

THE INTERNATIONAL SERVICE FELLOWSHIP TRUST

(known as INTERSERVE GREAT BRITAIN & IRELAND)

Company Registration Number: 02789773
Charity Commission Registration Number: 1020758
OSCR number: SCO47295

(A company limited by guarantee having no share capital)

ANNUAL REPORT AND FINANCIAL STATEMENTS

31st December 2023



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

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REPORT OF THE DIRECTORS

The directors present their report together with the financial statements of the charitable company for the year ended 31st December 2023. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice, SORP (FRS102) – Accounting and Reporting by Charities issued in 2015.

1. Our nature, charitable purpose & approach

Our registered name is ‘*The International Service Fellowship Trust*’ (ISFT) and we are a member of the global alliance of agencies known as ‘*The Interserve Fellowship*’, which is a voluntary collaboration of fourteen independently registered charities that recruit, send and support Christian workers through Interserve national offices and a number of partnerships with other organisations. Our workers serve in Asia and the Arab world and among Asian and Arab communities in Great Britain & Ireland (GBI). The international fellowship operates on the basis of agreed ‘foundation documents’, which include a ‘statement of faith’ and a common vision, purpose and values.

Our vision:

To see lives and communities transformed through encounter with Jesus Christ.

Our purpose:

To make Jesus Christ known among the peoples of Asia and the Arab World.

How we work:

Interserve is ‘evangelical’ in its understanding and practice of the Bible’s teaching. It works *for, with and through* the local church in around 40 countries across Asia and the Arab world, as well as among these peoples living in ‘diaspora’ in Great Britain & Ireland. Interserve works ‘wholistically’, or in an integrated way, serving the whole person – i.e. body, mind and spirit, within a social context.

We do this through:

- A.** recruiting Christians in our focus area for service.
- B.** serving local churches through training how to reach out to those from other cultures and faiths in appropriate and respectful ways.
- C.** contributing to social cohesion and the common good in multi-religious societies.

Rather than running our own projects, Interserve workers are often placed into projects led by other charities, local churches and other institutions set up to meet the common good and in line with our charitable objects. In many cases, Interserve workers do not obtain a salary from other charities and organisations and are provided with living allowances and ministry expenses by Interserve.

In setting long-term strategies, reviewing annual priorities and regularly discussing the impact that the activities of the charity are having, the Trustees have regard to the Charity Commission’s general guidance on public benefit and our charitable objects.

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2. Strategic Report

What we did in 2023: Activities, Achievements and Performance

At the end of the year 31 long-term workers (serving more than two years) were engaged in overseas work, either in situ or remotely from the UK. Between them, they were engaged in activities such as:

- Community support
 - ethical business (providing local employment and modelling an approach to business with a high moral standard)
 - medical services
 - educational services
 - community projects
- Church support and development
 - Supporting local churches, including how they serve the marginalised in their local communities.
 - ‘theological education by extension’ (TEE)

Within the UK, at the end of 2023, 52 long-term workers and 25 associate members were engaged in activities such as:

- educational services including homework clubs and English teaching courses
- life-skill groups and support for migrants (transient and resident)
- cultural awareness courses and seminars
- prayer initiatives
- practical engagement with asylum seekers
- training and resourcing local British churches as they help refugees settle and integrate
- facilitating the set-up and running of wellbeing initiatives
- walking alongside others in their faith journeys and providing mentoring.

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

Our National Office support staff continued to provide:

- a quality care and support facility appropriate to the needs of those serving overseas and in Great Britain & Ireland.
- an efficient, effective, and financially sustainable administrative function.
- Support for workers coming from other parts of the international Fellowship to join our team in the UK.

