

# **Agapé Ministries Ltd**

**Report and Financial Statements  
For the 12 Months Ended 31 December 2007**

**Charity number 258421  
Company number 949989**



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# 1 Reference and Administrative Details

|   |   |                                       |
|---|---|---------------------------------------|
| Status                                    | The organisation, established in 1969, is a charitable company limited by guarantee, incorporated on 7 <sup>th</sup> March 1969. Agapé is a registered charity in England and Wales and is currently in the process of registering with the Office of the Scottish Charity Regulator. |                                       |
| Company Number                            | 949989  |                                       |
| Charity Number                            | 258421 (England)  |                                       |
| Registered office and operational address | Fairgate House<br>Kings Road<br>Tyseley<br>BIRMINGHAM<br>B11 2AA  |                                       |
| Chair                                     | Reverend Nick Wynne-Jones   |                                       |
| Other trustees                            | Mr Malcolm Franks<br>Prof Arthur Williamson<br>(resigned 19/2/2008)<br>Mr Richard Stone   | Mr Anthony Elliot<br>Mr Javier Garcia |
| National Director                         | Mr Andy Atkins  |                                       |
| Company Secretary                         | Miss Mary Hayes   |                                       |
| Bankers                                   | Barclays Bank PLC<br>Colmore Row<br>PO Box 34<br>BIRMINGHAM<br>B3 2BY   |                                       |
| Solicitors                                | Anthony Collins Solicitors<br>LLP<br>134 Edmund Street<br>Birmingham<br>B3 2ES  |                                       |
| Auditors                                  | Mazars LLP<br>Lancaster House<br>67 Newhall Street<br>Birmingham<br>B3 1NG  |                                       |

## 2 Report of the trustees

The trustees (whom we refer to as our Council of Management - COM) are pleased to present their report together with the financial statements of Agapé Ministries Ltd ("the charity" or "Agapé") for the twelve months ending 31 December 2007

Reference and administrative information set out on page 1-1 form part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and Statement of Recommended Practice - Accounting and Reporting by Charities (issued March 2005).

### 2.1 Structure and Governance

#### 2.1.1 Governing Document

The company is established under a Memorandum of Association which sets out its objects and powers as a charitable company, and is governed under its articles of association.

#### 2.1.2 The Trustees

The trustees, under charity legislation, have and accept ultimate responsibility for directing the affairs of the charity, and ensuring that it is solvent, well-run, and delivering the charitable outcomes for the benefit of the public for which it has been set up.

The trustees, who are also directors under company law, who served during the year and up to the date of this report are listed in page 1-1 of this report. Members (including trustees) of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31<sup>st</sup> Dec 2007 was 61

#### 2.1.3 Appointment of Trustees

No new trustees have been appointed since our previous report. It is normal that new appointees have had some contact with Agapé before being considered to join the COM and are fully conversant with the aims and objectives of Agapé

As a result of discussion on the skills base required within the COM the trustees are in the process of identifying possible candidates

#### 2.1.4 Organisation

Agapé is a Christian organization and part of Campus Crusade for Christ International. Although our main activities are national, operating in seven regions across the UK, we have workers in other countries around the world

Agapé is overseen by the Council of Management (COM) which meets 5 times a year. Day to day organization is directed by a National Leadership Team (NLT) of five senior members who meet on a weekly basis. The NLT is led by the National Director and the five main areas of activity are represented

Campus Ministry, Non-Campus ministry, International Sending, Operations, HR/Leadership Development. The latter three functions have infrastructural responsibility. Human Resources and Leadership Development (LDHR) is responsible for member care, training, ongoing development of each of our workers and recruiting. Operations are responsible for all finance activities including financial reporting, communications including fundraising, conferencing, and facilities management including IT

Management and governance of Agapé is delegated to the Operations Director who is responsible to the NLT and COM. Reports are submitted as required to Companies House and the Charity Commission by the Company Secretary.

Systems are in place for line management, appraisal, member development and supervision together with grievance and complaints procedures.

### **2.1.5 Risk Management**

The Council of Management is satisfied that the major risks to Agapé have been assessed and in particular those related to the finances and operations of Agapé, and are satisfied that systems are in place to mitigate exposure to these risks. Reporting procedures are in place to monitor income and expenditure. A key element in the management of financial risk is the setting of a reserves policy and its regular review.

The Charity is aware of its responsibilities to manage risk and appreciates updated information on this matter from its solicitors and other professional advisors. Annual Health & Safety audits are conducted at the registered offices as well as other regular checks.

