



MISSION AVIATION FELLOWSHIP INTERNATIONAL

(Company limited by guarantee and not having a share capital)

Company Number 3144199

Registered Charity Number 1058226

Financial Statements for the year ended 31 December 2020

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

| | |
|--|----|
| TRUSTEES, OFFICERS AND ADVISORS | 1 |
| REPORT OF THE TRUSTEES, INCLUDING THE STRATEGIC REPORT | 2 |
| INDEPENDENT AUDITOR'S REPORT | 14 |
| CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES | 17 |
| CONSOLIDATED AND CHARITY ONLY BALANCE SHEETS | 18 |
| CONSOLIDATED STATEMENT OF CASH FLOWS | 19 |
| NOTES TO THE FINANCIAL STATEMENTS | 20 |

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
TRUSTEES, OFFICERS AND ADVISORS OF THE CHARITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

Trustees

| | | |
|-------------------------|--------------------------|--------------|
| Peter Curtis (Chairman) | | Australia |
| Alastair Ralph Gunn | | South Africa |
| Ndaba Mazabane | | South Africa |
| Stephen Osei-Mensah | | UK |
| Ann Saunders | Resigned 25 January 2021 | UK |
| Carey Vanlalmuana | | India |
| William Watson | | Canada |

Company Secretary

Anna C Beck, BSc FCA

Executive Leadership Team

| | | |
|------------------------------------|--------------------------|------------------------------------|
| Norman E Baker III | Appointed 1 January 2021 | Chief Operating Officer |
| Annie M Bailey, FCIPD | | HR Director |
| Anna C Beck, BSc, FCA | | Chief Finance Officer |
| Stephen L Charlesworth, BEng, BMin | | Regional Director, Asia Pacific |
| Stuart A Fitch, MSc | Appointed 1 January 2020 | Acting Aviation Director |
| Dave L Fyock, BSAT | | Chief Executive |
| Bill A Harding, LLB MICD | | International Development Director |
| Henk-Jan Muusse, MSc | | Regional Director, Africa |
| William B Nicol, BMin | | Aviation Director |

Registered office, and principal place of business in UK

Operations Centre, Henwood, Ashford, Kent, TN24 8DH

Independent Auditor

Mazars LLP, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey, SM1 4FS

Principal Bankers

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

Solicitors

Stone King LLP, 16 St John's Lane, London EC1M 4BS

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
REPORT OF THE TRUSTEES, INCLUDING THE STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

The trustees, who are also the directors of Mission Aviation Fellowship International (“MAF International”) for the purposes of the Companies Act, have pleasure in presenting their Report and Financial Statements for the year ended 31 December 2020. The financial statements comply with the requirements of the governing documents, current statutory requirements and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

OBJECTIVES AND ACTIVITIES

MAF International is a Christian mission whose purpose is sharing God’s love through aviation and technology. This develops into our vision - “Isolated people physically and spiritually transformed in Christ’s name”.

The principal activity continues to be the provision of subsidised aviation services in parts of the world where surface travel is impossible or very difficult. MAF International reaches the unreached in some of the world’s most remote and isolated areas, where people are cut off due to geographical barriers, conflict or the dangers of overland travel. During 2020, our flights continued to enable hundreds of organisations to overcome these challenges and bring help and hope to people in spiritual and physical need.

Ancillary services of flight training, aircraft maintenance, logistics services and other communication services are also provided. MAF International’s services are provided by dedicated staff (many of whom are seconded to MAF International by agencies) who use their skills in aviation, and other fields, to work *inter alia* with national churches, relief and development agencies, missions, hospitals and governments to meet the most pressing of human needs.

MAF International could not operate without the funding of MAF resourcing groups around the world, most of whom are its members, grants from government funding agencies and by fares charged to those who use the aircraft.

Public Benefit

The trustees of MAF International confirm that they have complied with their duty laid out in the Charities Act 2011 to have due regard to the public benefit guidance published by the UK Charity Commission. MAF International aims to benefit those living in some of the most isolated parts of the world. Our fleet of light aircraft is able to take emergency teams, healthcare professionals, Christian workers and supplies into these remote areas more quickly and efficiently than by any other means. As a result, our activities benefit two major groups: firstly, the charities, churches and other organisations whose mission it is to reach these isolated communities, and secondly the communities themselves.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

During 2020 MAF International and its subsidiaries continued to operate in 11 countries, namely North Australia, Bangladesh, Chad, Kenya, Liberia, Madagascar, Papua New Guinea, South Sudan, Tanzania, Timor-Leste and Uganda. Additionally, we operate a Maintenance and Flight Training Centre in Queensland, Australia and MAF Technology Services (under statutory name of Christian Radio Missionary Fellowship) in Papua New Guinea also continued to operate throughout the year.

After 20 years of service in Mongolia, we decided to close operations and reallocate resources. Looking back, we are very grateful for the opportunity we have had to serve, and seen significant growth, in numerous churches and mission organisations.

During the year, we commenced the initiation and registration process for operations in Guinea. Construction continued on the airstrip in Myanmar to near completion and we continued to support the work of the Mission Aviation Training Centre (MATC) in the Netherlands. Our support for the MATC is through the leasing of three aircraft bought from funds that were donated for that purpose.

