our own. Rural Ministries continues to be one of the few non-conformist voices offering teaching and input into the nuances of mission in the rural context to theological students.

We have intentionally continued our strategy of identifying, investing in and resourcing rural pioneers and further developing the 'Missional Listening' project beyond individual workers to embracing a geographic region. Missional Listening continues to be one of the qualifying offices for ordained Baptist ministry.

RURAL MINISTRIES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Our continued support of rural leaders and pioneers through learning communities has led to the development of a new group of leaders based in the Southwest and enabled the ongoing support of pioneers and practitioners in the Northeast. We are looking to develop this model further as it provides indigenous support and accountability, which is nuanced to specific rural locations and regions. We have maintained our links and engagement with Fresh Expressions over the past year and find that we are frequently sought out for advice and insight into mission and leadership within a rural context. We have also developed links and invested in Crucible, a training course to enable people to operate as cross-cultural missionaries. We have brought our rural expertise and have been able to shape the content to engage with those ministering on the margins of rural and urban communities.

As part of a continued effort to manage effectively and efficiently manage our administrative and running costs effectively and efficiently, we maintained our strategy for delivering a conference programme across the UK through a mix of video conferencing and regional conversations. As such, these events have continued to be successful and a cost-effective tactic for connecting with and resourcing those who had not previously encountered our work.

The Trust Board of Rural Ministries consists of experienced people intentionally selected from a wide range of church backgrounds and practices. We are constantly vigilant for any who could serve as an additional trustee to ensure that the breadth of expertise is maintained and that the trust board accurately represents the diversity of churches and mission initiatives we support and resource. Together with the staff, Chief Executive and Administrator, the Trust Board seeks to provide effective governance, determine policy, and support the ongoing work of Rural Ministries. The Trust Board has undertaken a full review of existing and future commitments at the end of the financial year, recognising the continuing gap between income and expenditure, and remains committed to Rural Ministries' charitable purposes of encouraging mission, enabling pioneers, and equipping the rural church. To this end, we continue to work hard to ensure that all partners are moving towards sustainability, exploring strategic alliances with other like-minded organisations, and raising visibility and financial support for partner organisations and others outside our existing partnership base.

Achievements and performance

Overall, expenditure on charitable activities continued at a similarly low level to the previous year in real terms as the continued effect of the pandemic held back expenditure on conference venues, travel, and meeting costs. Although working practices have evolved since the pandemic, the team continues to be the primary way we show our support and commitment to our growing network. It is imperative to state that without a realistic staffing level or grants, the charity would not be able to fulfil its charitable objectives to its growing number of partner churches and mission partners within the UK.

We continue to invest in the properties held by Rural Ministries. However, no significant work was required, and all properties were fully occupied, leading to an increase in rental income. Ongoing budgets continue to allow for repair, servicing, or replacement of any unexpected items.

The Trustees continue to uphold the policy of ensuring that churches become responsible for all costs concerning properties and supporting pastors. Any grants awarded for these costs by Rural Ministries are on a tapering basis to encourage churches to become self-sustaining.

Rural Ministries operated at a loss of £144,815 for the year. Although our total funds show only a small drop of £7,503 this is mainly due to a change in the accounting treatment of some properties. In reality, our investments were affected by world events and especially the Russian invasion of Ukraine. The trustees of Rural Ministries are aware that the charity runs at an annual loss; however, this figure represents a significant improvement on the previous year primarily due to the 'bounce back' in the value of investments following their dramatic drop in March 2020. Regular reviews of assets, suitability and budgets occur, with quarterly updates and variance reports provided for Council members. The trustees have reviewed the resources to hand and concluded that while they are adequate for the current work of Rural Ministries in meeting its aims and objectives, they will eventually lead to closure unless these funds are replenished.

RURAL MINISTRIES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Financial review

The trustees have reviewed the charity's reserves requirements, considering the company's main risks and have set appropriate budgets to maintain sufficient funds in the future. The trustees discuss the level of reserves at their meetings, which have continued without interruption by video conferencing during the pandemic, based on reports produced by the Administrator and Chief Executive, which allows them to monitor and manage the budgets closely considering commitments already made and any future decisions of financial support.

