



ANNUAL REPORT 2022

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 Helen Cameron (Moderator) Revd James Breslin (Chairman of the Board) Mr Eric Southwick (Treasurer) Pastor Joshua Bandele Mrs Yvonne Campbell Revd Deseta Davis Major David Evans Revd Trevor Howard Revd Dr Hugh Osgood Revd Christopher Whiteley Revd Daniel Yarnell (Vice-Chairman of the Board)
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.

DIRECTORS' REPORT

The Trustees present their annual report with the accounts for the year ended 31 December 2022. 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 operating arm of the Free Church Federal Council (Incorporated), the Free Churches Group, (FCG) continued to pursue its strategic aims to provide information and support to Free Churches, Free Churches' chaplains and to promote the Free Church voice in the public square.

The FCG faced challenging times because of the economic downturn and adapting to the post pandemic situation. There was a continued focus to develop new ways to deliver the business objectives, for example, building on the use of electronic platforms for meeting and conferences.

At the beginning of April 2022, we saw the new Moderator of the FCG, Reverend Canon Helen Cameron, take up post. The Board and Group members expressed their gratitude to Reverend Hugh Osgood for leading the FCG through a time of transition and supporting significant developments over his two terms (8 Years). Helen Cameron was particularly busy in the first nine months. She was privileged to be invited to and participate in the funeral service of the late Queen to represent the Free Churches. Along with this, Helen also participated in several other events in her role as the Moderator of the FCG.

Work in relation to chaplaincy continues to be a core focus for the FCG. We held a successful webinar exploring part-time chaplaincy roles and, across the prison, healthcare and education sectors, Free Churches' chaplains were supported through a range of webinars, conferences and individual pastoral support. The numbers of Free Churches' Prison Chaplains and Managing Chaplains remained roughly the same. His Majesty's Prison and Probation Service (HMPPS) continued to recognise the significant role that the Free Church Faith Adviser for Prison Chaplaincy plays and there were fresh discussions with HMPPS about financial support for the role. There are no statutory endorsement requirements within healthcare or education, but our list of Higher Education Chaplains developed and the Directory of Free Church Health and Social Care Chaplains maintained. Updated guidance on best practice for NHS Trusts around endorsement was published in early 2022 with significant input from the FCG. Throughout 2022, the FCG Secretary for Healthcare Chaplaincy worked with other stakeholders to contribute to the consultations on new NHS England Chaplaincy Guidelines. It is hoped the new guidance will be published in 2023.

The work to extend opportunities in Armed Forces Chaplaincy to the wider Free Churches gathered pace. During the year there were productive meetings with the Ministry of Defence and the Convenor of the United Board. A paper setting out the protocol for how the FCG could represent the nineteen Free Church denominations who are currently non-sending denominations on the United Board was drafted and agreed in principle with the Ministry of Defence. There is a great deal of optimism for this area of ministry in 2023. A FCG steering committee for Armed Forces Chaplaincy has been set up and there is every hope that a final decision on the FCG's membership of the United Board will be taken in the first quarter of 2023.

Strategic Highlights (continued)

Social media and the use of online conference/meeting platforms has helped to reach a wider group of local Free Churches in a way that would have been very challenging through physical meetings alone. This should help in engaging individuals/local churches more widely in the work of the FCG, than would have been hitherto possible. The FCG held Board and Group meetings onsite and online. The scope and use of hybrid meetings also proved useful. The benefits of face to face meetings have not been lost in these developments, however the economic benefit and convenience of online meetings will continue to be essential to the business.

In terms of finance and investments, the Board continued to focus on moving to a balanced budget. There was an internal review of the investment strategy, the results of which should be followed up in 2023. The Board began work to develop a new strategy for the FCG for the years 2023 to 2026. The strategy only focuses on a three-year period compared to previous ones which looked at a five-year period. The unpredictable and changing nature of the current operating environment means this is the right approach for the FCG to take. A key aim is to develop a work programme, which captures the interest of the FCG Group Members and thereby increases for them the ownership and value of the Free Churches' work. There is scope, which will be explored in 2023, to offer space for Group Members to gather and discuss areas of interest. This should offer Group Members opportunities to identify areas of work or operational functions where learning and best practice could be shared. We will only do this where Group Members wish to do so because they see benefit in that.