### **2.1.6 Responsibility of trustees**

Company law requires the directors (who are the Trustees and members of the Council of Management) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the Council of Management are required to select suitable accounting policies and then apply them consistently, make judgments and estimates that are reasonable and prudent, comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements, prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. The Council of Management is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

### **2.1.7 Statements as to disclosure of information to auditors**

In accordance with Company Law, as the charity's trustees, we certify that

- so far as we are aware, there is no relevant audit information of which the Charity's Auditors are unaware; and

- we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the Chanty's Auditors are aware of that information

## 2.2 Objectives and activities

Agapé vision statement is.

*To help build spiritual movements everywhere so that everyone knows someone who truly follows Jesus.*

Our aim is

Winning people to Christ (communicating the gospel of Jesus Christ both publicly and inter-personally through a variety of means, in a variety of contexts, and giving people the opportunity to choose to follow Jesus), Building Jesus' followers up in their faith (providing basic teaching and/or facilitating their spiritual growth and development), and Sending them out to do the same with others (training, equipping and encouraging those who follow Jesus to share his message of salvation with others, according to Jesus' instruction in Matthew 28.18-20

Whether we are working with students, graduates, athletes, immigrants and asylum seekers, or business and community leaders, we're committed to working in partnership with churches and other Christian groups who share these goals and vision. In addition to building spiritual movements in the UK, we are also committed to 'sending' teams of British workers and graduates internationally. In addition sending resources and contributing towards poverty relief, through strategic Humanitarian Aid partnerships around the globe.

The strategies employed to meet these objectives include the following:

- Presenting the Gospel clearly in word and action. Helping Christian students on campus, or business and community leaders share the Gospel clearly in word and action and to help others to have the opportunity to respond
- Helping individuals to develop and be active in their faith through small discipleship groups and 1-to-1 mentoring.
- Contacting leaders and addressing key issues in corporate life to help create a climate more conducive to the spread of the gospel
- Sending teams of students and graduates abroad for 1-2 year and short term mission projects.
- Developing products and resources (books, tracts, DVD's, etc ) that aid our workers and volunteers in achieving these goals
- Developing strategic partnerships with like-minded groups and churches
- Contributing to Global Aid Network to provide Humanitarian Aid in the Developing World

## 2.3 People

The main assets of Agapé are its workers and we put high value on recruitment training and personal development. The recruitment of new workers is through personal contact on Campus, our annual student conference, summer international mission projects and a 12 month internship program. We have seen a modest increase in the number of field workers during the year from 81 in 2006 to 85. As part of our commitment to increase infrastructure - Operational and Human Resources workers have increased from 16 to 22.

In 2008 we hope to increase the number of field workers both here in the UK and overseas from 90 to over 100 and Operational staff to increase similarly.

We have designed a new training curriculum for 1<sup>st</sup> and 2<sup>nd</sup> year workers (Inc Interns) designed to fully equip them for a lifestyle of evangelism and discipleship. As part of the investment in our workers this year has also seen the introduction of staff mentoring for all team leaders, the implementation of the 360 Degree Review method and a Personal Development Plan for all workers.

Agapé staff are responsible for finding a team of people who will pray for them, encourage them in their work and give financially to support them. They need to discover funds to cover both the salary they receive and also the ordinary expenses they will incur in the course of their work. During 2007 102 of the 107 (equated) staff were supported on this basis.

Of this designated income we levy an amount equivalent to 12.5% which goes towards funding the other Agapé activities including central running costs and overseas giving.

## 2.4 Achievements & performance

We are a movement of volunteers and workers committed to helping to fulfil Jesus' Great Commission through personal evangelism and discipleship, working in the following main areas.

### 2.4.1 Students

Our passion is that *every* student in the UK should have the opportunity, not just to hear the gospel, but to learn to follow Jesus for the rest of their lives. We want to take the initiative in explaining the gospel in a clear and understandable way to the 99% of students who have never been given the opportunity to hear and respond.

We currently have teams based in Newcastle, Oxford, Bristol, Birmingham, and London, with the goal of expanding to 11 regional centres from which we can serve every university in the country. We're committed to working in partnership with churches and other Christian groups as well as having a flexible approach wherever we are.

Beginning Autumn 2005, our Internship Programme has provided a year of training and personal development for university graduates, designed to help prepare them for a life of active faith in Jesus, whether they choose to enter the secular workplace or full time ministry. This year we saw 7 students join the programme. In the first two years of the programme, 5 students have taken part, working with our teams in Birmingham, Newcastle, Bristol and Oxford and London.

