

ANNUAL REPORT 2018

Free Church Federal Council (Incorporated)

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CONTENTS PAGE

Company Information	3
Directors' Report	4
Member Denominations	12
Report of the Independent Examiner	13
Statement of Financial Activities (Including Income and Expenditure Account)	14
Balance Sheet	15
Notes to the Financial Statements	16

COMPANY INFORMATION

Company number	00364987
Charity number	236878
Directors / Trustees (as at date of report)	<p>Revd Dr Hugh Osgood (Moderator) Mr Geoff Lomas (Convener) Mr Eric Southwick (Treasurer) Pastor Joshua Bandele Revd James Breslin Revd Deseta Davis Mr Robert Dowty Major David Evans Revd Trevor Howard Revd Christopher Whiteley Dr Joseph Wood</p>
General Secretary	Revd Paul Rochester
Registered Office	27 Tavistock Square, London, WC1H 9HH.
Bankers	CAF Bank Limited 25 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4JQ.
Solicitors	Ashtons Legal Waterfront House, Wherry Quay, Ipswich, Suffolk, IP4 1AS.
Independent Examiner	Mark Heaton FCCA DChA FCIE K M 1st Floor, Block C, The Wharf, Manchester Road, Burnley, Lancashire, BB11 1JG.
Fund Managers	<p>CCLA Investment Management Ltd COIF Charity Funds 80 Cheapside, London, EC2V 6DZ.</p> <p>Epworth Investment Management Ltd 9 Bonhill Street, London, EC2A 4PE.</p>
Property Agents	<p>Curchod & Co Portmore House, 54 Church Street, Weybridge, Surrey, KT13 8DP.</p>

DIRECTORS' REPORT

The Trustees present their annual report with the accounts for the year ended 31 December 2018. The accounts comply with the requirements of the Companies Act 2006, the Charities Act 2011, the Memorandum and Articles of Association, Financial Reporting Standard 102 and follow the recommendations in 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).

PROMOTING WITNESS IN THE PUBLIC SQUARE

Strategic Highlights

The Free Church Federal Council (incorporated) (FCFC) has continued to deliver its work programme in line with its Objects through its operating arms, the Free Churches Group (FCG). It has been a successful year in promoting faithful witness in the Public Square and delivering core services such as Chaplaincy support to Free Church Chaplains in the Healthcare and Prison sectors. These services continue to be a vital aspect the Free Church witness in the Public Square. The Education work has continued at a fast pace with major developments in the areas of Further and Higher Education. The core areas of work have seen growth and some elements of diversification.

FCG successfully launched its Free Church Commission, which is an eighteen-month research project looking at the relationship between the Church and Social Cohesion in England. The research is being conducted by Theos, one of the UK's leading think tanks on religion and society issues. The research has been framed around a series of case studies, taken from across the country and selected on the concerns surrounding social tensions. These studies will provide a body of original research into the challenges that churches face when responding to social cohesion concerns in their local areas. The Commission's advisers have been drawn from the Free Churches. The first ten case study areas are Bolton, Bradford, Bury, Derby, Haringey, Middlesbrough, Newham, Peterborough, Plymouth, Solihull and Thanet. Each area has been chosen for specific issues they face in respect of social cohesion across several fault lines.

Another key area of focus was building stronger relationships between FCG and the local churches of FCG's Group members. This strategy recognises that local churches occupy prominent positions and play important roles in communities across England and Wales. FCG has found that engaging with these churches by providing a moderate level of information and support can mobilize greater involvement in Chaplaincy work and wider community activities. For example, we have run workshops on Dying Matters and Mental Health First Aid. This strategy feeds into wider plans to promote the Free Church voice in the public square.

We have made progress on the work to build stronger relationships with Government and policy advisers. Stronger links have been forged with the Ministry for Housing, Communities and Local Government. A successful event was held with Lord Bourne, Parliamentary Under Secretary of State, Minister for Faith and Parliamentary Under Secretary of State for Wales, and FCG Group members. The event was co-hosted by FCG and the Salvation Army.