Elim Pentecostal Church joined the FCG during the year. The Board and Group Members welcomed Elim Pentecostal Church to the FCG. It is hoped that Elim Pentecostal Church will quickly become actively involved in the FCG work programme and the development of its future strategy.

Communication continues to be a significant area of work for a relatively small staff team. The FCG Board has put in place a communication strategy, which is managed by a sub-group of the Board. The staff team reviewed the FCG website and made updates inhouse with the support of a student intern. The circulation list for the FCG monthly electronic newsletter continued to grow during the year.

A couple of denominations are considering membership of the FCG, but it is too early to say if these enquiries will lead to formal applications or not.

Other business

The FCG continued its participation in the Churches Legislation Advisory Service and the Churches Ministerial Counselling Service, which are useful services offered to Group Members. The FCG met all its obligations as a charitable company limited by guarantee, within the set deadlines. The Dissenting Deputies AGM and Lecture was held in October 2022, with the keynote speaker, Revd Dr Robert Porter. The title of his lecture was *"The Greatest Terror of mankind" - Contagion, the Church and the Providence of God.*

Education

The FCG education work covers schools, further education and higher education, and is focused on resourcing member churches to support those involved in education in their communities, political engagement, and supporting university chaplains. We have continued to provide a service to Local Authority SACREs (Standing Advisory Councils on Religious Education) by liaising with member churches to find suitable Free Church representatives.

During the year, the Free Church Education Committee (members of which are drawn from across FCG member churches) worked towards a new strategic plan, with resourcing member churches at its heart. The Committee held a residential meeting in November and

Education (Continued)

drew together the preparatory work it had done throughout the year.

The FCG Higher Education Working Group continued to be involved in work on the Higher Education (Freedom of Speech) Bill, which returned to Parliament after changes in the DfE. The written evidence provided by the working group was quoted in both the House of Commons and the House of Lords, and documented in Hansard.

Submissions were also made to the Office for Students consultation on regulating equality of opportunity, and the consultation on quality and standards in higher education. Responses emphasised Free Church values relating to the contribution of education to the development of the whole person, and the necessity of measuring quality in a much broader sense than in purely economic terms.

We continued our work in supporting chaplains, by providing monthly online “coffee and chat” meetings which provided opportunities for chaplains to share ideas and concerns. A brief survey was conducted to assess the effectiveness of our work from the perspective of the chaplains we aim to support, and the responses were overwhelmingly positive. One chaplain commented: “Thank you for offering this support, especially during lockdown and the pandemic when we were all on a huge learning curve of how to do Chaplaincy remotely and/or safely, it’s been invaluable”.

The FCG staff team has also worked collaboratively to raise awareness of chaplaincy, bringing resources together in an online hub, hosted on the FCG website. As part of this work, we offered a webinar about part-time chaplaincy, which was joined by about 50 people from a range of churches.

The Education Officer has continued to represent the Free Churches at regular meetings for faith groups at the Department for Education. She also helped to organise the annual conference of the Centre for Chaplaincy in Education and took part in regular meetings both of its steering group and its London Hub.

Prison Chaplaincy

During the year we saw a marked change in what had become the ‘new normal’ of Prison Chaplaincy, with the sporadic lifting, re-establishing and tightening of lockdown restrictions. We began once again to see Free Churches Chaplains working tirelessly in all 121 prisons across England and Wales offering corporate worship, pastoral and spiritual care, education and support with resettlement. As an organisation the need to respond professionally to Prison Chaplains working across the estate has never been greater.

