



# ANNUAL REPORT 2020

## Free Church Federal Council (Incorporated)

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## COMPANY INFORMATION

Company number	00364987
Charity number	236878
Directors / Trustees (as at date of report)	Revd Dr Hugh Osgood (Moderator) Revd Helen Cameron (Moderator-Elect) Mr Eric Southwick (Treasurer) Pastor Joshua Bandele Revd James Breslin Mrs Yvonne Campbell Revd Deseta Davis Major David Evans Revd Trevor Howard Revd Christopher Whiteley Revd Daniel Yarnell
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	CCLA Investment Management Ltd COIF Charity Funds 85 Queen Victoria Street, London, EC4V 4ET.
Property Agents	Curchod & Co Portmore House, 54 Church Street, Weybridge, Surrey, KT13 8DP.



## DIRECTORS' REPORT

The Trustees present their annual report with the accounts for the year ended 31 December 2020. 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).

## PROMOTING WITNESS IN THE PUBLIC SQUARE

### Strategic Highlights

The Free Churches, the operating arm of the Free Church Federal Council (Incorporated), faced challenging times in 2020 as the coronavirus pandemic disrupted its business along with many organisations around the world. However, the Free Churches successfully adapted to new ways of working, continuing to focus on delivering its business objectives through using electronic platforms for meeting and conferences. This was a significant change to the way business was usually done but it allowed the Free Churches to engage a wider audience and led to the development of new relationships, which should prove beneficial for future years.

The following three new directors joined the Board in March 2020, Revd Yvonne Campbell, Revd Daniel Yarnell and the Revd Canon Helen Cameron. Revd Helen Cameron was elected the new chair of the Board from March 2020. She was also elected as the next Moderator of the Free Churches and will take up that appointment in April 2022. She is a Methodist presbyter and Chair of the Northampton District of the Methodist Church. Revd Helen Cameron brings a vast amount of experience and insight in ecumenism and faithful Christian witness, which will be helpful to the work of the Free Churches in the coming years.

The Free Churches work programme continued to focus on the five-year strategy (2019-2023), which sets out several key objectives for the business. The strategy highlighted the need to strengthen and clarify the chaplaincy endorsement services, which the Free Churches provide for the Prison and Healthcare sectors. Significant progress has been made in both areas. This has been supported by developments in communications, using the website and social media. Charis Communication was retained as a contractor, to support the communication work. The Free Churches monthly electronic newsletter has helped to extend communications with local free churches and a wider range of stakeholders. The current circulation list for the newsletter is over 600 individuals and growing.

The Free Churches strategy highlights the need to engage more specifically with those Free Churches situated in rural communities. Although there was not significant progress in this area of work, we continued to provide financial support for Free Church involvement in the Churches Rural Group.

The Group Members increased to twenty-six as two new Free Church denominations joined the Free Churches in 2020. The Free Churches were pleased to welcome the Joint Council of Churches for All Nations and the Order of St Leonard. We are looking forward to working with these denominations and believe that the new relationship will be mutually beneficial.

We were unable to celebrate the Free Churches 80<sup>th</sup> Anniversary as planned because of the coronavirus pandemic. The meeting for Free Churches, which was due to take place at the Methodist Central Hall in Westminster and jointly hosted with the Methodist Church, was cancelled. We aim to look for opportunities in 2021 to reflect on the proud history of the Free Churches as we promote the exciting vision and plans for the coming year.



## Strategic Highlights (Continued)

The publication of the report from the Commission on the Church and Social Cohesion at the end of the year was very successful and allowed us to celebrate the Free Churches history and the unique contribution that local churches are making to nurture social cohesion in communities across England.

