



Mission Aviation Fellowship UK  
A company limited by guarantee, not having share capital  
Company number: 3437446

Registered Charity Number 1064598

## Report and financial statements

for the year ended

31 December 2007

*'Our Board expressed thanks to God for His provision through UK Supporters and the commitment of the MAF UK Board to support MAF's ministry in Asia Pacific.'*

**Bill Harding, Regional Director Asia/Pacific, MAF**

*'In 2007, help and hope was brought to those affected by cyclone Indlala in Madagascar, communities struck down by the Ebola virus in Uganda and flood victims in East Africa and Bangladesh. Teams were flown across the vast steppes of Mongolia to plant churches and disciple new believers. Office and staff accommodation was built at our new base in Juba in southern Sudan, and a Cessna Caravan was purchased for deployment in Madagascar. All this and much more, thanks to the financial and prayer support from many people across the United Kingdom for which we are truly grateful.'*

**Chris Lukkien, Regional Director Africa, MAF**

*'Without MAF, I think it would paralyse CMA.'*

**Trent Freedman, Christian Mission Aid, Sudan**

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## Message from the Chairman and the Chief Executive

We have the great privilege of serving a Christian charity whose mission is to help isolated and needy people across the developing world.

MAF operates over 130 light aircraft in more than 35 countries. Every three minutes, an MAF plane is taking off or landing somewhere in the world to assist aid and development agencies, missions, churches and other national groups as they each seek to share the love of God by word and practical means.

The impact that MAF makes on a needy world was seen in so many ways over the last year as MAF has:-

- § **Responded to emergencies** such as the cyclones and floods that have caused devastation in countries as far apart as Bangladesh, Madagascar, Uganda and Papua New Guinea
- § **Supported more than 1,000 relief organisations** as they undertook healthcare, food, education and sanitation projects across many regions of the world
- § **Assisted the spread of the Gospel** to communities in remote places as diverse as Tanzania and Mongolia
- § **Provided humanitarian help** to those affected by unrest in southern Sudan and Chad.

In the UK, our purpose is to raise support for MAF's worldwide work in the categories of 'prayer, people and pounds'. We are pleased to report that during 2007, God provided richly for His work and the total income of MAF UK rose by nearly 5% to £9.2 million. In addition, after learning about MAF's ministry, nearly 10,000 people joined the Supporter Team, helping to enable this vital work with both prayers and pounds. Six new families from the UK went to serve with MAF overseas. On 30 September, we held our first Worldwide Day of Prayer under the banner *Your Kingdom Come*.

Additionally, following the annual review of risks and reserves, the board were able to transfer an additional £2.1 million to front line operations as described later in this report under Operational Impacts.

We report this progress as a testament to the faithfulness of God and with gratitude that His provision has enabled MAF to help needy people in so many ways, and extend our thanks to all of our staff, Volunteers and Supporters who have done so much to further the work of MAF UK over the last 12 months.

We were, however, saddened by the passing of much-loved colleagues David Cormack and John Abbot, both former Chairmen of the charity, and we give thanks for their long and dedicated service. Our thoughts and prayers are with their families.

As we look to the future, we fully expect the demand for MAF to increase; to provide more flights, operate more aircraft, open new airstrips in remote places and commence operations in further countries. Only with the grace of God and the ongoing commitment of our faithful Supporters, can we aspire to meet these growing needs.

In closing, therefore, may we urge you to remember the work of MAF constantly before God and pray that, through our endeavours, we will make a difference in the lives of even more isolated people.

**John Quin**  
Chairman

**Ruth Whitaker**  
Chief Executive

## Report of the Trustees for the year ended 31 December 2007

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Trustees, who are also directors of Mission Aviation Fellowship UK (MAF UK) for the purposes of the Companies Act, have pleasure in presenting the Report and Accounts for the year ended 31 December 2007. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP 2005) 'Accounting and Reporting by Charities' issued in March 2005 in preparing the Annual Report and financial statements of the charity.

### Operational impacts

The overall purpose of MAF UK is to support the worldwide work of Mission Aviation Fellowship in providing a flying service supporting partner organisations serving people in remote areas of the developing world.

These brief reports provide examples of MAF's work in Africa and the Asia-Pacific regions:

#### **Responding to emergencies**

When cyclone *Indlala* hit north-eastern **Madagascar** in March destroying homes, flooding vast areas, contaminating water supplies and affecting more than 100,000 people, flights took relief supplies for Medair, CARE and Médecins du Monde.

In **Uganda** in October, widespread flooding left hundreds of thousands of people without food and clean water and at risk of water-borne disease. With infrastructure destroyed – roads and bridges – our flights were crucial to transport relief packs to the worst-hit areas.

Our amphibious plane was the first civilian aircraft to respond to people in need following the devastation wrought by cyclone *Sidr* which hit the south of **Bangladesh** in November. With more than two million people in need of emergency assistance, flights took aid agency staff to the worst-hit areas to assess the damage and put together a plan of action to respond.

When severe flooding caused by a tropical cyclone devastated **Papua New Guinea's** western Oro Province in November, pilots flew in supplies of fresh vegetables to those left in desperate need of food.

In many countries in the developing world, serious illnesses wipe out hundreds without access to emergency healthcare. Our teams responded in several countries in Africa following outbreaks of meningitis and Ebola with deliveries of precious medicines and healthcare professionals.