As well as placement of workers overseas and within the UK to meet our objectives, we also continued to engage churches and individual supporters through ongoing communications designed to inform, stimulate thought and equip people. These included:

REPORT OF THE DIRECTORS

- Publication and distribution of “Go” Magazine – sent to around 6,000 recipients in 2023.
- Content creation and engagement through multiple social media channels.
- Production and distribution of booklets to stimulate prayer. While Interserve takes the lead in these projects, these are created in close collaboration with a number of other charities and promoted widely.
- Launch of the 2nd edition of our course *Friendship First*, a resource for equipping individuals and churches to reach out effectively in a cross-cultural context.

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

Financial review & how expenditure supported objectives

The financial results for the year ended 31st December 2023 are reflected in the Statement of Financial Activities on page 14. The overall surplus for the year was £484,945 (2022 deficit - £153,333). The surplus for the year included £501,524 from legacies (2022 - £290,894). This legacy income is transferred to designated funds, where 10% is allocated for use in grant support of the work of associated organisations’ projects to further the achievement of our objectives. The remaining 90% is allocated to a Development fund which is being used to meet the strategic investment needs of Interserve activity.

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

Of the total income of £2,628,736 (2022 - £2,424,770); donations & gifts given by individuals and organisations in support of our objects totalled £1,997,070 (2022 - £2,033,599). Of this sum £1,384,511 was donations and gifts in direct support of our “Partners” (our frontline workers overseas and in the UK), who are targeted with raising sufficient support under our personalised support system, to meet the costs of their ministry activity both overseas in countries across the Asian and Arab world and in the UK.

From the total income raised, £1,404,511 (2022- £1,415,354) has been spent directly in support of the charity’s Partners and their project work. Included in this cost is £161,445 (2022 - £168,898) which is used to cover the costs within the National Office budget in undertaking the essential Partner support activities, including member care and financial administration. The remainder of the income is applied to the direct costs of the individual Partners and associated projects, being £1,243,066 spent in this year (2022 - £1,246,456). The balance is carried forward to meet the direct and support costs of the Partners and projects in the coming year.

Of our total activity costs of £2,475,741 spent in the year (2022 - £2,425,441), £991,357, was spent on our Overseas activities (2022 - £1,096,543), £1,103,086 on UK based activities (2022 - £1,028,182), £344,385 on our National outreach (2022 - £248,993) and £36,913 on Resources and Conferences (2022 - £51,723). After income generated from the sale of resources and conference

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

There has been a reduction in the support and governance costs to £749,697 in the year (2022 - £756,749). Further analysis of these costs is given in Note 8 to the financial statements.

Reserves & Investment policy

Interserve keeps reserves and can spend them in order to meet a range of issues including:

- emergencies both in the UK and overseas including repatriation costs for Partners in some countries where political and religious stability is currently unpredictable;
- budgeted short to medium term projects that fall over more than one financial year, including for example upgrading the financial system;
- variations in general income and legacy income that are either predicted or, by nature, not predictable;
- restricted funds allocated by donors and shown separately in the accounts which are set aside for these specified purposes and normally relate to Partners;
- designated funds for specific Partners; and
- 12 to 20 weeks of salaries and costs to allow for compliance of employment law and current regulations.

Interserve's Reserves Policy involves:

- (a) Excluding those elements of the charity's total funds that constitute endowment or other restricted funds set aside for specified purposes, that are designated towards the support of specific partners, that are invested in fixed assets not practically realisable in the near term (e.g. buildings Interserve uses itself) and that have already been committed to existing programmes or to meet expected general fund deficits over the next three years;
- (b) Determining how much of the balance should be retained in reserve to meet plausible potential adverse experience including costs that the charity would be subject to if some unforeseen event caused it to close or to need to merge with another charity. The charity does this bearing in mind Charity Commission guidance on what are reasonable reserves to set aside for these purposes; and
- (c) Determining the best way to spend the remaining balance in furtherance of its strategic objectives.

At 31 December 2023, Interserve's total charity funds amounted to £5,046,289 (2022 - £4,561,344) but of these funds, £3,026,616 (2022- £2,911,550) were in endowment or other restricted funds set aside for specified purposes, designated towards the support of specific partners, in fixed assets not practically realisable in the near term or had otherwise been committed as per (a).