### **2.4.2 Workplace**

Field testing of the Relationships Course has continued in a number of companies and is still in the process of development. It has been received very positively by those companies that have used it. A range of companies involved include the arts industry, business and health services

### **2.4.3 Family and Community**

Our Community team based in the West Midlands enable people from many walks of life to reach friends, families, colleagues and community with God's message through training in evangelism and discipleship. This team has pioneered the development of PACE groups to help support and encourage Christians from all walks of life

Our FamilyLife ministry aims to give every person in the UK the opportunity to transform family relationships based on biblical principles and knowing Christ. By providing training, innovative programmes and resources, we help churches effectively explain the gospel and minister to un-churched families in their communities. FamilyLife Conferences allow couples, in any stage of life, whether they are doing well or having trouble, to think through topics like God's purposes for marriage, communication, resolving conflict. Two conferences were run through the year. The team have been working on developing a new course "Together in Marriage" helping couples to get closer to each other and to God, in practical ways. The resource is supported by a new website in partnership with CWR, a registered Christian publications charity.

FirstActs continues their work with Immigrants and Asylum seekers. There are hundreds of thousands of refugees, asylum seekers and immigrants currently living in the UK. They represent many countries that have been virtually unreached by the gospel. Agapé's First Acts team is helping movements of evangelism and discipleship to grow from inside this unique population. Literally hundreds have come to Christ and are being supplied with the skills and resources that they need to reach their own communities

Athletes in Action (AIA) aim to challenge sports people with the gospel, help to build them in their faith, and then send them out to use their far-reaching influence to win others for Christ. In Belfast, AIA runs Players Groups for elite football and rugby players, providing them with the training and the challenge to make an impact upon society around them. In addition to using their influence within their own football clubs, many of the players also get involved in AIA's high-profile international projects as well as their evangelistic football camps for young people across Ireland

### **2.4.4 International Sending**

International sending is one of our highest priorities, in order to help bring the gospel to those who otherwise won't experience it due to language or geographical barriers.

In Autumn 2005 we launched our "Impact Teams" made up of individuals (workers and university graduates) who have made one or two year commitments to ministry abroad. Led by experienced workers these teams go and reach people groups who have never heard the gospel, pioneering student ministry teams at key universities. The teams are working in Russia and the Middle East



Our annual Summer Missions Projects continued to gain momentum. In the summer of 2006 we sent teams to 6 locations, with an involvement of almost 60 university students. In the summer of 2007 we sent teams to Holland, Russia and the Middle East. At the end of these missions the students then went on to Korea to CM2007 a gathering of Christian University students - Campus Crusade for Christ's first global missions conference for 18,000 students.

#### **2.4.5 Overseas Giving and Aid**

In addition to the designated income raised by Agapé staff and regular donations received to support general ministry activities, an additional £152k of funds was raised mainly through appeal letters. The projects to which these monies were given included

£63k - International Internet projects  
 £35k - Supporting work in the Far East  
 £23k - Humanitarian Aid in Darfur (with further funds received in 2008)  
 £15k - Training & Discipleship of Russian students

#### **2.4.6 Operations and Human Resources**

The Operations and Human Resources Teams serve the workers in the above field ministries. These teams provide the resources for our field workers, including finance, communications, IT, conferencing and worker care. The team help nurture and train workers alongside the leadership in each area.

During 2007 we have upgraded our IT systems and invested in a new Accounting management system and are committed to developing our IT capabilities and use of the Worldwide Web.

Growing the infrastructure and capacity of Agapé has been a high priority. During the year we have already recruited an additional 6 staff to these teams.

Agapé UK is part of the international organisation Campus Crusade for Christ and falls within Western Europe Area of Affairs. Agapé UK contributes towards helping people in need to help themselves through humanitarian aid, for example in Albania, Algeria, India, North Korea, Latvia, Sri Lanka, Uganda and Ukraine as part of its European partnership.

#### **2.4.7 Plans**

Our ultimate goal is to help in the fulfilment of the Great Commission (Matthew 28:18-20). Our work with students remains at the heart of our strategic vision. We also plan to expand our international sending. In addition to this, we plan to expand our work with Agapé Alumni (graduates who have been involved in our movement) in order to link them with our current Adult Ministry teams, and resource them with what they need to help build movements everywhere.

Because of increased numbers of fulltime workers and growing field departments, we also plan to more deeply develop our infrastructure. This means an emphasis on recruiting more fulltime workers for our Operations and Human Resources Team, as well as investing in the ongoing professional development of our current workers.

#### **2.4.8 Employment status review**

As reported in our previous report at 31<sup>st</sup> December 2006 we are currently in discussion with HMRC in respect of our employment status and the class of NI contributions our workers pay. These discussions are still on going and we are continuing to take professional advice with a view to maintaining our current status.