#### **Healthcare and relief**

Every fortnight, our planes flew a Mildmay medical team from Mulago Hospital to provide regular healthcare to children in internally displaced people's camps in Gulu, northern **Uganda**. Seven-year-old Stella and her three-year-old sister Scovia received penicillin, cough syrup and medication for malaria at one clinic.

Our flights for medical emergencies provide the only service of this kind in **Papua New Guinea**. They are vital for the thousands of people living in remote communities. Stabbed in a fight, a four-inch-deep abdominal wound was bleeding into Paul Labri's stomach cavity. Without a flight to hospital, he wouldn't have survived.

Despite some security concerns and the fragility of the peace agreement in **Sudan**, work has progressed in Juba with ongoing flights for aid agencies and churches. Much of Christian Mission Aid's service depends on MAF aircraft which deliver supplies, medical equipment and personnel, flying over the swamps surrounding Keew. Trent Freedman, a short-term student nurse, declares, 'Without MAF, I think it would paralyse CMA.'

There are still many communities in **Tanzania** where the only way to gain access is to walk. Our airstrip development team has worked in conjunction with local partners in the Mbeya, Rufiji Delta and Mpwapwa areas to locate and establish new airstrips so that villages have access to basic healthcare, medical emergency flights are possible, and assistance given to capacity building by transporting locally made goods.

In **Kenya**, we frequently fly Tearfund staff visiting projects in the arid north of the country. These flights have been crucial for their emergency relief work, providing food and medical care to severely malnourished children. And with the progression into sustainable development, our flights continue to be invaluable enabling aid workers to travel quickly and safely.

### **Multiple ministries**

For Pastor Boldbaatar of Ulaanbaatar Baptist Church in **Mongolia**, our flights gave invaluable support to its vision to plant churches in every *aimag* (province). Four churches have already begun, and another six are planned. Pastor Boldbaatar shares, 'We are so thankful to God that He opened the door for us to reach different places and in such a short time.'

Each month, flights took medical teams into remote villages in **Tanzania**. Many of these visits also took evangelists to share the Gospel and to train local Christians to reach others with the Christian message of hope.

Ex-prisoners working with Prisoners for Christ in **Kenya** distributed soap, toilet paper, Bibles and other literature to inmates, as well as speaking about Jesus. Flights took pastors to Garissa for outreach in the prison. In Wajir, Moyale, Mandera and Marsabit – all areas that are very difficult to reach by road – prisoners are yet to hear the Gospel message but, as Pastor Ngara says, 'We hope MAF will be able to help Prisoners for Christ get to these remote prisons.'

Despite insecurity in **Chad** resulting in operations in the first part of the year running with just a skeleton staff, flights have continued to support the church and mission community in vital medical and evangelistic outreach. Flights for Dr Roy Jones have enabled medical care to reach those in desert regions of the country.

## Accelerated projects

Following the annual review of risks and reserves (see reserves policy, page 8), MAF UK was able to make an additional significant contribution totalling £2,089,000 to front line operations by making grants such as:

- to help complete the first stage of the essential fleet renewal programme in **Papua New Guinea** - £425,000
- to help the building of both new and replacement cyclone-withstanding housing in **Arnhem Land** - £335,000
- to help complete the replacement for the old smaller hangar that regularly floods in **Gove** - £130,000
- to replace the subsidence-condemned existing housing in **Chad** - £69,000
- to help replace ancient asbestos-clad housing and also provide for the growing number of staff in **Papua New Guinea** - £150,000
- to help replace the ageing and rusting vehicle fleet in **Arnhem Land** - £49,000

The presentation of these grants totalling £2,089,000 within the financial statements merits some explanation and comment. In the Statement of Financial Activities on page 14, they are included as part of the figure of £8,663,000 shown as Resources Expended on Charitable Activities. If these one-off grants, which were funded out of the reserves brought forward at the beginning of the year, were excluded from the Statement of Financial Activities, the result would be to show net incoming resources relating to MAF UK's work during 2007 of £763,000.

## Objectives and activities

### Charity aims

MAF UK has the objective of supporting the work of mission aviation, churches, missions and relief and development agencies so that the love of Christ is shared by word and practical means. The principal operational activity of MAF continues to be the provision of a subsidised aviation service in parts of the world where surface travel is impossible or very difficult, by flying people safely, by linking people with information quickly and easily, and by supplying goods and services economically and efficiently. MAF's services are given by Christians who use their skills in aviation and other fields to work with national churches, relief and development agencies, missions, hospitals and governments to meet the most pressing of human needs.

### Objectives for the year

The objectives for 2007 were focused on increasing the awareness of MAF's work among the UK Christian public in order to recruit new Supporters, encourage prayer support and increase fundraising income and the number of pilots, engineers and other professionals serving overseas.

Specifically the objectives included:

<b>Objectives 2007</b>	Target	Achieved
Building the Supporter team (additions)	+9,900	+9,700
Raising total income	£9.0m	£9.2m
Completion of Madagascar plane funding	£0.24m	£0.24m
MAF Worldwide Day of Prayer	September	September
Recruit overseas staff (new)	5	5
Complete pre-field training	1	1

## Strategies and significant activities to achieve objectives

To meet the ever-growing needs of MAF's overseas operations, it is vital that we continue to expand our Supporter base here in the UK.

Initiatives to encourage new Supporters included:

- Volunteers visiting churches and other groups in their local area
- Reporting MAF's work in aviation and Christian publications, and other media opportunities including radio interviews
- Staff and Volunteers attending Christian events and airshows.