Through these contacts FCG has provided a conduit to local churches. For example, FCG has started discussions with the NHS Blood and Transplant team about communicating to local churches legislative changes to Organ Donations and the need for more blood donors from the Black community. Faith and cultural beliefs are important considerations in end-of-life care and

Strategic Highlights (continued)

conversations about organ and tissue donation. This area of work is a relatively new to FCG and will receive greater focus in 2019. This aspect of the FCG Strategy has proved useful, enabling Government Departments to engage with churches on a range of issues.

We have invested in producing leaflets and other material to highlight the work of FCG. This promotional material has been useful for attendance at conferences and meetings with external stakeholders. There have been improvements in the way that FCG uses social media and the use of the FCG website, however, more needs to be done in these areas for the future.

Education

The education work of the Free Churches Group has been carried out through the Free Church Education Committee, which has representatives from member churches. The staff consists of the Free Churches Education Officer and the Free Churches Education Assistant. The Committee met three times in 2018, with a two-day residential meeting in March.

The Free Church Education Committee completed its report *“Life in all its Fullness: The Free Churches and Schools”*, which stands alongside its earlier reports on Further and Higher Education and informs the ongoing priorities of the Free Churches Group in relation to schools.

There has been a developing emphasis on supporting member churches to understand and engage with the educational establishments in their communities, and development of the education section of the Free Churches Group website has been a key part of this, featuring news from member churches and other organisations, alongside the resources offered by the Free Churches Group.

We continue to recruit and support Free Church representatives to SACREs (Standing Advisory Councils on Religious Education) in Local Authorities.

During 2018, we responded to Government consultations on a range of policies, including Relationships and Sex Education in schools, the Review of Post-18 Education and Funding and the Government’s integration Strategy. We continue to engage with the Department for Education through its Faith Providers Group, working closely with the Religious Education Council and the National Association of SACREs.

Prison Chaplaincy

2018 has been a busy year for the Free Churches Group in seeking to respond professionally to the needs of Prison Chaplains working across England and Wales as, in particular, job insecurity has been a real and present issue for many. During this time, we have continued to support Chaplains, Prisons, and advising Her Majesty’s Prison and Probation Service Chaplaincy HQ. Our Chaplaincy support, this year, focused on three priority areas:

- Training;
- Recruitment alongside HMPPS as employment terms changed for chaplains within the Service; and
- Faith endorsement of chaplains.

In doing this we have ensured that prisons, and particularly Prison Chaplains, are well supported, and prepared for the changes that have continued throughout 2018.

The Prison Service has continued to change, with significant changes in Government leadership. These changes have had a substantial effect on those working in prisons. New staff are being recruited to the service, however the combination of new staff and increased levels of violence, both against others and self, means that retention is a significant issue for

Prison Chaplaincy (continued)

establishments nationally. In a recent '*HM Inspectorate of Prisons*' report, one establishment was reported to have more than 75% of uniformed staff on duty with less than a year's service. Chaplains have often seen their role becoming focused on caring where service provision has sometimes been struggling to cope (for example in the areas of resettlement and care of those who are self-harming). As always, Chaplains have adapted well to these challenges, whilst themselves being impacted significantly by them, taking on the role of wounded healers. This year we have developed, alongside HMPPS Chaplaincy HQ, in-service training for new and Managing Chaplains. FCG has also, alongside Regents Theological College, delivered Master level training to enable chaplains to better engage with the institutions they serve. This training and development have been appreciated during difficult days in prisons and feedback has been particularly encouraging. Chaplains from the Free Churches in England and Wales are still particularly effective at supporting one another, which is very encouraging and a testament to the excellent work they do.

Healthcare Chaplaincy

The Free Churches Group Officer for Health Care Chaplaincy continues to provide development opportunities and support through the Free Church denominations for members to work as Health Care Chaplains in a variety of health care settings. This is achieved through the Free Church Chaplains Register, regional meetings for Free Church Chaplains and Chaplaincy Volunteers, along with an annual study. This is supplemented by the contributions the post holder makes to education programmes for Healthcare Chaplains (St Michael's College Cardiff, Guy's and St Thomas Hospital Chaplaincy Course, 'Starting out in Chaplaincy' course run by The Network for Pastoral, Spiritual and Religious care in Health), and to the development of Healthcare Chaplaincy in faiths other than Christian through the Healthcare Chaplaincy Forum. Alongside leading on a major project to develop Community based Health Care Chaplaincy. This activity serves the public good by supporting pastoral, spiritual and religious care in NHS hospitals and other care settings.