The primary sources of income for Rural Ministries come from our managed investments and rented properties, with managed investment income being 51% of total investment income (2021: 50%) and rental income growing to 46% of total investment income (2021: 41%). The continued sale of assets to meet the running costs of Rural Ministries means both figures are likely to decline over the coming years. A default event further impacted investment income on the Capacity Growth Bonds issued by Christian Property Development company B&R. Steps have been taken to recover the invested funds by calling in the initial guarantees. A total of £444,000 has been recovered against a debt of £600,000. Further scheduled payments will recover 91% of the overall debt. This process is closely monitored by the Chief Executive and Trustees of Rural Ministries. Rural Ministries maintains a policy of charging market rates for residential properties let to churches but offsetting this where necessary by providing a 'rental support grant'. Such grants are provided on a decreasing basis to ensure that recipient churches will fully fund the rental value of properties within five years.

The pandemic continued to impact preaching fees and consultancy. Other (non-investment) income showed a slight increase over the previous year, with a 10% increase in gifts from those in our network and a 35% increase in general donations against 2021. The capital growth fund, managed by EdenTree and opened in the 2017/18 financial year, showed signs of recovery during the financial year as the FTSE improved; however, because of volatility, we continue to take a long-term view of this investment holding.

Accounting standards treat investment properties differently, so as churches have released properties, these have been reclassified as investment properties. Several properties were revalued during the financial year, given the sizeable gains in the housing market, leading to a notable appreciation in our fixed assets; these transfers are purely on paper and not realised. Any sizeable excess income generated from property sales, debt repayment or legacies is being reinvested in our income growth fund managed by Investec.

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

RURAL MINISTRIES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Future plans

At the end of each financial year, the trustees of Rural Ministries and the staff review our activities. We continue to outwork our vision of seeing the Countryside served by missional communities that are grace-filled, God empowered and contextually relevant. Primarily this is delivered through encouraging mission, enabling pioneers, and equipping the rural church through our growing network. We continue to identify and resource those called to pioneer a new work, providing them with accountability and support, as well as giving them permission to fail. Reviewing some of the sizeable projects we initiated, the trustees have recognised the value and uniqueness of the 'Missional listening' project. As such, we seek to promote the values and methods to others, building a network of 'Missional listeners' across the rural context. Our network continues to grow, and we continue to pursue growing links with the Anglican community from our strategic partnership with two Dioceses. This growth has presented us with a unique opportunity to facilitate a national conversation with rural churches, rural mission agencies and pioneers as to what strategic changes will be needed to enable a profound Gospel impact to be made across the rural context. To this end, we have engaged the services of a consultant who has expertise in this area to help work up an affordable yet bold strategy. Through this consultant's work, we have launched a strategy of 'rural mission hubs' based at retreat centres across the UK. We have two up and running at Scargill House and Lee Abbey, and we plan to launch similar hubs at Ashburnham Place, Launde Abbey, plus venues in Scotland and Wales.

Promotion

Through our website, E-news, and printed material, we continue to promote the work of Rural Ministries. Our triannual magazine serves our supporters with prayer news and stories of mission, and articles to inspire. In compliance with GDPR legislation, we maintain strict control over the data we hold to ensure that it is relevant for us to use for promotion. An update to our website has been implemented, which provides more clarity about who we are and what we do, as well as more straightforward navigation around the site. Management of this is looked after in-house

Resources and Expenditure

The Council and staff team are aware that fulfilling our objectives throughout the United Kingdom continues to be costly, and the effective use of all resources is a priority. With this in mind, we are working on ways to reduce our expenditure both internally and externally. Internal examples would include delivering our conference programme in a hybrid form, which has significantly reduced our costs, and the online leadership development conference which was so popular that we exceeded capacity and had a waiting list. We continue to develop this hybrid model of delivering input to our growing network; however, we are mindful that people miss face-to-face interaction. Externally we continue to explore strategic alliances with other organisations that share our values and vision. Our aim is to enable the continued support, encouragement and resourcing of rural churches that are working towards pioneering methods of mission and community engagement. Requests to help assess independent rural churches' current and future needs continue to receive attention; however, there is a conscious move away from Rural Ministries being the sole financial provider. The Trustees and CEO have reviewed the grant request process, making it much more robust and placing a higher expectation of match funding, and also a requirement for qualitative research and assessment of results.