Volunteers raise the profile of MAF by speaking at churches and other groups, as well as seeking ways to engage local people to support the work through prayer. More Volunteers joined the team, and with a greater level of activity, 1,003 visits to churches resulted in an additional 4,081 requests for information on prayer and giving.

In Scotland, the focus of the Volunteer Team was on Sudan with the *Scotland's Operation Sudan (SOS)* campaign which seeks to enable 120,000 miles to be flown in Sudan each year until 2009.

The Trustees would like to thank all the Volunteers for the much appreciated time and effort they have, and continue to, devote to God's work through MAF UK.

A total of 542,200 Christians were reached with news of MAF's ministry through publicising our work through Christian periodicals. This added a further 1,264 names to our Supporter Team.

Our attendance at major Christian events such as New Wine and Greenbelt, as well as airshows around the UK, was significantly enhanced when our new exhibition trailer became available. Thanks to the generosity of one of our Supporters, a custom-converted 40-foot trailer was developed for MAF containing a 13-seat cinema and interactive computer screens along with graphics telling the MAF story, both outside and inside.

Opportunities for raising 'pounds, prayer and people' were provided through a variety of channels and communications. These included:

- regular news and updates on the impact that MAF flights bring to people living in remote areas
- specific project information and overseas experiences
- information to encourage prayer
- opportunities to serve with MAF overseas.

Our programme of regular communications continued to inspire and inform our Supporters and Volunteers. Over 64,000 individuals and churches received our magazine *MAF News* and our quarterly letters reporting on news and needs in our overseas operations. We give thanks to God that Supporters' response to these activities generated over £2,250,000 of unrestricted income for use where most needed in our operations.

Supporters are further encouraged to make a long-term commitment by remembering MAF in their Will. Through the kind and prayerful foresight of departed Supporters, legacy income grew to £1,707,000.

Two telephone campaigns re-ignited the interests of 250 formerly-active Supporters.

With our first Worldwide Day of Prayer on 30 September, promoted under the banner *Your Kingdom Come*, Supporters and their church fellowships were given an exciting opportunity to join together in praying for MAF's ministry.

We rejoiced mid-year when the Madagascar aircraft appeal was completed, thanks to the generosity of 34 Supporters. Plans are on track for the plane to enter service in Madagascar very early in 2008.

In addition to publicising opportunities for service with MAF in our written and electronic communications, 'Enquirers Days' provide information and encourage enquirers to progress to application. Recruitment and selection of international staff continued to run smoothly on an ongoing basis during 2007. Six new international staff families joined MAF operations overseas. This included one candidate who successfully completed their engineering scholarship training. MAF UK had a total of 42 international staff serving overseas at the end of 2007.

### **Future plans**

Aid agencies, development organisations, Christian missions and churches are increasing their requests for flights. New airstrips are planned to bring a better life to yet more of the world's forgotten peoples. New planes are needed to improve and extend MAF services.

Our objectives for 2008 reflect the need to continue and further support these overseas operations. There are also further countries where many thousands could receive practical care and new life if the way opens for MAF to commence flying.

To support these, activities will concentrate on:

- recruiting much-needed pilots and engineers
- achieving a further increase in unrestricted and restricted income
- launching an appeal for replacement aircraft in Papua New Guinea
- developing our website to help further the generation of prayer, people and pounds

**Financial review**

<b>Five-year history</b>					
Income and expenditure £000	2003	2004	2005	2006	2007
<b>Income</b>					
Unrestricted donations	4,350	4,416	4,656	5,269	5,440
Legacies	724	841	1,085	1,676	1,699
Investment income	84	112	117	157	207
International staff support	646	602	803	782	892
Other restricted income	832	1,003	1,987	846	917
<b>Total income</b>	<b>6,636</b>	<b>6,974</b>	<b>8,648</b>	<b>8,730</b>	<b>9,155</b>
<b>Expenditure</b>					
Cost of generating voluntary income	1,347	1,367	1,619	1,658	1,797
Charitable activities – <i>from income</i>	4,860	5,589	6,130	6,017	6,232
Charitable activities – <i>from restricted reserves</i>	450	11	-	-	342
Charitable activities – <i>from designated reserves</i>	-	-	769	-	*2,089
Charitable activities – total	5,310	5,600	6,899	6,017	8,663
Governance costs	85	90	33	48	21
<b>Total expenditure</b>	<b>6,742</b>	<b>7,057</b>	<b>8,551</b>	<b>7,723</b>	<b>10,481</b>
<b>Net incoming/(outgoing) resources</b>	<b>(106)</b>	<b>(83)</b>	<b>97</b>	<b>1,007</b>	<b>(1,326)</b>
<i>Net incoming/(outgoing) resources excluding charitable activities funded from designated reserves</i>	<i>(106)</i>	<i>(83)</i>	<i>866</i>	<i>1,007</i>	<i>763</i>

The costs for the years to 2004 are based on the figures presented in the accounts for those years. No attempt has been made to re-analyse them according to SORP 2005 as the Charity considers that the costs would outweigh the benefits of redoing the calculations.

The £1,987,000 of 'other restricted income' in 2005 included £1,300,000 for two aircraft from a single Supporter.

\* This substantial sum was released following the annual review of risks and reserves. Details of the projects funded are shown on page four.

We give thanks that total income grew by more than 4% at a time when some charities are reporting a reduction in their income.

We continue to praise God for His goodness in leading His people to support MAF's ministry through legacy gifts.