Of the balance of £2,019,673 (2022- £1,649,794) Interserve considers it reasonable to hold reserves of c£585,000 to cater for potential adverse experience. This is approximately 35 weeks of its General Fund expenditure or approximately 12 weeks of its overall expenditure for the year ending 31 December 2023.

Interserve's Reserves Policy is reviewed annually by the Finance and Risk Management Group (FRMG, a sub-committee of the Board), bearing in mind current known risks which are regularly assessed by this Group. It was most recently reviewed by this Group in May 2024 and agreed by the Board in June 2024.

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Investment Policy: In accordance with our ‘Investment Policy’, investments held have been acquired in accordance with the powers available to the directors. The investments are held in a mix of asset classes in order to provide capital growth over the long term together with lower risk investments providing income security and the ability to react to cash demands as highlighted by the reserves policy, in accord with the Investment policy. In line with its values, Interserve will not invest in market sectors such as tobacco, arms, alcohol, gambling or pornography. The application of the Investment policy is overseen by the FRMG on behalf of the Board.

Plans for the Future

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

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

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

Principle Risks and Uncertainties

All significant activities undertaken are subject to a risk review as part of an ongoing management process using a robust Risk Register. The trustees and management team review these risks on an ongoing basis and satisfy themselves that adequate systems and procedures are in place to manage the risks identified. Major risks are identified by the management team in collaboration with a Finance and Risk Management Group (FRMG) which maintains the Risk Register; scrutinised and approved by the Board.

We believe that our greatest strategic risk going forward is the failure to recruit and retain long-term workers to carry out the activities of the charity. Underlying factors that increase the likelihood of this risk include a challenging fundraising environment and less importance placed on cross-cultural ministry and service by some churches. For those who want to serve overseas, some governments are less willing to grant visas to overseas workers. Steps to mitigate this risk include broadening our engagement efforts, more flexible processes for matching workers with opportunities and promoting opportunities in the UK as well as overseas. A commitment to providing good care to existing workers helps to maximise retention.

As a charity, Interserve is dependent on the donations of individuals, churches, and charitable trusts. There is a risk of decline in income which will impact both the short-term operations and the long-term viability of the organisation. To mitigate this risk our fundraising team seeks to maintain a diverse range of funding streams that include regular and one-off donations, legacy income and income-generating activities. Management accounts are scrutinized monthly by the management team and quarterly by the Finance and Risk Management Group and a cash reserves policy is followed. Other operational risks in areas such as safeguarding, and data protection are minimized

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through maintaining up to date policies and processes and comprehensive training of staff and volunteers.

Political instability or insecurity in countries where personnel are located is an ongoing reality. Interserve International has robust systems and processes in place to ensure rapid and appropriate responses when needed. We also actively monitor laws and regulations related to financial sanctions in order to ensure compliance whilst seeking to work in some of the neediest parts of the world.

3. Governance and management structures

Governance: The charitable company is governed by its Memorandum & Articles of Association. The directors form its Board, and they are responsible for appointing the National Director (the senior role of the management team), approving the Annual Report and financial statements, appointing the auditors, and ensuring that the charitable company is managed by the National Director in accordance with the policies established by the Board from time to time.

The directors are recruited through recommendations from Board members and others. An audit of skills, training and experience is kept and is used to prioritise the selection of people that are needed on the Board. The National Director (or Company Secretary) provides an orientation programme with new directors after appointment.

The *Finance and Risk Management Group* (FRMG) is a sub-committee of the Board. This committee monitors the work of the Finance Manager and is tasked by the Board with overseeing the preparation of the Annual Report & Financial Statements; the budgeting process; the audit process; and the risk-management process.

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

International: Our involvement with the International Fellowship continues through the role of the Chair of the Board and the National Director, who are both voting members of the *International Leaders' Consultation*. The Leaders' Consultation (LC) elects the governing body, called the *International Council* (IC), and holds it accountable for the execution of the policies of the broader Interserve Fellowship, internationally.