Staffing

We have a staff team of four, all of whom were part-time during the reporting period. This enables us to split the UK into geographic regions to oversee and work more effectively as a team. Using technology, we can meet up every other week via Zoom, although we also meet physically once a quarter to plan, pray and strategise.

RURAL MINISTRIES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2022**

Structure, governance and management **Governing document**

The charity is controlled by its governing document, a deed of trust, and its memorandum of association. Rural Ministries constitutes a limited company (Reg. No. 00688281), limited by guarantee and not having a share capital, as defined by the Companies Act 2006. The charity is registered with the Charities Commission (Reg. No. 200027).

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mrs E Fisher
Mr C Hughes
Mr T Lea
Mr S Spurgeon
Mr P Susans
Mrs H Taylor
Rev J Witts
Rev Y Dubreuil

Recruitment and appointment of new trustees

The sole right of admission as a trustee is vested in the Council. Trustees may, from time to time, elect approved individuals to the Governing Council (as per the criteria set out in the governing document). Nominations for election follow an initial meeting with the Chairman or Chief Executive for orientation and briefing on their legal obligations, the content of the memorandum and articles of association, the decision-making process, and the recent performance of the charity.

Organisational structure

The Council, which meets quarterly, administer the charity. The Council appoints a Chief Executive to manage all charity activities. The Council decide on development, strategy, policy and finance. Written reports from the Chief Executive and pastoral and administration staff are provided to Council members before meetings to inform them of their activities and decisions. Regular updates are provided between meetings where appropriate.

Staff

Chief Executive Officer: Rev Simon Mattholie

Office Administrator: Mr Nick Jones

Director (Wales and South West England):
Rev Alison Griffiths

Director (Scotland and Northern England):
Mr Alistair Birkett

RURAL MINISTRIES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Wider network

Rural Ministries is a member of the Evangelical Alliance and is involved with the Churches Rural Group, Rural Evangelism Network, is part of the leadership of Rural Fresh Expressions, and coordinates the 'Rural Collaborations', a grouping of like-minded agencies working in the rural context. Rural Ministries also resource various church denominations with a specific interest in ministry in the Countryside.

Funds held as custodian trustee

A bank account existed for the old Brettenham Church Fund that was managed by Hitcham Free Church. This bank account was held with Shawbrook Bank in the name of Rural Ministries, as required by the Charities Commission. The balance of this account at the year-end was £11,042 (2021: £11,042) but is not recognised as an asset in these financial statements to reflect the substance over form, whereby the bank account operated for the benefit of Hitcham Free Church, and not Rural Ministries. Following a resolution by the members of Hitcham Free Church, the church has closed, and the Managing Trustees of Hitcham Free Church have sold the site. The charity formally closed on the 22nd of April, 2022. As part of the closure, the Managing Trustees of Hitcham Free Church gifted the contents of the Brettenham Fund to Rural Ministries without restriction.

Trustee Powers and restrictions

1. The trustees may invest the monies of the Association not immediately required for its purposes in or upon such investments, securities or property as may be thought fit.
2. The objects of the Charity shall not extend to the regulation of relations between workers and employers or organisations of workers and organisations of employers.
3. Nothing in the Charity's Memorandum shall be deemed to authorise the Charity to carry on either directly or indirectly, any trading activities of a permanent nature.

RURAL MINISTRIES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2022**

Auditor

The auditors, Azets Audit Services, will be proposed for re-appointment at the forthcoming Annual General Meeting.

The trustees' report was approved by the Board of Trustees.



Mr N Jones

Secretary

Dated: 25 October 2022

RURAL MINISTRIES

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2022

The trustees, who are also the directors of Rural Ministries for the purpose 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

RURAL MINISTRIES

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF RURAL MINISTRIES

Opinion

We have audited the financial statements of Rural Ministries (the 'charity') for the year ended 31 March 2022 which comprise the statement of financial activities, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity 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 charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the 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 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.