## 2.5 Financial Review

The net movement in funds was a decrease of £72k This resulted from:-

- Staff accounts where total funds reduced by £18k from £390k to £372k. As staff numbers increased from 92 to 102, the average funds per staff member fell from £4,240 to £3,650, a 14 % reduction As an overall result, it was below expectations.
- General funds increased by £8k to £192k This is after including costs of £24k in negotiating with HMRC on the employment status of workers and a £10k inflow of funds reclassified from designated funds. The £24k is part of £37k governance costs (see note 2 of the accounts)
- Designated funds (for other than staff - see above) reduced from £205k to £160k, a decline of £45k. This has resulted from :-
  - £15k write-off of stock - mainly videos now replaced by DVDs
  - £11k of additional marketing of JVP products
  - £10k of funds reclassified (in agreement with the donors) to general funds
- Bank balances were maintained at previous levels, £610k at December 2007 (December 2006 £608k)

Agapé owns a leasehold property in London in the books at £258k The Trustees have recently sought an external open market valuation on the property. This was in excess of £850k.

### 2.5.1 The Trustees Reserve Policy

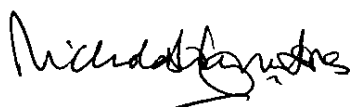
The Trustees have reviewed this policy in the light of the 2007 accounts and the 2008 Budget. The policy will be subject to review once the outcome of the employment status review with HMRC is known. The Trustees have decided that free reserves should represent 6 months expenditure which is not covered by the regular donations raised by staff The latter is assumed to be at 90% of expected giving The target for December 2008 is £220k.

Using data from the 2007 accounts, this policy would have produced a target of £210k at December 2007 Free reserves were £192k at December 2007 (£184k at December 2006).

### 2.5.2 Auditors

Mazars LLP served as auditors throughout the period. A resolution to re-appoint Mazars LLP auditors will be proposed at the forthcoming annual general meeting.

Approved by the board on 19 May 2008



Rev N Wynne-Jones - Chairman  
Fairgate House  
Kings Road  
Tyseley  
Birmingham B11 2AA

### 3 Independent Auditors' Report to the members of Agapé Ministries Ltd

We have audited the financial statements of Agapé Ministries Limited for the 12 month period ended 31 December 2007 which comprises the Statement of Financial Activities (incorporating an Income and Expenditure Account), the Balance Sheet and related notes. These financial statements have been prepared under accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### 3.1 Respective responsibilities of trustees and auditors

As described in the Statement of Trustees' Responsibilities the trustees, who are also the directors of Agapé Ministries Limited for the purposes of company law, are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Trustees' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the charity is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### 3.2 Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### 3.3 Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the charitable company's affairs as at 31 December 2007 and of its incoming resources and application of resources, including its income and expenditure, in the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Trustees' Report is consistent with the financial statements

Mazars LLP

Mazars LLP  
The Broadway  
Dudley  
DY1 4PY

22 May 2008

## 4 Financial Review

### 4.1 Statement Of Financial Activities (incorporating an income and expenditure account) for 12 months ending 31 December 2007

|  | Notes | Unrestricted Funds | Restricted Funds | Total 2007<br>12 months | Total 2005/06<br>18 Months |
|--|-------|--------------------|------------------|-------------------------|----------------------------|
|  |       | £                  | £                | £                       | £                          |
| <b>INCOMING RESOURCES</b>                            |       |                    |                  |                         |                            |
| <b>Incoming resources from generated funds</b>       |       |                    |                  |                         |                            |
| Voluntary income                                     |       | 2,396,861          | 151,280          | 2,548,141               | 3,759,795                  |
| Investment income                                    |       | 31,349             | -                | 31,349                  | 23,146                     |
| <b>Incoming resources from charitable activities</b> |       |                    |                  |                         |                            |
| Income from sales of literature and videos           |       | 73,816             | -                | 73,816                  | 128,991                    |
| Income from running of conferences                   |       | 24,808             | -                | 24,808                  | 28,920                     |
| Income from international mission projects           |       | 10,151             | -                | 10,151                  | 7,853                      |
| Sundry income  |       | 39,572             | -                | 39,572                  | 21,140                     |
| Letting of non investment property                   |       |                    |                  | -                       |                            |
| London offices to a third party                      |       | 5,988              | -                | 5,988                   | 3,900                      |
| Rental income from leasehold property                |       | -                  | 9,000            | 9,000                   | 13,500                     |
| <b>Total incoming resources</b>                      |       | <b>2,582,545</b>   | <b>160,280</b>   | <b>2,742,825</b>        | <b>3,987,245</b>           |
| <b>RESOURCES EXPENDED</b>                            |       |                    |                  |                         |                            |
| <b>Cost of generating funds</b>                      |       | -                  | 42,231           | 42,231                  | 59,635                     |
| <b>Charitable activities</b>                         |       |                    |                  |                         |                            |
| Communication with donors                            |       | 102,575            | -                | 102,575                 | 143,405                    |
| Cost of field teams                                  |       | 2,214,744          | -                | 2,214,744               | 2,962,872                  |
| Cost of international mission projects               |       | 102,282            | -                | 102,282                 | 235,228                    |
| Grants to activities of overseas Agape organisations |       | 99,132             | 118,731          | 217,863                 | 263,028                    |
| Sale of literature and videos                        |       | 82,089             | -                | 82,089                  | 162,302                    |
| <b>Governance costs</b>                              |       | 36,555             | -                | 36,555                  | 11,766                     |
| <b>Other resources expended</b>                      |       | -                  | 16,463           | 16,463                  | 19,980                     |
| <b>Total resources expended</b>                      | (2)   | <b>2,637,377</b>   | <b>177,425</b>   | <b>2,814,802</b>        | <b>3,858,216</b>           |
| <b>Net movement in funds</b>                         |       | <b>(54,832)</b>    | <b>(17,145)</b>  | <b>(71,977)</b>         | <b>129,029</b>             |
| Fund balances brought forward at beginning of year   |       | 778,872            | 131,879          | 910,751                 | 781,722                    |
| <b>Fund balances carried forward at end of year</b>  |       | <b>724,040</b>     | <b>114,734</b>   | <b>838,774</b>          | <b>910,751</b>             |

