

**THE FREE CHURCH FEDERAL COUNCIL (INCORPORATED)
(A COMPANY LIMITED BY GUARANTEE)**

**COMPANY NUMBER 00364987
CHARITY NUMBER 236878**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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21THE FREE CHURCH FEDERAL COUNCIL (INCORPORATED)
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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THE FREE CHURCH FEDERAL COUNCIL (INCORPORATED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 COMPANY INFORMATION

Company number	00364987
Charity number	236878
Directors / Trustees (as at date of report)	Revd Dr Hugh Osgood (Moderator) Mr Geoff Lomas (Convener) Mr Eric Southwick (Treasurer) Pastor Joshua Bandele Revd James Breslin Revd Deseta Davis Revd Gwendolyne Denny Mr Robert Dowty Revd Jonathan Edwards Revd Trevor Howard Revd Stephen Keyworth Major John Read Revd Christopher Whiteley
General Secretary	Mr F Kantor (resigned 25 March 2015)
Registered Office	27 Tavistock Square, London, WC1H 9HH.
Bankers	CAF Bank Limited 25 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4JQ.
Solicitors	Ashton Graham Waterfront House, Wherry Quay, Ipswich, Suffolk, IP4 1AS.
Auditors	K M Business Solutions Limited 4-6 Grimshaw Street, Burnley, Lancashire, BB11 2AZ.
Fund Managers	CCLA Investment Management Ltd COIF Charity Funds 80 Cheapside, London, EC2V 6DZ. Epworth Investment Management Ltd 9 Bonhill Street, London, EC2A 4PE.
Property Agents	Curchod & Co Portmore House, 54 Church Street, Weybridge, Surrey, KT13 8DP.

THE FREE CHURCH FEDERAL COUNCIL (INCORPORATED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 DIRECTORS' REPORT

The directors present their annual report with the accounts for the company for the year ended 31 December 2014. The accounts comply with the requirements of the Companies Act 2006, the Financial Reporting Standard for Smaller Entities (effective April 2008) and follow the recommendations in "Accounting and Reporting by Charities: Statement of Recommended Practice 2005".

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 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 (appointed 17 November 2014)
Revd James Breslin (appointed 17 September 2014)
Revd Deseta Davis (appointed 17 November 2014)
Revd Gwendolyne Denny (appointed 17 November 2014)
Mr Robert Dowty
Revd Jonathan Edwards
Revd Michael Heaney (Moderator) (resigned August 2014)
Revd Trevor Howard
Revd Stephen Keyworth
Mr Geoff Lomas (Convener)
Revd Dr Hugh Osgood (Moderator) (appointed 17 September 2014)
Revd Peter Pillinger (resigned 11 April, 2014)
Major John Read
Mr Eric Southwick (Treasurer)
Revd David Spademan (resigned 3 February, 2014)
Revd Christopher Whiteley
Revd A Williams (retired 9th April, 2014)
Dr Joseph Wood (appointed 17 September 2014)

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, Mr Frank Kantor, who reported directly to the Board of Directors. He has subsequently left the organisation at the end of March 2015. 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.

THE FREE CHURCH FEDERAL COUNCIL (INCORPORATED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 DIRECTORS REPORT (CONTINUED)

OBJECTIVES AND ACTIVITIES

The principal object of The Free Church Federal Council (Incorporated) is "the advancement of the Christian religion" and specifically: "the promotion of the objects of the Free Churches Group for the furtherance of such objects to hold such evangelistic, educational, business or other meetings as may from time to time be determined." These objects are as follows, with an outline of how they have been fulfilled during the year:

1) To express the essential unity in Christ of the Evangelical Free Churches of England and Wales.

The FCG only held two Group meetings during the year – one in April and one following the Annual General Meeting where the annual report was presented in September. Group meetings address issues related to members' common foundation in Christian faith and in the Free Church tradition. This unity is expressed in the representation of the Moderator at public events. The Moderator has fulfilled a large number of engagements in his own right and as a co-President of Churches Together in England, raising the profile and influence of the Free Churches in England and Wales. This has also been fulfilled through joint representations made to government and others by the staff Secretaries, and through advocacy initiatives aimed at raising the profile of the Free Churches in the public square.

2) To secure their federation on the basis of their common Evangelical faith, each denomination retaining liberty to fulfil its own distinctive witness and mission.

The members of the FCG have continued to examine its unifying character, particularly in relation to working with a wider constituency of churches in the area of chaplaincy. The members of the FCG met twice during the year under review. The Directors met four times during the year, acting as stewards of the subscriptions and financial resources that make the work of the FCG possible.