Our operations and ministry within each programme varies to reflect the needs of the country and the surrounding countries, as well as the mix of churches, missions and NGOs that we serve. To review effectiveness, MAF International undertakes a regular survey, by country, of the needs of its customers and how we are helping them accomplish their ministries and work. The survey is based on savings in time, finances, and increase in security and safety for those whom we serve. We also consider the Christian influence of our staff in the country.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
REPORT OF THE TRUSTEES, INCLUDING THE STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

During the 2020 year, MAF International's operational activities are summarised in the table below:

| | 2020 | 2019 |
|-----------------------|-----------|-----------|
| Total hours flown | 11,555 | 19,525 |
| Number of flight legs | 16,711 | 28,750 |
| Unique* passengers | 37,800 | 80,242 |
| Distance (km) | 2,216,945 | 3,857,571 |
| Unique* cargo (kg) | 1,096,785 | 2,268,581 |
| Fleet size# | 60 | 62 |
| Destinations | 539 | 660 |

* Unique is defined as passengers or cargo per flight (not per flight leg)

Does not include the three aircraft are leased to MATC in the Netherlands

Our operational activity shown above was impacted severely by COVID-19. In April 2020, flight hours fell by 71%. Over the course of the year activity increased but overall, our activity was significantly constrained by the level of lockdown imposed by national governments and constraints on the organisations that we serve.

The following sections provide a brief snapshot of some of the impact our flights accomplished in a variety of remote and isolated areas.

Arnhem Land

Hours flown 2,831 (2019 – 3,860)

*Pax equivalent** carried 10,104 (2019 – 14,198)*

Following a significant period of review, we completed a restructure of our work in Arnhem Land. The restructure better aligns the organisation to serve key communities in the most impactful way. Included in the review was the use of regular public transport flying, how the work in Arnhem Land is used to help train pilots, the extent of our involvement in direct community work and how we care for our staff.

The programme responded quickly to the COVID-19 outbreak and agreed with the local government to carry out critical medevac services. To ensure pilots were protected from potential infection our Mareeba engineering base designed and arranged production of a protective screen. Thankfully, COVID-19 did not spread into the Arnhem Land communities and flying was returned to normal during the year.

Working with Bible Society Australia, we have also implemented a project to bring the Bible to the Yolŋu in the form of solar-powered audio players. These players are loaded with Gospel material and worship music in Yolŋu -Matha. While physical Bibles are still being translated and printed, these audio Bibles have quickly gained popularity.

Bangladesh

Hours flown 138 (2019 – 304)

*Pax equivalent** carried 319 (2019 – 812)*

In Bangladesh, millions of people live in one of the most densely populated and geographically unstable regions on the planet. Despite extreme pandemic control measures in place that limited our flying, we delivered humanitarian relief throughout the country including flights for the floating hospital run by the humanitarian NGO, Friendship.

Our floatplane also received special permission to rescue a Swiss volunteer working in an isolated area near the Sundarbans, flying her back to Dhaka 90 minutes before an international evacuation flight left for her homeland. Another aid worker, from Christian charity World Vision, was also flown to the capital, and commented, 'I've flown previously with MAF in Uganda, and I know MAF comes to the rescue!'

Chad

Hours flown 366 (2019 – 462)

*Pax equivalent** carried 514 (2019 – 657)*

In Chad, one of the poorest nations on earth, buses weren't allowed to run because of the pandemic, so MAF worked with the Ministry of Health to transport coronavirus test kits to hard-to-reach towns such as Abéché.

We also carried out a flight for the Sahara Conservation Fund to help track and transport several endangered dama gazelles to the NGO's reserve so they could breed safely. Using aircraft to cover the extensive area where the graceful animals were likely to be found, our pilot successfully tracked four of them and also delivered others to the reserve.

***"Passenger ("pax") equivalent" is the total passengers and cargo carried stated as a single measure. One "passenger" is measured either as 100kg of cargo or the average weight of a person, 80kg carrying a 20kg bag.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
REPORT OF THE TRUSTEES, INCLUDING THE STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Kenya

Hours flown 511 (2019 – 1,225)

*Pax equivalent** carried 1,038 (2019 – 3,165)*

During 2020, we undertook a review of the work in the Kenya programme to ensure we focussed on the areas where we could provide the greatest impact. Following the review, we reduced the maintenance services we offered to third parties and repositioned the focus of our ministry.

During the height of the pandemic, we were able to airlift two babies from arid Dukana to Kijabe, where there is a quality hospital. Although ten-month-old baby Isako died because he had TB, two-day-old Barako survived an operation that only a couple of surgeons in the whole of Kenya were able to perform – making him the youngest baby to survive this kind of heart surgery in the country.

Liberia

Hours flown 370 (2019 – 740)

*Pax equivalent** carried 1,785 (2019 – 3,984)*

In Liberia, a country which has experienced two devastating civil wars and the ravages of Ebola, we responded to a request from Liberia's Ministry of Health to fly a suspected coronavirus victim's test kit from remote Zwedru to the only hospital able to process it. 'If it wasn't for our flight,' the pilot commented, 'the medical team would have had a 20-hour journey on terrible roads, then back again – with time wasted and many more potential infections. God has placed MAF here for just such a reason, and I feel privileged to be here.'