## 4.2 Balance sheet

|  | Notes | December<br>2007<br>£ | December<br>2006<br>£ |
|--|-------|-----------------------|-----------------------|
| FIXED ASSETS                                       |       |                       |                       |
| Tangible assets                                    | 8     | <u>265,457</u>        | <u>276,807</u>        |
| CURRENT ASSETS                                     |       |                       |                       |
| Investments  |       |                       |                       |
| Stocks   | 9     | 50,259                | 63,491                |
| Debtors  | 10    | 85,150                | 108,869               |
| Cash at bank and in hand                           |       | <u>609,676</u>        | <u>607,856</u>        |
|  |       | 745,085               | 780,216               |
| CREDITORS - AMOUNTS FALLING DUE<br>WITHIN ONE YEAR | 11    | (171,768)             | (146,272)             |
| NET CURRENT ASSETS                                 |       | 573,317               | 633,944               |
| NET ASSETS   |       | <u>838,774</u>        | <u>910,751</u>        |
| Unrestricted funds                                 | 14    | 724,040               | 778,872               |
| Restricted funds                                   | 15    | 114,734               | 131,879               |
|  |       | <u>838,774</u>        | <u>910,751</u>        |

Approved by the Board  
on

19 May 2008

Michael Hughes  
A. Elliott

)  
) Members of the Council  
) of management



## 4.3 Notes to financial statements

### 1. Accounting Policies

#### **Basis of accounting:**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice (SORP 2005).

#### **Incoming resources**

The income and result for the year are attributable to the principal activities as set out in the report of the Council of Management. The majority of the income is derived from the UK; however, some is received via Agapé Europe and via Campus Crusade for Christ International and is mainly for support of staff.

Donations include all amounts receivable by the company in respect of donations to support field workers and for other purposes.

Income includes the amounts invoiced, excluding recoverable value added tax, in respect of the sale of literature and the sale and hire of videos, tapes and films. It also includes conference income, project income, and donations.

#### **Resources expended**

In the presentation of these accounts, expenditure against each activity includes staff expenses of self funding staff and an allocation of support costs, see note 3 below.

The cost of generating funds is the direct cost of stationery and postage for appeal letters and an overhead charge on the gross income raised.

The basis for allocation of support costs to activities has been pro rata to the total income and expenses of each activity, excepting those which are restricted funds, where overseas appeals are charged a fixed percentage on gross income (see paragraph above).

Also note that no allocation of support costs has been made against the leasehold property.

The policy on grants to activities of overseas Agapé organisations is not to enter into commitments to provide funding which has not yet been raised by more than £10k for any one commitment.

#### **Governance costs**

These include the cost of professional advice, audit costs, COM meeting costs, staff costs to produce the annual accounts and reports to COM, together with an allocation support costs.

#### **Fixed Assets**

Items of a capital nature costing over £600 are capitalised as fixed assets at cost. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

|                    |                                  |           |
|--------------------|----------------------------------|-----------|
| Leasehold property | 2%                               | per annum |
| Computer equipment | 33 <sup>1</sup> / <sub>3</sub> % | per annum |
| Office equipment   | 33 <sup>1</sup> / <sub>3</sub> % | per annum |

### **Operating leases**

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

### **Stocks and work in progress**

Stocks and work in progress are stated at lower of cost and net realisable value.

### **Tax refunds on gift aid income**

Credit is taken in the Statement of Financial Activities for tax refunds receivable in the current accounting period.

### **Designated funds**

The nature and purpose of such funds are as follows:

**Staff** Monies received that are applied to support self-funded workers expenses

**Student Ministry** Donations designated for activities intended to further the Christian discipleship of students and other young people

**Adult Ministry:** Donations designated for activities intended to further the Christian discipleship in the UK, including working with churches, workplace, athletes and Muslims.