3) To foster their fellowship in worship and work, to co-ordinate their counsels, activities and resources for the evangelisation of the people and the extension of Christ's Kingdom in every sphere of life.

The members' meetings have served to build fellowship as well as to discuss and debate matters of concern and interest. These meetings have focussed on the work of the Free Church Education Committee, the Health Care Chaplaincy Steering Committee, and the Secretary for Prison Chaplaincy's Steering Group, and that of the General Secretary. In addition, the FCG is represented on numerous other ecumenical structures and networks based on the distinctive contribution of the Free Churches to a range of issues impacting on faith and society.

4) To maintain the spiritual testimony of the Free Churches, to uphold full religious liberty and to take action when authorised to do so in matters affecting the responsibilities and rights of the federated Churches.

The Secretaries of the FCG have pursued this objective in the areas of education, healthcare chaplaincy, prison chaplaincy and general legislation. Responding to the challenges posed by the sweeping changes to education, health care and criminal justice policy by the government has meant on-going changes in emphasis in the FCG's areas of work with a particular focus on the issue of religious freedom in the context of equality and human rights legislation.

Education - Work continues to ensure representation on Local Authority Standing Advisory Councils on Religious Education (SACREs) and providing support for Free Church representatives. The Education Officer serves as a Trustee of Christian Education and Chair of the charity's Publications Committee. She serves as a board member of the Religious Education Council of

THE FREE CHURCH FEDERAL COUNCIL (INCORPORATED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 DIRECTORS REPORT (CONTINUED)

England and Wales, and chairs its Governance Committee. Key work has been a Higher Education working group established to look at Chaplaincy provision in Higher Education.

Health Care – Work continues on maintaining denominational and faith authorisation and supporting Free Church Chaplains in light of changes in the NHS, through Regional and individual meetings. In March 2015 the new Guidelines for Health Care Chaplaincy were published, updating the 2003 Guidelines for the Religious, Spiritual and Pastoral care of patients and relatives. This was part of the NHS Chaplaincy project for which the Secretary is Project Officer.

Prison Service - 2014 has been a busy year in Prison Chaplaincy as the FCG was occupied in supporting Chaplains and Prisons and advising NOMS Chaplaincy HQ as Public Sector Prisons continue to roll out their programme of cutbacks and restructuring. In the last three years the Public Sector spending review has impacted Prison Chaplaincy through at least four major events:

- the benchmarking of all Public Sector prisons to seek to establish new, reduced cost operating models;
- the implementation of “fair and sustainable”, the radical restructuring of staffing involving new contracts, role developments (including the new and welcome role of Managing Chaplain), and a consequent reduction in sessional Chaplaincy provision;
- the implementation of “Our New Way”, seeking to establish new Earned Privilege schemes for prisoners at the same time as rationalising core regime timetabling, and
- “Transforming Rehabilitation”, a whole new approach to the effective care and resettlement of offenders.

These four changes have had substantial effects on those working in prisons, and Chaplains have often seen their role becoming much more focussed on caring for Prison staff. At the same time the Chaplains themselves have had to adapt to these changes, and so have truly had to take on the role of the wounded helping the wounded. When a prison closes, both staff and chaplains alike suffer. The year ended with the first FCG run two day training conference for all FC Chaplains at HM Training Establishment Newbold Revel. This was an encouraging event focussing on ‘being a people of hope amidst times of great change’.

General Secretary - work relating to legislation has largely been conducted through the Churches Legislation Advisory Service, of which the General Secretary is a member. The General Secretary also serves on the Places of Worship Forum of English Heritage, the Free Churches Choir Committee, RADAR, the Churches Refugee Network, and as a member of the Management Group of Stamp out Poverty.

The Education Officer is a member of the Boards of Christian Education and the Religious Education Council for England and Wales. The Secretary for Prison Chaplaincy sits as a permanent member of the NOMS Multi-Faith Chaplaincy Council and has developed a working group to look at the feasibility of developing a national scheme to help Faith Communities be better prepared to receive ex-offenders.

5) To promote fellowship and united action where possible with other branches of the Church throughout the world and in particular with Churches Together in England, Cytûn and Churches Together in Britain and Ireland.