Other Activities

We have continued to support the Dissenting Deputies. The Annual Lecture was successfully held in November and was very well attended. The Revd Joel Edwards spoke and about "Dissenting with Civility," which was hugely interesting and warmly received by the delegates.

FCG has continued corporate membership of the Churches Legislation Advisory Service (CLAS) and the Churches Ministerial Counselling Service (CMCS). By doing so, FCG can ensure those FCG Group members who are not members of CMCS or CLAS benefit from the services they provide. CMCS is an extremely useful and independent counselling service for ministers and CLAS provides information on a range of Government legislations that directly impact churches. FCG's General Secretary continues to sit on the Boards for these organisations.

There have been four Board meetings and number of sub-group meetings of the Board during the year. There have been two Group meetings. We have used these to share information encourage participation in local activities and relevant studies.

Human Resources

Some staff have gone through Fire Marshall and First Aid training to ensure the office is adequately covered. All staff have completed Health and Safety training through an online training service.

Human Resources (continued)

The job-share for the Healthcare Chaplaincy work that was reported in 2017 came into effect. The additional staff resource for the Education continued throughout 2018 and will be extended for 2019 although the job role will widen to include website and social media support for Healthcare and Prison Chaplaincy areas of work.

Looking Ahead

“engaging with local congregations and strengthening FCG’s voice in the public square are important aspects of our future plans”

One of the key projects for 2019 will be the Commission on the Church and Social Cohesion. The key objectives will be to secure external funding to finance the Commission. FCG aims to complete the Commission by the end of the third quarter in 2020. In 2019, FCG will focus on research, fundraising and promoting the work and aim to conclude the 20 case studies of local authority areas across the England. This will provide original qualitative research into the challenges faced by churches responding to social cohesion concerns in their local areas. The findings will be published as a major report into the nature, challenges and opportunities for the Church’s response to social cohesion today, as well as a series of ‘how to’ booklets aimed at churches looking to deepen their engagement with social cohesion and policy makers hoping to engage with churches on these issues. This work will bring together the full breadth of the Church in England with participation, as observers, from the Anglican, Catholic and New churches amongst others.

A residential for FCG will be held in 2019 for FCG Group members where we will publish a five-year Strategic Plan for 2019 to 2023, building on recent achievements. We will be considering how to mark the 80th Anniversary of FCG in 2020. Development of the Strategic Plan will consider how we improve engagement with local congregations and strengthen FCG’s voice in the public square.

Partnership working will be critical to the work of FCG going forward. FCG will be open to collaborating with other organisations, where is mutually beneficial to do so, and is it in line with FCG’s objectives and ways of working.

We aim to continue developing the way social media is used in promoting the work of FCG and communicating with Group members, local churches and wider stakeholders. There is benefit in building online followers to encourage dialogue about issues of mutual interest and to generate support for campaigns and projects that we are taking forward.

Structure, Governance and Management

The Free Church Federal Council (Incorporated) is a company limited by guarantee (company number 00364987) and a registered charity (charity number 236878). The governing instrument of the charitable company is the Memorandum and Articles of Association.

The charity is the incorporated body of, and uses the working name of, the Free Churches Group (FCG), an unincorporated association, whose members are representatives of its constituent denominations who subscribe to the Doctrinal Statement of the FCG.

The members of the company are representatives of the constituent denominations who are members of the Free Churches Group, together with the officers of the FCG. They meet as

Structure, Governance and Management (continued)

“The Group Meeting” to identify the particular beliefs and values which are held in common and agree the company’s objectives.

The directors (who are also trustees for the purposes of charity law) are elected by the company members, seeking the necessary financial and legal skills for the task from within the constituent denominations. They are responsible for financial policy.