**International Ministry** Donations designated for teams working to further the Christian discipleship in countries other than the UK

**International Mission Projects:** Donations designated for short term projects (less than a month) to take students to other parts of the world to further Christian discipleship

### **Restricted funds**

These include a leasehold property and specific appeals for international development projects which are managed by overseas sister Agapé organisations where the balance represents funds not yet utilised

## 2. Analysis of resources expended

|  | Staff<br>salaries<br>&<br>expenses<br>£ | Other<br>direct<br>costs<br>£ | Allocation<br>of<br>support<br>costs<br>£ | Total 2007<br>12 months<br>£ |
|--|---|-------------------------------|---|------------------------------|
|  | (a)                                     |                               | (b)                                       |                              |
| <b>Cost of generating funds</b>  |   |                               |   |                              |
| Overseas appeals (restricted)  | -                                       | 18,092                        | 24,146                                    | 42,238                       |
| <b>Charitable activities</b>   |   |                               |   |                              |
| Communication with donors  | 39,039                                  | 54,561                        | 8,975                                     | 102,575                      |
| Student Ministry   | 634,953                                 | 39,316                        | 147,017                                   | 821,286                      |
| Adult Ministry   | 535,788                                 | 114,947                       | 136,973                                   | 787,708                      |
| International Ministry   | 473,275                                 | 24,970                        | 107,505                                   | 605,750                      |
| International Mission Projects   | -                                       | 85,677                        | 16,605                                    | 102,282                      |
| International Mission Projects - 2005<br>(which are restricted expenses)     | -                                       | -                             | -   | -                            |
| Sales activity   | -                                       | 68,448                        | 13,641                                    | 82,089                       |
| Grants to overseas activities<br>(not funded by specific appeals)            | -                                       | 99,132                        | -   | 99,132                       |
| Grants to overseas activities<br>(restricted and funded by specific appeals) | -                                       | 118,724                       | -   | 118,724                      |
| <b>Governance costs</b>  | -                                       | 33,357                        | 3,198                                     | 36,555                       |
| <b>Other resources expended<br/>(restricted)</b>                             | -                                       | 16,463                        | -   | 16,463                       |
| <b>Total resources expended</b>  | <b>1,683,055</b>                        | <b>673,687</b>                | <b>458,060</b>                            | <b>2,814,802</b>             |

(a) Payroll and ministry expenses are shown for self funded workers and do not include payroll for staff who are employed on a normal salary basis. This column excludes staff expenses allocated to support costs - see note b below

(b) Includes £197,635 for self funded workers. (See note 3 to these accounts)

The basis for allocation of support costs to activities has been pro rata to the total income and expenses of each activity. Overseas appeals, where these funds are restricted, are charged a fixed percentage on gross income.

### 3. Analysis of support costs

|  | 2007<br>12 months<br>£ | 2005/06<br>18 months<br>£ |
|--|------------------------|---------------------------|
| Staff costs and ministry expenses<br>for self funded workers | 197,635                | 367,238                   |
| Payroll costs for other workers                              | 79,277                 | 100,536                   |
| Training costs   | 24,850                 | 13,981                    |
| Travel   | 26,791                 | 15,172                    |
| IT support procured externally                               | 24,965                 | 5,126                     |
| Office operation costs                                       | 35,186                 | 37,483                    |
| Office rent,rates,services                                   | 38,200                 | 56,264                    |
| Bank and other financial transaction costs                   | 3,707                  | 13,404                    |
| VAT not recoverable  | 11,842                 | 8,359                     |
| Company insurance  | 6,287                  | 8,793                     |
| Depreciation of equipment                                    | 9,320                  | 15,738                    |
| <b>Total support costs</b>                                   | <b>458,060</b>         | <b>642,094</b>            |

### 4. Net Incoming Resources for the Year

|                                       | 2007<br>£ | 2006<br>£ |
|---------------------------------------|-----------|-----------|
| The surplus is stated after           |           |           |
| Charging staff costs (note 6)         | 1,640,794 | 2,294,844 |
| Depreciation of tangible fixed assets | 15,524    | 25,044    |
| Hire of equipment - operation leases  | 4,232     | 6,663     |
| Rent of property                      | 40,841    | 54,735    |
| Auditors remuneration – for audit     | 5 950     | 4,850     |
| - for other services                  | 1,800     | -         |

## 5. Council of management

No council members received any remuneration from the company in the year to 31 December 2007 (2006 none). Travel expenses were reimbursed to one member of the Council of Management - £422 (2006 £504).

