

FRIENDS INTERNATIONAL MINISTRIES

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

Registered Company Number: 4500270

Registered Charity Number: 1094095

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

FRIENDS INTERNATIONAL MINISTRIES

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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FRIENDS INTERNATIONAL MINISTRIES

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

Administrative details of the charity, the trustees and advisors

The Trustees present their report together with the accounts of the charitable company for the year ended 31 December 2017. All of the trustees act in the role of directors.

The following trustees served from 1 January 2017 and up to the date of the approval of the accounts:-

Stroma Beattie (Chair)
 Jennifer Brown
 Sarah Hinson
 Bryan Knell (resigned 16 June 2017)
 Henry Lu
 Robert Mallet
 Stephen Peters (Honorary Treasurer)
 Jonathan Salkeld (appointed 16 June 2017)
 Sara Slater (appointed 17 March 2017)

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

Key Management Personnel :

National Director: Alan Tower
 Regional Sarah Dawkins (appointed 1/7/17)
 Development Pete Edwards
 Ramsey Pigott (appointed 1/1/17)
 Finance Manager : Robert Felix FCA

Principal address The Rowan Centre
 All Nations Christian College
 Easneye
 Ware
 Herts
 SG12 8LX

Bankers Bank of Scotland
 Barclays Bank plc
 CAF Bank

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

Solicitors Ellis-Fermor & Negus
 2 Devonshire Avenue
 Beeston
 Nottingham
 NG9 1BS

FRIENDS INTERNATIONAL MINISTRIES
REPORT OF THE TRUSTEES

Chair's Report

Our vision is to see international students transformed by the good news of Jesus so that they fully engage with the mission of the church in the world. We seek to engage with and support as many international students as possible, and to that end we seek to maximise the effectiveness of our resources, mobilise and train a large group of volunteers, and work alongside local churches and educational establishments.

In 2017, the leadership team was consolidated with all three Regional Development Director (RDD) posts being filled following two new appointments. The retiring RDD along with the National Director (ND) provided orientation and initial training to allow a fairly seamless transition. In addition, the 2020 Forum has continued to be a locus for the incubation of new leaders and the development of fresh initiatives. The RDDs each have responsibility for two 'Heads of' specific aspects of the work who in turn have their own working groups. A new 'Head of Learning & Development' was appointed and she has been auditing the various types of training currently offered as well as identifying ongoing needs. The new 'Head of Member Care' is starting in 2018. The 'Head of Innovation & Partnership' stepped down at the end of 2017 and his responsibilities are now being shared between other members of staff.

Although at times recruitment has been challenging, we have maintained and developed our presence across the UK. Some very senior and experienced staff have retired but they have provided excellent induction for their successors. We have progressed our partnership with Christian Unions Ireland as we seek to engage with and support international students throughout Ireland. A number of staff members have also provided input to international student work in other parts of the world, participating in a number of international and European fora. The Board and Executive Committee have continued to review strategy and assess our activities on an ongoing basis. Financially we have been stable, latterly seeing a large legacy for a specific ministry towards the end of the year.

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

Our Objectives and Activities:

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

Public Benefit:

The trustees have considered the Charity Commission's general guidance on public benefit.

Friends International's purposes comply directly with three of the Charities Act's descriptions of "charitable purpose" namely:

- **"the advancement of religion"**; We aim to demonstrate to international students the relevance of Christian faith to personal life today, how Christian faith has developed in the UK and how it is variously expressed in the 21st century world. We partner with university chaplaincies in providing pastoral support for international students and some of our staff are also university chaplains.
- **"the advancement of education"**; We interact with international students in a range of different ways, helping them improve their English language, understand different cultures, and sometimes with more specific training such as leadership skills and preparation for their return home.
- **"the advancement of citizenship or community development"**; We run a Meet-and-Greet programme at Heathrow Airport in partnership with university international offices to welcome international students to the UK. We also produce resources in multiple formats for new international students (called "Life UK") to help them integrate into our country, and run orientation programmes in the autumn term. In partnership with local Christian communities we arrange cultural trips and opportunities for international students to engage with a British family.