### The Commission on the Church and Social Cohesion

The Commission report, entitled - *'The Church and Social Cohesion: Connecting Communities and Serving People'* was launched on the 26<sup>th</sup> November 2020. In addition, there were two excellent *"How to Booklets"* for the churches seeking to foster social cohesion and statutory bodies wishing to work with churches. These booklets should help in an ongoing conversation about social cohesion and the positive role played by churches, with an eye on the scope to strengthen and improve what is already being done for the benefit of communities across the country. The coronavirus pandemic has illuminated the disparities between different socio-economic and ethnic groups. For example, we have seen higher infection and death rates amongst the Black community, and the move to online teaching because of school closures has inadvertently disadvantaged children from poorer backgrounds.

We believe that the Commission's report and booklets will contribute to the conversations that will need to take place after the most severe effects of the coronavirus pandemic are behind us and communities seek to rebuild. There are some key findings and principles for nurturing cohesive communities and engaging churches in that work. Cohesive communities do not just happen but must be consciously and sensitively cultivated by Government and leaders in the community working together.

An online launch event was held in partnership with Faith Action. We were pleased to have the Rt Hon Stephen Timms MP supporting that launch. A pre-launch event was also held for the Free Churches Group members, which was led by the Moderator of the Free Churches Group, Revd Hugh Osgood.

We are grateful for the financial support from Westhill Trust and for the work that Theos Think Tank did in carrying out the research.

### Other business

The Free Churches continued to work closely with the Government. There were several meetings in response to the pandemic and the Free Churches used its platform to create a two-way communication process between the Government and the Free Churches, working with the other ecumenical bodies. The availability of online meetings has increased engagement with Government Ministers and officials.

The 'Black Lives Matter' protests, which erupted worldwide on the back of the death of George Floyd were a seminal moment in the life of Churches. Churches played their part in raising concerns about the need to tackle racial injustice. The Free Churches was involved in putting on webinars, starting a new education project and working with the other ecumenical bodies on a church response.

### Education

In terms of Education, the Chair of the Free Church Education Committee, Graham Handscombe, has been appointed to serve a full term after his temporary appointment. He is working with the Education Secretary to strategically bring together the work on Schools and Further and Higher Education. Several formal contributions have been submitted to Government consultations on education policy.



## Education (Continued)

We have started to collate information on the Free Churches Chaplains working in Higher Education. This is work in progress, but an excellent start has been made. It has enabled the Education Secretary to start providing support services and webinars for Higher Education chaplains using the Zoom platform at a stressful time for students and those working in Higher Education establishments.

Relationships are being developed with MPs who are supportive of the Education work from a Free Church perspective. This is helping to raise the profile of the Free Churches in the public square.

We have worked with RE Today on developing anti-racist teaching material for teachers of Religious Education in both primary and secondary schools to forward the agenda of racial justice. This teaching material is now available on the Free Churches website. The work was funded by Westhill Trust.

## Prison Chaplaincy

2020, as in most sectors of life has been unlike any other in Prison Chaplaincy. As an organisation the need to respond professionally to the increased needs of Prison Chaplains working across England and Wales has been both a challenge and an honour. Very early on in the year we worked with Her Majesty's Prison and Probation Service (HMPPS) Chaplaincy to ensure that all chaplains, including Volunteer Chaplains were recognised as key workers. Due to this recognition, they have maintained a valued presence in establishments throughout the crisis. Our encouragement has been to ensure that where medically safe, legal and appropriate Free Churches Chaplains were available to prisons as required. The increased pastoral load inherent to a time of emotional and physical crisis has meant that this requirement has indeed always been present, and indeed often hugely valued. We celebrated this year, with joy, when a long-standing Free Churches Prison Chaplain was honoured by the Queen in receiving an OBE for his outstanding work during the initial phases of the Coronavirus pandemic.

Our working relationship with HMPPS Chaplaincy has continued to develop and has been particularly productive in seeking innovative ways to equip establishments and their chaplains to meet the needs of residents and prison staff. Media solutions such as regular broadcasts on National Prison Radio, offering of shared resources digitally for chaplains to offer to prisoners no longer able to access communal worship and producing 'televised' services for those prisons equipped with Digital Prisons systems have all been ways that the Free Churches have practically co-operated in this relationship. Towards the end of the year HMPPS announced significant changes in the ways it is seeking to organize and fund Faith and Belief advice. The Free Churches has warmly welcomed these developments and look forward to working under the new arrangements in 2021.