RURAL MINISTRIES

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF RURAL MINISTRIES

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 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
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose 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 charity'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 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

RURAL MINISTRIES

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF RURAL MINISTRIES

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Melanie Langton-Davies ACA FCCA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services

26 October 2022

Chartered Accountants
Statutory Auditor

Brynford House
21 Brynford Street
Holywell
Flintshire
United Kingdom
CH8 7RD

Azets Audit Services is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

RURAL MINISTRIES

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

		Unrestricted funds 2022 £	Unrestricted funds 2021 £
	Notes		
<u>Income from:</u>			
Donations and legacies	3	23,307	25,278
Charitable activities	4	3,365	7,300
Investments	5	77,739	60,495
Total income		104,411	93,073
<u>Expenditure on:</u>			
Raising funds	6	2,967	2,309
Charitable activities	7	246,259	261,710
Total expenditure		249,226	264,019
Net gains/(losses) on investments	11	137,312	69,986
Net movement in funds		(7,503)	(100,960)
Fund balances at 1 April 2021		2,032,002	2,132,962
Fund balances at 31 March 2022		2,024,499	2,032,002

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

RURAL MINISTRIES

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	12		154,332		234,479
Investment properties	13		626,000		375,000
Investments	14		1,105,033		1,264,944
			<u>1,885,365</u>		<u>1,874,423</u>
Current assets					
Debtors	16	132,806		147,055	
Cash at bank and in hand		14,990		17,785	
		<u>147,796</u>		<u>164,840</u>	
Creditors: amounts falling due within one year	17	(8,662)		(7,261)	
Net current assets			139,134		157,579
Total assets less current liabilities			<u>2,024,499</u>		<u>2,032,002</u>
Income funds					
Unrestricted funds			2,024,499		2,032,002
			<u>2,024,499</u>		<u>2,032,002</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2022, although an audit has been carried out under section 144 of the Charities Act 2011.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements under the requirements of the Companies Act 2006, for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 25 October 2022

Mr
Trustee



Company Registration No. 00688281

RURAL MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Charity information

Rural Ministries is a private company limited by guarantee incorporated in England and Wales. The registered office is Brynford House, 21 Brynford Street, Holywell, Flintshire, CH8 7RD, United Kingdom.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

RURAL MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	not depreciated
Fixtures and fittings	10% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

RURAL MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Donations and gifts	23,307	21,278
Legacies receivable	-	4,000
	<u>23,307</u>	<u>25,278</u>

RURAL MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

3 Donations and legacies (Continued)

Donations and gifts

Gifts from Partners	10,781	9,798
General donations	5,126	3,788
Gift Aid donations	7,400	7,692
	<u>23,307</u>	<u>21,278</u>

4 Charitable activities

	Charitable Income 2022 £	Charitable Income 2021 £
Sales within charitable activities	2,149	110
Other income	1,216	7,190
	<u>3,365</u>	<u>7,300</u>

5 Investments

	Unrestricted funds 2022 £	Unrestricted funds 2021 £
Rental income	35,777	24,740
Managed investment income	39,324	29,998
Interest receivable	2,638	5,757
	<u>77,739</u>	<u>60,495</u>

Managed investment income represents dividends and interest earned on the company's investment portfolio of listed securities and related cash balances. Rural Ministries has an investment portfolio managed by Investec Wealth & Investment Ltd and a separate investment held in a fund for charities managed by EdenTree Investment Management.

Interest receivable includes income received from an outstanding debt which is being repaid in instalments.

RURAL MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

6 Raising funds

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
<u>Investment management</u>	2,967	2,309
	<u>2,967</u>	<u>2,309</u>

7 Charitable activities

	2022	2021
	£	£
Staff costs	84,632	90,081
Depreciation and impairment	(10,278)	-
Insurance	1,516	716
Telephone	698	855
Trustees expenses	2,187	176
Ministry support	97,589	101,764
Office and general expenses	7,236	6,580
Conferences	560	339
Motor, travel and expenses	10,825	5,402
Property maintenance and costs	6,178	11,811
Publications, publicity and websites	26,193	19,515
Rental commission and fees	4,600	2,726
Bank charges	96	69
Consultancy costs	3,490	-
	<u>235,522</u>	<u>240,034</u>
Share of governance costs (see note 8)	10,737	21,676
	<u>246,259</u>	<u>261,710</u>

RURAL MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

8 Support costs

	Support costs	Governance costs	2022	Support costs	Governance costs	2021
	£	£	£	£	£	£
Audit fees	-	4,038	4,038	-	3,654	3,654
Accountancy	-	2,280	2,280	-	1,890	1,890
Legal and professional	-	4,419	4,419	-	16,132	16,132
	<u>-</u>	<u>10,737</u>	<u>10,737</u>	<u>-</u>	<u>21,676</u>	<u>21,676</u>

Governance costs includes payments to the auditors of £4,038 (2021- £3,645) for audit fees.

