



**ELIM FOURSQUARE GOSPEL
ALLIANCE**

**CONSOLIDATED
FINANCIAL STATEMENTS
YEAR ENDED 30 September 2014**

LEGAL AND ADMINISTRATIVE DETAILS

| INDEX | PAGE |
|--|---------|
| Legal and administrative details | 1 - 2 |
| Report of the trustees | 3 - 10 |
| Report of the independent auditors | 11 |
| Accounting policies | 12 - 15 |
| Consolidated statement of financial activities | 16 |
| Consolidated balance sheet | 17 |
| Charity balance sheet | 18 |
| Consolidated cash flow statement | 19 |
| Notes to the financial statements | 20 - 30 |

LEGAL AND ADMINISTRATIVE DETAILS

Charity registration

England and Wales 251549
Scotland SCO37754

Registered Office

De Walden Rd
West Malvern
Worcestershire
WR14 4DF

Property Trustee

The Elim Trust Corporation

Directors of the Elim Trust Corporation

Rev S Blount
Rev C P Cartwright
Rev C W Dye
Rev James J Glass – appointed June 2014
Rev G H Neale
Rev M Pugh
Rev R Millar

Rev D Campbell
Rev D Clarke - appointed June 2014
Rev S D Foster
Rev John J Glass (Chairman)
Rev K M Peat
Rev N Tween - resigned March 2014

National Leadership Team and Trustees

Rev John J Glass (Chairman)
Rev James J Glass - appointed April 2014
Rev C W Dye
Rev S D Foster
Rev N Tween - resigned March 2014
Rev S Blount
Rev C P Cartwright

Rev D Campbell
Rev M Pugh
Rev D Clarke - appointed April 2014
Rev G H Neale
Rev K M Peat
Rev C W P Jones - resigned June 2014

Principal Officers

General Superintendent
Executive Director
International Missions Director
Irish Superintendent
Principal of Regents Theological College
Director of Church Development
Evangelism Director
National Director of Youth Ministries
Administrator / Secretary
Finance Director

Rev John Glass
Rev Alun Mathias – appointed January 2015
Rev Paul Hudson
Rev Edwin Michael
Rev David Newton - appointed January 2015
Rev Carl Beech - appointed January 2015
Rev Gary Gibbs
Rev Tim Alford
Rev Sarah Bale - appointed November 2014
Rev Robert Millar

LEGAL AND ADMINISTRATIVE DETAILS

Bankers

Lloyds Bank Plc
130 High Street
CHELTENHAM
Gloucestershire
GL50 1EW

RBS/ National Westminster Bank Plc
31 Promenade
CHELTENHAM
Gloucestershire
GL50 1LH

Solicitors

Anthony Collins Solicitors LLP
134 Edmund St
Birmingham
B3 2ES

dfLegal
1 North Place
Cheltenham
Gloucestershire
GL50 4DW

Bates Wells & Braithwaite
2-6 Cannon Street
London
EC4M 6YH

Auditors

Grant Thornton UK LLP
Registered Auditors
11-13 Penhill Road
Cardiff
CF11 9UP

Other advisers

Pension Fund Solicitors

Dickinson Dees
NEWCASTLE
NE1 3DX

Pension Fund Administrators

Punter Southall
Wellbar Central
Gallowgate
Newcastle
NE1 4TD

Pension Fund Actuaries

Punter Southall
33-35 Queen Square
Bristol
BS1 LU

Solicitors in Scotland

Beveridge Philip & Ross
22 Bernard St
Leith
EDINBURGH
EH6 6PS

Solicitors in Northern Ireland

Cunningham and Dickey
68 Upper Church Lane
BELFAST
BT1 4LG

REPORT OF THE TRUSTEES

Objectives and policies

The overall objective of the Alliance is the "Propagation of the Gospel of Jesus Christ". Each and every activity included in these financial statements represents our present endeavours to that end. Some of the means set out for the achievement of these objects are the training and sending out of Ministers and Evangelists, the establishment of Churches, the issue of Christian publications and operating of community and social programs.

Public Benefit

The Trustees have considered the Charity Commission's guidelines on public benefit and have reviewed the charities activities to ensure that they provide benefit to the public. In shaping and planning our activities the trustees always ensure that the programmes we undertake are in line with our main objective.

Constitution and legal status

The constitution of Elim Foursquare Gospel Alliance ("the Alliance") was established by a Deed Poll registered on 10 April 1934, as amended by Deeds of Variation dated 14 January 1942 and 12 September 2007 and a Deed disclosing the Irish Constitution in 1942. The Alliance is a registered charity in England and Wales (charity registration number 251549) and in Scotland (SCO37754)

Branches, connected trusts and subsidiary companies

The following entities are connected with Elim Foursquare Gospel Alliance.

| Name | Country of Incorporation | Relationship | Address | Activity |
|-----------------------------------|--------------------------|----------------------------|---|--|
| Elim Church Incorporated | England & Wales | Common Directors | Elim International Centre De Walden Rd West Malvern WR14 4DF | Act as an association of churches to promote the Christian religion. |
| Elim Trust Corporation | England & Wales | Common Directors / Trustee | Elim International Centre De Walden Rd West Malvern WR14 4DF | Elim Trust Corporation acts as a Property Trustee for Elim Foursquare Gospel Alliance. |
| Elim Pentecostal Alliance Council | Northern Ireland | Common Directors / Trustee | Elim Corporate Office 14 Charlestone Ave PORTADOWN N Ireland BT63 5ZF | Trustee for certain properties in Northern Ireland |
| EPC Services Limited | England & Wales | Wholly owned subsidiary | Elim International Centre De Walden Rd West Malvern WR14 4DF | Carries out any trading aspect of the Alliance in relation to insurance and conferences and building development |

A list of addresses and contacts for local churches is available from the Registered Office of the Alliance, or from the Charity website at www.elim.org.uk. This list includes details of churches associated through the Elim Church Incorporated (see above table).

Local churches are branches set up to conduct the business of the main charity in fulfilling its objectives.

Investments / management of resources

Agreement has been reached with the main bankers to the effect that an allowance is made on the credit balances held in current accounts which is then applied towards subsidising bank charges levied on church accounts.

REPORT OF THE TRUSTEES

Reserves Policy

The Alliance continues to hold general reserves, of which a significant proportion relates to provision of fixed assets. The general reserves are maintained in order to provide for the future operations of the charity, in recognition of the fact that its income mainly comes from voluntary sources. The present level of Free Reserves would support the activity of the Alliance for approximately six months if no further income were to materialise. The Reserves as at the 30 September 2014 are detailed on the Balance Sheet on page 17.

Payment Policy

Payment to suppliers is generally made within the terms agreed on confirmation of order for goods or services.

Funding

The Trustees are satisfied that the charity's assets attributable to each of its individual funds are available and adequate to fulfil its obligations in relation to those funds. While individual activities are generally constructed so as to be self-funding the Trustees reserve the right to allocate finance from general unrestricted funds where this is felt to be essential or beneficial towards the fulfilment of our objectives.

Communication and Involvement of Members

The Alliance has continued its practice of maintaining communication to churches and their ministers and officers, on matters affecting them in fulfilment of their roles, and financial and statutory factors impacting the Movement as a charity.

Direction Magazine continues to serve as a general news vehicle to the members and the general public.

A monthly circular, "NETWORK" contains updates on issues of charity administration, including statutory developments, employment issues, etc. This despatch also includes communications from various other Christian organisations with whom we network. A database of email details is also maintained which facilitates correspondence on more pressing issues.

The Conference Agenda includes annual reports from Alliance officers and departments together with the Financial Statements and copies are supplied to all ministers and church lay representatives. Members of Conference, individually or on behalf of their church, are able to add items to the agenda or raise comment on others, for discussion during the Conference sessions.

Our central website www.elim.org.uk is continually updated. All the central departments publish their own site, as do most of our churches throughout the UK.

An online advice service ElimNET is maintained which focuses on administrative information and guidance for church leaders and officers, covering a wide range of topics including taxation, Health and Safety, and Gift Aid procedures. Much of the information is available for download in PDF format. The national ministry departments also use the site to disseminate resources and communicate policy.

The General Superintendent publishes regular separate podcasts to ministers, church elders, and members.

Annual reviews on administrative matters are issued to treasurers and church administrators.

The Alliance has 10 Regions across the UK. Each is supervised by a Regional Leader / Superintendent, and has a co-ordinating committee made up from ministers and individuals from churches in that region. These regions have established their own local communications programs.