The directors / trustees who served during the year were:

Pastor Joshua Bandele
 Revd James Breslin
 Revd Deseta Davis
 Revd Gwendolyne Denny (Resigned 23rd May 2018)
 Mr Robert Dowty
 Major David Evans
 Revd Trevor Howard
 Revd Stephen Keyworth (Resigned 23rd May 2018)
 Mr Geoff Lomas (Convener)
 Revd Dr Hugh Osgood (Moderator)
 Mr Eric Southwick (Treasurer)
 Revd Christopher Whiteley
 Dr Joseph Wood

Directors meetings are chaired by the Moderator. Those new to the work of the company meet with the General Secretary to receive an orientation on the work of the FCG.

The day-to-day work of the company was delegated to the General Secretary, Revd Paul Rochester, who reported directly to the Board of Directors. The officers responsible for the healthcare and prison chaplaincy, and education programmes of the FCG are supported by specialist committees to shape these areas of work.

Objectives and Activities

The principal object of The Free Church Federal Council (incorporated) (FCFC) is “the advancement of the Christian religion.” The furtherance of the object takes place through the work of the Free Churches Group (FCG) by means such as evangelistic, educational, training and business activities or other meetings as deemed necessary from time to time. FCG promotes faithful witness in the public square with a focus, but not solely, on chaplaincy work in Prisons and Healthcare and faith in Education.

FCG expresses the unity in Christ that is shared by Free Churches in England and Wales by promoting fellowship, shared counsel and working together to extend Christ’s kingdom in every sphere of society. This is done whilst recognising that each Group Member remains at liberty to fulfil its own distinctive witness and mission. There are currently 24 denominations and Church groups that are members of FCG.

FCG’s core areas of work involve the fields of Healthcare and Prison Chaplaincy and faith in Education, promoting faithful witness in the public square and enabling Free Church engagement.

Public Benefit

The FCG’s purpose is in the support of its member church denominations in their mission across England and Wales. In as much as this mission is founded in and seeks to express the unconditional love of God, the benefits of all that the FCG seeks to do are understood to be

Public Benefit (continued)

'public' and for the benefit of the wider society. Member churches and their congregations express this through public worship and in service to the communities in which they are set.

The FCG upholds a right to the freedom of expression of religious faith. This has come out of a particular historical context but finds expression afresh in the current time and is understood to have application wider than the FCG's own membership.

The FCG's particular engagement with education, health care, prisons and the legislative governance of the nation, amongst other things, is evidential of a commitment to wider society and a concern for public wellbeing.

Particular examples include:

- Engagement in the training of hospital chaplains and their on-going professional development contributes to the quality of a service offered to all patients and hospital staff and to ensure patient trust and safety.
- The support of SACRE representatives in local authorities serves to ensure the appropriate balance in religious education curricula.
- The developed Faith Endorsement criteria of Prison Chaplains ensures that both Public and Private Sector prisons are well served by a diverse range of professional ministers to work as Chaplains in prisons.

Financial Review

Income derives mainly from investment returns on both listed investments and property. This is supplemented by subscriptions from member churches and other activities. In addition, specific grants have been received, for restricted purposes, to support the work in Healthcare and Prisons. Income remained comparable to previous years apart from grant income which has increased. Grants are made at the directors' discretion.

Total expenditure has been in line with that incurred in the previous year. This has resulted in a net deficit of £131,114 in the general fund which, together with a £94,165 unrealised loss on investments, has been transferred to reserves.

Risk Review

The directors undertake each year a wide-ranging appraisal in order to identify the major risks to which the charity is exposed. Steps are taken with a view to mitigating these risks as far as is reasonably possible.

The directors are aware that the continued financial stability of the charity relies on the continued performance and growth of the charity's investments. They believe their regular review of quoted investments, aided by information from the fund managers, largely mitigates this risk as far as possible.

Investment Powers and Policy

The investment powers of the charity are contained in the Articles of Association and include the power to appoint investment managers. The directors may invest any funds not immediately required by the charity into such securities, property and other investments as they consider greatest overall benefit to the charity, in line with the charity's objectives.