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

Strategies:

The key strategies employed to achieve our charity's aims and objectives are to:

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- Develop international student ministries (ISM) throughout the UK wherever those students are located
- Partner with local churches and like-minded local charities to seek to develop effective ISM
- Recruit our own staff to train, support and build local ministries where appropriate
- Support non-FI ISM workers and encourage 'affiliation' to FI
- Build support bases for funding staff, building volunteer teams and development of local ISM strategies, plans and initiatives.
- Develop and share our resources, experience and ministry best practice across UK Church networks holding true to our calling to the Gospel yet seeking to be innovative and creative in 21st Century ministry
- Recognise the importance of returnee preparation, understanding that many returning students attain positions of influence in their own societies (education, government, church)
- Other areas of Strategy being developed focus on Returnees, Hard to Reach, Learning and Development, Member Care and Events Speaking.

Activities:

We currently have seven major areas of activity where we seek to implement our strategies:

- Target specific areas where no effective ISM exists for focused development effort
- Build local ministry teams ('Centres') with sound funding and effective support groups
- Identify university centres where international student ministry may not yet exist
- Recruit and support our own staff
- Use our Reach ISM volunteer development programme to envision and train recent graduate Christians from both the UK and abroad
- Develop appropriate regional and national supervisory structures to provide a unifying vision and direction which supports each locality appropriately
- Build effective and accessible resources and events using relevant communication channels to our key stakeholders (staff, supporters and volunteers, linked churches, affiliated international student workers, Reach programme volunteers and international students)

Review of Achievements and Performance:

1. Centres and Staff

- In 2017 Friends International continued to develop activities through staff in 33 centres and through affiliates in 8 more.
- Through our partnership with Christian Unions Ireland we have been developing awareness and best practice of ministry among International Students through our Project Team Leader for ISM in Ireland, and have now additionally appointed a Belfast staff worker to give focus and to resource ministry in that city particularly.
- We continue to recruit new staff to the organisation both to establish new centres and to strengthen existing centres. We currently have 65 staff across full and part time patterns of work. Staff are involved in a variety of activities shaped significantly by the centres in which they serve and by the locally agreed strategy. Since a key aim of the organisation is to resource local churches in their engagement with international students, staff invest considerable time in training church members to multiply effective ministry. In some centres there are established inter-church teams offering a programme of events, hospitality and Christian teaching. In other places the work is centred around one or two churches which provide local volunteers.
- Much ministry is based around term time and weekly events. Such events can be purely social, or an event with some Christian content to introduce the Christian faith, or events of a discipleship nature for those openly professing a Christian faith or a desire to explore specifically the Christian faith.
- Summer outreaches of two to seven weeks have been a feature for seven Centres during 2017. These are largely welcome and cultural introduction events for language students, some of whom are enrolling for longer term university courses in the UK. Bible study engagement is also offered.
- Across our centres we aim to help international students settle into UK student life, provide care and support where it is appropriate, encourage them to consider the Christian faith, and prepare them for the challenges of the reverse-culture shock they may face on their return home.

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2. Support Base

Of the total £1,451,129 income from donations and gifts, roughly 62% was donated by individuals, the remainder coming from churches and trusts. The organisation has a core support base that has been committed to our work for a long time, whilst new staff broaden our donor base with their networks of contacts and supporters. We benefit from long term support from a Christian Trust as well as a recent 3 year commitment from a Supporter to provide assisted funding for new workers as they seek to establish themselves in their Ministry.