The activities of the Alliance would be impossible without the willing and generous participation of its members and friends. It would be impossible to number those involved, but research has shown that at least 60% of members will be directly involved in regularly sharing responsibilities in the activities of the

REPORT OF THE TRUSTEES

Church. We would place on record our wholehearted appreciation for this ongoing support and look forward with our members to enjoying the fruit of their labours.

GOVERNANCE

Conference: The legislative body is the Conference, which meets at least annually and is comprised of a Representative and a Ministerial Session. The Representative Session consists of all ministers, and lay representatives appointed by the Churches. The Ministerial Session, which consists of ministers only, deals with all ministerial and pastoral subjects. All other matters, including the making of General Rules and Working Arrangements, are exclusively within the province of the Representative Session.

National Leadership Team: The National Leadership Team (NLT) is appointed from among members of the Conference. The General Superintendent is nominated by the NLT of the day and submitted to Conference for a confirmatory vote. The individual so appointed serves for four years but is eligible for re-election. The General Superintendent nominates the members of the NLT on a rotational basis and these nominees are again subject to a confirmatory vote of the Conference, and successful candidates serve for four years. All the Ministers, and Lay Representatives from each Church, have votes in the election, which is conducted by postal ballot. Members of this team serve as trustees of the Alliance and meet at least five times per annum and are responsible for ensuring that procedures and working arrangements of the Constitution are applied in the activities of the Alliance and in the course of administration of the affairs of the Alliance.

Officers and Committees are also appointed to help the smooth running of the various Departments.

Management Board: This body is constituted by Conference and consists of the three members of the National Leadership Team, the Executive Director, the Administrator, the Finance Director and up to three Lay appointments which are approved by the National Leadership Team. The Board is responsible for supervision and monitoring the management and application of the charity's assets, and also operates as the Audit Committee for the Alliance. The Lay representatives on the board also serve as the **Salary Committee** for the Charity.

Regions: These are comprised of groups of churches. A Regional Leader supervises two regions, with the support in each of a regional co-ordinator and regional committee. The Committee consists of the Regional Co-ordinator, four co-optees and four members appointed from within the region.

Church Leadership Teams: Responsible for the administration and management of the local Churches, general purposes, finances and personnel. Capital projects and expenditure require the approval of the NLT / Management Board. Appointments to the Church Session and appointments of church officers are governed by the local Church Constitution.

Trustees / Directors

The Elim Trust Corporation, a company limited by guarantee, was legally constituted to serve as a trustee for the Alliance in matters of property and business. A few properties are still held in trust for the Alliance by local trustees under the terms of a Model Trust Deed, and a further few properties are held under the auspices of the Elim Pentecostal Alliance Council. Most of these properties have been transferred under the auspices of the Elim Trust Corporation, and the process will continue for the remainder.

The members of the National Leadership Team listed on page 1 and the Finance Director are the directors and served throughout the year unless a termination of office or appointment date has been reported. The Executive Director serves as Company Secretary.

Following discussions with the Charity Commissioners and since the constitutional changes confirmed by conference in prior years the members of the NLT are also now effectively trustees of the Alliance.

REPORT OF THE TRUSTEES

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the charity may continue.

It is the policy of the charity that training, career development and promotion opportunities should be available to all employees.

Risk Management

The Alliance has historically been very pro-active in risk management. Current policies are subject to review by the NLT and Management Board. It is the responsibility of the Principal Officers to identify and assess areas of risk and formulate necessary controls and procedures.

The main procedures adopted by the Alliance include:

- Committee structure with regular meetings
- Detailed terms of reference for each committee, together with formal agendas and minutes of all meetings.
- Accountability of all national officers and lines of reporting clearly established.
- Formal written policies and operational requirements and developing database to monitor compliance.
- Retaining third party consultants in particularly sensitive areas such as Human Resources and Child Protection etc.
- Regular update training for trustees and officers.
- Budget and management accounting and regular finance reporting
- Strong internal controls
- Subscription to relevant journals, literature and regular "watchdog" reports from various advisors
- The development of the ElimNET website resource to keep local church ministers and administrators informed and updated .
- The provision of charity specific insurance policies covering not only fixed assets of the Alliance but also major public and employment liabilities.

The trustees recognise that the scope of our ministry and activity brings considerable responsibility and take seriously the need to ensure that the testimony of the Alliance is maintained at a high level and are satisfied that the major risks have been identified and the relevant processes are in place to manage those risks as far as humanly possible.

Grant Policy

No donations were made to political organisations. Grants to external bodies are only made to those organisations and activities, which are compatible with our charitable objectives. Grants to individuals are in keeping with the parameters of the relevant fund and restricted to those participating in ministry within the Alliance activities, or to alleviate poverty or hardship circumstances. Other national or central funds have been established from which grants are made to Elim churches towards the furtherance or maintenance of their activities.

Policy on funding of overseas activities

The Alliance maintains support for ministry and community projects overseas, both through its central Elim International Missions department and from local church resources. Many of the mission fields have now been developed and established with local indigenous government, operating under the statutory requirements of their national laws and regulations. The administration and application of the funds has therefore been placed in the hands of national leaders. Funding made available to other charities in respect of relief work etc is donated as restricted funds to the receiving charity. Such receiving charities are vetted by the International Missions Department and subject to approval by the National Leadership

REPORT OF THE TRUSTEES

Team. Payments can only be made to subsequently approved organisations and individuals, All funds to third parties overseas are processed through the offices of the International Missions.

Subsidiaries

EPC Services Ltd has traditionally operated to serve our needs in areas of commercial activity particularly Insurance, and conferences. The company also provides consultancy on property development and architectural services for the churches of the Alliance.

Review of performance for the year

Fuller reports of the performance from the perspective of the Alliance officers and leaders of national departments are submitted separately in the annual Report to Conference, and those reports should be regarded as integral to these statements.

Due diligence and good stewardship continue to be the order of the day. The accounts again reflect a steady performance overall. The Alliance has maintained its level of operation and ministry in the continuing uncertain economic climate.

The Alliance continues to enjoy strong support from our main bankers, Lloyds and RBS/NatWest. Reviews of facilities with Lloyds was completed within this financial year and the final agreement with RBS was completed in January 2015. In summary these arrangements provide for clearance of current long term liabilities within 15 years with provision for earlier lump sum repayment. The facilities are fully secured by charges against Fixed Assets based on a Loan to Value minimum ratio of 70%. New church projects requiring funding support will be provided by individual facilities from the banks, subject to Management Board approval on a viable business plan. Full advice for churches on the process is provided on ElimNET

We are delighted to be able to report that in the past year over 26 capital projects have been undertaken at a cost of approximately £5m (2013; £3.8m). Funding was provided directly from Elim resources, namely Elim Loans Administration and local church funds .

Parallel to this the central strategy for reduction in current long term liabilities has progressed positively and further reduction will continue into the new financial year. Following the sale of the former premises for the Bible College last year, the disposal of other properties (notably the Coronet Cinema which is part of the Kensington Temple ministry) generated almost £7m which was applied towards repayment of bank loan facilities. Together with consistent loan repayments from churches the Long Term Liabilities were reduced by almost £10m.

Property assets are included at 1998 valuation and cost of additions since then. Recent extensive valuation exercises indicate a conservative potential current value of £265m against disclosed Balance Sheet amount of £187m.

Though we do not process revaluation assessments through the accounts we continue to apply an annual depreciation charge. Considerable sums are expended annually on maintenance and refurbishment of Alliance properties.

FRS17 – Elim Ministers Pension Fund (EMPF)

The report from the actuary is based on pre-defined parameters set by the Government via the Pensions Regulator. This includes the requirement that projections on investment returns are based on the forecasts on the performance of Large Corporate Bonds and NOT on the actual investments of the pension fund. In the current climate these Bonds are grossly underperforming and forecasts are not encouraging. Consequently the impact increases the actuaries calculations for the liabilities of the EMPF by almost 25% as at the year end. Hence the £6m increase in the reported shortfall on the balance sheet and the provision on the Revenue account. Please note that this amount is almost double the actual EMPF performance based on actual investment strategy.

REPORT OF THE TRUSTEES

Revenue performance of the various activities are summarised in notes 1 to 4 (Income) and notes 5 to 8 (Expenditure).

Excluding the adjustments for FRS17 in respect of Pension Fund the results by way of *net incoming resources* increased to £6.78m from £5.45m in 2013 (increase of 24%).

Total incoming resources rose to £68m (2013 : £66m) an increase of 3%.