Madagascar

Hours flown 490 (2019 – 920)

*Pax equivalent** carried 1,509 (2019 – 2,723)*

In Madagascar, where the people face tropical cyclones, extreme poverty and limited access to healthcare, our aircraft provides support to medical NGOs in the country, enabling remote people to get to the care they need. Mostly, patients can be seen onsite in the medical clinics, however on some occasions we transfer them to hospital in the capital, Antananarivo.

On one occasion, a 12-year-old girl was being assessed by HoverAid who advised that, due to a bone inflammation, her leg needed to be amputated. We were able to fly her and her father to the nation's capital for a successful operation and look forward to returning her in 2021 to be fitted with a prosthetic leg.

Myanmar

The Myanmar government recognises 135 distinct ethnic groups, with significant numbers located in remote regions along the borders of India, Bangladesh and Thailand. We continued our work on an airstrip in a remote region, which is unreachable for over three months each year due to rain. The airstrip was 85% complete by the end of the year, although the final work has been delayed in 2021 due to political unrest.

Papua New Guinea

Hours flown 2,637 (2019 – 4,735)

*Pax equivalent** carried 22,423 (2019 – 55,956)*

During the pandemic, we were able to bring assistance to remote people across the nation of Papua New Guinea. In the lowland district of Morehead, we flew personal protective equipment to healthcare workers whose morale was at an all-time low because they couldn't treat patients without protective clothing. By bringing in masks, gloves and hand sanitiser, as well as workers from the Aerial Health Patrol, we enabled the clinic's staff to provide patients with the care they needed.

We were able to assist a boy bitten by a death adder in mountainous Owena was flown to hospital just in time. Fortunately, the poison hadn't made its way into his bloodstream, and the youngster was able to receive treatment before it was too late. We also offered inspiration when Oksapmin Secondary School in Tekin was closed due to coronavirus. As a special assignment, students could write about the many benefits MAF had brought to their community.

South Sudan

Hours flown 1,628 (2019 – 2,298)

*Pax equivalent** carried 6,334 (2019 – 9,967)*

In South Sudan, we were privileged to be part of the immediate responders to the pandemic, delivering testing kits and personal protective equipment across the country at the request of the World Health Organisation and South Sudan's Ministry of Health. Other MAF flights delivered flipcharts and training materials to raise awareness of coronavirus in Pariang County, and transported two tonnes of oranges, bananas and biscuits, along with medical supplies, soap and locally manufactured face masks.

***"Passenger ("pax") equivalent" is the total passengers and cargo carried stated as a single measure. One "passenger" is measured either as 100kg of cargo or the average weight of a person, 80kg carrying a 20kg bag.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
REPORT OF THE TRUSTEES, INCLUDING THE STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

5,000 solar powered radios were flown to Maluakon in the north of the country on behalf Every Village which broadcasts Christian programmes in local languages. This is important as illiteracy rates are high and with just one of these radios the whole family can listen to the Bible. This means that thousands of people can be reached for the Gospel with just one plane load of cargo.

Tanzania

Hours flown 253 (2019 – 317)

*Pax equivalent** carried 627 (2019 – 892)*

In rural Tanzania, where there is a dangerously inadequate network of dirt-track roads, MAF aircraft played a key role in providing essential healthcare. As part of a regular medical safari, we flew a team from Haydom Lutheran Hospital to the village of Gorimba, enabling the four nurses to examine 126 pregnant women, inoculate 585 children and check the health of 223 youngsters.

Timor-Leste

Hours flown 486 (2019 – 527)

*Pax equivalent** carried 1,572 (2019 – 1,961)*

The government in Timor-Leste responded swiftly to COVID-19 and we have been able to operate with some normalcy through 2020, albeit with significant challenges moving pilots, engineers and equipment in and out of the country.

We received permission from Timor-Leste's Prime Minister for short-term pilots to enter the country. This enabled us to continue our medevacs work, which is a critical part of our service to the Timorese people. We were able to airlift two women with pregnancy complications and take a four-day-old boy, who had problems with his digestion, to hospital. Later in the year, another pilot flew three NGO workers to the isolated enclave of Oecusse and was then asked to fly the President of Oecusse and four of his staff to Dili for a meeting in Parliament. Arriving at Dili, the pilot immediately departed for a medevac at Viqueque. This is normal for our ministry in Timor-Leste.

Uganda

Hours flown 1,043 (2019 – 2,809)

*Pax equivalent** carried 2,542 (2019 – 8,073)*

In Uganda, our team faced significant challenges as all domestic aviation was grounded from 22 March due to COVID-19. After significant interaction with the Government, we received special permission in May to deliver 38,400kg of emergency supplies, food and water to communities that had been left with nothing when schools, houses, farms and health facilities were submerged under a torrent of water after four rivers in the Kasese district burst their banks. With 19 evacuation centres set up to help the 173,000 people who had lost their homes, we were able to fill our aircraft with supplies donated by the Ugandan Prime Minister and various NGOs.