Interserve in Great Britain and Ireland (Interserve GBI) has signed a "Covenant of Fellowship" with the other entities within the International Fellowship. The covenant commits Interserve GBI to uphold the statement of faith, purpose statement, vision and values of the International Fellowship, to work within the accountability structures by which the fellowship functions, to observe agreed financial principles and procedures and maintain consistent communications. At the same time, Interserve GBI retains its legal autonomy within the International Fellowship and duly operates within the charity laws and regulations within its registered territories.

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

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4. Reference and administrative details

Constitution

The International Service Fellowship Trust was incorporated as a company limited by guarantee on 12th February 1993 (registration number 2789773) and is governed by its Memorandum and Articles of Association. All the business and assets of the unincorporated association INTERSERVE and ISFT Limited were assigned by deed to The International Service Fellowship Trust on 1st March 1993. This company is registered with the Charity Commission in England and Wales under reference 1020758 and with the Scottish Charity Regulator in Scotland under reference SC047295.

The directors may at any time appoint a member to be a director either to fill a casual vacancy or by way of an additional director within the limits set out in the Memorandum and Articles of Association, namely a minimum of 8 and a maximum of 15.

Trading names

The International Service Fellowship Trust operates as Interserve Great Britain and Ireland. It also uses the trading name of Kitab, or Kitab Interserve Resources for its book publication and marketing activity.

Registered Office

652 Alum Rock Road, Birmingham B8 3NS

Directors

The directors who served during the year were as follows:

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

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Relevant organisations

Principal Bankers

Barclays Bank Plc
Ashton House
497 Silbury Boulevard
Milton Keynes
MK9 2LD

Close Brothers Treasury
4th Floor
10 Crown Place
London
EC2A 4FT

Auditor

Griffin Stone Moscrop & Co.
21-27 Lamb's Conduit Street
London
WC1N 3GS

Actuaries

Barnett Waddingham LLP
Chalfont Court Hill
Hill Avenue
Amersham
HP6 5BB

Solicitors

Anthony Collins Solicitors
134 Edmund Street
Birmingham
B3 2ES

Investment Manager

JM Finn
4 Coleman Street
London
EC2R 5TA

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Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

- a) select suitable accounting policies and then apply them consistently;
- b) observe methods and principles in the Charities SORP;
- c) make judgments and estimates that are reasonable and prudent;
- d) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- e) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company, and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

As far as the members of the Board are aware, there is no relevant audit information of which the charitable company's auditor is unaware.

All of the members of the Board have taken all steps that they ought to as directors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Auditor

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

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



C J BINDER
SECRETARY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INTERNATIONAL SERVICE FELLOWSHIP TRUST

Opinion

We have audited the financial statements of The International Service Fellowship Trust (the 'charitable company') for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated.

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

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 9 and 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives a true and fair view).

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Reema Mistry ACA (Senior Statutory Auditor)
For and on behalf of GRIFFIN STONE MOSCROP & CO
Statutory Auditor

21-27 Lamb's Conduit Street
London, WC1N 3GS
10 June 2024

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

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

The attached notes form part of these financial statements.

BALANCE SHEET AS AT 31ST DECEMBER 2023
Company Registration Number 02789773

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

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

<i>Jane Howitt</i>)	
<hr/>)	
Rev Jane Howitt)	
)	
)	
<i>Malcolm Kemp</i>)	
<hr/>)	
Mr Malcolm Kemp)	

DIRECTORS

The attached notes form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2023

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

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2023**1. Accounting policies****(a) Basis of preparation and assessment of going concern**

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

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

(b) Funds structure

The charity has a single permanent endowment. This endowment fund arises from an appeal by the charity called "Interserve Plus Fund". The purpose of the appeal was to create a permanent fund, the income of which is included in unrestricted funds and is used for meeting International support costs.