The FCG has maintained good working relationships with Churches Together in England. As a number of the FCG members are in membership with Churches Together in Britain and Ireland a close interest has been maintained in the work of this group of churches. A relationship is maintained with Cytun and the churches in Wales, although in most practical senses this is diminishing as issues of interest are devolved to the Welsh Assembly. The FCG is represented informally at the annual conference and various meetings of CTBI related to the work and ministry of the FCG.

THE FREE CHURCH FEDERAL COUNCIL (INCORPORATED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 DIRECTORS REPORT (CONTINUED)

The Education Officer co-ordinates the development and provision of resources for Education Sunday, in partnership with member churches of CTE, and other partner organisations. The resources are used by Churches throughout England and Wales.

THE YEAR AHEAD

Our work in the key areas of education and healthcare and prison chaplaincy will continue to provide a resource to our member churches for engagement in these key public service vocations and ministries as well as seeking to influence policy debates on the numerous reforms in education, criminal justice and healthcare provision policy. This engagement will be guided by the established principles related to chaplaincy as well as the values and principles which guide the work of the FCG related to our public benefit, religious freedom and human flourishing.

The Education Committee has established new projects in the areas of Further and Higher Education, in order to equip Free Churches to engage more effectively with colleges and universities in a changing educational landscape.

Funding for the posts of the Secretaries of Health Care and Prisons continue to pose challenges with cuts to the relevant Government departments and the financial constraints that member churches are currently facing which will require careful monitoring. This will be done against the increasing number of applications for endorsement and accreditation of Healthcare and Prison Chaplains from member churches and churches seeking membership of the FCG to have their chaplains accredited as Free Church chaplains.

Other issues which will require careful monitoring in the coming year include:

- The Directors will continue closely to monitor the FCG's property portfolio, with a view to making strategic decisions about their Westbury, Bognor and London properties.
- The review of the existing Constitution and Bylaws of the Free Churches Group (unincorporated) and the Memorandum and Articles of Association of the Free Church Federal Council (Incorporated) to ensure that our legal documents accurately reflect the new structure of the FCG and the changes introduced by the Companies Act 2006 and the Charities Act 2011.

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' 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 FREE CHURCH FEDERAL COUNCIL (INCORPORATED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 DIRECTORS REPORT (CONTINUED)

- 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, Education and Prisons. Income remained comparable to previous years with rental income reduced following the separation of activities from Churches Together in England in 2013. The quoted investments benefitted from gains in market value of a satisfactory level given market conditions. Grants are made at the directors' discretion.

Total expenditure has been running below that incurred in 2013. This has resulted in a net deficit of £80,047 in the general fund which has been mitigated by a £58,228 unrealised gain on investments but against that a review of investment properties has been carried out and as a result an impairment charge of £145,000 has been applied to the previous valuation to reflect current market conditions of these properties. The resulting deficit has been deducted 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 £260,000. Free reserves as at 31 December 2014 stood at £200,174.

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.

AUDITORS

K M Business Solutions Limited were appointed as the charitable company's auditors at the AGM in 2014 replacing Mercer & Hole who had served for a number of years. A resolution proposing the reappointment of K M Business Solutions Limited will be put to the Annual General Meeting.

THE FREE CHURCH FEDERAL COUNCIL (INCORPORATED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 DIRECTORS REPORT (CONTINUED)

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.

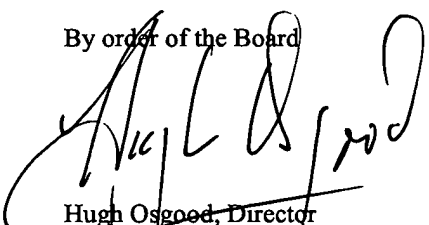
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of the information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and the Financial Reporting Standard for Smaller Entities (effective April 2008).

By order of the Board



Hugh Osgood, Director

Dated 11 May 2015

Registered Office: 27 Tavistock Square, London. WC1H 9HH

THE FREE CHURCH FEDERAL COUNCIL (INCORPORATED)

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

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
THE FREE CHURCH FEDERAL COUNCIL (INCORPORATED)
FOR THE YEAR ENDED 31 DECEMBER 2014**

We have audited the financial statements of The Free Church Federal Council (Incorporated) for the year ended 31 December 2014 which comprise the Statement of Financial Activities (including the Income and Expenditure Account), the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's directors, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 7), the directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The directors have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of the significant accounting estimates made by directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing audit. If we become aware of any apparent material misstatement or inconsistencies we consider the implication for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2014, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to smaller entities); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
THE FREE CHURCH FEDERAL COUNCIL (INCORPORATED)
FOR THE YEAR ENDED 31 DECEMBER 2014**