We were grateful when the Ugandan authorities gave permission to resume domestic passenger flights on 23 September to the people we serve. The first flight was to a refugee settlement where Lutheran World Fellowship is involved in water, sanitation and hygiene projects and campaigns to dispel false information about COVID-19.

MAF Technology Services

MAF Technology Services provides a reliable means of high frequency ("HF") radio communication and IT and technical expertise in Papua New Guinea. These services enable national churches, mission organisations, hospitals, schools and remote communities to have access to the outside world. The work also includes the provision of Scripture in audio format for oral societies and access to theological training and discipleship material for remote communities.

As part of the response to COVID-19, HF radio was used to educate, reassure and provide clarity to dozens of communities that have no access to the internet or printed press, but who were hearing rumours of the global devastation. In April, the team hosted a live talk-back broadcast via their HF radio service, enabling a medical specialist to answer questions from health workers within the remote communities.

Mareeba

Training Hours flown 1,043 (2019 – 2,809)

*Pax equivalent** not applicable*

Our engineering services based in Mareeba, North Queensland, carries out critical aviation maintenance for our programmes. At the start of the pandemic, our engineers were contacted by their local hospital to make a shield to help protect staff from infection. Within a day they had the first prototype ready for testing by the doctors and, after a few modifications, the shield was made for the hospital.

During 2020, the team has also been working on a predictable delivery programme which enables us to plan and respond to engineering needs across the organisation. Our flight training team has been working hard to revise training plans to ensure that students from all cultures can successfully engage in our training programmes.

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**MISSION AVIATION FELLOWSHIP INTERNATIONAL
REPORT OF THE TRUSTEES, INCLUDING THE STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

DEVELOPMENTS DURING THE YEAR

In a very difficult and challenging environment our aircraft and personnel continue to bring help, hope and healing to remote and isolated people.

COVID-19

The organisation was significantly impacted by COVID-19 in the provision of its services. Government enforced lockdowns and other preventative measures such as a limitation on domestic air travel made fulfilling our mission challenging. The situation across our programmes was very mixed with some performing relatively normally throughout the year while others suffered the effects of severe restrictions for most of the year.

The organisation responded quickly using Immediate Response Teams in each country to manage the local situation. The local teams worked under the guidance and support from a senior Crisis Management Team. The following principles guided decisions about the immediate and longer-term impact of COVID-19:

1. Protecting our beneficiaries and customers as much as possible;
2. Caring for staff across the organisation, minimizing the risk of Covid-19 in their service with MAF;
3. Maintaining flight operations to reach isolated people in need;
4. Supporting and communicating with our MAF resourcing groups to enable them to be in partnership with operation;
5. Seeking to return to normal operations and business support as soon as possible; and
6. Maintaining the reputation of MAF as a caring organisation, dedicated to service.

As the situation unfolded, these principles enabled us to stay true to our values and continue to serve our beneficiaries in the best way possible.

Technical Review and Organisational and Cultural Review

During the period from November 2019 to March 2020, we experienced three accidents and a serious incident across the organisation, three in Papua New Guinea and one in Arnhem Land. We are incredibly grateful that no individual was injured as a result.

These accidents and serious incident were unusual following several years of an exemplary safety record. Consistent with our policies and practices there was an independent investigation into each incident. Whilst these investigations were underway, the leadership team made the very difficult decision to ground our services in Papua New Guinea to ensure safety for the future. Prior to recommencing operations, a range of actions were implemented including an inspection of all airstrips to ensure they are at a suitable standard for MAF aircraft to land and every pilot having an independent review before they recommenced flying duties.

Due to multiple events within a short timeframe, a technical review and a management and culture review across the whole organisation was initiated by the MAF leadership team. The purpose of these reviews was to identify any issues that needed to be addressed to ensure these occurrences were not repeated. Two external teams of experts from within the wider MAF family and others known well to MAF were engaged to conduct the reviews.

In response to these reviews, management initiated a comprehensive list of actions, supported by the board of trustees, to ensure continued safe operations across MAF.

Other activities

During the year we were thankful to receive restricted funds for the purpose of investing in a further Cessna 208 aircraft to support the work of Aerial Health Patrols in Papua New Guinea. The deployment of the aircraft has been delayed due to restrictions in international travel. We anticipate the aircraft will become operational in 2021.

We completed new housing facilities in Kenya with our staff moving in January 2020. The profit on sale of the old Nairobi compound has enabled further investment in other needed capital assets across the organisation. We also completed a hangar build in Liberia to support the work and future opportunities across the West Africa region.

With the lease expiring on our offices in Cairns, the decision was made to purchase an office building, as an investment for our future. This will provide the organisation with long term savings in rental costs and additional income from the ground-floor tenant.

In early 2019, Stichting MAF International, a foundation registered in the Netherlands, was set-up to mitigate some of the impact of Brexit. In 2019, the trade and assets of the Kenya and South Sudan programmes were transferred to the foundation, along with the three aircraft operated by MATC in the Netherlands. On 1 January 2020, the trade and assets of the Uganda and Tanzania programmes were also transferred to the new entity.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
REPORT OF THE TRUSTEES, INCLUDING THE STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

PROGRESS AGAINST STRATEGIC PLAN AND FUTURE DEVELOPMENTS

Strategic Plan

A new strategic plan was formulated during 2019 for the five-year period from 2020-2024. The focus of the plan is on the following three areas:

Expanding our Horizons is designed to create opportunity for growth through strategic partnerships, institutional and corporate funding, new programmes, worldwide recruitment, capacity-building in our programme countries and new technology that stewards the environment and provides more economical transportation.