9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

Trustees' expenses

During the year, Trustees received a total of £765 in expenses (2021: £0.00). Expenses payments are for travel to attend meetings

10 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Chief Executive	1	1
Operations Manager/Administrator	1	1
Other staff (including part-time)	2	2
Total	<u>4</u>	<u>4</u>

Employment costs

	2022 £	2021 £
Wages and salaries	74,907	79,489
Social security costs	1,464	2,113
Other pension costs	8,261	8,479
	<u>84,632</u>	<u>90,081</u>

RURAL MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

10 Employees

(Continued)

There were no employees whose annual remuneration was more than £60,000.

11 Net gains/(losses) on investments

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Revaluation of investments	(23,866)	124,087
Gain/(loss) on sale of investments	603	(54,101)
Revaluation of investment properties	160,575	-
	<u>137,312</u>	<u>69,986</u>

12 Tangible fixed assets

	Freehold land and buildings	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 April 2021	274,011	11,875	285,886
Transfer to investment property	(90,425)	-	(90,425)
At 31 March 2022	<u>183,586</u>	<u>11,875</u>	<u>195,461</u>
Depreciation and impairment			
At 1 April 2021	39,532	11,875	51,407
Transfer to investment property	(10,278)	-	(10,278)
At 31 March 2022	<u>29,254</u>	<u>11,875</u>	<u>41,129</u>
Carrying amount			
At 31 March 2022	<u>154,332</u>	<u>-</u>	<u>154,332</u>
At 31 March 2021	<u>234,479</u>	<u>-</u>	<u>234,479</u>

13 Investment property

	2022
	£
Fair value	
At 1 April 2021	375,000
Transfers from Freehold land and buildings	90,425
Net gains or losses through fair value adjustments	160,575
At 31 March 2022	<u>626,000</u>

RURAL MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

13 Investment property

(Continued)

At the beginning of the financial year there were 2 properties which were classified as investment properties. These properties were revalued during the period under review which resulted in a revaluation adjustment of £66,000. During this period a further property was transferred from Freehold Properties at the depreciated value of £80,147. In accordance with the requirements of the Financial Reporting Standard 102, this property was revalued to fair value resulting in the reversal of accumulated depreciation of £10,278 and a revaluation adjustment of £94,575.

RURAL MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

14 Fixed asset investments

	Listed investments £	Unlisted investments £	Total £
Cost or valuation			
At 1 April 2021	1,057,131	207,813	1,264,944
Repayments	-	(97,813)	(97,813)
Disposals	(62,098)	-	(62,098)
At 31 March 2022	995,033	110,000	1,105,033
Carrying amount			
At 31 March 2022	995,033	110,000	1,105,033
At 31 March 2021	1,057,131	207,813	1,264,944

Listed Investments

Rural Ministries holds listed securities and stocks that are professionally managed by Investec Wealth & Investment Limited within the ethical constraints imposed by the Trustees. Investec Wealth & Investment Ltd is a member firm of the London Stock Exchange and is authorised and regulated by the Financial Conduct Authority.

Rural Ministries also holds funds in an investment fund for charities managed by EdenTree Investment Management.

Unlisted Investments

Unlisted investments relate to the outstanding capital element of the original B&R Finance Limited bond which was issued in 2017. After B&R Finance Limited defaulted on payments during 2019, the trustees put measures in place to ensure the recovery of 90% of the capital of the original bond, minimising the loss to Rural Ministries.

15 Financial instruments	2022 £	2021 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	995,033	1,057,131
16 Debtors		
Amounts falling due within one year:	2022 £	2021 £
Other debtors	13,364	13,307
Prepayments and accrued income	5,619	5,426
	18,983	18,733

RURAL MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

16 Debtors	(Continued)	
	2022 £	2021 £
Amounts falling due after more than one year:		
Other debtors	113,823	128,322
Total debtors	132,806	147,055

A loan was made to Broad Grace Church (Charity registration number 1136670) during 2016 for £260,000 repayable over 15 years at an interest rate of 1% over the Bank of England base rate. The loan has been secured by way of a legal charge over Salvation Army Hall, Church Close, Coltishall, Norwich.