The over-representation of Black, Asian and Minority Ethnic (BAME) people in prisons has been a driving concern for Free Churches since its move into the area of Prison Chaplaincy endorsement and support in 2011. This year has offered us the opportunity to take this forward significantly, responding through social media to the concerns raised through the "Black Lives Matters" protests. In addition, formulating a response to the progress of the actions recommended by Lammy Review into disproportionate way the BAME people have been affected within the Criminal Justice System.

In 2020 the work carried out together with the Edward Cadbury Centre over the last 18 months has seen the development of a Webinar series "Racial Justice / Criminal Justice; What can your church do" This response coincides with the launch of the Commission on the 'The Church and Social Cohesion' and informs church and chaplaincy leadership on practical steps which as communities of faith we can all take to change the culture that has accepted over-representation within all areas of Criminal Justice as being inevitable.



## **Prison Chaplaincy (Continued)**

The first webinar, with an Anglican Bishop, Senior Police Officer and Senior black-majority Church leader explored areas of trust and distrust, offering ways institutions could seek to operate more transparently, and practical approaches that faith communities could take. In 2021 we seek to develop this series further, looking at subjects such as “Accountability”, “Engaging Communities Effectively”, and “improving Knowledge”.

The Prison Service has been recognized as having responded well to the threat of coronavirus pandemic in its lockdown approach to saving lives. Prison chaplains have continued to be on the front line of this response. Chaplains have seen their role becoming focused on caring pastorally, often in 1:1 settings, sometimes wearing Personal Protection Equipment (PPE), always with compassion for those increasingly affected by the deaths of relatives, sickness of colleagues, and threat to their own wellbeing.

Through careful Risk Assessment and compassionate commitment prison chaplains have continued in the face of these adversities and increased demand to offer an extraordinary service to all who live and work in the prison establishments across England and Wales. In supporting these chaplains, the Free Churches is proud to serve those who are so selflessly serving others.

## **Healthcare Chaplaincy**

Healthcare chaplains were extremely busy during the year and faced struggles with the consequences of the COVID-19 pandemic. Although the national statistics suggested that things were improving by the end of the year, in most hospitals and other healthcare settings, chaplains were reporting that it didn't feel like that on the ground. The chaplains support for patients, their relatives and the staff has been recognised and, more than ever, their role has been valued.

The Free Churches Secretary for Healthcare Chaplaincy had a very busy, but very fulfilling year. She was pleased to serve and support Free Church healthcare chaplains in ways that could not have been predicted at the beginning of the year. What began as a one-off email of resources developed into weekly emails that connected Free Churches healthcare chaplains, allowing them to support each another, as well as drawing on the Secretary's support and advice. This support service was extended to chaplains across the breadth of churches in England and Wales.

The Free Church register of chaplains was updated. Working with the Free Church Steering Committee for Healthcare Chaplains, the Secretary for Healthcare Chaplains updated the core endorsement documents and the relevant section of the Free Churches' website. This work is critical in supporting the future of healthcare chaplaincy and will feed into the work at national level.

A very successful Annual Study Day was held in November via Zoom, which was attended by nearly 70 chaplains from the UK and abroad. In collaboration with our Education and Prison Secretaries, an online webinar on Reflective Practice was held. More joint events are being planned. Weekly 'Tea & Chat' sessions were held on Zoom for mutual support. Zoom has been a great enabler this past year.

The Healthcare Secretary continued to teach on the Regents College Masters Course and the Beginning Chaplaincy course for newly appointed healthcare chaplains based at St Padarn's, Llandaff. As the Free Church representative on the Network for Pastoral, Spiritual and Religious Care in Health (NPSRCH), she was involved in the rewriting of the Exploring Healthcare Chaplaincy course (previously Starting Out in Healthcare Chaplaincy).