This includes profit from the sale of assets £3.15m (2013 : £3m).

Our core income from **Gifts and Offerings** actually increased by 3% Once again our members and friends have demonstrated their faithfulness and commitment by maintaining their support at this level.

Ancillary programs stayed strong through 2014, maintaining income levels of just over £18.1m (2013 : £17.7m). We are delighted that our Churches still look for opportunities to serve the practical needs of their communities, not only by making their buildings more accessible but also continuing to provide extensive care programs. Nursery childcare continues to flourish reflected by an increase of 15% in income to £5.96m. While income from **Seminars and Conferences** organised by local churches has decreased by 22% new local Ministry and Skills training projects have increased to £2.5m (2013 : £2.06)

Charitable Activities such as bookshops, cafes, etc. continue to provide churches with opportunities to interact with their communities while at the same time proving to be a consistent fundraiser, though this year saw a small decrease to £1.57m from 2013 level of £1.67m.

While overall **expenditure** for the current financial year of £61.4m reflected a minimal increase on 2013 outlay of £61m, the resources applied to Charitable Activities increased by 2.1% to £57.1m (2013: £55.9m).

As can be seen from **Note 6a** to the accounts Elim continues to commit to maintaining a high level of activity in ministry serving not only their congregations but also their wider communities. 84% of total income is applied to our church activities and programs.

The specific areas of costs incurred are summarised in the following table (Note 6b)

| | | Central Funds | Churches | Total | % Change on | Total |
|-------------------------------------|----|-------------------|-------------------|-------------------|-------------|-------------------|
| | | 2014 | 2014 | 2014 | 2013 | 2013 |
| 6b. Summary by Costs | | | | | | |
| Personnel costs | 8 | 5,424,685 | 20,688,361 | 26,113,046 | 5.42% | 24,770,098 |
| UK Events and ministry programs | | 1,500,427 | 6,483,192 | 7,983,619 | -10.85% | 8,955,291 |
| UK ancillary and community programs | 6c | 588,720 | 2,441,596 | 3,030,316 | -26.96% | 4,149,072 |
| Overseas ministry | | 1,258,522 | 303,768 | 1,562,290 | 6.04% | 1,487,361 |
| Training and development | | 25,026 | 254,018 | 279,044 | -6.86% | 299,594 |
| Literature and material | | 10,878 | 275,554 | 286,432 | -5.05% | 301,665 |
| Premises costs | | 679,738 | 10,065,377 | 10,745,115 | 19.71% | 8,975,865 |
| Utilities costs | | 358,796 | 1,701,075 | 2,059,871 | -7.72% | 2,232,178 |
| Equipment costs | | 331,617 | 1,024,219 | 1,355,836 | 8.27% | 1,252,244 |
| Office and administration costs | | 330,650 | 1,760,160 | 2,090,810 | -0.26% | 2,096,158 |
| Grants Made | 6d | 288,807 | 1,264,119 | 1,552,926 | 14.64% | 1,354,588 |
| | | 10,797,866 | 46,261,439 | 57,059,305 | | 55,874,114 |

REPORT OF THE TRUSTEES

Charitable Activities

As usual the major expenditure relates to remuneration for the personnel who faithfully serve in many expressions of ministry both in the UK and overseas.

The reduction in utility costs reflects the benefit from many of the churches participating in the national corporate arrangements.

Property Maintenance and Depreciation account for approximately 50% of Premises costs. The increasing statutory requirements relative to public buildings is a major factor as we seek to ensure the necessary compliance. Churches should continue to be alert to the ongoing changes in local council attitudes to relief for general rates / council tax on church premises.

£780k of Grants made were to individuals with balance of £770k being to non-Elm charities and ministries.

Though these statements reflect the performance of the Alliance on a corporate basis we are very mindful that they constitute a consolidation of the activities of individual churches and ministries together with those of Central Funds. Each activity has to deal with its own peculiar situation and local spiritual and economic climate. The consistency of the corporate performance therefore reflects the positive and active commitment at every level to the fulfilment of the charity objectives of the Elm Foursquare Gospel Alliance in the spread of the impact of the Gospel of Jesus Christ..

For the financial years to 2015 and 2016 we have identified the following goals:

- TBCA - The Big Centenary Ask – Following the launch of the fund in 2013 we will continue to support initiatives to plant churches and expand evangelistic programmes.
- Implement the plans to celebrate the Elm Centenary in 2015.
- Expand involvement by churches in community programs by way of demonstration of the Gospel of Jesus Christ.
- To continue the review of charity administration and to initiate the implementation of any conclusions.
- To maintain successful management and marketing strategies implemented in the activities of Regents Theological College to see further consolidation following a very successful year.
- To develop individuals for all aspects of ministry and church leadership.
- Serious4God will review their ministry under the guidance of new leadership.
- Elm International Missions will continue their review of core concepts and strategy particularly with regard to fundraising but also maintain their programme to launch of new fields of operation and placements of new missionary personnel.
- To finalise the review of processes relative to local church finance reporting to bring forward the date of submission of charity returns by a minimum of two months in 2016
- Continue to develop the admin website, ElmNET, providing church officers with immediate access to resources and guidance and facilitate compliance reporting. To expand the online provision of resources for ministry leaders.
- To expand the Property Development program assisting churches to manage property resources and the process for capital projects.
- To finalise existing funding arrangements to ensure sustainability of ministry programs and to meet the demands of growth.

Above all we seek to ensure that the primary objective of spreading the Gospel of Jesus Christ remains our first concern and major motivation, and that all ministries and projects are encouraged in fulfilling the "Great Commission" .

REPORT OF THE TRUSTEES

Trustees' responsibilities for the financial statements

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

The Charities Act 2011 and regulations made thereunder, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of the resources, including the income and expenditure, of the Group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles set out in the Statement of Recommended Practice 'Accounting and Reporting by Charities 2005 ('SORP');
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

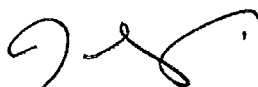
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's and group's transactions and disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Charities Act 2011 and regulations made thereunder, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the trust deed. The trustees are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware;

- there is no relevant audit information of which the charity's auditors are unaware; and
- the National Leadership Team have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors.



Signed by order of the National Leadership Team
Rev John J Glass (Chairman)

28/07/2015

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ELIM FOURSQUARE GOSPEL ALLIANCE

We have audited the financial statements of ELIM Foursquare Gospel Alliance for the year ended 30 September 2014 which comprise the accounting policies, the consolidated statement of financial activities, consolidated and charity balance sheet, consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Section 154 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under sections 151 of the Charities Act 2011 and 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 30 September 2014 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient and proper accounting records have not been kept by the parent charity; or
- the parent charity's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cardiff

28 July 2015

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

ACCOUNTING POLICIES

BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Constitution of the Alliance, applicable accounting standards, and recommendations in the Statement of Recommended Practice: Accounting by Charities (the SORP), except as noted below.

They have been prepared under the historical cost convention except that certain freehold properties are shown at their previously revalued amounts.

The principal accounting policies of the Alliance are set out below, and have not changed from the previous year.

The financial statements represent the consolidated performance and position of the charity. The results for the trading subsidiaries are not significant in the context of the group, and any breakdown would not bring additional benefit to readers of the statements. Financial statements for the subsidiaries have been prepared, audited and submitted to the relevant statutory bodies. The charity has taken advantage of the provisions of paragraph 397 of the SORP and has not presented a separate Statement of Financial Activities for the charity.

BASIS OF CONSOLIDATION

The group financial statements consolidate those of the charity and its subsidiary undertakings drawn up to 30 September 2014. All intra-Alliance transactions and profits are eliminated on consolidation, unless indicative of an underlying impairment.

The results of the charity's charitable trading income have been incorporated on the basis of the summary income and summary expenditure.

The results of the local churches have been incorporated on a line by line basis.

Funds administered by overseas activities have been excluded in accordance with current policy.

BRANCHES

The financial statements of the charity incorporate those of all funds and branches which are governed by the terms of the Constitution of the Alliance. Branch returns and accounts have been prepared, and either examined or audited in accordance with the turnover limits provided by the Charities Act, by independent examiner and auditor.

INCOMING RESOURCES

Donations and gifts

All monetary donations and gifts are included in full in the statement of financial activities when receivable. There are no donor-imposed restrictions as to the timing of the related expenditure.

Legacies are included when certain and the value can be measured with sufficient reliability.

