

Annual Report and Financial Statements
for the Year Ended 31 March 2022

European Outreach Trust

Charity registration number: 278068

Independent Examiners Ltd
2 Broadbridge Business Centre
Delling Lane
Bosham
Chichester
West Sussex
PO18 8NF

EUROPEAN OUTREACH TRUST

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EUROPEAN OUTREACH TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees	Jean Barbara Brendan Lynch Andrew Pettman Antoine Laureys Desmond Dick
Principal Office	31 Lynton Road London W3 9HL
Charity Registration Number	278068
Independent Examiner	G W Schulz ACMA Independent Examiners Ltd 2 Broadbridge Business Centre Delling Lane Bosham Chichester West Sussex PO18 8NF
Solicitors	Lewis & Dick 443 Kingston Road Ewell Surrey KT19 0DG
Bankers	Lloyds Bank PLC London W4 1NS ING Bank Belgium PNC Bank Michigan USA
Administrators	Richard Perry ACA Jean Pierre Fahed Mark Jordan (Charity secretary)

EUROPEAN OUTREACH TRUST

TRUSTEES' REPORT

The trustees present the annual report together with the financial statements of the charity for the year ended 31 March 2022.

Objectives and activities

Objects and aims

The primary object of the charity is the advancement of the Christian faith, which it does through the Sword of the Spirit, an international network of ecumenical Christian communities. These communities engage in pastoral and evangelistic work, in the provision of public worship, and in cooperating with one another in pursuing their compatible aims.

Objectives, strategies and activities

The charity works principally with the leaders of the Sword of the Spirit and its member communities, equipping them to support, train, teach and pastor members of their communities, to reach out beyond their communities to the broader public and share with them the Christian gospel and way of life, and equipping community members to be good neighbours and good citizens, doing good works as an expression of their Christian faith.

Public benefit

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales, including the guidance on advancement of religion.

Relationships with other charities and grants policy

The charity works closely with the Servants of the Word Trust (a registered charity in England and Wales) and the Sword of the Spirit Incorporated (a non-profit corporation in Michigan USA). With both of them it shares similar objects and to/from both it makes and receives grants in furtherance of those objects. The three charities cooperate on a number of joint projects, and the trustees consider that this cooperation greatly enhances the ability of this charity to further its charitable objects.

Structure, governance and management

Nature of governing document

The charity was established by trust deed on 23 April 1979 and commenced operating on that date.

Recruitment and appointment of trustees

The management of the charity is the responsibility of the Trustees who are elected and co-opted under the terms of the Trust deed.

EUROPEAN OUTREACH TRUST

TRUSTEES' REPORT (CONTINUED)

Organisational structure

The charity is governed by its trustees. The Sword of the Spirit is governed internationally by an Assembly and an International Executive Council, and in Europe by a European Zonal Council; these bodies are made up of the senior leaders internationally, regionally and from each local member community. Day to day responsibility for the charity's financial affairs is vested in the administrators who meet regularly with the trustees and are accountable to them. The board of trustees follows the principles of the Charity Governance Code for smaller charities.

Achievements and performance

The charity's work continued in the following five principal areas:-

- community building
- youth and young adults
- mission development
- leadership training
- international governance

In each of these areas there are teams of people, both paid staff and volunteers, who lead and coordinate the work and draw in others to help them do the work.

Community building: we work with those communities still in formation, and help support the other communities who have completed their formation and are now full members in the Sword of the Spirit; we provide outside input, counsel and pastoral support to local leaders, through visits by individual regional leaders, and by teams of leaders and members from other local communities.

Youth and young adults: we work with teenagers, students, recent graduates, and those who lead the various youth and student groups in our local communities; we provide training, resources, and organise or facilitate residential retreats and mission trips.

Mission development: we network with other Christian groups, and particularly work with other Christian communities, some of whom wish to investigate joining the Sword of the Spirit; we have a focus on ecumenical ventures that promote cooperation and understanding between different Christian churches and traditions.