3. Leadership and Support Centre

- As mentioned above, there has been a full complement of leaders, the RDDs having regular supervision from the National Director (ND). The 2020 Forum has continued to meet regularly. Much work has been done on refining strategy as the organisation seeks sharper focus in the future.
- The Support Centre team has continued to provide a high level of service to staff, affiliates, Reach volunteers, partner churches and trustees. After Sarah Dawkins became RDD, Tracy Moreton was appointed to work in the Support Centre, allowing a refinement in the responsibilities of Diane Smith who provides much of the Human Resources input.
- We have endeavoured to develop the strategic nature of the relationship with All Nations Christian College where the Support Centre is sited, with encouraging results through interaction with staff and students and involvement with wider events.

4. Affiliate Network

We continue to develop the Affiliate Network, aiming to support, train, encourage and partner well with affiliates in their local church roles working amongst international students. Numbers have remained stable, with about a dozen affiliates leaving (as their roles changed) and a similar number coming on board; there were 51 affiliates at the end of 2017, including international affiliates from China, Thailand, Germany and the Netherlands. Recognising that many affiliates are unable to spare the time and expense of regular attendance at FI conferences, we have started recording as many sessions as possible and making them exclusively available to Staff, Affiliates and Reach online.

5. Training and Development

Training and developing our staff and affiliates team is important to the future of the organisation and our work. A key fixture is the annual conference where all staff, affiliates, Reach volunteers and others (such as Branch and Development Group members) meet to share experience, best-practice, and learn from outside speakers about different aspects of inter-cultural ministry. Recent years have focused on better understanding graduate student ministry in Europe and spiritual realities.

There are local and regional staff training days, and training events specifically aimed at equipping volunteers and local churches. We believe training is a core role for FI and one we are seeking to grow and develop. There is also an ongoing need for better processes of review so that staff can identify areas where further growth and development are needed, as well where they might be able to access the appropriate training resources. This thinking underpins the need for the proposed core skills framework.

6. Reach Programme

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

- Between 30-60% of each Reach cohort are international, and we see this programme also as a means of discipling and training promising international students who will go on to be a blessing to churches around the world.
- This year, Reach celebrated its 25th anniversary. Reach alumni include church leaders in the UK, Greece, France and China, cross-cultural workers in Italy, the Philippines and the Middle East, and returnees who are thriving in their local churches and still involved in ISM/supporting returnees in Vietnam, China and Hungary.

7. Branch and Development Groups

Branch and Development Groups exist to implement locally the national vision of Friends International. Their ethos is to be forward-looking and seeking to develop best practice. Key roles in which members contribute include strategic thinking; networking across different Christian communities in a town or city; and encouraging partnership development. Key relationships are those of the Chair, local Centre leader and Regional Development Director working well

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together. Recently we have focused on updating strategic plans in local groups and setting up annual training days in each region. A Belfast Development Group has been re-established in the past year and is working well.

8. Communications

We recognise that both good communication and quality resources are key aspects of the charity for our staff and volunteer teams, our supporter base and our audience of international students. In 2017 we have continued to review our digital resources. One major piece of work was the development of a new App for students to use, linking them with local events, staff and hosts. This is due to be launched in mid 2018. In addition, the Insight Anniversary book was produced last year and launched at conference 2018.

Much time has also been spent ensuring that we will be compliant with the new Data Protection Regulation by May 2018. To this end, a working group has been established and the board has also been involved.

We continue to provide new student packs with IS welcome materials both directly to students and also to university international offices.

9. Special Student Events

The international student track at the national “Word Alive” conference again drew large numbers of International Students with its focus on preparing Christian students to return home. Over **100** students participated.

Our summer teams, this year held in 7 centres, saw us working in partnership with local churches and over 200 volunteers, engaging with in excess of 150 short term language students through a wide variety of events and activities. While a majority of our volunteers are either students or young graduates, a significant minority are local church volunteers, who are envisioned by this local outreach.

In 2017 we held the third ‘True Leadership’ leadership training programme to help stimulate and develop the leadership skills of international students, in recognition of the fact that many of them will return to positions of leadership in their home countries.

The Philip Project trains future Bible teachers planning to return to their own countries for a day a month through the academic year and additionally runs a training weekend. There are now Philip Projects running in 5 centres, covering 7 cities.