Gifts-in-kind are accounted for at the trustees' estimate of value to the charity or sale value as follows:

- assets received for distribution by the Alliance are recognised only when distributed
- assets received for resale are recognised, where practicable, when receivable or otherwise when sold
- gifts of fixed assets for charity use, or funds for acquiring fixed assets for charity use are accounted for (as restricted funds), immediately on receipt.

ACCOUNTING POLICIES

Voluntary help is not included as income.

Cash collected to which the charity is legally entitled but which has not been received at the year-end is included as income.

Donations under Gift Aid are credited as income when the donations are received. The associated income tax recoveries are also included on confirmation of the amount reclaimable by Her Majesty's Customs and Revenue.

All income on trading activities is the total amount receivable by the Alliance in the ordinary course of business for goods supplied and for services provided, excluding VAT. All income is recognised when the services are performed.

Contributions re Capital projects

Donations and gifts designated to major building renovation and refurbishment programs are included on receipt and treated as restricted funds until applied for their specific purpose. They are treated as unrestricted where although a preference of the donor is specified, a legal restriction has not been created by law.

Grants receivable

Revenue grants are credited as incoming resources when they are receivable provided conditions for receipts have been complied with, unless they relate to a specified future period, in which case they are deferred.

Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable. Depreciation on the fixed assets purchased with such grants is charged against the restricted fund.

Investment income

Investment income is recognised when receivable.

RESOURCES EXPENDED

Expenditure which is charged on an accruals basis is allocated between:

- expenditure incurred directly to the fulfilment of the charity's objectives (direct charitable), including management and administration
- expenditure incurred directly in the effort to raise voluntary contributions (fundraising and publicity)
- Refurbishment or renovation costs on properties valued in October 1998 are not capitalised but included as expenditure on the Statement of Financial Activities
- The purchase of properties overseas from funds provided by the International Missions Board is included in the statements under restricted funds expenditure and not as tangible fixed assets, except where held on behalf of the Board by the Elim Trust Corporation.

ACCOUNTING POLICIES

FUND ACCOUNTING

Restricted funds are applied for specified purposes laid down by the donor. The restriction on these funds is fulfilled on application to their specific purpose, and the expenditure for those purposes is charged to the fund. On Elim Relief Association 10% of income is allocated to the International Missions Fund in respect of overheads and support costs.

Unrestricted funds are donations and other incoming resources received or generated for expenditure on the general objectives of the charity.

Designated funds are unrestricted funds which have been designated for specific purposes by the Trustees.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost or valuation, net of depreciation. No depreciation is charged during the year of acquisition, or period of construction. Under the transitional arrangements of Financial Reporting Standard 15: Tangible Fixed Assets, the Alliance will treat the revalued amount as the base cost and will not update the book value with subsequent valuations.

Website development costs are written off as incurred to the Statement of Financial Activities and not capitalised due to there being insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period or into the future.

Depreciation is calculated to write down the cost or valuation, less estimated residual value, of all tangible fixed assets held for charity use other than freehold land, by equal annual instalments over their expected useful lives. The periods generally applicable are:

| | |
|-----------------------|---|
| Freehold properties | 2% from June 1999 on valuation, or on cost incurred since that date |
| Leasehold properties | Period of lease |
| Plant and machinery | 3 to 5 years |
| Fixtures and fittings | 10 years |

In accordance with FRS15 "Tangible Fixed Assets", assets in the course of construction are not depreciated. Depreciation will occur when assets in the course of construction are ready for use, being when the physical construction is complete.

STOCKS

Stocks are stated at the lower of cost and net realisable value.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the statement of financial activities.

ACCOUNTING POLICIES

BORROWINGS

Bank borrowings are stated net of issue costs. All attributable issue costs are amortised over the term of the loan.

Bank borrowings are secured by charges on certain properties of the Alliance as disclosed in note 15.

The borrowings are included within long term loans except for the element that is due within 12 months which is separately disclosed on the face of the Balance Sheet.

CONTRIBUTIONS TO PENSION FUNDS

Defined Benefit Scheme

The pension costs charged in the year are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of financial activities once the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs. Actuarial gains and losses are recognised immediately in the general fund through other gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the charity, in separate trustee administered funds. Pension scheme assets are measured at fair values and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

ELIM FOURSQUARE GOSPEL ALLIANCE
FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2014

Consolidated Statement of Financial Activities
incorporating Income and Expenditure Account

| | note | Unrestricted Funds 2014 £ | Restricted Funds 2014 £ | Total Funds 2014 £ | Total Funds 2013 £ |
|--|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| INCOMING RESOURCES | | | | | |
| Activities for generating income | | | | | |
| Voluntary Income | 1 | 43,445,494 | 1,992,979 | 45,438,473 | 44,071,362 |
| Income generated by ancillary programs | 2 | 18,181,878 | - | 18,181,878 | 17,773,518 |
| Income from charitable activities | 3 | 1,572,300 | - | 1,572,300 | 1,668,762 |
| Other Income resources | 4 | 3,152,727 | - | 3,152,727 | 3,005,488 |
| Total incoming resources | | 66,352,399 | 1,992,979 | 68,345,378 | 66,519,130 |
| RESOURCES EXPENDED | | | | | |
| Costs of generating income | 5 | 3,188,739 | - | 3,188,739 | 3,693,473 |
| Charitable Activities | 6 | 55,163,516 | 1,895,789 | 57,059,305 | 55,874,114 |
| Governance Costs | 7 | 1,024,116 | - | 1,024,116 | 962,279 |
| Finance costs in respect of defined benefit pension scheme | 21 | 148,000 | - | 148,000 | 500,000 |
| Total resources expended | | 59,524,371 | 1,895,789 | 61,420,160 | 61,029,866 |
| Net incoming resources for the year | | 6,828,028 | 97,190 | 6,925,218 | 5,489,264 |
| Actuarial gain/loss on Defined Benefit Scheme | | (6,188,000) | | (6,188,000) | 431,000 |
| Fund balances at 1 October 2013 | | 129,410,662 | 414,147 | 129,824,809 | 123,904,545 |
| Fund balances at 30 September 2014 | | 130,050,690 | 511,337 | 130,562,027 | 129,824,809 |

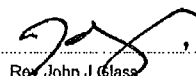
All of the activities of the charity are classed as continuing

ELIM FOURSQUARE GOSPEL ALLIANCE
FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2014

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2014

| | Note | Unrestricted Funds 2014 £ | Restricted Funds 2014 £ | Total Funds 2014 £ | Total Funds 2013 £ |
|--|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Fixed Assets | | | | | |
| Tangible fixed assets | 9 | 187,133,952 | - | 187,133,952 | 188,274,362 |
| Long term loans advanced | 12 | 1,019,171 | - | 1,019,171 | 1,128,546 |
| | | <u>188,153,123</u> | <u>-</u> | <u>188,153,123</u> | <u>189,402,908</u> |
| Current Assets | | | | | |
| Stocks | 10 | 58,024 | - | 58,024 | 52,286 |
| Debtors | 11 | 926,936 | - | 926,936 | 5,472,822 |
| Cash at bank and in hand | 13 | 11,761,106 | 511,337 | 12,272,443 | 9,561,635 |
| | | <u>12,746,066</u> | <u>511,337</u> | <u>13,257,403</u> | <u>16,086,743</u> |
| Current Liabilities | | | | | |
| Creditors | 14 | 1,177,563 | - | 1,177,563 | 1,280,158 |
| Current portion on long term loans | 15 | 400,000 | - | 400,000 | 400,000 |
| | | <u>1,577,563</u> | <u>-</u> | <u>1,577,563</u> | <u>1,680,158</u> |
| Net current assets | | <u>11,168,503</u> | <u>511,337</u> | <u>11,679,840</u> | <u>13,406,585</u> |
| Total assets less current liabilities | | <u>199,321,626</u> | <u>511,337</u> | <u>199,832,963</u> | <u>202,809,493</u> |
| Long term loans received and other liabilities | 15 | 50,264,936 | - | 50,264,936 | 60,026,684 |
| Pension obligations | 21 | 19,006,000 | - | 19,006,000 | 12,958,000 |
| Net assets including pension liability | | <u>130,050,690</u> | <u>511,337</u> | <u>130,562,027</u> | <u>129,824,809</u> |
| Reserves | | | | | |
| General free reserves | | 31,593,674 | - | 31,593,674 | 27,478,984 |
| General property reserves | 17 | 117,463,016 | - | 117,463,016 | 114,889,678 |
| Restricted funds | 16 | - | 511,337 | 511,337 | 414,147 |
| Pension Reserve | | (19,006,000) | - | (19,006,000) | (12,958,000) |
| | | <u>130,050,690</u> | <u>511,337</u> | <u>130,562,027</u> | <u>129,824,809</u> |

These financial statements were approved by the National Leadership Team on 28/07/2015
and signed on its behalf by



Rev John J Glass
Trustee and member of National Leadership Team

The accounting policies on pages 12 to 15 and the notes on pages 20 to 30 form part of these financial statements.