Leadership training: we provide a programme of training to leaders of local communities, through an annual Pastoral Teaching Institute in the region, as well as training weekends for pastoral leaders, youth leaders, missionaries and teachers.

International governance: the charity is responsible for the financial activities of the International Executive Council of the Sword of the Spirit. The IEC's principal function is to oversee and coordinate the work of the Sword of the Spirit internationally, and most of its expenditure is on personnel and meetings for that purpose.

EUROPEAN OUTREACH TRUST

TRUSTEES' REPORT (CONTINUED)

Financial review

Policy on reserves

The 'free' reserves are held for the following purposes:-

- to fund working capital requirements, which the trustees consider to be £39,000;
- to provide a buffer in case of any unexpected deterioration in income or unexpected expense, for which the trustees use £70,000 which is 50% of income from the largest contributing community plus 50% of salary costs for the highest paid employee for each of the EME Region and the European Zone, plus £127,000 which is six months of IEC general expenditure; and
- to fund new opportunities for growth, for the which the trustees' target is a range from £0 to £73,000 for European activities and from £50,000 to £150,000 for international activities.
- to cover planned deficits in the near future, which the trustees expect to be £80,000 over the next two years.

Principal funding sources

The income of the charity comes from grants from member communities of the Sword of the Spirit, donations from individual community members, and bank deposit interest. The charity does not own property or fixed assets, nor does it have investments. All funds are either restricted or general.

Risks review

The trustees have established a risk management programme to assess the risks to which the charity is exposed and implement risk management strategies. A process of identifying risks and implementing a continuous programme of activities to monitor and manage risks has been undertaken and is regularly reviewed by the senior management and considered at least annually by the trustees.

Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Plans for future periods

The charity plans to continue its existing work. There have been no significant events since the year end that need to be reported upon.

EUROPEAN OUTREACH TRUST

TRUSTEES' REPORT (CONTINUED)

Statement of Responsibilities

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

The law applicable to charities 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 of the charity for that period. 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 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 business.

The trustees are responsible for keeping proper 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 Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008, and the provisions of the constitution. The trustees 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.

The annual report was approved by the trustees of the charity on 25 January 2023 and signed on its behalf by:

.....
Andrew Pettman
Trustee

EUROPEAN OUTREACH TRUST

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF EUROPEAN OUTREACH TRUST

I report to the trustees on my examination of the accounts of European Outreach Trust for the year ended 31 March 2022.

Responsibilities and basis of report

As the charity trustees of European Outreach Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the European Outreach Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

Since European Outreach Trust'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 Chartered Institute of Management Accountants, 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:

1. accounting records were not kept in respect of European Outreach Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 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.

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.

.....
G W Schulz ACMA
Independent Examiners Ltd
2 Broadbridge Business Centre
Delling Lane
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25 January 2023

EUROPEAN OUTREACH TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2022

	Note	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
Income and Endowments from:					
Donations and legacies		358,940	88,349	447,289	445,055
Investment income	3	1,093	-	1,093	1,620
Other income		-	2,689	2,689	-
Total income		<u>360,033</u>	<u>91,038</u>	<u>451,071</u>	<u>446,675</u>
Expenditure on:					
Charitable activities		<u>286,957</u>	<u>78,381</u>	<u>365,338</u>	<u>399,174</u>
Total expenditure		<u>286,957</u>	<u>78,381</u>	<u>365,338</u>	<u>399,174</u>
Net income		<u>73,076</u>	<u>12,657</u>	<u>85,733</u>	<u>47,501</u>
Net movement in funds		73,076	12,657	85,733	47,501
Reconciliation of funds					
Total funds brought forward		<u>573,849</u>	<u>27,181</u>	<u>601,030</u>	<u>553,529</u>
Total funds carried forward	12	<u>646,925</u>	<u>39,838</u>	<u>686,763</u>	<u>601,030</u>

The notes on pages 9 to 17 form an integral part of these financial statements.