Some centres have run successful weekends away for international students.

10. Volunteers

Volunteers are fundamental to each Centre ministry team, as they provide the ability to run events, provide hospitality and engage with the international students both in groups and one-to-one. A large centre such as Cambridge with an established inter-church ministry might well have a volunteer team of 30 people helping with regular cafes and bible studies, including a hospitality group of 25/30 people who open their homes to international students.

It is therefore recognised that the recruitment, training and recognition of volunteers is fundamental to the Charity achieving its objectives, for both staff members as well as affiliates.

Financial Review:

The statement of financial activities (SOFA) for the year is set out on page 9 together with an analysis of funds on page 16. Our regular gift income has increased by 11%, with our expenditure correspondingly increasing by 8.2%. We have also been blessed with a legacy receipt of £383,000 in December 2017 from the estate of a long term supporter, with advice from the Executors that the full legacy (as stated in our SOFA) will be at least £493,000. The donor was a supporter of the ministry in the Guildford area and accordingly the Trustees are engaged with both the Guildford Branch and related staff to determine the best use of such funds.

We have achieved an exceptional surplus this year of some £565,000, which includes an underlying surplus of £72,000 excluding the large legacy.

The charity seeks to achieve a balanced budget for both ministry staff workers and for the central costs (which are primarily the Support Centre and majority funding of the senior management team).

As at 31 December 2017 the charity’s assets were available and adequate to fulfil the obligations to the charity and

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the trustees considered the state of affairs of the charity at that time to be satisfactory and in accordance with our budgetary expectations

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

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

Before work is started in a new location, or a new member of staff is employed, it is the policy of Friends International to ensure that there is an appropriate level of pledged donor support. There are also limited Central funds available to assist new staff as they build their support base.

Investment Policy:

Fixed Asset Investments: The charity has freehold title to their previous Support Centre office in Putney, a small but prime location in Southwest London. Our Tenant unfortunately had to cease trading in 2017 and an agreement was reached to terminate the lease with rental payments made up to March 2018. Marketing is currently underway for new tenants as at the date of this report. The Trustees regularly review both rental and sale options in terms of the most appropriate way of managing this Investment Property

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

Reserves Policy :

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

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

Whilst the trustees are aware that all unrestricted reserves are available to use at their discretion in the event of a crisis, it is considered appropriate that for practical management purposes the Trustees will undertake 2 levels of monitoring:

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

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

As at 31/12/17 unrestricted general funds stood at £123,870 compared to a 'central reserve' minimum of £99,758 and a maximum of £299,273.

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

As at 31/12/17 designated staff support funds stood at £1,100,274 which was spread across both ministry centres and individual staff members, and includes the £493,333 Guildford Legacy.

Having reviewed all unrestricted reserve levels during 2017 the trustees consider our reserves to be adequate. Continued budgetary control over our general funds is still required given that such reserves are only £24,112 in excess of the minimum required central reserve level.

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Plans for Future Periods:

We intend to continue and grow our activities in future years. We continue to seek ways of developing the work in London in partnership with local churches and similarly minded charities. We would also like to continue to develop our work in partnership with Christian Unions Ireland although we are mindful of the possible impact of Brexit. The Head of Digital Resources has a working party seeking to improve our digital resources to provide more engaging and relevant means of serving international students.

Structure, Governance and Management:

Governing Document:

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

Appointment of Trustees:

Potential trustees are identified from academia, business and Christian ministry backgrounds. The trustees are appointed by the board of trustees through an invitation, application and interview process. New Trustees are given key charity Commission information on their responsibilities and are encouraged to attend appropriate external training where this will facilitate the undertaking of their role.

Organisation :

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

Stroma Beattie, Sarah Hinson and Jon Salkeld were members of the executive committee. Stephen Peters has been a member of the Finance Committee throughout the year.