The directors' current policy is to invest in gilt edged securities or investment units with managers of common investment funds: Epworth Investment Management Limited and freehold commercial properties. Surplus funds held for the shorter term are placed in CCLA Investment Management Limited's COIF Charity Fund Deposit Account, which has consistently provided a rate of return higher than that available from a bank.

Reserves Policy

It is the policy of the directors to ensure that the charity has adequate reserves to enable it to meet both its ongoing commitments in respect of general charitable activities and its future funding requirements. The directors have assessed this with the aim of achieving reserves equivalent to one year's on-going expenses plus any known existing and future liabilities. This would require free reserves of around £300,000. Free reserves as at 31 December 2018 stood at £87,786 (2017: £229,727).

The charitable activities are largely financed from the yield on invested reserves. It is the long-term policy of the board to maintain the real value of invested reserves and apply their annual yield (interest, dividends, rents and a proportion of any growth in value) to funding the work of the FCG. The directors consider the level of reserves at the year-end to be sufficient for the current requirements of the charity but will continue to review the overall position and policy at regular intervals.

Independent Examiner

Mark Heaton FCCA DChA FCIE of KM, Chartered Accountants, has been appointed as the charitable company's Independent Examiner. A resolution proposing the reappointment of Mark Heaton will be put to the Annual General Meeting.

Statement of Directors' Responsibilities

The directors, who also act as trustees, are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors (who are also trustees for the purposes of charity law) to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources, including income and expenditure, of the company for that period.

In preparing those financial statements, the directors are required to:

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

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

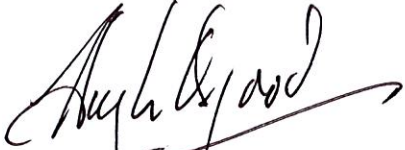
Approval

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

By order of the Board



General Secretary: Revd Paul Rochester



Chair of the FCFC: Revd Hugh Osgood

22nd May 2019

MEMBER DENOMINATIONS

Assemblies of God
Baptist Union of Great Britain
Baptist Union of Wales
Christ Apostolic Church
Church of God of Prophecy
Church of the Nazarene
Churches in Communities International
Congregational Federation
Council of African and Caribbean Churches UK
Countess of Huntingdon's Connexion
Fellowship of Churches of Christ
Free Church of England
Free Methodist Church
Independent Methodist Churches
Methodist Church
Moravian Church
New Testament Assembly
New Testament Church of God
Old Baptist Union
Presbyterian Church of Wales
The Salvation Army
Undeb yr Annibynwyr Cymraeg
(Union of Welsh Independents)
United Reformed Church
Wesleyan Reform Union

INDEPENDENT EXAMINER'S REPORT

I report to the charity trustees on my examination of the accounts of the company for the year ended 31st December 2018 which are set out on pages 14 to 22.

Responsibilities and basis of report

As the charity trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your company's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

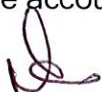
Independent examiner's statement

Since the company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Association of Charity Independent Examiners, which is one of the listed bodies.

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

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

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



Mark Heaton FCCA FCIE DChA

KM Chartered Accountants
1st Floor, Block C, The Wharf,
Manchester Road,
Burnley
Lancashire
BB11 1JG

Date: 22nd May 2019

STATEMENT OF FINANCIAL ACTIVITIES

(including income and expenditure account)

For the year ended 31st December 2018

	Notes	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £	Total Funds 2017 £
Income and endowments from:					
Donations and legacies:					
Member church subscriptions		18,253	-	18,253	18,747
Charitable activities:					
Grants	2	-	136,500	136,500	116,500
Other trading activities:					
Rental income		49,835	-	49,835	54,271
Investments:					
UK listed investments		56,666	-	56,666	57,870
Rental properties		92,500	-	92,500	92,500
Other		78	-	78	127
Other					
Conference Fees		155	(100)	55	2,277
Other		8,431	-	8,431	17,521
Total		225,918	136,400	362,318	359,813
Expenditure on:					
Investment management costs:					
Property management costs		7,251	-	7,251	4,345
Charitable activities					
Grants payable	3	1,580	47,371	48,951	41,083
Other	3	338,483	98,702	437,185	461,356
Total		347,314	146,073	493,387	506,784
Net income / (expenditure)		(121,396)	(9,673)	(131,069)	(146,971)
Gains / (losses) on investment assets		(94,165)	-	(94,165)	121,812
Net income / (expenditure)		(215,561)	(9,673)	(225,234)	(25,159)
Transfers between funds		(4,000)	4,000	-	-
Net Movement in Funds		(219,561)	(5,673)	(225,234)	(25,159)
Reconciliation of funds					
Total funds brought forward		3,128,126	22,188	3,150,314	3,175,473
Total funds carried forward		2,908,565	16,515	2,925,080	3,150,314