Restricted funds are funds which are used in accordance with specific restrictions imposed by the donors, or which have been raised by the charity for particular purposes. The aim and use of each restricted fund is set out in note 23 to the financial statements.

Unrestricted income funds comprise those funds which are available for use at the discretion of the directors in furtherance of the general objectives of the charity. Unrestricted funds include designated funds where the directors, at their discretion, have created a fund for specific purposes and a General fund. The aim and use of each designated fund is set out in note 24 to the financial statements.

(c) Income recognition

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably.

Donations are recognised when the charity have been notified of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and is probable that those conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case-by-case basis following the granting of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash, or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2023 (continued)

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

(d) Expenditure recognition and irrecoverable VAT

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure is classified under the following activity headings:

- Costs of raising funds, which comprise the costs of:
 - Fundraising which are specifically designed to increase the income of the charity
 - The costs of managing and maintaining investments
- Expenditure on charitable activities
- Other expenditure not falling into any other heading.

All expenses including support cost and governance costs are allocated or apportioned to the applicable activity headings. Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities and in particular those activities of the National office in support of our mission workers overseas and in the UK. Governance costs comprise all costs involved in the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit, board governance meeting costs, together with an apportionment of overhead and support costs.

The charity has a partial exemption for VAT. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

(e) Depreciation

Tangible fixed assets with an initial cost in excess of £1,000 are capitalised at cost in the financial statements. The net book value shown at the balance sheet dates are stated at cost less depreciation and provision for impairment in value. Depreciation is provided on tangible fixed assets at the following rates per annum so as to write off each asset over its estimated useful working life:

- Fixtures, fittings and equipment - between 10% and 25% on cost
- Computers – 20%- 25% on cost
- Freehold property – 1% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

(f) Investments

Investments are stated at their market value at the balance sheet date, any increase or decrease in values being included in the statement of financial activities.

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2023 (continued)**(g) Financial instruments**

The Charity principally has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments (including debtors and creditors) are initially recognised at transaction value and subsequently measured at their settlement value.

(h) Cash at bank and in hand

Cash at bank and in hand includes cash and deposits which mature within 3 months of the date of opening. The statement of cash flows only reflects movements within bank financial statements held where the money can be accessed within three months of the date of opening the deposit.

Current asset investments represent bank deposits which mature 3 months or less after the date of opening.

(i) Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Net realisable value is based on selling price less all further costs of distribution, marketing and selling.

(j) Operating leases

Rentals payable under operating leases are charged in the statement of financial activities on the straight line basis over the terms of the leases.

(k) Pensions

The charity operates a defined contribution pension scheme on behalf of its employees. The pension cost to the charity is charged to the statement of financial activities on the basis of a constant percentage of employee earnings.

The charity also operates a defined benefit pension scheme for past members of staff. This is an unfunded scheme which exists to ensure that a pension is provided to these past employees in accordance with the charity's past policy on pensions. As all of the scheme's members are now retired and receive pensions directly from the charity, no further contributions are made to the scheme. In respect of this scheme the charity's appointed actuaries have calculated the net present value of the future liabilities payable to the members of the scheme at the balance sheet date. Accordingly, a liability is reflected in each of the balance sheets as at 31st December 2023 and 2022.

2. Income from Donations and legacies

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

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

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

4. Investment income

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

5. Analysis of expenditure on raising funds

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

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

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

7. Summary analysis of expenditure and related income for charitable activities

This note shows the cost of the main key charitable activities and the sources of income directly to support those activities.

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

8. Analysis of governance and support costs

The charity initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function, including an allocation of support costs based on apportionment of time spent on governance activity. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the key charitable activities undertaken (see note 6) in the year based on an apportionment of staff time, in recognition that the office overhead and administrative costs are broadly related to the allocation of staff resourcing within the National Support Office.