An interest free loan was made to B Lucas during 2017 which is in support of a project aligned with the charitable objectives. The loan is repayable when the project comes to an end.

17 Creditors: amounts falling due within one year	2022 £	2021 £
Other creditors	839	-
Accruals and deferred income	7,823	7,261
	8,662	7,261

18 Related party transactions

Hitcham Free Church (Brettenham Chapel Fund)

A bank account has existed for the old Brettenham Church Fund that was managed by Hitcham Free Church. This bank account was held with Shawbrook Bank in the name of Rural Ministries, as required by the Charities Commission. The balance of this account at the year end was £11,042 (2021: £11,042) but is not recognised as an asset in these financial statements to reflect the substance over form, whereby the bank account operated for the benefit of Hitcham Free Church, and not Rural Ministries. Following a resolution by the members of Hitcham Free Church, the church has closed and the Managing Trustees of Hitcham Free Church have sold the site. The charity formally closed on the 22nd April 2022. As part of the closure the Managing Trustees of Hitcham Free Church gifted the contents of the Brettenham Fund to Rural Ministries without restriction.

With exception to this note, no financial information relating to Hitcham Free Church is included in these financial statements.

RURAL MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

19 Financial commitments

It is the practice of the Trustees to budget for anticipated financial commitments for the following two years. At the balance sheet date the Trustees had approved and budgeted for the following financial commitments:

	2022/23	2023/24	2024/25	2025/26	2026/27
Wychwood BC Deed transfer	£3,899				
Discovery Church Dunbar	£347				
Bitesize Church app	£2,000				
Dorset YFC	£2,911				
Joy Dimond, Stow phase 1	£2,500				
Fenlands Thorney	£1,773				
Sam & Suzie Abramian, Hunstanton	£7,001				
Botesdale (2020-2023)	£1,206	£419			
Village Church Oldmeldrum	£5,000	£3,664	£1,000		
Jonathan & Rachel Oatridge, Missingham	£12,498	£7,504	£2,498		
Ben & Ez Lucas Phase 2	£18,956	£13,380	£8,369	£3,369	£250
Rural Mission Hubs	£15,000	£15,000	£15,000		
Joy Dimond, Stow phase 2	£4,083	£7,000	£7,000	£2,918	
Crucible Course (Urban Expression)	£2,625	£3,500	£3,500	£875	
Totals	£79,799	£50,466	£37,366	£7,161	£250

RURAL MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

20 Contingent assets

Interests in Properties

Interests in properties are where Rural Ministries have retained an interest in ultimate disposal proceeds through declarations of trust in respect of chapels transferred to local ownership.

The transfer of properties to local ownership, where a charge is held for a proportion of the ultimate disposal proceeds, meets the definition of a contingent asset. Since the inflow of economic benefit is not certain, an asset should not be recognised in the balance sheet. Thus, the NBV of properties transferred to local ownership are recognised in the income and expenditure account in full during the year of transfer.

The contingent assets held at 31 March 2022 were:

Artillery Street Chapel	2005/06	80.00% interest	NBV at time of transfer £1,829.29
Lilbourne Chapel	2007/08	33.33% interest	NBV at time of transfer £3,864.34

Rural Ministries also has a 50% interest in the ultimate disposal proceeds of Tydd Gote Manse and Chapel. Legal title to these properties has not been transferred, therefore they remain on Rural Ministries' balance sheet.

The split is agreed by the trustees based on the proportion of costs that Rural Ministries has contributed to the property.

The charity has stated that it would review the percentage retained in the event of material alterations or improvements to the properties.

After the year end Rural Ministries became the sole beneficiary of another church in the event of the church closure and the legal title transferred. Wychwood Baptist Church will be included in the 2022/23 financial statements with 100% interest. The value of the church is yet to be determined.

21 Legal status of charity

The charitable company is limited by guarantee, being £1 per Trustee. The guarantees at the year end amounted to £8 (2021: £8).

The Trustees are also the company Directors and hold ultimate control over the company.

The liability of the members is limited to £1 in the event of being wound up.