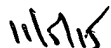
Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Directors' Annual Report is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



KM, Statutory Auditor

Date: 

4-6 Grimshaw Street
Burnley
Lancashire
BB11 2AZ

KM is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE FREE CHURCH FEDERAL COUNCIL (INCORPORATED)

**STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	Unrestricted Funds 2014 £	Restricted Funds 2014 £	Total Funds 2014 £	Total Funds 2013 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income:					
Member church subscriptions		10,877	-	10,877	16,855
Donations		-	-	-	392
Activities for generating funds:					
Rental income		14,161	-	14,161	60,000
Investment income:					
UK listed investments		55,385	-	55,385	61,411
Rental properties		92,500	-	92,500	92,500
Other		1,121	-	1,121	1,508
Incoming resources from charitable activities:					
Grants	2	-	211,050	211,050	251,495
Other Incoming Resources					
Conference Fee		2,236	900	3,136	-
Other		6,314	-	6,314	-
Total Incoming Resources		182,594	211,950	394,544	484,161
RESOURCES EXPENDED					
Costs of generating funds:					
Property management costs		2,603	-	2,603	8,714
Charitable activities					
Grants payable	3	2,020	89,000	91,020	140,490
Other	3	249,354	104,568	353,922	366,763
Governance costs	5	8,664	-	8,664	6,205
Total Resources Expended		262,641	193,568	456,209	522,172
Net (outgoing)/incoming resources before realised losses		(80,047)	18,382	(61,665)	(38,011)
Gains / (Losses) on revaluations and disposals of investment assets		(86,772)	-	(86,772)	141,996
Net Movement in Funds		(166,819)	18,382	(148,437)	103,985
Balances at 1 January		3,279,398	24,744	3,304,142	3,200,157
Balances at 31 December		3,112,579	43,126	3,155,705	3,304,142

THE FREE CHURCH FEDERAL COUNCIL (INCORPORATED)

BALANCE SHEET AS AT 31 DECEMBER 2014

	Notes	2014		2013	
		£	£	£	£
Fixed Assets					
Tangible assets	7	137,246		142,798	
Investments	8	<u>2,775,159</u>		<u>2,861,931</u>	
			2,912,405		3,004,729
Current Assets					
Debtors	9	33,514		1,503	
Cash at bank and in hand		<u>348,511</u>		<u>475,154</u>	
		382,025		476,657	
Current Liabilities					
Amounts falling due within one year	10	<u>138,725</u>		<u>177,244</u>	
Net Current Assets			243,300		299,413
Net Assets			<u>3,155,705</u>		<u>3,304,142</u>
Funds					
Unrestricted:					
General unrestricted funds	12	3,112,579		3,279,398	
Restricted funds		43,126		24,744	
Total Funds		<u>3,155,705</u>		<u>3,304,142</u>	

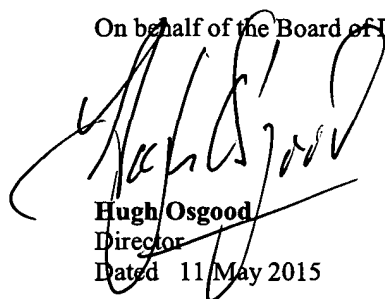
For the year ending 31st December 2014 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies but as this company is a charity, it is subject to audit under the Charities Act 2011.

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 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

On behalf of the Board of Directors:



Hugh Osgood
Director
Dated 11 May 2015

Company Number: 00364987

THE FREE CHURCH FEDERAL COUNCIL (INCORPORATED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

1. Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments and investment properties, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and follow the recommendations in *Accounting and Reporting by Charities: Statement of Recommended Practice* issued in 2005.

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
Computer equipment	- 20% / 33% straight line
Furniture and equipment	- 10% / 20% 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 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.