The benefits of tax-efficient giving were again increased through the securing of a further 3,942 Gift Aid Declarations during 2007 (2006: 2,908), bringing the total number of ongoing Declarations to 29,427 (2006: 26,844). Tax claimed on 2007 gifts amounted to £750,154 (2006: £702,201).

Page 14 sets out the Statement of Financial Activities for MAF UK for the year. The income for the year (Total Incoming Resources) was £9,155,000, of which 98% was voluntary income including restricted gifts (2006: £8,730,000; 98%).

During the year, the sum of £1,643,000 was paid as staff support to 40 staff (individuals/families) from the UK serving overseas (2006: £1,477,000 to 35 staff individuals/families).

In addition, grants and restricted income totalling £5,930,000 were passed to sister MAF groups worldwide, generally to assist in the provision of mission aviation (2006: £3,518,000). The sums transferred included the additional £2,089,000 released from project reserves following the annual risk and reserve review.

The assets and liabilities of MAF UK are set out in the Balance Sheet (page 15). All of the assets were used directly in the charitable purpose or in a support capacity.

'Financial Instruments' are those assets and liabilities of a charity that can be impacted by a third party (*eg* bank deposits, investments, overdrafts, loans, trade creditors etc). At the Balance Sheet date, financial instruments included bank deposits, a loan to MAF USA and trade creditors. Trade creditors are paid within 30 days, unless the supplier details are less favourable.

The Trustees have put in place designated reserves (see below) to provide adequate assurance in respect of liquidity and operational cash flows.

### **Reserves policy**

It is the Board's policy to reserve sufficient funds to ensure the ongoing operations of MAF UK. These include a Base Reserve to withstand peaks and troughs in cash flows. Additionally, other designated funds may be created by the Board to help ensure MAF UK's effectiveness. During the year, a complete review of risks and reserves was undertaken and the recommended changes have been implemented. Details of all the designated funds are set out in note 12.

At the year end, all the reserves were in line with the policy.

### **Principal funding sources**

Voluntary donations remained the principal source of funding, providing some 98% (2006: 98%) of total incoming resources. Of this, legacy income amounted to 19% (2006: 20%).

### **Investment powers and policy**

The investment powers of the Trustees are as set out in the Memorandum of Association.

The main additions to fixed assets in the year are detailed in note 7.

## **Structure, governance and management**

### **Governing document**

MAF UK is a charitable company limited by guarantee and a registered charity. It is governed by a Memorandum and Articles of Association dated 15 September 1997 and revised in October 2007. In the event of the company being wound up, members are required to contribute an amount not exceeding £10.

## **Appointment of Trustees**

During the year, the Board welcomed Ian Harnett and Stephen Lockley as new Trustees and Members, both bringing with them a wealth of financial experience.

The Trustees are elected by the Board.

The number of Trustees may not be less than three, but is not subject to any maximum.

One third of Trustees retire at each AGM whether by retirement or rotation. Board decisions are made by majority vote.

The number of members may not be less than two. The Trustees approve membership.

## **Trustee induction and training**

In the Trustee induction programme, new Trustees are provided with an extensive induction pack containing items such as the Memorandum and Articles and recent annual and management accounts as well as a copy of The Good Trustee Guide. They are required to attend a series of meetings and discussions with the Chief Executive and others to learn more about the work and how MAF UK operates.

From time to time, the Board will invite specialists such as the auditors to make a presentation to the Board on matters of interest, such as good governance, to ensure that the Trustees are kept abreast of good practice.

## **Organisational structure**

The Trustees meet four times a year and are responsible for the strategic direction and good governance of the charity. During the year, the Board governance was reviewed and the following subcommittees were established:

- Finance and Fundraising Subcommittee
- Governance and HR Subcommittee

The Board also produced a Governance Manual which brings all the relevant laws and regulations into one place, and will lead to the Board fully complying with the Code of Good Governance.

Day-to-day responsibility for the charity's operations is delegated to the Chief Executive and the Senior Management Team.

## **Related parties**

MAF UK has two subsidiaries, both of which are dormant.

MAF UK is a member of MAF International, which is an association of operational and resourcing MAF groups around the world.

## Internal controls

The Trustees have overall responsibility for ensuring that the charity has an appropriate system of controls, financial and otherwise.

They are also responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 1985.

They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, and to provide reasonable assurance that:

- the charity is operating efficiently and effectively
- its assets are safeguarded against unauthorised use or disposition
- proper records are maintained and financial information used within the charity or for publication is reliable
- the charity complies with relevant laws and regulations.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- a strategic plan and an annual budget approved by the Trustees
- regular consideration by the Trustees of financial results, variances from budgets and non-financial performance indicators
- delegation of authority and segregation of duties
- identification and management of risks.

## Risk management

The Trustees have, with advice from their auditors, introduced a formal risk management process to assess business risks and implement risk management strategies. This involves identifying the types of risks the charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of managing them. As part of this process, the Trustees have reviewed the adequacy of the charity's current internal controls. The Trustees are pleased to report that the charity's internal financial controls, in particular, conform to guidelines issued by the Charity Commission.

In addition, the Trustees have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although this is not mandatory for the charity it should, as a public interest body, adopt these guidelines as best practice. Accordingly they have:

- set policies on internal controls which cover the following:
  - § consideration of the type of risks the charity faces
  - § the level of risks which they regard as acceptable
  - § the likelihood of the risks concerned materialising
  - § the charity's ability to reduce the incidence and impact on the business of risks that do materialise
  - § the costs of operating particular controls relative to the benefit obtained.