ELIM FOURSQUARE GOSPEL ALLIANCE
FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2014

CHARITY BALANCE SHEET AS AT 30 SEPTEMBER 2014

| | Note | Unrestricted Funds 2014 £ | Restricted Funds 2014 £ | Total Funds 2014 £ | Total Funds 2013 £ |
|--|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Fixed Assets | | | | | |
| Tangible fixed assets | 9 | 187,130,352 | - | 187,130,352 | 188,270,762 |
| Long term loans advanced | 12 | 1,019,171 | - | 1,019,171 | 1,128,546 |
| | | <u>188,149,523</u> | <u>-</u> | <u>188,149,523</u> | <u>189,399,308</u> |
| Current Assets | | | | | |
| Stocks | 10 | 58,024 | - | 58,024 | 52,287 |
| Debtors | 11 | 1,134,152 | - | 1,134,152 | 5,747,639 |
| Cash at bank and in hand | | 11,659,257 | 511,337 | 12,170,594 | 9,419,801 |
| | | <u>12,851,433</u> | <u>511,337</u> | <u>13,362,770</u> | <u>15,219,727</u> |
| Current Liabilities | | | | | |
| Creditors | 14 | 1,332,578 | - | 1,332,578 | 1,461,585 |
| Current portion on long term loans | 15 | 400,000 | - | 400,000 | 400,000 |
| | | <u>1,732,578</u> | <u>-</u> | <u>1,732,578</u> | <u>1,861,585</u> |
| Net current assets | | <u>11,118,855</u> | <u>511,337</u> | <u>11,630,192</u> | <u>13,358,142</u> |
| Total assets less current liabilities | | <u>199,268,378</u> | <u>511,337</u> | <u>199,779,715</u> | <u>202,757,450</u> |
| Long term loans received and other liabilities | 15 | 50,264,936 | - | 50,264,936 | 60,026,684 |
| Pension obligations | | 19,006,000 | - | 19,006,000 | 12,958,000 |
| Net assets including pension liability | | <u>129,997,442</u> | <u>511,337</u> | <u>130,508,779</u> | <u>129,772,766</u> |
| Reserves | | | | | |
| General free reserves | | 31,544,026 | - | 31,544,026 | 27,430,541 |
| General property reserves | | 117,459,416 | - | 117,459,416 | 114,886,078 |
| Restricted funds | 16 | - | 511,337 | 511,337 | 414,147 |
| Pension Reserve | | (19,006,000) | - | (19,006,000) | (12,958,000) |
| | | <u>129,997,442</u> | <u>511,337</u> | <u>130,508,779</u> | <u>129,772,766</u> |

These financial statements were approved by the National Leadership Team on
and signed on its behalf by

28/07/2015


Rev John J Glass
Trustee and member of National Leadership Team

The accounting policies on pages 12 to 15 and the notes on pages 20 to 30 form part of these financial statements.

ELIM FOURSQUARE GOSPEL ALLIANCE
FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2014

CONSOLIDATED CASH FLOW STATEMENT

| | Note | 2014 | 2014 | 2013 | 2013 |
|--|------|-------------|-------------|-------------|-------------|
| Net cash inflow from operating activities | | | 6,227,047 | | 3,566,739 |
| Capital expenditure and financial investment | | | | | |
| Purchase of tangible fixed assets | | (5,057,356) | | (3,740,917) | |
| Sale of tangible fixed assets | | 11,302,865 | | 1,529,179 | |
| Repayments of loans made | | | | | |
| Net cash outflow on capital expenditure | | | 6,245,509 | | (2,211,738) |
| | | | 12,472,556 | | 1,355,001 |
| Financing | | | | | |
| Decrease in borrowing | | | (9,761,748) | | (1,840,224) |
| Decrease in cash | | | 2,710,808 | | (485,223) |

Reconciliation of changes in resources to net cash inflow/outflow from operating activities

| | 2014 | 2013 |
|---|-------------|-------------|
| Net Incoming resources | 6,925,218 | 5,488,264 |
| Depreciation | 1,398,628 | 1,528,286 |
| Profit on sale of tangible fixed assets | (3,152,727) | (3,005,488) |
| Impairment of fixed asset investment | - | - |
| (Increase)/decrease in stock | (5,738) | 5,321 |
| (Increase)/decrease in debtors | 1,304,261 | (529,560) |
| Decrease in creditors | (102,595) | 116,916 |
| Adjustments in pension costs | (140,000) | (38,000) |
| Net cash inflow from operating activities | 6,227,047 | 3,565,739 |

| Analysis of changes in cash in the year | 1 October 2013 | Cash flows | 30 September 2014 |
|---|-------------------|------------|----------------------|
| Cash in hand, at bank | 9,561,635 | 2,710,808 | 12,272,443 |
| | 9,561,635 | 2,710,808 | 12,272,443 |

Reconciliation of net cash flow to movement in net debt

| | 2014 |
|-------------------------------|--------------|
| Increase in cash in the year | 2,710,808 |
| Cash outflow from financing | 9,761,748 |
| Movement in net debt | 12,472,556 |
| Net debt at 1 October 2013 | (50,865,049) |
| Net debt at 30 September 2014 | (38,392,493) |

| Analysis of net debt | 1 October 2013 | Movement | 30 September 2014 |
|--|-------------------|------------|----------------------|
| Long term loans received | (60,026,684) | 9,761,748 | (50,264,936) |
| Long term loans received repayable within one year | (400,000) | - | (400,000) |
| | (60,426,684) | 9,761,748 | (50,664,936) |
| Cash in hand, at bank | 9,561,635 | 2,710,808 | 12,272,443 |
| | (50,865,049) | 12,472,556 | (38,392,493) |

ELIM FOURSQUARE GOSPEL ALLIANCE
FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS

| | Central Funds 2014 | Churches 2014 | Total 2014 | Total 2013 |
|--|-----------------------|-------------------|-------------------|-------------------|
| | £ | £ | £ | £ |
| 1. Activities for generating income | | | | |
| 1. Voluntary Income | | | | |
| General Gifts and Offerings | 893,616 | 19,462,140 | 20,355,756 | 20,090,489 |
| Gift Aid donations and tax rebate | 633,447 | 19,562,695 | 20,196,142 | 19,268,853 |
| Designated gifts and offerings | 512,361 | 1,956,778 | 2,469,139 | 2,462,889 |
| Legacies | 48,366 | 647,905 | 696,271 | 276,086 |
| Grants received | 177,126 | 1,424,688 | 1,601,814 | 1,685,070 |
| Other donations | 119,351 | - | 119,351 | 287,975 |
| | 2,384,267 | 43,054,206 | 45,438,473 | 44,071,362 |

1a. Grants received

Grants received from external sources during the year to 30 September 2014 and for the year to 30 September 2013, are included under income. We welcome and appreciate the support from the various grant makers and while the individual amounts are of considerable import to the relevant individual activity, the number involved renders it impracticable to list donors in detail. Branches report in more detail and we will schedule the more material grants received.

| | Central Funds 2014 | Churches 2014 | Total 2014 | Total 2013 |
|--|-----------------------|-------------------|-------------------|-------------------|
| 2. Income from ancillary programs | | | | |
| Hire of premises | 120,602 | 2,666,057 | 2,786,659 | 2,429,000 |
| Church Seminars etc | 170,749 | 1,721,774 | 1,892,523 | 2,426,404 |
| Ministry and Skills training | 2,512,724 | - | 2,512,724 | 2,058,286 |
| Community Programs | - | - | - | 153,606 |
| Childcare programs | - | 5,955,643 | 5,955,643 | 5,187,611 |
| Nursing Homes | 2,870,940 | - | 2,870,940 | 2,930,548 |
| Other ancillary activities | 868,578 | 1,294,811 | 2,163,389 | 2,588,063 |
| | 6,543,593 | 11,638,285 | 18,181,878 | 17,773,518 |

A proportion of the income for childcare and community programs is derived from Local Authority support for payment of fees on behalf of beneficiaries.