Trustee Remuneration and Related Parties:

None of the trustees receive remuneration or other benefit for their work for the charity. There were no related party transactions reported in the year between the charity and any trustee, senior manager or any of the third parties with contractual relationships with the charity. Details of trustee expenses are disclosed in note 8 to the accounts.

Senior Staff:

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

Alan Tower and Robert Felix (Key Management Personnel of the charity as outlined on page 1) are trustees of International Student Mission Housing Trust (Registered Charity 1172542), whose aims are aligned to that of Friends International by the provision of subsidised accommodation to Friends International employees.

Risk Management:

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

Such reviews take place within the 2 board subcommittees and in periodic review by the whole Board of key risks.

The following are considered to be important Risks requiring Board and Senior Management focus during 2018 :

- Risk of lack of adequate resource and focus to enable a successful Implementation of our New Supporter system during 2018. This requires clear tracking of key testing, appropriate resourcing at critical stages and a focused sign off and implementation approach.

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- Risk of poor implementation of the new General Data Protection Regulation (GDPR) Regime effective from May 2018 due to inadequate research, poorly documented decisions, badly communicated outcomes both externally and internally. This requires active management by a GDPR workparty set up in Autumn 2017 with a strong mandate, ensuring that the solution can be implemented in the short term independently of the New Supporter system.
- Risk of failing to facilitate ISM in those areas of the UK where there is a large international student population. This requires identification of those locations where current ISM is deficient relative to the numbers of students and then focusing new ministry investment in such areas in order to build effective church partnerships supported by our staff.
- Risk of inadequate reserves: Whilst improved on 2016 this still requires continued budgetary control of Unrestricted Reserves with particular reference to the maintaining of a minimum required level of reserves to fund 'central' costs.

Trustees' Responsibilities:

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

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

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

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

Auditors:

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

Statement of Disclosure of Information to Auditors:

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

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

The above report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and since the company qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 is not required.

Approved by the Board of Trustees on 23 February 2018 and signed on its behalf by:

STROMA BEATTIE
CHAIR OF TRUSTEES

FRIENDS INTERNATIONAL MINISTRIES
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING THE INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Restricted Fund	Unrestricted Funds Designated Staff Support	Total 2017	Total 2016
		General			
Income from:					
Donations and gifts		-	91,272	1,359,857	1,451,129
Legacies		-	5,194	493,333	498,527
Funds introduced from Christian Friends of International Students	2	-	-	-	43,623
Charitable activities:					
Training events and literature sales		-	29,503	34,470	63,973
Investment income	3	-	35,177	-	35,177
Other income:					
National insurance rebate		-	3,000	-	3,000
Total income		-	164,146	1,887,660	2,051,806
Expenditure on:					
Fundraising costs	4	-	5,804	16,166	21,970
Charitable activities	4	-	123,137	1,341,640	1,464,777
Total expenditure		-	128,941	1,357,806	1,486,747
Net income before revaluation of investments		-	35,205	529,854	565,059
Unrealised gain on revaluation of investment property		-	-	-	-
Net income	6	-	35,205	529,854	565,059
Transfer between funds		-	(30,708)	30,708	-
Net movement in funds		-	4,497	560,562	565,059
Total funds brought forward at 1 January 2017		£ 3,264	620,195	539,712	1,163,171
Total funds carried forward at 31 December 2017		£ 3,264	624,692	1,100,274	1,728,230

All of the above results are derived from continuing activities.

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

The attached notes form part of these financial statements.