- clarified the responsibility of management to implement the Trustees' policies and to identify and evaluate risks for their consideration
- communicated that employees have responsibility for internal control as part of their accountability for achieving objectives
- developed systems to respond quickly to evolving risks arising from factors within the charity and to changes in the external environment
- included procedures for reporting exceptions immediately to appropriate levels of management and the Trustees together with details of corrective action being undertaken.

The major risks are assessed as those most impacting on our fundraising capabilities:

- interruption to postal gift income stream through industrial action
- interruption to gift processing through potential catastrophe
- reputation risk.

### **Trustees' responsibilities in relation to the financial statements**

Company law requires the Trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. In doing so the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- make sound judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is appropriate to presume that the charity will not continue in business.

### **Provision of information to auditors**

In the case of each of the persons who are Trustees at the time when the Trustees' report is approved, the following applies:

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

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

## **Legal and administrative information**

### **Trustees**

John B Quin FCMA	Chairman
Roger Mitty MIPA MInstF	Vice-chairman
Alan R Devereux CBE DL	
Dr David Cormack PhD	(01/01/07 – 03/03/07)
Andrew Cunningham MSc BSc (Hons)	
Elizabeth Ann Saunders FCIPD BA (Hons) Oxon	
Revd Canon Anthony Buckley MA (Oxon)	
Dr Ian Harnett DPhil (Oxon)	from 27/03/07
Stephen Lockley FCA BSc (Hons)	from 27/03/07

### **Members**

All Trustees are also Members. The two additional Members are:  
Ernest W Addicott MA (Cantab), Bryn Hughes BEd MSc (Oxon)

### **Chief Executive**

Ruth Whitaker BEng (Hons)

### **Company Secretary**

Alex Finlow FCA MSc

### **Registered Office and principal address**

1st Floor, Castle House, Castle Hill Avenue, Folkestone, Kent CT20 2TN

### **Auditors**

BDO Stoy Hayward LLP, Emerald House, East Street, Epsom, Surrey KT17 1HS

### **Principal Bankers**

National Westminster Bank Plc, Europa House, 49 Sandgate Road, Folkestone CT20 1RU

### **Solicitors**

Girlings, Europa House, 49 Sandgate Road, Folkestone CT20 1TD

### **Company information**

Company number 3437446, Registered Charity number 1064598

Website: [www.maf-uk.org](http://www.maf-uk.org), Date of Incorporation 16 September 1997

### **Auditors**

A resolution proposing that BDO Stoy Hayward LLP be re-appointed as auditors of the charity will be put to the Annual General Meeting.

Approved by the Board and authorised for issue on 8 April 2008.

John Quin (Chairman)

## **Report of the Independent Auditors To the members of Mission Aviation Fellowship UK**

We have audited the financial statements of Mission Aviation Fellowship UK for the year ended 31 December 2007 on pages 14 to 24 which have been prepared in accordance with the historical cost convention, as modified by the revaluation of fixed asset investments, and the accounting policies set out on pages 17 and 18.

### *Respective responsibilities of Directors and auditors*

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 charitable company is not disclosed. We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

### *Basis of 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 significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that 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.

### *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 affairs of the charitable company as at 31 December 2007 and of the charitable company's incoming resources and resources expended, including its income and expenditure, for the year 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.

**BDO STOY HAYWARD LLP**

*Chartered Accountants and Registered Auditors*

**EPSOM, SURREY 8 April 2008**

## Statement of Financial Activities

(incorporating an Income and Expenditure Account)

for the year ended 31 December 2007

		2007			2006		
		Unrestricted funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Total funds £000
<b>Incoming resources</b>	Note						
<b>Incoming resources from generated funds:</b>							
Voluntary income							
	Donations	5,441	906	6,347	5,269	838	6,107
	International staff	-	892	892	-	782	782
	Legacies	1,695	12	1,707	1,676	8	1,684
		<u>7,136</u>	<u>1,810</u>	<u>8,946</u>	<u>6,945</u>	<u>1,628</u>	<u>8,573</u>
	Investment income	209	-	209	157	-	157
		<u>7,345</u>	<u>1,810</u>	<u>9,155</u>	<u>7,102</u>	<u>1,628</u>	<u>8,730</u>
<b>Total incoming resources</b>							
<b>Resources expended</b>							
	Cost of generating funds	1,797	-	1,797	1,658	-	1,658
	Charitable activities	6,505	2,158	8,663	4,716	1,301	6,017
	Governance costs	21	-	21	48	-	48
		<u>8,323</u>	<u>2,158</u>	<u>10,481</u>	<u>6,422</u>	<u>1,301</u>	<u>7,723</u>
	<b>Total resources expended</b>	<b>8,323</b>	<b>2,158</b>	<b>10,481</b>	<b>6,422</b>	<b>1,301</b>	<b>7,723</b>
	<b>Net (outgoing) / incoming resources</b>	<b>(978)</b>	<b>(348)</b>	<b>(1,326)</b>	<b>680</b>	<b>327</b>	<b>1,007</b>
	<b>Net movement of funds</b>	<b>(978)</b>	<b>(348)</b>	<b>(1,326)</b>	<b>680</b>	<b>327</b>	<b>1,007</b>
<b>Reconciliation of funds</b>							
	Total funds brought forward	4,148	476	4,624	3,468	149	3,617
	Total funds carried forward	<u>3,170</u>	<u>128</u>	<u>3,298</u>	<u>4,148</u>	<u>476</u>	<u>4,624</u>

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above. The result for the year for Companies Act purposes was a loss of £1,326,000 (2006 gain: £1,007,000) comprising the net incoming resources for the year plus realised gains on investments.