| | Central Funds 2014 | Churches 2014 | Total 2014 | Total 2013 |
|---|-----------------------|------------------|------------------|------------------|
| 3. Income from charitable activities | | | | |
| Coffee shops | - | 420,815 | 420,815 | 463,791 |
| Bookrooms | - | 241,567 | 241,567 | 186,676 |
| Charity shops | - | 475,422 | 475,422 | 500,628 |
| Sundry Activities | 289,150 | - | 289,150 | 231,142 |
| Interest Received | 20 | 145,326 | 145,346 | 286,525 |
| | 289,170 | 1,283,130 | 1,572,300 | 1,668,762 |

| | Central Funds 2014 | Churches 2014 | Total 2014 | Total 2013 |
|----------------------------------|-----------------------|-------------------|-------------------|-------------------|
| 4. Other Income resources | | | | |
| Profit on sale of assets | 2,553,905 | 598,822 | 3,152,727 | 3,005,488 |
| | 2,553,905 | 598,822 | 3,152,727 | 3,005,488 |
| Total Incoming resources | 11,770,935 | 56,574,443 | 68,345,378 | 66,519,130 |

ELIM FOURSQUARE GOSPEL ALLIANCE
FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS

| | Central Funds 2014 | Churches 2014 | Total 2014 | Total 2013 |
|--------------------------------------|-----------------------|------------------|------------------|------------------|
| 5. Costs of generating Income | | | | |
| Promotion and publicity | 52,659 | 175,692 | 228,351 | 243,884 |
| Interest paid | 1,922,251 | - | 1,922,251 | 2,383,081 |
| Bank Charges | 352,989 | - | 352,989 | 363,125 |
| Taxation | - | - | - | - |
| Coffee shops | - | 277,301 | 277,301 | 324,177 |
| Bookrooms | 89,829 | 81,583 | 171,412 | 194,827 |
| Charity shops | - | 236,435 | 236,435 | 184,379 |
| | 2,417,728 | 771,011 | 3,188,739 | 3,693,473 |

| | Central Funds 2014 | Churches 2014 | Total 2014 | Total 2013 |
|---|-----------------------|-------------------|-------------------|-------------------|
| 6. Charitable Activities Expenditure | | | | |
| 6a. Summary by Activity | | | | |
| General church activity and ministry costs | 5,058,929 | 40,030,026 | 45,088,955 | 42,861,550 |
| Evangelistic events and programs | 116,991 | 899,549 | 1,016,540 | 916,637 |
| Youth events and programs | 282,353 | 1,322,381 | 1,604,734 | 1,704,056 |
| Overseas Missions | 1,909,601 | 303,768 | 2,213,369 | 2,738,867 |
| Training | 2,552,465 | - | 2,552,465 | 2,149,344 |
| Grants Made | 6d 288,807 | 1,264,119 | 1,552,926 | 1,354,588 |
| Ancillary Programs | 6c 588,720 | 2,441,596 | 3,030,316 | 4,149,072 |
| | 10,797,866 | 46,261,439 | 57,059,305 | 55,874,114 |

| | Central Funds 2014 | Churches 2014 | Total 2014 | Total 2013 |
|-------------------------------------|-----------------------|-------------------|-------------------|-------------------|
| 6b. Summary by Costs | | | | |
| Personnel costs | 8 5,424,685 | 20,688,361 | 26,113,046 | 24,770,098 |
| UK Events and ministry programs | 1,500,427 | 6,483,192 | 7,983,619 | 8,955,291 |
| UK ancillary and community programs | 6c 588,720 | 2,441,596 | 3,030,316 | 4,149,072 |
| Overseas ministry | 1,258,522 | 303,768 | 1,562,290 | 1,487,361 |
| Training and development | 25,026 | 254,018 | 279,044 | 299,594 |
| Literature and material | 10,878 | 275,554 | 286,432 | 301,665 |
| Premises costs | 679,738 | 10,065,377 | 10,745,115 | 8,975,865 |
| Utilities costs | 358,796 | 1,701,075 | 2,059,871 | 2,232,178 |
| Equipment costs | 331,617 | 1,024,219 | 1,355,836 | 1,252,244 |
| Office and administration costs | 330,650 | 1,760,160 | 2,090,810 | 2,096,158 |
| Grants Made | 6d 288,807 | 1,264,119 | 1,552,926 | 1,354,588 |
| | 10,797,866 | 46,261,439 | 57,059,305 | 55,874,114 |

ELIM FOURSQUARE GOSPEL ALLIANCE
FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS

| | Central Funds 2014 | Churches 2014 | Total 2014 | Total 2013 |
|--|-----------------------|------------------|------------------|------------------|
| 6c. Expenditure re Ancillary Programs | | | | |
| Church Seminars etc | 110,083 | - | 110,083 | 474,925 |
| Ministry and Skills training | 209,036 | - | 209,036 | 217,719 |
| Childcare programs | - | 2,124,002 | 2,124,002 | 2,792,032 |
| Community Programs | - | 317,594 | 317,594 | 368,083 |
| Nursing Homes | 269,601 | - | 269,601 | 296,313 |
| | 588,720 | 2,441,596 | 3,030,316 | 4,149,072 |

| | Central Funds 2014 | Churches 2014 | Total 2014 | Total 2013 |
|-----------------------------------|-----------------------|------------------|------------------|------------------|
| 6d. Grants Made | | | | |
| Individuals | 264,379 | 518,974 | 783,353 | 759,777 |
| Other ministries and institutions | 24,047 | 396,644 | 420,691 | 324,986 |
| Other charities | 381 | 348,501 | 348,882 | 269,825 |
| | 288,807 | 1,264,119 | 1,552,926 | 1,354,588 |

Grants to other ministries and charities were mainly made by Churches. While specific details of each grant have not been collated but it is known that over 100 churches made such payments. The trustees are satisfied that churches are adequately advised as to the parameters relative to the making of grants and that any misapplication would not have created any material misrepresentation in the financial statements.

| | Central Funds 2014 | Churches 2014 | Total 2014 | Total 2013 |
|-----------------------------------|-----------------------|------------------|------------------|----------------|
| 7. Governance costs | | | | |
| Principal auditor fee | 90,720 | - | 90,720 | 104,593 |
| Other accountants fees | - | 130,866 | 130,866 | 116,564 |
| Legal and advisory fees | 352,672 | 437,542 | 790,214 | 712,669 |
| Trustee and management committees | 8,672 | 3,644 | 12,316 | 28,453 |
| | 452,064 | 572,052 | 1,024,116 | 962,279 |

ELIM FOURSQUARE GOSPEL ALLIANCE
FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS

| 8. EMPLOYEES | Central Funds 2014 | Churches 2014 | Total 2014 | Total 2013 |
|---|-----------------------|-------------------|-------------------|-------------------|
| STAFF COSTS DURING THE YEAR WERE AS FOLLOWS: | | | | |
| Wages and salaries - ministry | 4,925,660 | 19,065,828 | 23,991,488 | 23,160,646 |
| Wages and salaries - administration | - | 59,814 | 59,814 | 62,052 |
| Social security costs | 209,698 | 476,303 | 686,001 | 453,126 |
| Other pension costs | 272,836 | 1,024,499 | 1,297,335 | 1,016,261 |
| Private health insurance | 16,491 | 61,917 | 78,408 | 78,013 |
| | <u>5,424,685</u> | <u>20,688,361</u> | <u>26,113,046</u> | <u>24,770,098</u> |

| | Number 2014 |
|------------------------------|----------------|
| Church and ministry staff | 714 |
| Youth Ministry | 94 |
| Administration | 270 |
| Care - Nursing and childcare | 450 |
| Community Programs | 231 |
| Premises maintenance | 161 |
| | <u>1,920</u> |

| | Number 2014 | Number 2013 |
|--------------------|----------------|----------------|
| £40,001 to £50,000 | 46 | 35 |
| £50,001 to £60,000 | 8 | 6 |
| £60,001 to £70,000 | 11 | 5 |
| Over £70,000 | 4 | 6 |

| Trustees | 2014 | 2013 |
|--|----------------|----------------|
| Remuneration re offices held | <u>768,770</u> | <u>716,854</u> |
| Disbursement of expenses in fulfilment of duties | <u>104,812</u> | <u>164,548</u> |

As required by the Constitution of the Alliance all members of the National Leadership Team (the Trustees) are serving ministers of the Alliance. During the year all members received remuneration commensurate with their ministerial or executive role. The total amount including pension contributions was £726,275 (2013 : £716,854)