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

The support and governance costs are analysed as follows:

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

9. Analysis of grants

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

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

10. Net income for the year

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

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

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

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

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

No employees had employee benefits in excess of £60,000 (2022 - £60,000). Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

The directors were not paid or received any other benefits from employment with the charity in the year (2022- nil).

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

13. Expenses paid to directors

£2,911 (2022 - £2,182) was reimbursed to 7 (2022 - 8) directors for travel and related expenses incurred in undertaking activities on behalf of the charity.

14. Employee Numbers and Volunteers

The average number of full time equivalent employees, analysed by time allocation during the year to the key charitable activities, are as shown in the following table: -

	<u>2023</u>	<u>2022</u>
Raising funds	0	2
Overseas activities	28	34
UK based activities	25	25
National outreach	5	3
Resources & conferences	1	1
	<u>59</u>	<u>65</u>

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

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

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

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

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

16. Tangible fixed assets

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

17. Fixed asset investments

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

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

The property with a life tenant from whom no rent is received but who is required to ensure that it is adequately insured and maintained at her own expense was sold in December 2023. This was reclassified as a current investment in December 2022. The Trust completed the purchase of the replacement Property for £600,000 in West London in May 2024.

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2023 (continued)

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

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

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

18. Stock Value

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

19. Debtors

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

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

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2023 (continued)

Amounts due from ISSI and ISI represents the sum of balances collected within the bank accounts to which Interserve Scotland and Ireland and Interserve Ireland have the legal title to. As stated elsewhere in the statements, both of these entities amalgamated their operations with the charity with effect from 1st May 2017 and therefore it is considered by all parties to that undertaking, that the net funds of these respective entities at 31st December 2023 in substance are held for the benefit of The International Service Fellowship Trust, and accordingly are classified within debtors of this charity.

20. Creditors: amounts falling due within one year

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

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

The Plan is a defined benefit plan operated on behalf of three pensioners who were previously employed by Interserve. In accordance with FRS 102, the net present value of the liabilities payable by Interserve in respect of this pension plan have been calculated as at 31st December for each of the years since 2005.

The benefits are not funded in advance and so no assets are held in a separate trust to meet the payments. The pensions for each of the members are payable for life, but no dependent benefits are payable on death. The pension payable to the three pensioners is increased at the rate of 5% per annum, from which a fixed offset is deducted.

The assumptions used for calculating the liabilities were as follows:

	31st December	
	<u>2023</u>	<u>2022</u>
Discount rate	4.3% p.a.	4.9% p.a.
Mortality assumption	90% S3PFA_L CMI 2022 LTR 1.5%	90% S3PFA_L CMI 2021 LTR 1.5%

There is no service cost for any of the years since there are no members accruing benefits.

The movement within the statement of financial activities for the year comprised:

	31st December	
	<u>2023</u>	<u>2022</u>
	£	£
Change in Defined Benefit Obligation		
Beginning Balance	(157,000)	(197,000)
Interest cost	(7,000)	(3,000)
Benefits paid	25,000	23,000
Experience gains/(losses) on liabilities	(15,000)	(13,000)
Changes to demographic assumptions	1,000	6,000
Changes to financial assumptions	(4,000)	27,000
Closing balance	<u>(157,000)</u>	<u>(157,000)</u>
Remeasurements over the year		
Experience gains/(losses) on liabilities	(15,000)	(13,000)
(Losses)/gains from changes to demographic assumptions	1,000	6,000
(Losses)/gains from changes to financial assumptions	(4,000)	27,000
Total remeasurements	<u>(18,000)</u>	<u>20,000</u>
Amounts recognised in the balance sheet		
Present value of Scheme liabilities	157,000	157,000
Expense recognised in Profit and Loss		
Interest on liabilities	7,000	3,000
Amounts for the current and previous period		
	<u>2023</u>	<u>2022</u>
	£	£
Defined benefit obligation	(157,000)	(157,000)
Experience adjustments on liabilities	(18,000)	20,000

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2023 (continued)**22. Endowment fund**

The endowment fund arises from an historic appeal by the charity called "Interserve Plus ". The purpose of the appeal was to create a permanent fund, the income of which is included in unrestricted funds and is used for meeting International support costs.