## Other Activities

We did not hold the Annual Lecture to support the Dissenting Deputies this year but aim to resume that work in 2021.

Our membership of the Churches Legislation Advisory Service (CLAS) continued to offer information about the development of Government policies, which relate to church life and social issues where, for example, the Free Churches have a strong view or specific concerns. Some Free Church denominations have individual membership of CLAS and so the Free Churches representation primarily benefits the smaller denominations. The Free Churches membership of CLAS has provided a route for some of the Free Churches Group Members to contribute to Government consultations where a collective response was helpful. The General Secretary has continued to act as a trustee of CLAS.

The Free Churches has joined the UK Freedom of Religion and Belief Forum. The Free Churches needs to build on this area of work in 2021.

The Free Churches has continued its membership of the Churches Counselling Ministerial Service. We will be giving more thought to promoting this service to those Free Church denominations that are currently not using the service. The mental health challenges of dealing with the coronavirus pandemic and the lockdown will have affected ministers along with many other groups. Ministers may therefore need counselling support as they recover from ministering during the lockdown and adjust to the new normal.

We have held four Board meetings and two group meetings, the majority of which were online. The Board link-directors have continued to support the work of the Free Church committees for Healthcare and Prison Chaplaincy and Education. There have been changes to the committees with new people joining and others moving on. We are grateful to the people from our membership who have volunteered to work on the committees. The committees play a key role in the development of the vision and work in the Free Churches' core areas of work.

## Human Resources

The office at 27 Tavistock Square was mostly closed from March to the end of the year. Visits to the office were primarily to look after the building and to pick up post. We did furlough one member of staff for six-months who was not required to work because of the office closure.

The Revd Mark Newitt was recruited as the new Secretary for Healthcare Chaplaincy. Mark is an experienced chaplain who also works at the national level in the healthcare sector. He will take up his appointment at the beginning of March 2021. He succeeds Revd Meg Burton who had been covering the post for 2020 on a temporary basis. Meg has done an excellent job in taking forward the healthcare chaplaincy work.

## Financial Highlights

As mentioned previously, Free Churches has been successful in securing funding from the Westhill Trust to support some of the Commission. It has also secured funding to carryout projects in the education field.

## Looking Ahead

***“Building Back Better” as we recover from the pandemic will present challenges and opportunities in 2021.***

We have made good progress in 2020 despite the challenging operating environment due to the coronavirus pandemic. In 2021, we expect the use of online conference/meeting platforms to continue playing a key role in the way the Free Churches operates, even when we get back to some sort of normality. The hybrid approach to meetings and conferences will enable us to



## Looking Ahead (Continued)

build on the things that have worked well in 2020, whilst recognising the importance and need for 'face to face' meetings. The economic benefit and convenience of online meetings will create new opportunities and challenges for the business.

In 2021, we aim to build new partnerships to do the things we believe need doing, as more can be done working with others. The benefits of pooling resources and bringing together expertise we have with those of other organisations should allow us to achieve more.

## 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, an unincorporated association, whose members are representatives of its constituent denominations who subscribe to the Doctrinal Statement of the Free Churches.

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 Free Churches. They meet as "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 Helen Cameron (Moderator-Elect)  
 Mrs Yvonne Campbell  
 Revd Deseta Davis  
 Major David Evans  
 Revd Trevor Howard  
 Revd Dr Hugh Osgood (Moderator)  
 Mr Eric Southwick (Treasurer)  
 Revd Christopher Whiteley  
 Revd Daniel Yarnell

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 Free Churches.

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 Free Churches 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 by means such as evangelistic, educational, training and business activities or other meetings as deemed necessary from time to time. Free Churches promotes faithful witness in the public square with a focus, but not solely, on chaplaincy work in Prisons and Healthcare and faith in Education.



## Objectives and Activities (Continued)

Free Churches express 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 26 denominations and Church groups that are members of Free Churches.

Free Churches 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 Free Churches 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 Free Churches seeks to do are understood to be '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 Free Churches 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 Free Churches own membership.