No other payment was made during the year to persons related to a trustee other than those due under contracts of employment. In the period to September 2014 the number employed was 3 (2013: 0)

NOTES TO THE FINANCIAL STATEMENTS

9. Tangible Fixed Assets

| Group | Freehold property & leasehold improvements | Assets in the course of Construction | Fixtures, fittings & equipment | Total |
|--|---|---|--------------------------------------|-------------|
| Cost as at 1 October 2013 | 197,976,680 | 80,000 | 4,030,270 | 202,086,950 |
| Additions | 5,039,180 | - | 18,176 | 5,057,356 |
| Disposals | (5,397,960) | - | - | (5,397,960) |
| Cost as at 30 September 2014 | 197,617,900 | 80,000 | 4,048,446 | 201,746,346 |
| Accumulated depreciation as at 1 October 2013 | 11,316,864 | - | 2,495,724 | 13,812,588 |
| Charge in the year | 1,354,926 | - | 43,702 | 1,398,628 |
| Depreciation on disposals | (598,822) | - | - | (598,822) |
| Accumulated depreciation as at 30 September 2014 | 12,072,968 | - | 2,539,426 | 14,612,394 |
| Net book value at 30 September 2014 | 185,544,932 | 80,000 | 1,509,020 | 187,133,952 |
| Net book value at 1 October 2013 | 186,659,816 | 80,000 | 1,534,546 | 188,274,362 |

9. Tangible Fixed Assets

| Charity | Freehold property & leasehold improvements | Assets in the course of Construction | Fixtures, fittings & equipment | Total |
|--|---|---|--------------------------------------|-------------|
| Cost as at 1 October 2013 | 197,976,680 | 80,000 | 4,026,670 | 202,083,350 |
| Additions | 5,039,180 | - | 18,176 | 5,057,356 |
| Disposals | (5,397,960) | - | - | (5,397,960) |
| Cost as at 30 September 2014 | 197,617,900 | 80,000 | 4,044,846 | 201,742,746 |
| Accumulated depreciation as at 1 October 2013 | 11,316,864 | - | 2,495,724 | 13,812,588 |
| Charge in the year | 1,354,926 | - | 43,702 | 1,398,628 |
| Depreciation on disposals | (598,822) | - | - | (598,822) |
| Accumulated depreciation as at 30 September 2014 | 12,072,968 | - | 2,539,426 | 14,612,394 |
| Net book value at 30 September 2014 | 185,544,932 | 80,000 | 1,505,420 | 187,130,352 |
| Net book value at 1 October 2013 | 186,659,816 | 80,000 | 1,530,946 | 188,270,762 |

On 31 October 1998, the freehold property in England, Scotland, Wales and the Channel Islands was revalued by Messrs GVA Grimley (RICS). The basis of the valuation used was depreciated replacement cost for the specialised properties, existing use value assuming vacant possession for non-specialised properties and open market value assuming vacant possession for properties, which are surplus to requirements. This valuation was included in the 1998 financial statements and the surplus arising transferred to the general reserve.

ELIM FOURSQUARE GOSPEL ALLIANCE
FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS

| | Central Funds 2014 | Churches 2014 | Total 2014 | Total 2013 |
|--------------------------|-----------------------|------------------|---------------|---------------|
| 10. STOCKS | | | | |
| Group and Charity | | | | |
| Goods for resale | - | 44,858 | 44,858 | - |
| Office stock | 13,166 | - | 13,166 | 52,286 |
| | <u>13,166</u> | <u>44,858</u> | <u>58,024</u> | <u>52,286</u> |

Goods for resale are held by local church and Bible College bookrooms

| | Central Funds 2014 | Churches 2014 | Total 2014 | Total 2013 |
|--------------------|-----------------------|------------------|----------------|------------------|
| 11. DEBTORS | | | | |
| Group | | | | |
| Trade Debtors | - | 307,927 | 307,927 | 513,126 |
| Prepayments | - | - | - | - |
| Other debtors | 456,660 | 162,349 | 619,009 | 4,959,696 |
| | <u>456,660</u> | <u>470,276</u> | <u>926,936</u> | <u>5,472,822</u> |

| | | | | |
|----------------|----------------|----------------|------------------|------------------|
| Charity | | | | |
| Trade Debtors | - | 307,928 | 307,928 | 494,457 |
| Intercompany | 207,215 | - | 207,215 | 293,485 |
| Other debtors | 456,660 | 162,349 | 619,009 | 4,959,697 |
| | <u>663,875</u> | <u>470,277</u> | <u>1,134,152</u> | <u>5,747,639</u> |

| | Central Funds 2014 | Churches 2014 | Total 2014 | Total 2013 |
|-------------------------------------|-----------------------|------------------|------------------|------------------|
| 12. LONG TERM LOANS ADVANCED | | | | |
| Group and Charity | | | | |
| Advances to individuals | 86,145 | - | 86,145 | 109,120 |
| Sundry advances less provisions | 933,026 | - | 933,026 | 1,019,426 |
| | <u>1,019,171</u> | <u>-</u> | <u>1,019,171</u> | <u>1,128,546</u> |

a. Includes advances to 2 officers of the Alliance secured against house property and repayable by date of sale £27,845 (2013: £32,669).

Other advances are repayable over a maximum period of 15 years and bear interest at 1% over prevailing cost of funds.

| | Unrestricted Funds 2014 | Restricted Funds 2014 | Total Funds 2014 | Total Funds 2013 |
|---|-------------------------------|-----------------------------|------------------------|------------------------|
| 13. CASH AT BANK AND IN HAND | | | | |
| Net balance held in local church accounts | 12,371,424 | - | 12,371,424 | 10,740,926 |
| Central Funds | (610,318) | 511,337 | (98,981) | (1,179,291) |
| | <u>11,761,106</u> | <u>511,337</u> | <u>12,272,443</u> | <u>9,561,635</u> |

ELIM FOURSQUARE GOSPEL ALLIANCE
FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS

| 14. CREDITORS Group | Central Funds 2014 | Churches 2014 | Total 2014 | Total 2013 |
|---|---------------------------|-----------------------|--------------------------|--------------------------|
| Trade creditors | 384,983 | 383,009 | 767,992 | 872,629 |
| Social security and other taxes | 69,042 | 114,082 | 183,124 | 193,584 |
| Other creditors and accruals | 233,088 | (6,641) | 226,447 | 213,945 |
| | <u>687,113</u> | <u>490,450</u> | <u>1,177,563</u> | <u>1,280,158</u> |
| Charity | Central Funds 2014 | Churches 2014 | Total 2014 | Total 2013 |
| Trade creditors | 384,983 | 383,009 | 767,992 | 872,629 |
| Social security and other taxes | 69,042 | 114,082 | 183,124 | 193,584 |
| Other creditors and accruals | 196,473 | 29,974 | 226,447 | 177,330 |
| Intercompany | 155,018 | (3) | 155,015 | 218,042 |
| | <u>805,516</u> | <u>527,062</u> | <u>1,332,578</u> | <u>1,461,585</u> |
| 15. LONG TERM LOANS RECEIVED | Central Funds 2014 | Churches 2014 | Total 2014 | Total 2013 |
| Unsecured liabilities:- | | | | |
| Amounts due to other trusts | 575,916 | - | 575,916 | 1,376,757 |
| Amounts due to individuals | - | 618,543 | 618,543 | 424,539 |
| | <u>575,916</u> | <u>618,543</u> | <u>1,194,459</u> | <u>1,801,296</u> |
| Secured liabilities:- | | | | |
| Bank loans | 49,470,477 | - | 49,470,477 | 58,625,388 |
| Bank loan portion payable within one year | (400,000) | - | (400,000) | (400,000) |
| Total Long Term Loans | <u>49,646,393</u> | <u>618,543</u> | <u>50,264,936</u> | <u>60,026,684</u> |
| Bank loan projected repayments | | | | |
| Within one year | | | 400,000 | 400,000 |
| After one and within two years | | | 5,000,000 | 5,000,000 |
| After two and within five years | | | 7,000,000 | 7,000,000 |
| After five years | | | 37,070,477 | 46,225,388 |
| | | | <u>49,470,477</u> | <u>58,625,388</u> |

Bank loans are secured by charges on certain properties of the Alliance.
Interest is charged at LIBOR related rates.
£6 million is structured as a fixed rate facility.
The balance is governed by roll-over arrangements with Lloyds/TSB and RBS/NatWest.