Page 15 gives details of changes in resources applied for fixed assets for charity use

The notes on pages 17 to 24 form an integral part of these financial statements

**Balance Sheet****as at 31 December 2007**

	Note	2007			2006		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
		funds £000	funds £000	funds £000	funds £000	funds £000	funds £000
<b>Fixed Assets</b>							
Tangible assets	7	32	-	32	57	-	57
		<u>32</u>	<u>-</u>	<u>32</u>	<u>57</u>	<u>-</u>	<u>57</u>
<b>Current Assets</b>							
Debtors							
- due within one year	8	1,262	-	1,262	659	-	659
- due after more than one year	8	-	-	-	600	-	600
		<u>1,262</u>	<u>-</u>	<u>1,262</u>	<u>1,259</u>	<u>-</u>	<u>1,259</u>
Short term deposits		2,571	128	2,699	3,044	476	3,520
Cash and bank		107	-	107	92	-	92
		<u>3,940</u>	<u>128</u>	<u>4,068</u>	<u>4,395</u>	<u>476</u>	<u>4,871</u>
<b>Current liabilities</b>							
Creditors	9	802	-	802	304	-	304
		<u>3,138</u>	<u>128</u>	<u>3,266</u>	<u>4,091</u>	<u>476</u>	<u>4,567</u>
<b>Net current assets</b>							
		<u>3,170</u>	<u>128</u>	<u>3,298</u>	<u>4,148</u>	<u>476</u>	<u>4,624</u>
<b>Total assets less current liabilities</b>							
<b>The funds of the charity:</b>							
Base Reserve	12	1,470	-	1,470	1,600	-	1,600
Other Designated	12	1,700	-	1,700	2,548	-	2,548
		<u>3,170</u>	<u>-</u>	<u>3,170</u>	<u>4,148</u>	<u>-</u>	<u>4,148</u>
<b>Total unrestricted income funds</b>		<u>3,170</u>	<u>-</u>	<u>3,170</u>	<u>4,148</u>	<u>-</u>	<u>4,148</u>
Restricted funds	12/13	-	128	128	-	476	476
		<u>3,170</u>	<u>128</u>	<u>3,298</u>	<u>4,148</u>	<u>476</u>	<u>4,624</u>
<b>Total funds</b>							

Approved by the Board on 8 April 2008

Chairman:

The notes on pages 17 to 24 form an integral part of these financial statements

## Cash Flow Statement

### for the year ended 31 December 2007

		<b>2007</b>	2006
		£000	£000
<b>Reconciliation of changes in resources to net cash inflow from operating activities</b>			
	Page / note		
Net (outgoing) / incoming resources	page 14	(1,326)	1,007
Less: Investment income	note 3	(209)	(157)
		(1,535)	850
Depreciation charges	note 7	41	54
Loss on disposal of assets		-	3
(Increase) in debtors		(3)	(872)
Increase in creditors		498	45
Changes in resources		536	(770)
<b>Net cash (outflow) / inflow from operating activities</b>		<b>(999)</b>	<b>80</b>
<hr/>			
<b>CASH FLOW STATEMENT</b>			
<b>Net cash (outflow) / inflow from operating activities</b>		<b>(999)</b>	<b>80</b>
<b>Returns on investments and servicing of finance:</b>	note 3	<b>209</b>	<b>157</b>
<b>Capital expenditure and financial investment:</b>			
Purchase of tangible fixed assets	note 7	(16)	(31)
<b>Cash (outflow) / inflow before increase in liquid resources</b>		<b>(806)</b>	<b>206</b>
<b>Management of liquid resources</b>			
Decrease / (increase) in short term deposits		821	(372)
<b>Increase / (decrease) in cash</b>		<b>15</b>	<b>(166)</b>
<hr/>			
<b>Reconciliation of net cash inflow to movement in net funds</b>			
<b>Increase / (decrease) in cash in the year</b>		<b>15</b>	<b>(166)</b>
Cash (inflow) / outflow from (decrease) / increase in liquid resources		(821)	372
Change in net funds resulting from cash flows		(806)	206
Balance brought forward 01.01.07		3,612	3,406
<b>Net funds as at 31.12.07</b>		<b>2,806</b>	<b>3,612</b>
<hr/>			
<b>Analysis of net funds</b>	Balance	Cash	Balance
	01.01.2007	Flows	31.12.2007
Cash in hand, at bank	92	15	107
Short term deposits	3,520	(821)	2,699
	<b>3,612</b>	<b>(806)</b>	<b>2,806</b>

The notes on pages 17 to 24 form an integral part of these financial statements

## **Notes to the Financial Statements for the year ended 31 December 2007**

### **1. Accounting policies**

In preparing the financial statements, the charity has adopted Statement of Recommended Practice (SORP 2005). As well as following applicable accounting standards, the financial statements are based on the following policies:

#### **(a) Basis of accounting**

The financial statements have been prepared on the historical cost convention, with the exception of investments which are included at market value.

#### **(b) Basis of consolidation**

The accounts incorporate the financial statements of the charity only as its subsidiary undertakings have immaterial assets and do not trade.

#### **(c) Funds**

- General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes
- Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements
- Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income and gains are allocated to the appropriate fund where material.