The Free Churches 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 £141,771 in the general fund which, together with a £83,071 gain on investments, has been transferred from 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 2020 stood at £106,008 (2019: £234,043).

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 Free Churches. 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.



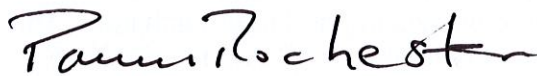
### Statement of Directors' Responsibilities (Continued)

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.

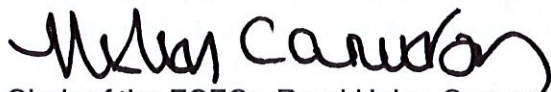
### Approval

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 Helen Cameron

31<sup>st</sup> March 2021



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## 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  
Joint Council of Churches for All Nations  
Methodist Church  
Moravian Church  
New Testament Assembly  
New Testament Church of God  
Old Baptist Union  
Order of St Leonard  
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 31<sup>st</sup> December 2020 which are set out on pages 15 to 23.

## 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

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: 31<sup>st</sup> March 2021



# STATEMENT OF FINANCIAL ACTIVITIES

(including income and expenditure account)

For the year ended 31<sup>st</sup> December 2020

	Notes	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
<b>Income and endowments from:</b>					
<b>Donations and legacies:</b>					
Member church subscriptions		19,178	-	19,178	19,585
Donations		3,301	-	3,301	-
<b>Charitable activities:</b>					
Grants	2	-	20,000	20,000	68,000
<b>Other trading activities:</b>					
Rental income		33,197	-	33,197	46,356
<b>Investments:</b>					
UK listed investments		54,035	-	54,035	58,730
Rental properties		92,500	-	92,500	92,500
Other		99	-	99	147
<b>Other</b>					
Conference Fees		(94)	-	(94)	3,078
Other		3,762	-	3,762	5,941
<b>Total</b>		<b>205,978</b>	<b>20,000</b>	<b>225,978</b>	<b>294,337</b>
<b>Expenditure on:</b>					
<b>Investment management costs:</b>					
Property management costs		2,206	-	2,206	1,353
<b>Charitable activities</b>					
Grants payable	3	1,820	-	1,820	2,720
Other	3	336,058	27,665	363,723	377,531
<b>Total</b>		<b>340,084</b>	<b>27,665</b>	<b>367,749</b>	<b>381,604</b>
<b>Net income / (expenditure)</b>		<b>(134,106)</b>	<b>(7,665)</b>	<b>(141,771)</b>	<b>(87,267)</b>
Gains / (losses) on investment assets		83,071	-	83,071	193,481
<b>Net income / (expenditure)</b>		<b>(51,035)</b>	<b>(7,665)</b>	<b>(58,700)</b>	<b>106,214</b>
<b>Net Movement in Funds</b>		<b>(51,035)</b>	<b>(7,665)</b>	<b>(58,700)</b>	<b>106,214</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		3,023,584	7,665	3,031,249	2,925,035
<b>Total funds carried forward</b>		<b>2,972,549</b>	<b>-</b>	<b>2,972,549</b>	<b>3,031,249</b>

*(Handwritten signature)*



Company Number: 00364987

# BALANCE SHEET

As at 31<sup>st</sup> December 2020

	Notes	2020		2019	
		£	£	£	£
Fixed Assets					
Tangible assets	6	87,559		98,670	
Investments	7	<u>2,772,612</u>		<u>2,789,541</u>	
			2,860,171		2,888,211
Current Assets					
Debtors	8	104,625		49,208	
Cash at bank and in hand		<u>93,195</u>		<u>143,776</u>	
		197,820		192,984	
Current Liabilities					
Amounts falling due within one year	9	<u>85,442</u>		<u>49,946</u>	
Net Current Assets			112,378		143,038
Net Assets			<u>2,972,549</u>		<u>3,031,249</u>
Funds					
Unrestricted:					
General unrestricted funds	10		2,972,549		3,023,584
Restricted funds	10		-		7,665
Total Funds			<u>2,972,549</u>		<u>3,031,249</u>