	O/Bal 01.01.2023	Gain/ (losses)	C/Bal 31.12.2023
	£	£	£
2023 movement	<u>390,143</u>	<u>12,719</u>	<u>402,862</u>
2022 movement	<u>416,530</u>	<u>(26,387)</u>	<u>390,143</u>

23. Restricted funds

The company holds restricted funds comprising the following unexpended balances of donations held on trust to be applied for specific purposes:

	Balance 01.01.23	Income	Expenses	Gains/(losses)	Transfers	Balance 31.12.23
	£	£	£	£	£	£
Country Team	25,655	-	-	1,581	-	27,236
Partners Respite	6,626	-	-	1,786	-	8,412
Transmissions	27,718	121,269	(94,203)	-	-	54,784
Other Councils	-	83,051	(82,838)	-	-	213
2023 Total	<u>59,999</u>	<u>204,320</u>	<u>(177,041)</u>	<u>3,367</u>	<u>-</u>	<u>90,645</u>

Fund purposes :

- Country Team - monies received for work amongst Asians in Britain and the support of Asian workers. This fund was formerly known as the Urban Vision Fund. The interest from this fund is receipted to general funds to offset the Country Team expenses which are paid for from the general fund.
- Partners Respite - to enable the provision of respite for needy Partners.
- Transmissions - monies raised for specific projects or the work of named individuals and organisations.
- Other Councils - monies received for the support of non-England & Wales Partners.

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2023 (continued)**24. Designated funds**

The income funds of the company include the following designated funds which have been set aside out of unrestricted funds:

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

Fund purposes:

- Insurance - monies received from overseas partners for the purpose of replacing equipment when damaged or lost.
- Legacy & exceptional gift - unrestricted legacy and exceptional large income gifts designated for use to initiate or support Interserve projects or support the general work if our reserves fall below the minimum set out in the Reserves Policy.
- Legacy tithe - 10% of legacy and exceptional gifts designated to support projects which complement Interserve's work and are consistent with our strategic objectives.
- Asset Management Fund - monies designated for the development and maintenance of fixed assets.
- Strategic Development - monies designated for use to initiate or support Interserve projects.
- Fellowship Partner - monies raised for unallocated Partner support in year, but surplus to requirements and carried over to provide contingency support to individuals support requirements in future periods.
- Property with life tenant - reserve for non-realizable value of property subject to life tenancy.
- Capital reserve - monies invested in tangible fixed assets.

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2023 (continued)

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

24. Designated funds (continued)

- Kitab new publication - monies from legacy fund used to publish books for sale through Kitab. The fund converts from stock back to cash as publications are sold.
- Community ministry fund - monies set aside to fund ministries by members of Interserve and outside of Interserve.
- Partner resettlement - monies set aside to cover the costs of paying partner resettlement allowances at end of final period of service.
- Partner support funds - monies carried forward to cover ongoing and future costs of supporting individual Partners.
- IFP & OT Plus - monies held for the support of Independently Funded (IFP) and On Track Plus (OT Plus, who are medium term placement) Partners. Where the funds are overdrawn the IFP and OT Plus would pay in the relevant amount to bring the balance back to credit or zero.

Fund transfers in 2023:**Between general fund and designated funds (£159,080):**

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

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

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

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

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

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

Between specific designated funds:

£3,461 transferred out from the Partner support funds into the Partner resettlement fund, to provide for payment of allowances at the end of their final term of service to help meet costs of resettling in the UK.

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

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

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2023 (continued)

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

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

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

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

25. Unrestricted- General fund

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

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

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

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

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

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

Analysis of changes in net debt

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

28. Analysis of cash and cash equivalents

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

29. Corporation Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation on chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.