FRIENDS INTERNATIONAL MINISTRIESBALANCE SHEETCompany registration number 04500270

		31 DECEMBER 2017	2016
Fixed assets			
Tangible fixed assets	11	822	171
Investment property	12	500,000	500,000
		<u>500,822</u>	<u>500,171</u>
Current assets			
Debtors	13	147,266	36,570
Cash at bank and in hand		1,135,422	686,568
		<u>1,282,688</u>	<u>723,138</u>
Creditors: amounts falling due within one year	14	55,280	60,138
		<u>1,227,408</u>	<u>663,000</u>
Net current assets		<u>1,227,408</u>	<u>663,000</u>
Net assets		<u>£ 1,728,230</u>	<u>1,163,171</u>
Charity Funds:			
Unrestricted funds:			
General funds		234,074	229,577
Revaluation reserve relating to investment property		390,618	390,618
Designated funds		1,100,274	539,712
		<u>1,724,966</u>	<u>1,159,907</u>
Restricted fund		<u>3,264</u>	<u>3,264</u>
Total funds	15	<u>£ 1,728,230</u>	<u>1,163,171</u>

Approved by the board of Trustees on 23 February 2018 and signed on its behalf by:

STROMA BEATTIE
CHAIR OF TRUSTEES

The attached notes form part of these financial statements.

FRIENDS INTERNATIONAL MINISTRIES
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
Cash used in operating activities (see below)	414,497	93,283
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Cash flows from investing activities		
Investment income	35,177	28,743
Purchase of tangible fixed assets	(820)	-
Cash provided by investing activities	34,357	28,743
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Cash flows from financing activities		
Cash investment in short-term deposit	(250,000)	-
Cash used in financing activities	(250,000)	-
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Increase in cash and cash equivalents in the year	198,854	122,026
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Cash and cash equivalents at the beginning of the year	486,568	364,542
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Total cash and cash equivalents at the end of the year	£ 685,422	486,568
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Reconciliation of net income to net cash flow from operating activities

Net income	565,059	116,554
Add back depreciation charge	169	1,096
Deduct investment income shown in investment activities	(35,177)	(28,743)
Increase in debtors	(110,696)	(10,320)
(Decrease)/increase in creditors	(4,858)	14,696
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Net cash used in operating activities	£ 414,497	93,283
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Analysis of net funds

	Balance 1 January 2017	Movements	Balance 31 December 2017
Cash at bank and in hand (see note 1k)	486,568	198,854	685,422
Cash on deposit for more than three months (see note 1k)	200,000	250,000	450,000
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	£ 686,568	£ 448,854	£ 1,135,422
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FRIENDS INTERNATIONAL MINISTRIES
NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

1 Accounting policies

a) Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Fund Accounting

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

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

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

c) Income

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

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

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

d) Expenditure and irrecoverable VAT

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

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

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

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

e) Tangible fixed assets and depreciation

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

Depreciation is provided on tangible fixed assets at the following rates per annum so as to write off each asset over its estimated useful working life:

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

f) Investment property

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

g) Operating leases

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

FRIENDS INTERNATIONAL MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017 (Continued)

1 Accounting policies (continued)

h) Pensions

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

i) Expenses of trustees

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

j) Debtors

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

k) Cash at bank and in hand

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

l) Creditors

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

m) Taxation

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

n) Financial Instruments

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

2 Funds introduced from Christian Friends of International Students

In 2016, Christian Friends of International Students (a former registered charity, No 1076565) merged its activities with Friends International. Funds from this charity were transferred to Friends International Ministries to support the work of the Guildford branch of Friends International.

3 Investment income

	2017	2016
Bank deposit interest	1,826	4,620
Investment property income	33,351	24,123
	£ 35,177	28,743
	£ 35,177	28,743

FRIENDS INTERNATIONAL MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017 (Continued)

4 Total expenditure

	Restricted fund	General fund	Designated staff support funds	Total 2017	Total 2016
Fundraising costs					
Staff costs	-	-	13,525	13,525	11,880
Direct PR costs	-	4,457	-	4,457	4,683
Allocation of support & admin costs	-	1,347	2,641	3,988	3,234
	-	5,804	16,166	21,970	19,797
Charitable activities					
Staff costs - direct charitable expenditure	-	-	1,054,942	1,054,942	966,918
Staff costs in a supporting/admin role	-	-	84,068	84,068	81,655
Conference & resource costs	-	55,431	49,080	104,511	96,622
Travel, training & other costs related to staff	-	22,071	141,080	163,151	154,327
Support, management & admin costs	-	39,171	12,470	51,641	47,066
Governance costs	-	6,464	-	6,464	6,969
	-	123,137	1,341,640	1,464,777	1,353,557
	£ -	£ 128,941	£ 1,357,806	£ 1,486,747	£ 1,373,354