For the year ending 31st December 2020 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 2020 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:



Revd Helen Cameron  
Moderator-Elect

31<sup>st</sup> March 2021



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> December 2020

## 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) - (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 Independent Examiner's 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 reflected in the valuation and the amount which might otherwise have been shown. The investment properties



### 1. Accounting Policies (continued)

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

	2020	2019
	£	£
<b>Restricted Funds</b>		
Departm't of Health - Health Care Chaplaincy	-	45,000
Departm't of Health - Multi Faith Group re Health Care Chaplaincy	-	3,000
Methodist Church - Prison Chaplaincy	20,000	-
Westhill Endowment - The Commssion	-	20,000
<b>Total</b>	<u>20,000</u>	<u>68,000</u>

### 3. Expenditure on: Charitable Activities

	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
<b>Grants payable:</b>				
Ministerial counselling service	1,820	-	1,820	1,720
Other - The Welcome Directory	-	-	-	1,000
	<u>1,820</u>	<u>-</u>	<u>1,820</u>	<u>2,720</u>
<b>Direct expenditure:</b>				
General	179,222	-	179,222	180,797
Health Care Chaplaincy (HCC)	14,692	7,665	22,357	38,038
Public Affairs Project	-	39,720	39,720	24,000
HCC Advisors Panel	-	-	-	1,775
Multifaith/Faith and Belief Group	-	-	-	13,256
Education officers	81,491	-	81,491	72,637
Prison Chaplaincy	20,933	20,000	40,933	47,028
	<u>296,338</u>	<u>67,385</u>	<u>363,723</u>	<u>377,531</u>
<b>Total</b>	<u>298,158</u>	<u>67,385</u>	<u>365,543</u>	<u>380,251</u>

#### 4. Directors' Emoluments and Staff Costs

Staff costs during the year were:	2020	2019
	£	£
Wages and salaries	190,792	194,405
Social security costs	12,104	14,768
Pension contributions	37,489	17,757
Total	<u>240,385</u>	<u>226,930</u>

No employees received remuneration greater than £60,000.

The average number of employees during the year was:	2020	2019
	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 £45,142 (2019: £44,695).

Directors' emoluments, including pension benefits, amounted to £nil (2019: £nil).

Expenses reimbursed to five (2019: seven) directors for travel, subsistence and conference expenses were £1,366 (2019: £4,862).

#### 5. Net Income / (Expenditure)

Net incoming resources is stated after charging:	2020	2019
	£	£
Independent Examiner's Fee	2,100	2,100
Depreciation	<u>11,111</u>	<u>11,171</u>

#### 6. Tangible Fixed Assets

	Furniture and Equipm't	Leasehold Property Improvem't	Total
Cost	£	£	£
At 1 January 2020	24,726	234,444	259,170
At 31 December 2020	<u>24,726</u>	<u>234,444</u>	<u>259,170</u>
<b>Depreciation</b>			
At 1 January 2020	20,698	139,802	160,500
Charge for the year	3,223	7,888	11,111
At 31 December 2020	<u>23,921</u>	<u>147,690</u>	<u>171,611</u>
<b>Net Book Value</b>			
At 31 December 2020	<u>805</u>	<u>86,754</u>	<u>87,559</u>
At 31 December 2019	<u>4,028</u>	<u>94,642</u>	<u>98,670</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
	£	£	£
<b>Market Value</b>			
At 1 January 2020	1,639,541	1,150,000	2,789,541
Increase on revaluation in year	83,071	-	83,071
Redeemed in year	(100,000)	-	(100,000)
At 31 December 2020	<u>1,622,612</u>	<u>1,150,000</u>	<u>2,772,612</u>
<b>Historic Cost</b>			
At 1 January 2020	1,553,831	667,881	2,221,712
Redemption in year	(93,929)	-	(93,929)
At 31 December 2020	<u>1,459,902</u>	<u>667,881</u>	<u>2,127,783</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:

	2020	2019
	%	%
COIF ethical income units	90.89	84.63
COIF fixed interest units	1.73	7.68
COIF property fund units	7.38	7.69

The investment properties were revalued at estimated open market value by the Directors in 2013, the directors do not believe that the market value has changed significantly since then.