#### **(d) Incoming resources**

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. Incoming resources arise solely within the UK.

#### **(e) Resources expended**

- 'Cost of generating funds' comprises all services supplied centrally identifiable as wholly or mainly in the support of generating income for this and future periods and include a proportion of central overhead costs
- 'Charitable activities' includes all costs associated with our international staff (based overseas), direct (grants) and indirect costs of our overseas programmes, and the costs associated with informing and educating our Supporters here in the UK about our work

**Notes to the Financial Statements  
for the year ended 31 December 2007**

- ‘Governance costs’ represent those costs which relate to the management of the fellowship’s assets, organisational administration and compliance with statutory and constitutional requirements
- As shown in note 4, support department costs are allocated to the above headings on the basis of pre-apportioned cost allocations.

**(f) Foreign currencies**

Foreign currencies have been translated to sterling as follows:

Current assets and liabilities	- rate as at 31 December
Other amounts	- rate at time of transaction

All differences are charged to the SOFA.

**(g) Depreciation**

Assets with a useful economic life of more than one year and a value in excess of £500 are capitalised. This has been reduced from £750 last year due to the falling price of technology.

Depreciation on assets is calculated as follows:

Equipment and vehicles: charged to write off the expenditure over its expected useful life at 33.33% of the cost per annum.

**(h) Operating leases**

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred.

**(i) Pensions**

MAF UK operates a 10% non-contributory defined contribution scheme for its employees. The contributions are paid monthly as they fall due.

**(j) Transfers between funds**

Transfers between the Flying Support Fund (unrestricted) and other designated funds are in line with the policies as set out in note 12.

## Notes to the Financial Statements for the year ended 31 December 2007

	2007	2006			
	£000	£000			
<b>2 Donations</b>					
Individuals (excluding legacies)	5,872	5,681			
Churches	789	722			
Trusts	258	266			
Other	320	220			
Legacies	1,707	1,684			
	8,946	8,573			
<b>3 Investment income</b>					
Interest receivable	209	154			
Dividends receivable from equity shares	-	3			
	209	157			
<b>4 Total resources expended</b>					
	Restricted	Unrestricted	unrestricted	Total	2006
	Direct	sub	Direct	sub	Support
	costs	grants	costs	grants	costs
	total	total	total	total	total
	£000	£000	£000	£000	£000
	£000	£000	£000	£000	£000
<b>Cost of generating funds:</b>					
Voluntary income	-	-	1,347	-	1,347
Donor acquisition	-	-	311	-	311
	-	-	1,658	-	1,658
	-	-	1,658	-	1,658
<b>Charitable Activities:</b>					
International staff	918	918	725	725	139
Overseas programmes	-	1,240	1,240	103	4,691 *
Information & education	-	-	312	312	26
	918	1,240	2,158	1,140	4,691
	918	1,240	2,158	3,632	4,691
<b>Governance costs</b>	-	-	19	-	19
	-	-	19	-	19
<b>Support departments</b>					
Management and Personnel	-	-	276	-	276
Finance and Administration	-	-	539	-	539
	-	-	815	-	815
	-	-	815	-	815
	918	1,240	2,158	3,632	4,691
	-	-	-	-	-
	-	-	-	-	-
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**Notes to the Financial Statements  
for the year ended 31 December 2007**

	<b>2007</b>	<b>2006</b>
	£000	£000
<b>5 Staff costs</b>		
Wages and salaries	2,141	1,981
Social security costs	146	132
Other pension costs	263	258
Other benefits	1	9
	<b>2,551</b>	<b>2,380</b>
	Number	Number
Average number of employees - UK	44	44
Average number of employees - Overseas	40	35
	84	79
Employees with total remuneration and benefits in excess of £60,000:		
	Number	Number
£60,000 - £70,000	2	1
	£000	£000
Pension contributions were	18	12

**6 Trustees' emoluments / transactions**

The Trustees neither received nor waived any emoluments during the year (2006: £NIL)

Out of pocket expenses were reimbursed to Trustees as follows:	<b>2007</b>	2006	<b>2007</b>	2006
	Number	Number	£000	£000
Travel and communications	2	2	1	1

As permitted by the Memorandum and Articles, the following payments were made:

D Cormack, management training services	£0	£881
R Mitty (Fundraising Research & Consultancy Ltd Director), subscriptions and research	£495	£495

	<b>2007</b>	<b>2006</b>
	£000	£000
Trustee liability insurance	£000	£000
The total premium paid by MAF UK for its Trustees	1	1

## Notes to the Financial Statements for the year ended 31 December 2007

### 7 Tangible fixed assets

	Equipment £000	Total £000
<b>Cost</b>		
As at 01.01.2007	298	298
Additions	16	16
Disposals	(129)	(129)
As at 31.12.2007	185	185
<b>Depreciation</b>		
As at 01.01.2007	241	241
Charge for year	41	41
Eliminated on disposal	(129)	(129)
As at 31.12.2007	153	153
<b>Net Book Values</b>		
As at 31.12.2007	32	32
As at 31.12.2006	57	57
	<b>2007</b>	<b>2006</b>
	£000	£000

### 8 Debtors

Amounts due within one year:

* Other debtors	645	109
Tax recoverable	191	295
Prepayments	110	108
Accrued income	316	147
	1,262	659

Amounts due after more than one year:

* Other debtors	-	600
	-	600

\* Other debtors includes a £600,000 secured and interest free loan to MAF USA repayable in full on 15 March 2008.