Investing in People seeks ways to retain staff longer as well as increase the numbers entering our ranks. This will be addressed through a wellbeing strategy, an engineering apprentice and intern scheme, increasing the number of instructor pilots, and a standardised management training plan, which will identify and grow management throughout the organisation.

Maximising Impact is to provide regular review and feedback for better evaluation of our work and improve the way we perform that work. We will create and implement a ministry impact tool, modernise our software tools, standardise project management, and establish an innovation hub that invites creative thought to better serve our customers and our end beneficiaries.

Due to the unexpected and extended impact of COVID-19 on MAF International, it was agreed to delay the start of the plan by one year. This allowed management to focus solely on managing the impact of COVID-19 during 2020 and the plan will therefore run from 2021-2025.

Future developments

As described above, 2021 will also be focussed on implementing some of the action steps arising from the technical review and management and culture review. A new COO, who began work on 1 January 2021, will lead an operations transformation project to reposition the aviation and quality, safety and security departments to engage with the operational programmes through timely provision of support and expertise.

In addition, a Strategic Partnership Development Manager will be appointed to further advance our engagement in key partnerships. We will also be rolling out a Ministry Impact Tool to help us understand, communicate and maximise our impact, and appoint two "MEAL" (measurement, evaluation, accountability and learning) specialists to support collation and analysis of data.

We will also commence building projects in South Sudan and Australia. In South Sudan we will build additional accommodation for more staff and also construct a hangar to support line maintenance from Juba International Airport. In Mareeba, Australia, we will construct a dual hangar to become a centre of excellence providing flight and engineering training as well as line maintenance, heavy maintenance, and a paint-shop to serve the operational needs in Asia Pacific.

STAKEHOLDER ENGAGEMENT

The trustees have taken due notice of the requirements laid out in section 172(1) of the Companies Act 2006. The trustees confirm their compliance with section 172(1) through appropriate delegation of authority to the finance and risk, HR and safety committees, and also to the CEO, as laid out in the governance manual.

The six areas of section 172(1) are addressed as follows:

- a) *the likely consequences of any decision in the long term,*

The trustees have approved a five-year strategic plan. In approving the plan, the trustees have considered the long-term issues facing the organisation, both internally and externally, the opportunities presented to further our mission and the consequences of not fulfilling the plan. The strategic plan is a living document and will be adjusted as time progresses.

- b) *the interests of the company's employees,*

The trustees recognise that our staff are our most important asset. Concerns on staff welfare are regularly discussed and challenges laid to management to care well for our staff. A comprehensive staff survey is carried out every five years, trends monitored, and actions taken to improve staff well-being and engagement.

In 2020, a difficult decision was made to enact pay reductions across the organisation as part of the response of COVID-19. This decision was made as a final step after other measures to address the financial impact of COVID-19 had already been taken. The decision was made to protect the livelihoods of our staff long-term and position the organisation to respond to further needs in the future. This decision was shared across the organisation and, although difficult, was met with forbearance by staff who appreciated that their roles were being protected.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
REPORT OF THE TRUSTEES, INCLUDING THE STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

c) *the need to foster the company's business relationships with suppliers, customers and others,*

Our key business relationships are with our member groups (see more detail under f)), donors, customers who we fly, suppliers and our ultimate beneficiaries in the remote communities. Surveys with customers are regularly carried out as well as ministry reviews to ensure we understand the needs of our customers and the remote communities we serve.

d) *the impact of the company's operations on the community and the environment,*

As an aviation organisation, we are deeply aware of the impact on the environment of our work and services. We actively monitor developments in green aviation and the environmental impact in the support services needed for our operations. Over recent years, we have engaged in a roll-out of solar installations in high-energy-use locations. An internal group has been commissioned to update our environmental impact statement and practice.

e) *the desirability of the company maintaining a reputation for high standards of business conduct, and*

We always engage with the highest level of integrity and with all parties. All staff are trained on, and required to sign, our Code of Conduct and Safeguarding Agreement, which establishes the requirement for integrity in all our operations. We also have a whistleblowing policy, including an independent hotline, to ensure staff can raise any concerns and that they are properly addressed.

f) *the need to act fairly, as between members of the company.*

We are incredibly grateful for the ongoing relationship with the members of MAF International, whose main function is to resource the operations, in the provision of staff, funds and underpinning all our activities with prayer. We are aware of our interdependence on one another and seek to work for the mutual benefit and partnership of all parties within the MAF group. The Board of Trustees engages directly with the Boards of the MAF member groups, as does the Executive Leadership Team with members of the senior leadership teams in each group.

We are very grateful for all the funds received and people working with us. Mission Aviation Fellowship UK continued to be the largest contributor of funds and Mission Aviation Fellowship in Australia the largest provider of field staff during the year.