## 6. Staff costs

|                       | Salaries from designated funds |                  | Salaries from general funds |                | Total            |                  |
|-----------------------|--------------------------------|------------------|-----------------------------|----------------|------------------|------------------|
|                       | 2007<br>£                      | 2006<br>£        | 2007<br>£                   | 2006<br>£      | 2007<br>£        | 2006<br>£        |
| Salaries              | 1,543,508                      | 2,153,563        | 90,605                      | 131,321        | 1,634,113        | 2,284,884        |
| Social Security Costs | -                              | -                | 6,681                       | 9,960          | 6,681            | 9,960            |
|                       | <u>1,543,508</u>               | <u>2,153,563</u> | <u>97,286</u>               | <u>141,281</u> | <u>1,640,794</u> | <u>2,294,844</u> |

The average full time equivalent number of persons employed by the company during the year was as follows.

|                                    | 2007<br>Number | 2006<br>Number |
|------------------------------------|----------------|----------------|
| <b>SUPPORTED AGAPÉ WORKERS</b>     |                |                |
| Management                         | 7              | 7              |
| Administration                     | 10             | 4              |
| Field                              | 57             | 60             |
| Overseas                           | 28             | 21             |
|                                    | <u>102</u>     | <u>92</u>      |
| <b>SALARIED FROM GENERAL FUNDS</b> |                |                |
| Administration                     | 5              | 5              |
|                                    | <u>107</u>     | <u>97</u>      |
| Foreign workers in UK              | 21             | 22             |
|                                    | <u>21</u>      | <u>22</u>      |
| <b>TOTAL WORKERS</b>               | <u>128</u>     | <u>119</u>     |

No employee received emoluments in excess of £60k in any 12 months during this time.

## 7. Taxation

The company is a registered charity (number 258421) and was not liable to corporation tax in the period to 31 December 2007 or the 18 months to December 2006

## 8. Tangible fixed assets

|                                 | Leasehold<br>property<br>£ | Fixtures<br>fittings &<br>equipment<br>£ | Total<br>£ |
|---------------------------------|----------------------------|--|------------|
| <b>COST</b>                     |                            |  |            |
| At 1 January 2006               | 310,358                    | 64,852                                   | 375,210    |
| Additions                       | -                          | 4,774                                    | 4,774      |
| Disposals                       | -                          | (22,542)                                 | (22,542)   |
| At 31 December 2007             | 310,358                    | 47,084                                   | 357,442    |
| <b>ACCUMULATED DEPRECIATION</b> |                            |  |            |
| At 1 January 2006               | 46,543                     | 51,860                                   | 98,403     |
| Charge for the year             | 6,204                      | 9,320                                    | 15,524     |
| Disposals                       | -                          | (21,942)                                 | (21,942)   |
| At 30 December 2007             | 52,747                     | 39,238                                   | 91,985     |
| <b>NET BOOK<br/>VALUES</b>      |                            |  |            |
| At December 2007                | 257,611                    | 7,846                                    | 265,457    |
| At December 2006                | 263,815                    | 12,992                                   | 276,807    |
| Depreciation rates              | 2.00%                      | 33.33%                                   |            |

The Trustees have recently sought an external open market valuation on the leasehold property. This was in excess of £850k

## 9. Stocks

|                  | 2007<br>£ | 2006<br>£ |
|------------------|-----------|-----------|
| Goods for resale | 50,259    | 63,491    |

## 10. Debtors

|                             | 2007<br>£     | 2006<br>£      |
|-----------------------------|---------------|----------------|
| <b>DUE WITHIN ONE YEAR</b>  |               |                |
| Trade debtors               | 8,320         | 5,991          |
| VAT recoverable             | 3,667         | 1,819          |
| Tax due on Gift Aid         | 35,371        | 57,361         |
| Debtors - overseas projects | -             | 6,000          |
| Other debtors               | 12,141        | 12,010         |
| Prepayments                 | 25,051        | 18,408         |
| Accrued income              | 600           | 7,280          |
|                             | <u>85,150</u> | <u>108,869</u> |
| <b>DUE AFTER ONE YEAR</b>   |               |                |
| Other debtors               | <u>nil</u>    | <u>nil</u>     |
| <b>TOTAL DEBTORS</b>        | <u>85,150</u> | <u>108,869</u> |

## 11. Creditors

|  | 2007<br>£      | 2006<br>£      |
|--|----------------|----------------|
| <b>DUE WITHIN ONE YEAR</b>               |                |                |
| Trade creditors                          | 28,840         | 43,794         |
| Other taxation and Social Security costs | 20,129         | 18,544         |
| Accruals                                 | 38,352         | 37,623         |
| Deferred income                          | 13,058         | 4,338          |
| Amounts owing to other Agapé offices     | <u>71,389</u>  | <u>41,973</u>  |
| <b>TOTAL CREDITORS</b>                   | <u>171,768</u> | <u>146,272</u> |

## 12. Contingent liabilities

HMRC started a review in February 2006 into the employment status of Agapé workers. This was last reviewed in 1998 and no change was recommended to the way workers pay NI contributions. We are currently in discussion with HMRC and are taking professional advice with a view to maintaining our current status.