NOTES TO THE FINANCIAL STATEMENTS

16. MOVEMENT ON RESTRICTED FUNDS

Group and charity

| | CHURCH RESTRICTED FUNDS | ELIM RELIEF ASSOC. FUND | TOTAL RESTRICTED FUNDS | TOTAL RESTRICTED FUNDS |
|----------------------|-------------------------------|-------------------------------|------------------------------|------------------------------|
| | | | £ | £ |
| At 1 October 2013 | 278,735 | 135,412 | 414,147 | 356,050 |
| Incoming resources | 1,752,458 | 240,521 | 1,992,979 | 2,141,056 |
| Expenditure | (1,703,405) | (192,384) | (1,895,789) | (2,082,959) |
| At 30 September 2014 | 327,788 | 183,549 | 511,337 | 414,147 |

Churches hold various funds as a result of specific donations, which are awaiting the relevant allocation. The major portion of these funds are church building funds.

Elim Relief Association is a fund from which to provide relief overseas through humanitarian and development programs.

17. MOVEMENT ON DESIGNATED FUNDS

The Group

| | REGENTS COLLEGE FUNDS | CAPITAL ASSETS FUND | TOTAL DESIGNATED FUNDS | TOTAL DESIGNATED FUNDS |
|----------------------|-----------------------------|---------------------------|------------------------------|------------------------------|
| At 1 October 2013 | - | 114,889,678 | 114,889,678 | 112,242,514 |
| Incoming resources | - | - | - | - |
| Expenditure | - | - | - | - |
| Transfers | - | 2,573,338 | 2,573,338 | 2,647,164 |
| At 30 September 2014 | - | 117,463,016 | 117,463,016 | 114,889,678 |

Local church leaderships have set aside monies from unrestricted funds for various specific purposes

The balance on the College funds has now been full expended

Capital Assets funds represents the accumulation of contributions applied to, held for, the acquisition of property used in pursuit of our charity objectives.

NOTES TO THE FINANCIAL STATEMENTS

18. CONTINGENT LIABILITIES

There are no contingent liabilities (2013 : £nil)

19. CAPITAL COMMITMENTS

The Alliance has capital commitments for church building projects contracted as at 30 September 2014. The Alliance has sufficient funding available to support the capital expenditure.

20. OPERATING LEASES

The Churches utilise non-cancellable operating leases which does impose a commitment on the Charity. These operating leases largely consist of office equipment and rental commitments.

Operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

21. PENSIONS

The charity operates a defined benefit occupational pension scheme, the Elim Ministers' Pension Fund to provide retirement benefits for its current and previous employees. A full actuarial valuation was carried out as at 31 December 2010.

The total employer contributions during the year to 31 December 2014 amounted to £1,635,000 (2013: £1,620,000)

Contributions to the scheme for the year ending 31 December 2015 are expected to be £1,635,000.

The scheme is funded by payment of contributions from the Alliance to a trustee administered fund (members are not required to contribute).

Benefits were built up in the scheme during the year on a 'final salary' basis, whereby the associated pension benefits are calculated with reference to a member's Final Pensionable Salary at the time they leave service or retire.

Principal Assumptions

The ELIM Ministers Pension Fund prepares its accounts to 31 December each year. As a result the valuation of the pension fund is performed at that date rather than the year end date of the charity. The Trustees are satisfied that there would be no material difference on the valuation of the scheme between the Charity and Pension fund year end dates.

Employee benefit obligations

| | <u>31/12/2014</u> | <u>31/12/2013</u> |
|-------------------------------------|-------------------|-------------------|
| | £ | £ |
| Present value of funded obligations | 49,868,000 | 41,964,000 |
| Fair value of scheme assets | (30,862,000) | (29,006,000) |
| Deficit | <u>19,006,000</u> | <u>12,958,000</u> |

ELIM FOURSQUARE GOSPEL ALLIANCE
FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS

The amounts recognised in the statement of financial activities are as follows:

| | <u>31/12/2014</u> | <u>31/12/2013</u> |
|---|--------------------------|--------------------------|
| | <u>£</u> | <u>£</u> |
| Current service cost | 1,347,000 | 1,082,000 |
| Interest cost | 1,881,000 | 1,727,000 |
| Expected return on scheme assets | (1,733,000) | (1,227,000) |
| Total | <u>1,495,000</u> | <u>1,582,000</u> |
| Actual return on scheme assets | <u>1,857,000</u> | <u>2,871,000</u> |
| FRS 17 costs | 148,000 | 500,000 |
| Changes in present value of obligation | | |
| | <u>31/12/2014</u> | <u>31/12/2013</u> |
| | <u>£</u> | <u>£</u> |
| Opening defined benefit obligation | 41,964,000 | 39,522,000 |
| Current service cost | 1,347,000 | 1,082,000 |
| Interest cost | 1,881,000 | 1,727,000 |
| Actuarial loss | 6,312,000 | 1,213,000 |
| Group life policy premiums | - | - |
| Benefits paid | (1,636,000) | (1,580,000) |
| Closing defined benefit obligation | <u>49,868,000</u> | <u>41,964,000</u> |
| Scheme assets | | |
| | <u>31/12/2014</u> | <u>31/12/2013</u> |
| | <u>£</u> | <u>£</u> |
| Opening fair value of scheme assets | 29,006,000 | 26,095,000 |
| Expected return on scheme assets | 1,733,000 | 1,227,000 |
| Actuarial gains | 124,000 | 1,644,000 |
| Employer contributions | 1,635,000 | 1,620,000 |
| Benefits paid | (1,636,000) | (1,580,000) |
| Closing fair value of scheme assets | <u>30,862,000</u> | <u>29,006,000</u> |

The major categories of scheme assets as a percentage of total scheme assets are as follows:

| | <u>31/12/2014</u> | <u>31/12/2013</u> |
|-----------------------------|----------------------|----------------------|
| Equities | 53.5% | 56.6% |
| Property | 31.5% | 28.6% |
| Bonds | 5.6% | 5.0% |
| Cash and net current assets | 9.4% | 9.8% |
| | <u>100.0%</u> | <u>100.0%</u> |

ELIM FOURSQUARE GOSPEL ALLIANCE
FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS

| Expected return on scheme assets | 31/12/2014 | 31/12/2013 |
|---|-------------------|-------------------|
| Equities | n/a | 7.10% |
| Property | n/a | 6.30% |
| Gilts | n/a | 3.70% |
| Corporate Bonds | n/a | 4.30% |
| Cash / Other | n/a | 0.50% |

Assumptions as at 31 December 2014 for the expected return of the scheme's assets are not required since from 1 January 2015, the new FRS 102 standard is replacing the calculation of the expected return on assets with interest on the net balance sheet position using the discount rate.

| Actuarial assumptions | 31/12/2014 | 31/12/2013 |
|--|-------------------|-------------------|
| Discount rate | 3.50% | 4.50% |
| Expected return on scheme assets | | |
| Price inflation | 1.90% | 2.30% |
| Future salary increases | 1.80% | 2.05% |
| Future pension increases | | |
| Index-linked maximum 5.0%pa, minimum 0%pa | 1.95% | 2.30% |
| Index-linked maximum 2.5%pa, minimum 0%pa | 1.65% | 1.85% |
| Allowance for future discretionary increases | 0% | 0% |

| Assumed life expectancies on retirement at age 65 are: | 31/12/2014 | 31/12/2013 |
|---|-------------------|-------------------|
| Males retiring immediately | 87.3 | 87.2 |
| Females retiring immediately | 89.3 | 89.2 |
| Males retiring in 20 years time | 88.5 | 88.6 |
| Females retiring in 20 years time | 90.8 | 90.7 |

Historical disclosures

| | 31/12/2014 | 31/12/2013 | 31/12/2012 | 31/12/2011 |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | £ | £ | £ | £ |
| Defined benefit obligation | (49,868,000) | (41,964,000) | (39,522,000) | (35,744,000) |
| Scheme assets | 30,862,000 | 29,006,000 | 26,095,000 | 24,744,000 |
| Deficit | (19,006,000) | (12,958,000) | (13,427,000) | (11,000,000) |
| Experience adjustments on liabilities | (266,000) | (221,000) | 2,268,000 | 0 |
| Experience adjustments on assets | 124,000 | 1,644,000 | 413,000 | (1,640,000) |

| | 31/12/2014 | 31/12/2013 |
|--|-------------------|-------------------|
| | £ | £ |
| Cumulative amount of actuarial gains and losses recognised in the Statement of changes in Equity | (7,901,000) | (1,713,000) |