During the year the charity's head office was based at All Nations Christian College, Hertfordshire. Here a number of staff operated, spending approximately 60 - 80% of their time in a support and administration role. Accordingly their salary costs are split between support/administration and direct charitable expenditure. The support, management and administration costs and governance costs do not relate directly to charitable expenditure and are further analysed in note 5 below.

5 Analysis of governance and support costs

	General Support	Governance costs	Total 2017	Total 2016
Rent	13,091	-	13,091	14,512
Repairs to investment property	-	-	-	-
Office costs	38,460	-	38,460	26,905
Legal and professional costs	90	-	90	5,649
Auditor's remuneration	-	5,100	5,100	5,600
Costs relating to trustees' meetings	-	1,364	1,364	1,369
	£ 51,641	£ 6,464	£ 58,105	£ 54,035

6 Net income

The total for net income of £565,059 (2016: £116,554) is stated after charging:

Auditor's remuneration - in relation to audit and financial statements disclosures	£ 5,100	5,600
Depreciation	£ 169	1,096
Operating lease rentals - land and buildings	£ 11,652	11,312

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

Salaries	974,589	903,417
National insurance	75,561	64,440
Pension costs	102,385	92,597
	£ 1,152,535	1,060,454
Average number of employees, analysed by function, was as follows:-		
Charitable activities	57	58
Fundraising	1	1
Administration	1	1
	59	60

No employee earned more than £60,000 (2016 : same).

The trustees were not paid or received any other benefits from employment with the charity in the year (2016 : same).

The key management of the charity comprises the national director, 3 regional development directors (2016 : 2) and the finance manager. The total employee benefits of key management personnel for the charity were £169,050 (2016 : £122,187).

FRIENDS INTERNATIONAL MINISTRIES
NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017 (Continued)

8 Trustees' expenses

Travel and subsistence expenses of £90 was paid to one trustee to enable them to attend meetings and generally carry out their governance responsibilities (2016: £766, two trustees).

9 Pension costs

The charity operates defined contribution schemes and contributions of £102,385 were paid in the year (2016: £92,597).

10 Branches

The charity has 16 (2016: 15) branches throughout the UK which generate income and carry out activities on behalf of the charity. The accounts of the branches are maintained at a local level and are then incorporated into the charity's financial statements. In 2017 the branches contributed net incoming resources of £1,692 (2016: £4,734).

11 Tangible fixed assets

	Furniture & equipment	Computers & Peripherals	Total
Cost			
At 1 January 2017	6,268	11,058	17,326
Additions in the year	820	-	820
At 31 December 2017	7,088	11,058	18,146
Depreciation			
At 1 January 2017	6,101	11,054	17,155
Charge for the year	169	-	169
At 31 December 2017	6,270	11,054	17,324
Net book value			
At 31 December 2017	£ 818	4	822
Net book value			
At 31 December 2016	£ 167	4	171

12 Investment Property**Freehold investment property**

As at 1 January 2017 and 31 December 2017

£ 500,000

The investment property has a historical cost of £109,382. In accordance with the Charities SORP FRS 102, the investment property is being carried at its market value. An informal independent valuation was undertaken by a qualified local estate agent as at 31 December 2015 which resulted in a revised valuation of £500,000. The trustees believe that they would achieve a selling price at least equal to, but not materially different from, its carrying value and do not consider it necessary to bring a revaluation into the 2017 accounts.