CARBON AND ENERGY REPORTING

Under the Companies Act 2018 Regulations for Large and Medium-sized Companies and Groups, MAF International is required to report our UK energy use, associated greenhouse gas emissions and information relating to energy efficient action.

The requirements for carbon and energy reporting have not been completed for the year ended 31 December 2020 because, as a global aviation organisation, only providing this information on UK non-aviation activities would seriously prejudice the users' understanding of the actual energy used and greenhouse emissions produced by the organisation.

MAF International is committed to care for creation to ensure long-term sustainability for the current generations and the generations to come.

GRANTS

Significant grants made in the year include:

- A restricted grant of \$1,070,000 (2019- \$812,000) was made for the work carried out in Central Asia by a subsidiary of MAF USA. Many people in that part of Central Asia live in remote communities, with little or no access to basic humanitarian services. Whilst assistance is available from several NGOs working there, the delivery of the aid is in reality severely restricted by security issues and inadequate transport and infrastructure. In addition, many roads and mountain passes are closed by snow blockages during the winter months, which is when the aid is most urgently needed. This grant is funded by the Directorate General for European Civil Protection and Humanitarian Aid Operations (DG-ECHO).
- Grants totalling \$85,000 (2019 - \$68,000) were made to MATC, partially funded by restricted donations from MAF UK and MAF Netherlands.
- MAF Germany received grants of \$114,000 (2019 - \$144,000) for development purposes. These grants were also partially funded by restricted donations from MAF UK.

Other grants made are shown in note 6.

FINANCIAL REVIEW

The Consolidated Statement of Financial Activities for MAF International for the year is set out on page 17. Total income for the year was \$37,943,000 (2019 - total income was \$40,755,000), 23% (2019 - 36%) was generated by services provided, 69% (2019 - 63%) was voluntary income including restricted gifts and intangible income (the value attributed to international staff seconded from resourcing groups) and the remaining 8% (2019 - 1%) from other sources.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
REPORT OF THE TRUSTEES, INCLUDING THE STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

The net movement in resources for the year before other gains and losses was a surplus of \$3,119,000 (2019 - a deficit of \$963,000). The net loss in revaluation reserve was \$88,000 (2019 - deficit of \$803,000), and, as with 2019, there was no movement on the defined benefits pension scheme. These movements together with other gains and losses, predominantly on foreign exchange transactions, resulted in a net movement in funds for the year of a surplus of \$3,163,000 (2019 - deficit of \$1,168,000). This comprises a surplus of \$945,000 on unrestricted General Funds, a surplus on Designated Funds of \$414,000 and a surplus on Restricted Funds of \$1,804,000. This includes a transfer of \$576,000 from Restricted Funds to Designated Funds following a review of previously restricted assets in accordance with the accounting policy 1p on page 22. Details of the Designated Funds are set out in the Notes to the Financial Statements (note 24), which includes a note of how the funds are expected to be used.

MAF International keeps its financial records in, and reports in, US dollars. As a result, there are unrealised gains and losses on currency translation which arise on the translation of the Papua New Guinean financial statements, as well as some on our £ sterling, Australian \$ and Euro deposits.

Analyses of income and expenditure are given in the Notes to the Financial Statements (notes 3 to 10).

Reporting of pension provision

From 1999 to 2008, MAF International provided for pensions for UK-based employees through "The MAF Europe UK Pension Scheme". The trustees have included pension information on this scheme in the format required by the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2016).

The scheme was closed to future service accrual at 29 February 2008. The scheme has 18 "deferred" members who will receive their pension, based on service up until that date, at their normal retirement date, together with 12 pensioner members.

The actuarial review as at 1 January 2020, disclosed a shortfall in the funding due of £434,000 (\$586,000 at the December 2020 exchange rate) on assets of £3,846,000 at that date. The trustees agreed a recovery plan of additional transfers at a rate of £99,000 per annum until November 2023. A second charge on the office premises in Ashford remains in place. The next actuarial review for the scheme is due in 2022.

Note 27 shows that, as at 31 December 2020, comparing the present value of the scheme future liabilities with the current value of the investments, there was a net asset of \$854,000 (2019 - \$701,000), however this has not been recognised in the financial statements under the provisions of FRS102 because the directors believe it is unlikely this asset will be recovered. The scheme's assets and liabilities are recorded in pounds sterling and have been translated into US\$ for these statements. The net pensions asset before translation is £633,000 (2019 - £529,000). The value of the scheme's future liabilities depends on the retirement dates of the members and on the assumptions made, which are quoted in the note. The method of calculation used by the Scheme Actuary is as laid down in FRS102.

In addition to the defined benefit scheme, MAF International makes contributions to defined contributions schemes or government schemes on behalf of its employees in accordance with normal practice or legal requirements in each country.

Financial position and reserves policy

The assets and liabilities of MAF International are set out in the Balance Sheet. All the assets were used to further the objects of the charity.

The balance carried forward on unrestricted funds totals \$62,229,000 (2019 - \$60,870,000); being \$3,447,000 of general funds (2019- \$2,502,000) and \$58,782,000 of designated funds (2019 - \$58,368,000). These general funds form the charity's base reserve.