Company Number: 00364987

BALANCE SHEET

As at 31st December 2018

	Notes	2018		2017	
		£	£	£	£
Fixed Assets					
Tangible assets	6	109,841		121,046	
Investments	7	<u>2,804,234</u>		<u>2,898,399</u>	
			2,914,075		3,019,445
Current Assets					
Debtors	8	69,940		71,716	
Cash at bank and in hand		<u>40,055</u>		<u>159,085</u>	
		109,995		230,801	
Current Liabilities					
Amounts falling due within one year	9	<u>99,035</u>		<u>99,932</u>	
Net Current Assets			10,960		130,869
Net Assets			<u><u>2,925,035</u></u>		<u><u>3,150,314</u></u>
Funds					
Unrestricted:					
General unrestricted funds	10		2,892,020		3,128,126
Restricted funds	10		33,015		22,188
Total Funds			<u><u>2,925,035</u></u>		<u><u>3,150,314</u></u>

For the year ending 31st December 2018 the company was entitled to exemption from audit under section 476 and section 477 of the Companies Act 2006 relating to small companies. The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 December 2018 in accordance with Section 476 of the Companies Act 2006.

Directors' responsibilities:

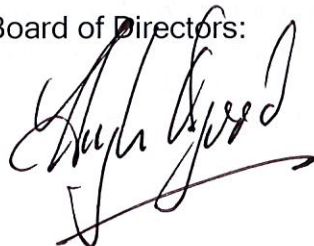
The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;

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

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

On behalf of the Board of Directors:

Hugh Osgood
Moderator



22nd May 2019

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2018

1. Accounting Policies

Basis of preparation

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.

Donations and incoming grants

Donations and grants are accounted for when received or receivable where entitlement is demonstrable.

Investment income

Incoming resources from investments are accounted for when receivable.

Grants payable

Grants are made on behalf of the Department of Health to members of the Healthcare Chaplaincy Faith and Belief Group. Grants are also paid to support various work carried out by organisations on behalf of the churches on an ecumenical basis nationally. Grants are accounted for when paid or when there is an obligation to pay.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

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

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs relevant to strategic management.

Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less the estimated residual value of each tangible fixed asset over its expected useful life as follows:

Leasehold property improvements	- straight line over the period to 31 December 2031
Furniture and equipment	- 10% / 20% / 33% straight line

Investment properties

Investment properties are stated at market value. Realised and unrealised gains are included in the Statement of Financial Activities. No depreciation is provided on investment properties. This is a departure from the requirements of the Companies Act 2006 which requires all properties to be depreciated. The directors consider that to depreciate the properties would not give a true and fair view. Depreciation is only one of the many factors

1. Accounting Policies (continued)

reflected in the valuation and the amount which might otherwise have been shown. The investment properties are maintained to a high standard and as such their residual value is expected to be not less than their cost and therefore the depreciation is immaterial to the accounts. Impairment reviews are carried out on an annual basis by the Board. The directors consider that this accounting treatment results in the financial statements giving a true and fair view.

Listed Investments

Listed investments are shown at market value. Realised and unrealised gains are disclosed in the Statement of Financial Activities.

Funds

Unrestricted funds are incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general fund.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of costs.