Over the last few years our chaplains have experienced significant strain as they have sought to come to terms with an increased bereavement workload, alongside extraordinary requirements and limitations to their daily ministry. The impact on their resilience cannot be over-stated. It was therefore a great joy to physically gather in substantial numbers for the Free Churches Chaplains’ Training at the Fire Service Training College in November. The sense of relief in being together, combined with a desire to learn and worship was both genuine, universal and palpable. A time of healing and renewal that was welcomed by and appreciated by many.

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 staff of HM Prisons. We continue to work with them as they seek new ways to support and resource Faith and Belief advice across the multi-faith spectrum of needs. A Memorandum of Understanding has been established with the goal of developing a new role within the HMPPS team and financially sharing responsibility for its provision. The FCG continues to welcome these developments and will seek to work into 2023 to see this joint working established.

Prison Chaplaincy (Continued)

The over-representation of black and minority ethnic people in prisons has been a driving concern for FCG since its move into the area of Prison Chaplaincy endorsement and support in 2011. This year has offered us further opportunities to take this forward through engagement with the Churches Together in England - Racial Justice forum.

Prison Chaplains continued to be on the front line of the care and support of all living and working in prisons. The demands of working in secure environments, where issues of isolation, institutionalization, under-lying stress and intensely strained relationships mean that Prison Chaplaincy is no normal job. We continue to encourage Prison Chaplains from Free Churches traditions to respond reflectively and compassionately to these diversities, whilst developing ongoing supportive relationships with their sending churches and denominations. We are proud to say that Free Churches chaplains continue to be a valued and effective part of an extraordinary service offered to all who live and work in prisons. In supporting these chaplains, the FCG is recognized as a key factor in the recruitment, training and support of prison chaplains. We are extremely proud to be associated with on average 224 people who have committed themselves to selflessly support and serve all who live and work in prisons in England and Wales.

Healthcare Chaplaincy

Through 2022, while the number of people ill in hospital with Covid reduced significantly, pressures on the healthcare system did not ease with record numbers of people on waiting lists for care and high levels of staff vacancies. These pressures have affected staff moral and wellbeing. Chaplains, who are increasingly becoming involved in staff wellbeing, as well as supporting patients. At the start of 2022, chaplains listed in the Free Church Directory Health and Social Care chaplains, in response to a brief survey, expressed concerns about the tiredness and fatigue they were feeling. The FCG's support to equip and engage chaplains from its Group Members has therefore been vitally important. Each month opportunities were offered to engage in some form of continuous professional development. For the first part of 2022, on a rolling three-month pattern these sessions were:

- Reflective practice
- Research journal club
- Teaching/training input

Teaching sessions through 2022 included looking at theological and practical issues relating to euthanasia, understanding statistics and the annual study day - '*Researching Roles and Religious Belief*'. The study day was delivered remotely to around 50 chaplains with input from Martin Walton, Professor Emeritus of Chaplaincy Studies at the Protestant Theological University in the Netherlands and Shola Oladipo, a researcher at Coventry University.

The success of the journal club, which was started as a joint venture with the College of Healthcare Chaplains in 2021, led in September 2022 to re-launching Research First, a monthly UK wide journal club. The FCG plays a lead role and it is supported by NHS Education Scotland and the Northern Ireland Healthcare Chaplains Association amongst others.

There have been other developments such as '*Nourishing Roots Sessions*', which aim to help chaplains both deepen and nourish the spiritual roots that are needed to sustain them in an emotionally demanding ministry. Alongside these sessions, we continue to send out the monthly information digest, '*The Narrative*', which serves Free Church chaplains and the whole profession. Each edition contains an opening reflection, information and links to newly published or updated resources, details of forthcoming events and brief comments on recently published research.

Beyond the work to equip and engage Free Church chaplains, nationally, the FCG continues to be at the forefront of supporting, promoting, and initiating initiatives aimed at developing

Healthcare Chaplaincy (Continued)

high quality, safe, effective pastoral, spiritual and religious care. The FCG played a lead role in the updating of the Network for Pastoral, Spiritual and Religious Care in Health's (the Network) publication '*Endorsement of healthcare Pastoral, Spiritual and Religious (chaplaincy) Staff and Volunteers: A Practical Guide*' that was published at the start of 2022. As well as updating the Free Churches entry, we were instrumental in encouraging ecumenical working with the Roman Catholic and Church of England representatives to produce a single Christian entry.