No amounts have been accrued in these accounts because HMRC have not concluded their review and we cannot quantify the liability, if any, that might result.

## 13. Analysis of Funds

|  | Unrestricted funds |                       |                       |            |
|--|--------------------|-----------------------|-----------------------|------------|
|  | General funds<br>£ | Designated funds<br>£ | Restricted funds<br>£ | Total<br>£ |
| Balances at 31 <sup>st</sup> December 2006 | 183,821            | 595,051               | 131,879               | 910,751    |
| Surplus for the year                       | 7,791              | (62,623)              | (17,145)              | (71,977)   |
| Balances at 31 <sup>st</sup> December 2007 | 191,612            | 532,428               | 114,734               | 838,774    |



# 14. Unrestricted Funds

|                                    | General Funds<br>£ | Designated Staff<br>£ | Designated Student<br>£ | Designated Non Campus<br>£ | Designated Campus<br>£ | Designated Global Movements<br>£ | Designated International Mission Projects<br>£ | Designated Other<br>£ | Designated Total<br>£ | Unrestricted Total<br>£ |
|------------------------------------|--------------------|-----------------------|-------------------------|----------------------------|------------------------|----------------------------------|--|-----------------------|-----------------------|-------------------------|
| Balance at 1 January 2007          | 183,821            | 389,645               | 57,215                  | 83,068                     | -                      | 15,525                           | 49,598   |                       | 595,051               | 778,872                 |
| Net movement in funds              | 7,791              | (17,403)              | (1,614)                 | (26,967)                   | -                      | (16,639)                         | -  |                       | (62,623)              | (54,832)                |
| <b>Balance at 30 December 2007</b> | <b>191,612</b>     | <b>372,242</b>        | <b>55,601</b>           | <b>56,101</b>              | <b>-</b>               | <b>(1,114)</b>                   | <b>49,598</b>                                  |                       | <b>532,428</b>        | <b>724,040</b>          |

## 15. Restricted Funds

|   | Leasehold<br>property | Funds raised<br>for international<br>development<br>projects | Total          |
|---|-----------------------|--|----------------|
|   | £                     | £  | £              |
| Balance at 1 January 2007                               | 110,005               | 21,874   | 131,879        |
| <b>INCOMING RESOURCES</b>                               |                       |  |                |
| Voluntary income  | -                     | 151,280  | 151,280        |
| Rental income   | 9,000                 | -  | 9,000          |
| <b>RESOURCES EXPENDED</b>                               |                       |  |                |
| Cost of generating funds                                | -                     | (42,231)   | (42,231)       |
| Charitable activities                                   |                       |  |                |
| Grants to activities of overseas<br>Agape organisations | -                     | (118,731)  | (118,731)      |
| Other resources expended                                |                       |  |                |
| Expenses  | (10,259)              | -  | (10,259)       |
| Depreciation  | (6,204)               | -  | (6,204)        |
| <b>Balance at 31 December 2007</b>                      | <b>102,542</b>        | <b>12,192</b>  | <b>114,734</b> |

## 16. Other financial commitments

As at 31 December 2007, Agapé had annual commitments under non-cancellable operating lease agreements as set out below

|   | Land & Buildings |           | Other     |           |
|---|------------------|-----------|-----------|-----------|
|   | 2007<br>£        | 2006<br>£ | 2007<br>£ | 2006<br>£ |
| Amounts payable on leases which expire. |                  |           |           |           |
| Within one year                         | -                | -         | -         | -         |
| Within two to five years                | -                | -         | 4,232     | 4,232     |
|   | -                | -         | 4,232     | 4,232     |

## 17. Analysis of Net Assets between Funds

|  | Unrestricted funds    |                          |                          |            |
|--|-----------------------|--------------------------|--------------------------|------------|
|  | General<br>funds<br>£ | Designated<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>£ |
| Fund balances at 31 December 2007 are represented by |                       |                          |                          |            |
| Fixed assets   | -                     | 153,915                  | 102,542                  | 256,457    |
| Other current assets                                 | 191,612               | 378,513                  | 12,192                   | 582,317    |
| Balances at 31 December 2007                         | 191,612               | 532,428                  | 114,734                  | 838,774    |

## 18. Related Party Transactions

An amount of £9,275 was paid to Berica Ltd for a contract of IT support. One of the members of the council is the major shareholder of this company. The transaction was at arms length and in the normal course of business and agreed in line with Charity Commission guidelines.



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Agape is a registered charity No 258421