It is the Board's policy to reserve sufficient funds to ensure the ongoing operations of MAF International. These include a base reserve of 30 to 90 days overhead expenditure to withstand peaks and troughs in cash flows. Additionally, other designated funds may be created by the Board to help ensure MAFI's effectiveness. As a regular part of the Board's work all risks and reserves were reviewed, and any recommended changes have been implemented. Details of all the designated funds are set out in note 24.

At 31 December 2020 the base reserve balance was within the range of 30 to 90 days of overhead expenditure.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
REPORT OF THE TRUSTEES, INCLUDING THE STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

GOVERNANCE AND STRUCTURE

Principal Risks and Uncertainties

The organisation has a formal risk management process to assess risks and implement risk management strategies. The trustees review identified risks and uncertainties to ensure risks and mitigations are well managed. The risks are classified into the following groupings:

- Governance & Management Risks
- Operational Risks
- Finance Risks
- Environmental & External Risks
- Legal & Compliance Risks

At the end of the financial year, the principal risks, together with the control measures being taken to manage these risks were:

| Risks | Control Measures |
|--|---|
| Unable to fill key vacancies with suitable staff | <ul style="list-style-type: none"> • Accelerated recruitment strategy. • Appointment of short-term staff. • Ongoing discussion with sending MAF groups. • Organisational standards and internal controls in place. • Oversight and support from regional support office. |
| Failure to maintain safety culture effectively across cultures | <ul style="list-style-type: none"> • Education and training re MAFI safety standards. • Sufficient monitoring and checks made on staff performance. • Internal controls. • Regular audits. |
| COVID-19 | <ul style="list-style-type: none"> • High risk international staff relocated; medical evacuation policies in place for remaining staff • Organisational financial response plan in place, including reduced overhead spend. • Monitoring the impact on the global economy. |

The principal uncertainties relating to overseas activities are also addressed by the risk management process the Board has adopted. In addition, the Board continues to review the Strategic and Enterprise risks the organisation is exposed to.

MAF International has also adopted a range of risk management policies including Safety Management, Financial Crime, Code of Conduct, Safeguarding, and Whistleblowing policies. These policies are available on the charity's intranet and available for all staff in every location.

COVID-19

During 2020, the organisation was significantly impacted by COVID-19. The organisation put in place a comprehensive 20-month financial plan to rebalance the organisation and enable it to respond to the future uncertainties and the risks presented. Steps taken included a reduction in all overhead spend, pay reductions for staff across the organisation and a reallocation of funds held for other purposes.

The plan has, so far, proved successful and allowed the organisation to continue to complete its mission, albeit in a lesser way due to lockdowns from local governments. We have been the recipients of funds from the UK and Australian government under the Job Keeper scheme which has allowed us to retain our workforce and continue to provide essential services. We have also been blessed by generous support from our faithful donor base.

The financial plan continues into 2021 and will be kept under constant review. The directors will, as required, take necessary steps to ensure the organisation continues as a going concern.

Articles of Association

MAF International's initial memorandum and articles of association were dated 23 December 1995. In September 2011, the memorandum and articles of association were replaced, and at a General Meeting of members revised articles of association were adopted. These were revised by some further amendments on each of the Annual General Meetings held in September 2014, September 2016 and September 2019.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
REPORT OF THE TRUSTEES, INCLUDING THE STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Subsidiaries and connected charities

Details of MAF International's subsidiaries and connected charities are set out in Notes 29 and 30 to the Financial Statements respectively.

Members

The members, associate members and provisional members are the various MAF groups that provide resources to MAF International. Members are based in 13 countries, associate members in two countries and provisional members in two.

Related parties

As mentioned above there are a number of MAF groups in various nations that are members, associate members and provisional members. In February 2021, the organisation entered into an unsecured loan agreement with MAF Australia for US\$1,074,000 to assist in the building of hangar facilities in Mareeba, Queensland, Australia.

Trustees

The trustees are appointed by the members. The name of the trustees and of MAF International's principal officers and advisors are set out at the beginning of this report. The Board, which met as a group 10 times during 2020, once in person and the remaining meetings virtually. In 2019 the Board met three times in person. The Board was assisted by three subcommittees: a Safety Committee, a Finance and Audit Committee and a People Committee. The members of these subcommittees are made up of board members and outside experts, where appropriate.

Management

The Chief Executive ("CEO"), together with the Executive Leadership Team ("ELT"), is responsible for the day-to-day management of MAF International's affairs and for implementing the policies set by the Board. The Board maintains a Governance Manual which, *inter alia*, sets financial and operational parameters within which the CEO and ELT must manage the operations of MAF International.

Remuneration of Executive Leadership

The trustees set the CEO's salary having considered his role and responsibilities, the size and nature of the charity, and comparisons with the salaries of others in the same sector in the UK. The salaries of the other members of the ELT are set by the CEO considering the country of residence of each. All the ELT receive the same cost of living rises as the organisation's other staff in their respective countries of service.

Volunteers

MAF International has a small number of volunteers who assist in charitable activities overseas. The trustees and ELT are grateful for the time and effort these individuals contribute to MAF's ministry. The time spent by such volunteers is not considered to be material in comparison to the total staff time and therefore no additional disclosure has been made.