As a result of roles held nationally, the secretary for Healthcare Chaplaincy has been a member of the steering group set up by NHS England to support the writing of New Guidelines for NHS Chaplaincy. Members of the Free Churches Healthcare Chaplaincy Steering Committee attend, contribute to, and in some instances chair meetings of national bodies including the Network, the College of Health Care Chaplains, the UK Board of Healthcare Chaplaincy, the Chaplaincy Forum for Pastoral Spiritual and Religious Care in Health and the Heads of Patient Experience (HoPE) Network.

The FCG played a key role in working with Health Education England and CPE Ireland Ltd to facilitate the running of a feasibility study looking at introducing Clinical Pastoral Education into England as a route into healthcare chaplaincy. Papers were given at the 17th Consultation of the European Network of Health Care Chaplaincy and the College of Health Care Chaplains Annual Study Conference. We have also been involved in teaching on courses run by the Network, Regents Theological College and CPE Ireland Ltd.

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

"Developing Chaplaincy Ministry which is a core competence of the Free Churches"

In 2023 there will be new developments for the FCG to manage some of which have been mentioned above. The FCG strategy for 2023 to 2026 should be published in April 2023 and it should help to guide the work priorities for the next few years.

Extending chaplaincy to the Armed Forces to the wider Free Churches is a strand of work that will require a keen focus and resources to set up the endorsing process and to go live. Although some Free Churches have been involved in the ministry for many years, it will be new to several denominations. The FCG will promote this ministry across the Free Churches as there are currently vacancies for full time and reserves chaplains in the three services. The work to register denominations who are interested should begin in the late Spring. We are confident about this ministry and the ability of the FCG to fully satisfy the United Board's requirements because it builds on the core competences of the Free Churches.

The FCG will continue to question how it can deliver benefits to its Group Members, to further its Objects and strengthen the Free Church voice in the ecumenical field and the wider environment.

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.

Structure, Governance and Management (Continued)

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 (Chairman of the Board)
 Revd Helen Cameron (Moderator)
 Mrs Yvonne Campbell
 Revd Deseta Davis
 Major David Evans
 Revd Trevor Howard
 Revd Dr Hugh Osgood
 Mr Eric Southwick (Treasurer)
 Revd Christopher Whiteley
 Revd Daniel Yarnell (Vice-Chairman of the Board)

Directors meetings are chaired by the Chairman of the Board. 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 objects 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.

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.

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

Public Benefit (Continued)

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 £84,971 (2021: £115,937) in the general fund which, together with a loss of £206,324 (2021: £210,843 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 2022 stood at £200,606 (2021: £185,577) including tangible fixed assets of £70,978 (2021: £78,866).

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:

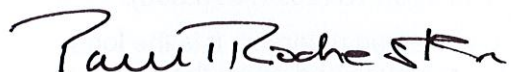
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- observe the methods and principles in the Charities SORP;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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.

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.

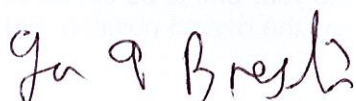
Approval

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 Board: Revd James Breslin

24th May 2023

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
Elim Pentecostal Church
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 31st December 2022 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: 24th May 2023

STATEMENT OF FINANCIAL ACTIVITIES

(including income and expenditure account)