13 Debtors

	2017	2016
Tax recoverable	7,948	7,817
Legacy debtor	110,000	-
Prepayments and other debtors	29,318	28,753
	£ 147,266	36,570

During the year the charity was informed that it was one of a number of beneficiaries to share in an estate. An interim distribution was received before the balance sheet date, but the charity has been advised that in due course it will receive a final distribution. The exact amount to be received cannot be determined exactly, but the executors have advised that they expect the minimum to be paid to Friends International will be £110,000. Accordingly, this amount has been recognised within income and debtors in 2017, and any excess will be recorded as income in the financial statements for the period in which it is received.

FRIENDS INTERNATIONAL MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017 (Continued)

14 Creditors: amounts falling due within one year	2017	2016
Trade creditors	18,002	14,382
Taxation and social security costs	20,131	18,004
Other creditors	8,250	8,545
Accruals and deferred income	8,897	19,207
	£ 55,280	60,138
	£ 55,280	60,138

15 Analysis of net assets

	Unrestricted Funds			
	Restricted fund	General	Designated staff support funds	Total
Fixed assets	-	500,822	-	500,822
Current assets	3,264	156,396	1,123,028	1,282,688
Current liabilities	-	(32,526)	(22,754)	(55,280)
	£ 3,264	£ 624,692	£ 1,100,274	£ 1,728,230
	£ 3,264	£ 624,692	£ 1,100,274	£ 1,728,230

Designated staff support funds

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

The balances on individually designated funds are reviewed regularly. On an annual basis the Finance Committee will determine the extent to which transfers from the general fund should be made to ensure that the carrying value of individual staff support fund balances are recoverable. Following this year's review an aggregate transfer of £30,708 from the general fund to designated funds was made as reflected on the SOFA.

Restricted fund

The charity has one restricted fund, there have been no movements on this during 2017. This restricted fund finances the support of international students from a sensitive and challenging context during their studies here in the UK.

16 Financial Commitments

At 31 December 2017 the charity had the following commitment to make the minimum lease payments under non-cancellable leases:

	2017 Building	2016
Expiring between two and five years	51,304	-
Expiring after five years	-	62,984
	£ 51,304	62,984
	£ 51,304	62,984

17 Related party transactions

Gifts from trustees of the charity totalled £3,560 (2016 : £1,590).

FRIENDS INTERNATIONAL MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017 (Continued)

18 Statement of Financial Activities for the year ended 31 December 2016

	Restricted Fund	Unrestricted Funds		Total 2016
		General	Designated Staff Support Funds	
Income:				
Donations and gifts	2,000	87,136	1,218,526	1,307,662
Legacy	-	4,690	30,000	34,690
Funds introduced from Christian Friends of International Students	-	-	43,623	43,623
Charitable activities:				
Training events and literature sales	-	34,033	38,157	72,190
Investment income	-	28,743	-	28,743
Other income:				
National insurance rebate	-	3,000	-	3,000
Total income	2,000	157,602	1,330,306	1,489,908
Expenditure:				
Fundraising costs	-	5,729	14,068	19,797
Charitable activities	60	110,650	1,242,847	1,353,557
Total expenditure	60	116,379	1,256,915	1,373,354
Net incoming resources before revaluation of investments	1,940	41,223	73,391	116,554
Unrealised gain on revaluation of investment property	-	-	-	-
Net income/(expenditure)	1,940	41,223	73,391	116,554
Transfer between funds	-	(7,383)	7,383	-
Net movement in funds	1,940	33,840	80,774	116,554
Total funds brought forward at 1 January 2016	£ 1,324	586,355	458,938	1,046,617
Total funds carried forward at 31 December 2016	£ 3,264	620,195	539,712	1,163,171

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS INTERNATIONAL MINISTRIES

We have audited the financial statements of Friends International Ministries for the year ended 31 December 2017 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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.

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 2017 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the 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. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS INTERNATIONAL MINISTRIES (Continued)**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, set out on page 8, 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. 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.

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

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

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

Richard Hill FCA (Senior Statutory Auditor)
for and on behalf of Griffin Stone Moscrop & Co.
Statutory Auditor

21-27 Lamb's Conduit Street
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 6 March 2018