EUROPEAN OUTREACH TRUST

BALANCE SHEET AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Current assets			
Debtors	9	403,504	179,335
Cash at bank and in hand		<u>683,544</u>	<u>673,033</u>
		1,087,048	852,368
Creditors: Amounts falling due within one year	10	<u>(400,285)</u>	<u>(251,338)</u>
Net assets		<u>686,763</u>	<u>601,030</u>
Funds of the charity:			
Restricted income funds			
Restricted funds		39,838	27,181
Unrestricted income funds			
Unrestricted funds		<u>646,925</u>	<u>573,849</u>
Total funds	12	<u>686,763</u>	<u>601,030</u>

The financial statements on pages 7 to 17 were approved by the trustees, and authorised for issue on 25 January 2023 and signed on their behalf by:

.....
Andrew Pettman
Trustee

EUROPEAN OUTREACH TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

Basis of preparation

European Outreach Trust meets the definition of a public benefit entity under FRS 102. The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Income and endowments

Voluntary income including donations, gifts, legacies and grants that provide core funding or are of a general nature is recognised when the charity has entitlement to the income, it is probable that the income will be received and the amount can be measured with sufficient reliability.

Donations and legacies

Donations and legacies are recognised on a receivable basis when receipt is probable and the amount can be reliably measured.

Gift aid

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category.

EUROPEAN OUTREACH TRUST

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

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Debtors

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

Liabilities

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees discretion in furtherance of the objectives of the charity.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Pensions and other post retirement obligations

The charity operates a defined contribution pension scheme which is a pension plan under which fixed contributions are paid into a pension fund and the charity has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised in the Statement of Financial Activities when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

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

EUROPEAN OUTREACH TRUST

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

2 Income from donations and legacies

	Unrestricted funds General £	Restricted funds £	Total 2022 £	Total 2021 £
Donations and legacies; Donations	<u>358,940</u>	<u>88,349</u>	<u>447,289</u>	<u>445,055</u>
	<u>358,940</u>	<u>88,349</u>	<u>447,289</u>	<u>445,055</u>

3 Investment income

	Unrestricted funds General £	Restricted funds £	Total 2022 £	Total 2021 £
Interest receivable and similar income; Bank interest	<u>1,093</u>	<u>-</u>	<u>1,093</u>	<u>1,620</u>

4 Other income

	Unrestricted funds General £	Restricted funds £	Total 2022 £	Total 2021 £
Other incoming resources	<u>-</u>	<u>2,689</u>	<u>2,689</u>	<u>-</u>

EUROPEAN OUTREACH TRUST

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

5 Expenditure on charitable activities

		Unrestricted funds General	Restricted funds	Total 2022	Total 2021
	Note	£	£	£	£
Travel		10,649	7,136	17,785	4,937
Other programme expenses		4,912	4,715	9,627	27,783
Office expenses		8,908	8,824	17,732	18,448
Independent examination		1,500	-	1,500	1,500
Grant funding of activities	6	101,911	-	101,911	138,935
Staff costs	8	<u>159,077</u>	<u>57,706</u>	<u>216,783</u>	<u>207,571</u>
		<u>286,957</u>	<u>78,381</u>	<u>365,338</u>	<u>399,174</u>

6 Grant-making

Analysis of grants

	Grants to institutions	
	2022	2021
	£	£
Grants	<u>101,911</u>	<u>138,935</u>

7 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

Two trustees received reimbursement of expenses amounting to £403 (2021 - One trustee £24).

EUROPEAN OUTREACH TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

8 Staff costs

The aggregate payroll costs were as follows:

	2022	2021
	£	£
Staff costs during the year were:		
Wages and salaries	188,776	181,499
Social security costs	24,970	23,637
Pension costs	3,037	2,435
	<u>216,783</u>	<u>207,571</u>

The monthly average number of persons (including senior management / leadership team) employed by the charity during the year expressed as full time equivalents was as follows:

	2022	2021
	No	No
Staff	<u>6</u>	<u>6</u>

No employee received emoluments of more than £60,000 during the year

9 Debtors

	2022	2021
	£	£
Prepayments	2,120	735
Other debtors	401,384	178,600
	<u>403,504</u>	<u>179,335</u>

10 Creditors: amounts falling due within one year

	2022	2021
	£	£
Other taxation and social security	2,452	2,260
Other creditors	355,204	243,500
Accruals	42,629	5,578
	<u>400,285</u>	<u>251,338</u>

Included in Other creditors are funds held on behalf of the Renewal in the Holy Spirit, a charity in Lebanon.