For the year ended 31st December 2022

	Notes	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
Income and endowments from:					
Donations and legacies:					
Member church subscriptions		20,667	-	20,667	20,667
Donations		-	-	-	156
Charitable activities:					
Grants	2	-	16,750	16,750	16,750
Other trading activities:					
Sales		425	-	425	3,600
Rental income		44,063	-	44,063	6,143
Investments:					
UK listed investments		47,436	-	47,436	50,830
Rental properties		92,500	-	92,500	92,500
Other		329	-	329	4
Other					
Conference Fees		315	(60)	255	593
Other		7,827	77	7,904	5,383
Total		213,562	16,767	230,329	196,626
Expenditure on:					
Investment management costs:					
Property management costs		1,454	-	1,454	2,790
Charitable activities					
Grants payable	3	1,360	-	1,360	-
Other	3	295,719	16,767	312,486	309,773
Total		298,533	16,767	315,300	312,563
Net income / (expenditure)		(84,971)	-	(84,971)	(115,937)
Gains / (losses) on investment assets		(206,324)	-	(206,324)	210,843
Net income / (expenditure)		(291,295)	-	(291,295)	94,906
Net Movement in Funds		(291,295)	-	(291,295)	94,906
Reconciliation of funds					
Total funds brought forward		3,067,455	-	3,067,455	2,972,549
Total funds carried forward		2,776,160	-	2,776,160	3,067,455

Company Number: 00364987

BALANCE SHEET

As at 31st December 2022

	Notes	2022		2021	
		£	£	£	£
Fixed Assets					
Tangible assets	6	70,978		78,866	
Investments	7	<u>2,575,554</u>		<u>2,881,879</u>	
			2,646,532		2,960,745
Current Assets					
Debtors	8	104,719		134,033	
Cash at bank and in hand		<u>75,669</u>		<u>19,750</u>	
		180,388		153,783	
Current Liabilities					
Amounts falling due within one year	9	<u>50,760</u>		<u>47,073</u>	
Net Current Assets			129,628		106,710
Net Assets			<u>2,776,160</u>		<u>3,067,455</u>
Funds					
Unrestricted:					
General unrestricted funds	10		2,776,160		3,067,455
Restricted funds	10		-		-
Total Funds			<u>2,776,160</u>		<u>3,067,455</u>

For the year ending 31st December 2022 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 2022 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

24th May 2023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2022

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

	2022	2021
Restricted Funds	£	£
Miscellaneous - Health Care Chaplaincy	250	250
Methodist Church - Prison Chaplaincy	10,000	10,000
Culham ST Gabriels's - Education Project	4,000	4,000
Westhill Endowment - Education Project	2,500	2,500
Total	<u>16,750</u>	<u>16,750</u>

3. Expenditure on: Charitable Activities

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
Grants payable:				
Ministerial counselling service	1,360	-	1,360	-
Direct expenditure:				
General	175,617	-	175,617	177,015
Health Care Chaplaincy (HCC)	31,872	327	32,199	29,344
Education officers	52,281	6,500	58,781	63,599
Prison Chaplaincy	35,949	9,940	45,889	39,815
	<u>295,719</u>	<u>16,767</u>	<u>312,486</u>	<u>309,773</u>
Total	<u>297,079</u>	<u>16,767</u>	<u>313,846</u>	<u>309,773</u>

4. Directors' Emoluments and Staff Costs

Staff costs during the year were:	2022	2021
	£	£
Wages and salaries	188,339	192,495
Social security costs	14,442	13,831
Pension contributions	17,648	17,633
Total	<u>220,429</u>	<u>223,959</u>

No employees received remuneration greater than £60,000.

The average number of employees during the year was:	2022	2021
	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 £46,045 (2021: £45,142).

Directors' emoluments, including pension benefits, amounted to £nil (2021: £nil).

Expenses reimbursed to six (2021: two) directors for travel, subsistence and conference expenses were £2,712 (2021: £436).