THE FREE CHURCH FEDERAL COUNCIL (INCORPORATED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

1. Accounting Policies (continued)

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. Incoming Resources from Charitable Activities: Grants

	2014 £	2013 £
Restricted Funds		
Department of Health – Health Care Chaplaincy	60,750	53,375
Department of Health – Multi Faith Group re Health Care Chaplaincy	105,000	144,000
Department of Health – National Chaplaincy Guidelines	6,000	10,000
Department of Health – Advisors Panel	8,000	10,000
Queen Victoria Jubilee Convalescent Homes Free Church Chaplains		
Fund - Transfer	-	5,920
Baptist Union of Great Britain – Education Officer	7,800	5,700
Methodist Church – Prison Chaplaincy	22,500	22,500
Churches in Community International - Welcome Directory	1,000	-
Total	211,050	251,495

3. Charitable Activities: Direct Expenditure

	Unrestricted Funds 2014 £	Restricted Funds 2014 £	Total Funds 2014 £	Total Funds 2013 £
Grants payable:				
Ministerial counselling service	1,720	-	1,720	1,490
UK Board for Healthcare Chaplaincy	-	-	-	5,000
Multi Faith Healthcare Chaplaincy				
Group	-	89,000	89,000	134,000
Other	300	-	300	-
	2,020	89,000	91,020	140,490
Direct expenditure:				
General	175,926	-	175,926	209,227
Health Care Chaplaincy (HCC)	5,736	49,000	54,736	57,933
HCC Guidelines	-	10,193	10,193	3,087
HCC Advisors Panel	-	14,175	14,175	12,920
Education officer	43,266	7,800	51,066	51,084
Prison Chaplaincy	23,426	24,400	47,826	32,512
	249,354	104,568	353,922	366,763
Total	251,374	193,568	444,942	507,253

THE FREE CHURCH FEDERAL COUNCIL (INCORPORATED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

4. Directors' Emoluments and Staff Costs

Staff costs during the year were:	2014 £	2013 £
Wages and salaries	182,977	94,266
Social security costs	16,648	9,824
Pension contributions	16,400	14,885
Total	216,025	118,975

No employees received remuneration greater than £60,000.

The average number of employees during the year was:

	2014 Number	2013 Number
Direct charitable activities	4	2
Management and administration	2	1
Total	6	3

All staff are entitled to receive pension contributions.

The company had, until 31 December 2013, a joint operating agreement with Churches Together in England (CTE). Some staff within the joint operating agreement work on Free Church matters. During that year The Free Church Federal Council (Incorporated) (FCFC) contributed to the staff and other costs in the year within the joint operating agreement amounting to £ nil (2013: 193,795).

Three members of staff transferred their employment from CTE to FCFC with effect from 1st April 2013 under TUPE regulations. Two other staff transferred their employment, under TUPE regulations, from CTE to FCFC with effect from 1st January 2014.

Directors' emoluments, including pension benefits, amounted to £nil (2013: £nil).

Expenses reimbursed to nine directors for travel, subsistence and conference expenses were £2,885 (2013: £1,903).

5. Governance Costs

The governance costs for the year consisted of:

	2014 £	2013 £
Directors' Travel, Meetings and Other Expenses	2,885	1,903
Audit Fees	3,600	3,360
Other Governance costs	2,180	942
	8,664	6,205

6. Net (Outgoing) Incoming Resources

Net incoming resources is stated after charging:

	2014 £	2013 £
Audit fee	3,600	3,360
Amortisation and Depreciation	11,250	8,361
Impairment of Investment property	145,000	-

THE FREE CHURCH FEDERAL COUNCIL (INCORPORATED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

7. Tangible Fixed Assets

	Furniture and Equipment	Leasehold Property Improvements	Total
	£	£	£
Cost			
At 1 January 2014	1,420	234,444	235,864
Additions	5,698	-	5,698
At 31 December 2014	7,118	234,444	241,562
Depreciation			
At 1 January 2014	592	92,474	93,066
Charge for the year	3,362	7,888	11,250
At 31 December 2014	3,954	100,362	104,316
Net Book Value			
At 31 December 2014	3,164	134,082	137,246
At 31 December 2013	828	141,970	142,798

The additions represent assets transferred from CTE as part of the termination of the Joint Operating Agreement between FCFC and CTE.

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.

8. Investments

	UK Listed Investments General Funds	Investment Properties General Funds	Total
	£	£	£
Market Value			
At 1 January 2014	1,566,931	1,295,000	2,861,931
Increase on revaluation in year	58,228	-	58,228
Impairment in value	-	(145,000)	(145,000)
At 31 December 2014	1,625,159	1,150,000	2,775,159
Historic Cost			
At 1 January 2014	1,168,110	667,881	1,835,991
Redemption in year	-	-	-
At 31 December 2014	1,168,110	667,881	1,835,991

THE FREE CHURCH FEDERAL COUNCIL (INCORPORATED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

8. Investments (continued)

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:

	2014 %	2013 %
COIF income share units	30.16	29.84
COIF fixed interest units	7.69	7.36
COIF property fund units	7.14	6.59
Epworth affirmative fund income units	43.55	45.41
Epworth affirmative fund fixed interest units	11.46	10.80