2. Income and endowments from Charitable Activities: Grants

	2018	2017
	£	£
Restricted Funds		
Departm't of Health - Health Care Chaplaincy	45,000	63,500
Departm't of Health - Multi Faith Group re Health Care Chaplaincy	45,000	26,500
Methodist Church - Prison Chaplaincy	10,000	10,000
Westhill Endowment - The Commssion	20,000	-
Westhill Endowment - Education Project	16,500	16,500
Total	<u>136,500</u>	<u>116,500</u>

3. Expenditure on: Charitable Activities

	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £	Total Funds 2017 £
Grants payable:				
Ministerial counselling service	1,580	-	1,580	1,632
Multi Faith Healthcare Chaplaincy Grp	-	47,371	47,371	28,371
Other - The Welcome Directory	-	-	-	11,080
	<u>1,580</u>	<u>47,371</u>	<u>48,951</u>	<u>41,083</u>
Direct expenditure:				
General	224,169	-	224,169	209,648
Health Care Chaplaincy (HCC)	42,619	44,867	87,486	98,527
Public Affairs Project	-	24,000	24,000	30,256
HCC Advisors Panel	-	648	648	-
Multifaith/Faith and Belief Group	-	2,787	2,787	-
Education officers	52,839	-	52,839	72,255
Prison Chaplaincy	35,356	9,900	45,256	50,670
	<u>354,983</u>	<u>82,202</u>	<u>437,185</u>	<u>461,356</u>
Total	<u>356,563</u>	<u>129,573</u>	<u>486,136</u>	<u>502,439</u>

4. Directors' Emoluments and Staff Costs

Staff costs during the year were:	2018	2017
	£	£
Wages and salaries	188,753	189,360
Social security costs	12,409	15,204
Pension contributions	16,139	28,055
Total	<u>217,301</u>	<u>232,619</u>

No employees received remuneration greater than £60,000.

The average number of employees during the year was:	2018	2017
	Number	Number
Direct charitable activities	4	4
Management and administration	2	2
Total	<u>6</u>	<u>6</u>

Total compensation paid to key management personnel in the year amounted to £44,253 (2017: £43,815).

Directors' emoluments, including pension benefits, amounted to £nil (2017: £nil).

Expenses reimbursed to six (2017: six) directors for travel, subsistence and conference expenses were £5,543 (2017: £4,314).

5. Net Income / (Expenditure)

Net incoming resources is stated after charging:	2018	2017
	£	£
Independent Examiner's Fee	2,100	2,100
Depreciation	11,205	12,680

6. Tangible Fixed Assets

	Furniture and Equipm't	Leasehold Property Improv'm't	Total
Cost	£	£	£
At 1 January 2018	24,726	234,444	259,170
At 31 December 2018	<u>24,726</u>	<u>234,444</u>	<u>259,170</u>
Depreciation			
At 1 January 2018	14,098	124,026	138,124
Charge for the year	3,317	7,888	11,205
At 31 December 2018	<u>17,415</u>	<u>131,914</u>	<u>149,329</u>
Net Book Value			
At 31 December 2018	<u>7,311</u>	<u>102,530</u>	<u>109,841</u>
At 31 December 2017	<u>10,628</u>	<u>110,418</u>	<u>121,046</u>

Leasehold property improvements were effected during preceding years to the London headquarters of the company which it occupies under the terms of a lease due to expire in 2032.

7. Investments

	UK Listed Investments General Funds £	Investment Properties General Funds £	Total £
Market Value			
At 1 January 2018	1,748,399	1,150,000	2,898,399
Decrease on revaluation in year	(94,165)	-	(94,165)
Purchased in the year	603,831	-	603,831
Redeemed in year	(603,831)	-	(603,831)
At 31 December 2018	<u>1,654,234</u>	<u>1,150,000</u>	<u>2,804,234</u>
Historic Cost			
At 1 January 2018	1,050,188	667,881	1,718,069
Purchased in the year	603,831	-	603,831
Redemption in year	(333,973)	-	(333,973)
At 31 December 2018	<u>1,320,046</u>	<u>667,881</u>	<u>1,987,927</u>

The UK listed investments portfolio is made up of UK fixed interest stocks and equities, all quoted/listed within the UK. Investments which made up over 5% of the value of the portfolio are as follows:

	2018 %	2017 %
COIF income share units	0.00	33.98
COIF ethical income units	34.75	0.00
COIF fixed interest units	7.38	7.26
COIF property fund units	7.84	7.22
Epworth affirmative fund income units	47.39	49.01
Epworth affirmative fund fixed interest units	2.64	2.53

The investment properties were revalued at estimated open market value by the Directors.