## 8. Debtors

	2020	2019
	£	£
Trade debtors	29,205	14,708
Prepayments and accrued income	75,420	34,500
Total	<u>104,625</u>	<u>49,208</u>

## 9. Current Liabilities: Amounts Falling Due Within One Year

	2020	2019
	£	£
Accruals	41,862	2,142
Deferred rental income	10,625	10,625
Other Creditors	32,955	37,179
Total	<u>85,442</u>	<u>49,946</u>

## 10. Funds

	01-Jan-20	Transfers between funds	Income	Expend iture	Gains / (Losses)	31-Dec-20
	£		£			£
<b>Unrestricted Funds:</b>						
General reserve	234,043	6,071	205,978	(340,084)	-	106,008
Investment reserve	1,553,831	-	-	-	-	1,553,831
Investment revaluation reserve	85,710	(6,071)	-	-	83,071	162,710
Property reserve	667,881	-	-	-	-	667,881
Property revaluation	482,119	-	-	-	-	482,119
<b>Total unrestricted</b>	<b>3,023,584</b>	<b>-</b>	<b>205,978</b>	<b>(340,084)</b>	<b>83,071</b>	<b>2,972,549</b>
<b>Restricted Funds</b>						
Healthcare Chaplaincy	7,665	-	-	(7,665)	-	-
Prison Chaplaincy	-	-	20,000	(20,000)	-	-
<b>Total restricted</b>	<b>7,665</b>	<b>-</b>	<b>20,000</b>	<b>(27,665)</b>	<b>-</b>	<b>-</b>
<b>Total Funds</b>	<b>3,031,249</b>	<b>-</b>	<b>225,978</b>	<b>(367,749)</b>	<b>83,071</b>	<b>2,972,549</b>

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 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 £
<b>Unrestricted Funds</b>				
General unrestricted funds	87,559	2,772,612	112,378	2,972,549
<b>Restricted Funds</b>	-	-	-	-
<b>Total Funds</b>	<b>87,559</b>	<b>2,772,612</b>	<b>112,378</b>	<b>2,972,549</b>



## 12. Comparative Statement of Financial Activities by fund type

	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £
<b>Income and endowments from:</b>			
<b>Donations and legacies:</b>			
Member church subscriptions	19,585	-	19,585
<b>Charitable activities:</b>			
Grants	-	68,000	68,000
<b>Other trading activities:</b>			
Sales	-	-	-
Rental income	46,356	-	46,356
<b>Investments:</b>			
UK listed investments	58,730	-	58,730
Rental properties	92,500	-	92,500
Other	147	-	147
<b>Other</b>			
Conference Fees	3,078	-	3,078
Other	5,941	-	5,941
<b>Total</b>	<b>226,337</b>	<b>68,000</b>	<b>294,337</b>
<b>Expenditure on:</b>			
<b>Investment management costs:</b>			
Property management costs	1,353	-	1,353
<b>Charitable activities</b>			
Grants payable	1,720	1,000	2,720
Other	281,181	96,350	377,531
<b>Total</b>	<b>284,254</b>	<b>97,350</b>	<b>381,604</b>
<b>Net income / (expenditure)</b>	<b>(57,917)</b>	<b>(29,350)</b>	<b>(87,267)</b>
Gains / (losses) on investment assets	193,481	-	193,481
<b>Net income / (expenditure)</b>	<b>135,564</b>	<b>(29,350)</b>	<b>106,214</b>
Transfers between funds	(4,000)	4,000	-
<b>Net Movement in Funds</b>	<b>131,564</b>	<b>(25,350)</b>	<b>106,214</b>

### 13. 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 £12,000.

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 Communications. 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.