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

9. Debtors

	2014 £	2013 £
Trade debtors	8,009	-
Other debtors: Department of Health grants	23,501	-
Prepayments	2,004	1,503
Total	<u>33,514</u>	<u>1,503</u>

10. Current Liabilities: Amounts Falling Due Within One Year

	2014 £	2013 £
Churches Together in England	73,189	34,195
Accruals	3,360	5,350
Deferred current year income	23,125	31,875
Other Creditors	39,051	105,824
Total	<u>138,725</u>	<u>177,244</u>

THE FREE CHURCH FEDERAL COUNCIL (INCORPORATED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

11. Deferred Income

	2014 £	2013 £
Rental income	23,125	23,125
Healthcare Chaplaincy grant	-	8,750
	<u>23,125</u>	<u>31,875</u>

12. Funds

	1 Jan 2014 £	Transfers between funds	Restated as of 1 Jan 2014	Income £	Expendi- ture	Gains/ (Losses)	31 Dec 2014 £
Unrestricted Funds:							
Capital reserve	384,512	(384,512)	-	-	-	-	-
General reserve	1,875,972	(1,458,505)	417,467	182,594	262,641	-	337,420
Investment reserve	-	1,168,110	1,168,110	-	-	-	1,168,110
Investment revaluation reserve	391,795	7,026	398,821	-	-	58,228	457,049
Property reserve	-	667,881	667,881	-	-	-	667,881
Property revaluation reserve	627,119	-	627,119	-	-	(145,000)	482,119
Total unrestricted funds	<u>3,279,398</u>	<u>-</u>	<u>3,279,398</u>	<u>182,594</u>	<u>262,641</u>	<u>(86,772)</u>	<u>3,112,579</u>
Restricted Funds							
Healthcare Chaplaincy	-	-	-	60,750	49,000	-	11,750
Healthcare Chplncy Nat Guidelines.	6,913	-	6,913	6,000	10,193	-	2,720
Healthcare Advisory Panel	7,831	-	7,831	8,000	14,175	-	1,656
Multi Faith Healthcare Group	10,000	-	10,000	105,000	89,000	-	26,000
Education	-	-	-	7,800	7,800	-	-
Prison Chaplaincy	-	-	-	23,400	23,400	-	-
Prison Chaplaincy – Welcome project	-	-	-	1,000	-	-	1,000
Total restricted funds	<u>24,744</u>	<u>-</u>	<u>24,744</u>	<u>211,950</u>	<u>193,568</u>	<u>-</u>	<u>43,126</u>
Total Funds	<u>3,304,142</u>	<u>-</u>	<u>3,304,142</u>	<u>394,545</u>	<u>456,209</u>	<u>(86,772)</u>	<u>3,155,705</u>

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. General Reserves have been reorganised with effect from 1 January 2014 to better reflect the structure of the Charity. 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.

THE FREE CHURCH FEDERAL COUNCIL (INCORPORATED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

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' development of National Chaplaincy Guidelines, Funding an Advisory panel and the provision of grants to other faith groups for Healthcare Chaplaincy; a grant received from the Baptist Union of Great Britain was restricted to the costs of the education officer a grant from the Methodist Church was restricted to the costs of prison chaplaincy and a grant from Churches in Communities International towards the Prison Chaplaincy Welcome project.

13. Analysis of Net Assets Between Funds

	Tangible Fixed Assets £	Investments £	Net Current Assets £	Total £
Unrestricted Funds				
General unrestricted funds	137,246	2,775,159	200,174	3,112,579
Restricted Funds	-	-	43,126	43,126
Total Funds	<u>137,246</u>	<u>2,775,159</u>	<u>243,300</u>	<u>3,155,705</u>

14. Related Parties and Control

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

The company had, until 31 December 2013 a joint operating agreement with Churches Together in England. Some staff within the joint operating agreement who worked on Free Church matters, particularly the General Secretary, the officer for Health Care Chaplaincy, the secretary for Prison Chaplaincy (until 31 March 2013) and the officer for Education (until 31 December 2013). The Free Church Federal Council (Incorporated) contributed to the staff and other costs within the joint operating agreement. These costs are included General expenses shown in note 3 of these financial statements. Up to 31 December 2013 Churches Together in England paid rent to The Free Church Federal Council (Incorporated) of £60,000 as shown in the Statement of Financial Activities.