5. Net Income / (Expenditure)

Net incoming resources is stated after charging:	2022	2021
	£	£
Independent Examiner's Fee	2,160	2,130
Depreciation	<u>7,888</u>	<u>8,693</u>

6. Tangible Fixed Assets

	Furniture and Equipm't	Leasehold Property Improvem't	Total
Cost	£	£	£
At 1 January 2022	24,726	234,444	259,170
At 31 December 2022	<u>24,726</u>	<u>234,444</u>	<u>259,170</u>
Depreciation			
At 1 January 2022	24,726	155,578	180,304
Charge for the year	-	7,888	7,888
At 31 December 2022	<u>24,726</u>	<u>163,466</u>	<u>188,192</u>
Net Book Value			
At 31 December 2022	<u>-</u>	<u>70,978</u>	<u>70,978</u>
At 31 December 2021	<u>-</u>	<u>78,866</u>	<u>78,866</u>

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

7. Investments

	UK Listed Investments General Funds	Investment Properties General Funds	Total
	£	£	£
Market Value			
At 1 January 2022	1,731,878	1,150,000	2,881,878
Increase on revaluation in year	(206,324)	-	(206,324)
Redeemed in year	(100,000)	-	(100,000)
At 31 December 2022	<u>1,425,554</u>	<u>1,150,000</u>	<u>2,575,554</u>
Historic Cost			
At 1 January 2022	1,373,050	667,881	2,040,931
Redemption in year	(81,744)	-	(81,744)
At 31 December 2022	<u>1,291,306</u>	<u>667,881</u>	<u>1,959,187</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:

	2022	2021
	%	%
COIF ethical income units	91.54	92.10
COIF property fund units	8.46	7.90

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

	2022	2021
	£	£
Trade debtors	16,475	24,838
Prepayments and accrued income	88,244	109,195
Total	<u>104,719</u>	<u>134,033</u>

9. Current Liabilities: Amounts Falling Due Within One Year

	2022	2021
	£	£
Accruals	2,500	2,470
Deferred rental income	10,625	10,625
Other Creditors	37,635	33,978
Total	<u>50,760</u>	<u>47,073</u>

10. Funds

	01-Jan-22	Transfers between funds	Income	Expend iture	Gains / (Losses)	31-Dec-22
	£		£			£
Unrestricted Funds:						
General reserve	185,577	100,000	213,562	(298,533)	-	200,606
Investment reserve	1,373,050	(81,744)	-	-	-	1,291,306
Investment revaluation reserve	358,828	(18,256)	-	-	(206,324)	134,248
Property reserve	667,881	-	-	-	-	667,881
Property revaluation	482,119	-	-	-	-	482,119
Total unrestricted	3,067,455	-	213,562	(298,533)	(206,324)	2,776,160
Restricted Funds						
Healthcare Chaplaincy	-	-	327	(327)	-	-
Prison Chaplaincy	-	-	9,940	(9,940)	-	-
Education	-	-	6,500	(6,500)	-	-
Total restricted	-	-	16,767	(16,767)	-	-
Total Funds	3,067,455	-	230,329	(315,300)	(206,324)	2,776,160

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 £
Unrestricted Funds				
General unrestricted funds	70,978	2,575,554	129,628	2,776,160
Restricted Funds	-	-	-	-
Total Funds	70,978	2,575,554	129,628	2,776,160

12. Comparative Statement of Financial Activities by fund type

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £
Income and endowments from:			
Donations and legacies:			
Member church subscriptions	20,667	-	20,667
Donations	156	-	156
Charitable activities:			
Grants	-	16,750	16,750
Other trading activities:			
Endorsements	3,600	-	3,600
Rental income	6,143	-	6,143
Investments:			
UK listed investments	50,830	-	50,830
Rental properties	92,500	-	92,500
Other	4	-	4
Other			
Conference Fees	216	377	593
Other	5,383	-	5,383
Total	<u>179,499</u>	<u>17,127</u>	<u>196,626</u>
Expenditure on:			
Investment management costs:			
Property management costs	2,790	-	2,790
Charitable activities			
Other	292,646	17,127	309,773
Total	<u>295,436</u>	<u>17,127</u>	<u>312,563</u>
Net income / (expenditure)	<u>(115,937)</u>	<u>-</u>	<u>(115,937)</u>
Gains / (losses) on investment assets	210,843	-	210,843
Net income / (expenditure)	<u>94,906</u>	<u>-</u>	<u>94,906</u>
Net Movement in Funds	<u>94,906</u>	<u>-</u>	<u>94,906</u>

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 £1,200.