### 9 Creditors: amounts falling due within one year

Trade creditors	120	118
Taxation and social security	41	36
Other creditors	615	131
Accruals and deferred income	26	19
	802	304

**Notes to the Financial Statements**  
**for the year ended 31 December 2007**

**10 Financial commitments**

At 31 December 2007 the charity had annual commitments under non-cancellable leases as follows:

	2007		2006	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Expiry date:				
Within one year	2	-	-	-
Two to five years	9	17	9	21
Over five years	89	-	64	-
	100	17	73	21

**11 Analysis of net assets between funds**

	Restricted funds £000	Designated funds £000	General funds £000	Total funds £000
Fund balances as at 01.01.07 are represented by:				
Tangible fixed assets	-	32	-	32
Current assets	128	1,668	2,272	4,068
Current liabilities	-	-	(802)	(802)
<b>Total net assets</b>	128	1,700	1,470	3,298

## Notes to the Financial Statements for the year ended 31 December 2007

12 Funds	As at 01.01.07 £000	Income £000	Expenditure £000	Balance before trfs £000	Transfers in £000	Transfers out £000	As at 31.12.07 £000
<b>General funds</b>							
Base Reserve	1,600	-	-	1,600	-	(130)	1,470
Flying Support Fund	-	7,345	6,234	1,111	-	(1,111)	-
<i>sub-total</i>	<u>1,600</u>	<u>7,345</u>	<u>6,234</u>	<u>2,711</u>	<u>-</u>	<u>(1,241)</u>	<u>1,470</u>
<b>Designated funds</b>							
Fixed Asset Fund	57	-	-	57	16	(41)	32
Asset Replacement Fund	225	-	-	225	41	(112)	154
Future Projects Reserve	1,972	-	2,089 *	(117)	1,957	(326)	1,514
Overseas Car Fund	294	-	-	294	-	(294)	-
<i>sub-total</i>	<u>2,548</u>	<u>-</u>	<u>2,089</u>	<u>459</u>	<u>2,014</u>	<u>(773)</u>	<u>1,700</u>
<b>Total unrestricted income funds</b>	<u>4,148</u>	<u>7,345</u>	<u>8,323</u>	<u>3,170</u>	<u>2,014</u>	<u>(2,014)</u>	<u>3,170</u>
<b>Restricted funds</b>							
note 13	476	1,810	2,158	128	-	-	128
<b>Total funds</b>	<u><u>4,624</u></u>	<u><u>9,155</u></u>	<u><u>10,481</u></u>	<u><u>3,298</u></u>	<u><u>2,014</u></u>	<u><u>(2,014)</u></u>	<u><u>3,298</u></u>

The Base Reserve comprises risk-assessed income-stream elements to ensure that the charity can continue operations in the event of adverse or unforeseen situations. It equates to roughly six months' working capital expenditure (based on next year's budget).

The Flying Support Fund represents the free funds of the charity which are not designated for particular purposes.

The Fixed Asset Fund represents amounts set aside equivalent to the net book value of equipment and vehicles used by MAF UK, purchased from unrestricted funds.

The Asset Replacement Fund is increased by cash set aside equal to the depreciation charge each period to ensure that funds are available for reinvestment in assets, less the cost of any assets so replaced.

The Future Projects Reserve comprises unrestricted income funds not otherwise designated and can be drawn upon at the discretion of the Trustees to enable projects to be undertaken either more quickly than otherwise would be possible, or that might not have been supported by the normal revenue income stream. The trustees have taken a conservative view in light of the future international economic and currency exchange uncertainties.

The Overseas Car Fund was established in 2000 to help ensure that there were sufficient liquid funds available to supply all overseas staff with a suitable vehicle. The risk review undertaken during the year recommended that the Board terminate this fund as it was not in fact needed, considering the other reserves held.

The above funds were adjusted as a result of the 2007 risk and reserves review.

\* Details of the additional projects that were funded by the release of the £2,089,000 are detailed in the Trustees' Report. These included:

- £425,000 towards the Papua New Guinea fleet renewal programme
- £335,000 towards the building of new and replacement housing in Arnhem Land
- £130,000 for the completion of a replacement flood-resistant hangar in Gove
- £69,000 towards the replacement of subsidence condemned housing in Chad
- £150,000 towards the replacement of asbestos-clad housing in Papua New Guinea
- £49,000 towards the replacement of the vehicle fleet in Arnhem Land

## Notes to the Financial Statements for the year ended 31 December 2007

### 13 Restricted funds

	As at 01.01.2007	Income	Expenditure	As at 31.12.2007
	£000	£000	£000	£000
<p>‘Restricted’ income arises where a donor has imposed a restriction as to the use of the gift.</p> <p>This table summarises, by major category of restriction, the opening balance, income, expenditure and closing balance for each restricted fund.</p>				
<b>Fund Category</b>				
MAF Europe plane projects	322	242	564	-
MAF Europe non-plane projects	-	508	508	-
MAF Europe staff	-	47	47	-
	322	797	1,119	-
MAF Australia	-	27	27	-
MAF Canada	-	20	20	-
MAF Germany	-	1	1	-
MAF Netherlands	-	4	4	-
MAF New Zealand	-	3	3	-
MAF South Africa	-	14	14	-
MAF Switzerland	-	22	22	-
MAF USA	-	30	30	-
	-	121	121	-
	322	918	1,240	-
MAF UK International Staff	154	892	918	128
	476	1,810	2,158	128