EUROPEAN OUTREACH TRUST

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

11 Pension and other schemes

Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £3,037 (2021 - £2,435).

12 Funds

	Balance at 1 April 2021 £	Incoming resources £	Resources expended £	Balance at 31 March 2022 £
Unrestricted funds				
General				
General Funds	573,849	360,033	(286,957)	646,925
Restricted funds				
Bethany	5,337	25,063	(26,047)	4,353
Community Building	-	2,013	(2,013)	-
Community Care	115	118	(233)	-
Leadership Training	-	987	(987)	-
Christ the King Association	14,896	3,354	(391)	17,859
Kairos Europe & Middle East	-	47,490	(47,490)	-
Mission Development	3,626	2,013	-	5,639
New Mission & Leadership Support	3,207	10,000	(1,220)	11,987
Total restricted funds	<u>27,181</u>	<u>91,038</u>	<u>(78,381)</u>	<u>39,838</u>
Total funds	<u>601,030</u>	<u>451,071</u>	<u>(365,338)</u>	<u>686,763</u>

EUROPEAN OUTREACH TRUST

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

Restricted funds

The Bethany fund has been set up to fund the activities of the Bethany Association, an association of single women who are part of the Sword of the Spirit.

The Community Building fund is for building new communities in Europe and the Middle East.

The Community Care fund has been set up to fund the ongoing support and development of current communities in Europe and the Middle East, including visitations to individual communities conducted by leaders from different communities to give recommendations to the leaders of the community being visited.

The Leadership Training fund has been set up for the continual development of current leaders and the training of new leaders in the Sword of the Spirit communities in Europe and the Middle East.

The Christ the King Association fund has been set up for the association of Catholic members of the Sword of the Spirit.

The Kairos Europe & Middle East fund has been set up for the regional youth programme in Europe and the Middle East.

The Mission Development fund has been set up for developing current mission work in the Sword of the Spirit communities in Europe and the Middle East, and for exploring new mission opportunities.

The New Mission & Leadership Support fund has been set up to support mission opportunities that arise outside of normal activities and provide financial assistance for leaders from the Sword of the Spirit communities in Europe to attend regional and zonal events.

EUROPEAN OUTREACH TRUST

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

	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Balance at 31 March 2021 £
Unrestricted funds				
<i>General</i>				
General Funds	533,074	347,083	(306,308)	573,849
Restricted funds				
Bethany	4,532	12,260	(11,455)	5,337
Community Building	-	2,037	(2,037)	-
Community Care	-	115	-	115
Leadership Training	-	985	(985)	-
Christ the King Association	10,956	4,635	(695)	14,896
Kairos Europe & Middle East	-	77,523	(77,523)	-
Mission Development	1,739	2,037	(150)	3,626
New Mission & Leadership Support	3,228	-	(21)	3,207
	<u>20,455</u>	<u>99,592</u>	<u>(92,866)</u>	<u>27,181</u>
Total funds	<u>553,529</u>	<u>446,675</u>	<u>(399,174)</u>	<u>601,030</u>

EUROPEAN OUTREACH TRUST

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

13 Analysis of net assets between funds

	Unrestricted funds General £	Restricted funds £	Total funds at 31 March 2022 £
Current assets	1,047,210	39,838	1,087,048
Current liabilities	<u>(400,285)</u>	<u>-</u>	<u>(400,285)</u>
Total net assets	<u>646,925</u>	<u>39,838</u>	<u>686,763</u>
	Unrestricted funds General £	Restricted funds £	Total funds at 31 March 2021 £
Current assets	825,187	27,181	852,368
Current liabilities	<u>(251,338)</u>	<u>-</u>	<u>(251,338)</u>
Total net assets	<u>573,849</u>	<u>27,181</u>	<u>601,030</u>