8. Debtors

	2018 £	2017 £
Trade debtors	16,103	15,770
Prepayments and accrued income	53,837	55,946
Total	<u>69,940</u>	<u>71,716</u>

9. Current Liabilities: Amounts Falling Due Within One Year

	2018 £	2017 £
Churches Together in England	-	2,934
Accruals	2,142	2,952
Deferred rental income	10,625	10,625
Other Creditors	82,819	83,421
Total	95,586	99,932

10. Funds

	01-Jan-18 £	Transfers between funds	Income £	Expend iture	Gains / (Losses)	31-Dec-18 £
Unrestricted Funds:						
General reserve	229,727	(4,000)	225,873	(363,814)	-	87,786
Investment reserve	1,050,188	269,858	-	-	-	1,320,046
Investment revaluation reserve	698,211	(269,858)	-	-	(94,165)	334,188
Property reserve	667,881	-	-	-	-	667,881
Property revaluation	482,119	-	-	-	-	482,119
Total unrestricted	3,128,126	(4,000)	225,873	(363,814)	(94,165)	2,892,020
Restricted Funds						
Healthcare Chaplaincy	3,351	-	45,000	(44,867)	-	3,484
Healthcare Advisory	2,423	-	-	(648)	-	1,775
Multi Faith Healthcare	15,414	-	45,000	(50,158)	-	10,256
Education	-	-	16,500	-	-	16,500
Prison Chaplaincy	-	-	9,900	(9,900)	-	-
Prison Chaplaincy - Welcome project	1,000	-	-	-	-	1,000
The Commission	-	4,000	20,000	(24,000)	-	-
Total restricted	22,188	4,000	136,400	(129,573)	-	33,015
Total Funds	3,150,314	-	362,273	(493,387)	(94,165)	2,925,035

Unrestricted funds are incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as a general fund. Investments and Property assets are represented as separate funds distinguishing between cost and revaluations as these funds are not available for day to day expenditure.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of costs. During the year grants received from the Department of Health were restricted to health care chaplaincy, funding an Advisory panel and the provision of grants to other faith groups for

Healthcare Chaplaincy; and a grant from the Methodist Church was restricted to the costs of prison chaplaincy.

11. Analysis of Net Assets Between Funds

	Tangible Fixed Assets £	Investments £	Net Current Assets £	Total £
Unrestricted Funds				
General unrestricted funds	109,841	2,804,234	(22,055)	2,892,020
Restricted Funds	-	-	33,015	33,015
Total Funds	<u>109,841</u>	<u>2,804,234</u>	<u>10,960</u>	<u>2,925,035</u>

12. Related Parties and Control

The General Secretary had day to day control of the charity. The trustees have overall control of the charity.

Previously Eric Southwick & Co Charity Accountants was appointed to provide the services of Finance Officer to the charity. Eric Southwick & Co Charity Accountants is controlled by E Southwick, a director / trustee of The Free Church Federal Council (Incorporated). E Southwick declared his interest in Eric Southwick & Co Charity Accountants and was absent from discussions and took no part in the decision to appoint Eric Southwick & Co Charity Accountants. The remaining directors were satisfied that it was in the best interests of The Free Church Federal Council (Incorporated) to appoint Eric Southwick & Co Charity Accountants and did so under the authority provided within the company's Articles of Association. The cost of these services in the year was £11,990.

Previously Charis Communications was appointed to provide services to support the development of the charity's website and to increase the charity's use of social media. Charis Communications engages the services of the Rev Dr H Osgood and Rev T Howard is one of its directors, both are directors / trustees of The Free Church Federal Council (Incorporated). The Rev Dr H Osgood and Rev T Howard declared their interests in Charis Communications and were absent from discussions and took no part in the decision to appoint Charis Communication. The remaining directors were satisfied that it was in the best interests of The Free Church Federal Council (Incorporated) to appoint Charis Communications and did so under the authority provided within the company's Articles of Association. The cost of these services in the year was £4,800.