Trustee Induction and Training

In the trustee induction programme, new trustees are provided with a copy of the Governance Manual as well as a copy of CC3 *The Essential Trustee*. They are required to attend a series of meetings and discussions with the CEO and others to learn more about the work and how MAF International operates.

From time to time, the Board invites 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 best practice.

Internal Control and Risk Management

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

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 financial crime, 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; and
- the charity complies with relevant laws and regulations.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
REPORT OF THE TRUSTEES, INCLUDING THE STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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; and
- minimum financial internal controls required are documented in a finance manual.

In addition, there is a financial internal audit function. It includes a schedule of audit visits to programmes on a rotational basis and three programmes were visited for internal audit purposes during the year.

Standards, Quality and Flight Safety

MAF International operates an Aviation Safety Programme and a Quality Assurance Programme. The aviation standards in the aviation manuals, for all our operations are International Civil Aviation Organisation (ICAO) and/or local national authority (NAA) compliant.

The purpose of the quality assurance programme in relation to aviation is to monitor achievement and continued compliance with the requirements of the local aviation authority and of MAF International and to ensure adequate procedures for the safe operation of aircraft. In addition to local quality managers, MAF International also operates a central audit system where each programme's operations and maintenance compliance is monitored annually.

The trustees have a sub-committee to regularly review safety standards throughout the organisation and to give oversight to the Aviation Safety Programme.

Safeguarding

MAF International is committed to providing a safe and trusted environment for our staff, volunteers and beneficiaries. The organisation requires the highest ethical and moral standards from all our staff and takes misconduct seriously. We have a number of policies with which all staff must comply, including a code of conduct, non-harassment, anti-bullying, data protection and privacy, equal opportunity and just culture policies.

MAF International has a robust safeguarding policy in place, together with safeguarding standards for the protection of children and vulnerable adults, which require agreement from each member of staff every two years along with refresher training. Safeguarding risks are regularly reviewed by management and the trustees. Recruitment processes have been updated including additional questions for applicants and referees related to safeguarding; along with enhanced training for recruiters. Safeguarding officers have been appointed and trained for each MAF International location and all new staff for overseas roles must undergo a police check before acceptance is confirmed.

During 2020, there were two minor safeguarding issues reported and investigated by MAF International; neither of these required reporting to the Charity Commission.

Employment of Disabled People

MAF International's policy and practice is to ensure equal opportunities in the recruitment, training and career development of disabled people on the basis of their aptitude and abilities required in their job role. The organisation also works toward the retention and retraining of employees who have become disabled.

Fundraising

MAF International does not raise funds directly from the public. We receive most donations from the independent MAF groups that diligently work to support our activities. During the year \$16,686,000 (2019 - \$18,837,000) was received from MAF groups and in addition \$4,005,000 (2019 - \$899,000) was received from Institutional and corporate funders. A breakdown of the source of all the donations received is shown in note 3.

Accountability, Accreditation and Memberships

MAF International is a member of a number of organisations including EU-CORD, ACCORD, Global Connections, the UN Global Logistics Cluster, the DFID Rapid Response Facility, the Common Humanitarian Standards (CHS) Alliance and the Global Network of Civil Society Organisations for Disaster Reduction (GNDR). In addition MAF International is an observer member of Active Learning Network for Accountability Performance in humanitarian action (ALNAP) and recognises and upholds the Sphere standards.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
REPORT OF THE TRUSTEES, INCLUDING THE STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Statement of Trustees' Responsibilities

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the group and charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether a Statement of Recommended Practice (SORP) applies and has been followed, subject to any material departures which are explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and 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 2006. They are also responsible for safeguarding the assets of the charity and ensuring that the assets are properly applied in accordance with charity law hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the trustees. The trustees' responsibility also extends to the on-going integrity of the financial statements contained therein.

Statements as to Disclosure of Information to Auditors

So far as the trustees are aware at the time the report is approved:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the trustees have taken all steps 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.

Co-operation with Other Groups

MAF International works closely with other organisations involved with aviation support for church, mission and relief and development groups. In particular, MAF International has a close relationship with the independent MAF groups in various countries.

Approved by the Board on

25 June 2021.



Peter Curtis
Chairman

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MISSION AVIATION FELLOWSHIP INTERNATIONAL
FOR THE YEAR ENDED 31 DECEMBER 2020**

Opinion

We have audited the financial statements of Mission Aviation Fellowship International ('the parent charity') and its subsidiaries ('the group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 31 December 2020 and of the group's 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 Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report of the Trustees, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees which includes the Strategic Report and the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Report of the Trustees has been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MISSION AVIATION FELLOWSHIP INTERNATIONAL (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Report of the Trustees.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees (who are also the directors of the parent charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the charity and its activities, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006 and the Charities Statement of Recommended Practice.

We evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to use of restricted funds, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the trustees and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent charity which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MISSION AVIATION FELLOWSHIP INTERNATIONAL (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed:



Nicola Wakefield
(Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 24JQ

Date: 19 July 2021

MISSION AVIATION FELLOWSHIP INTERNATIONAL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2020

| | Note | 2020 | | | | 2019 | | | |
|--|-------|--------------------|---------------|------------------|---------------|--------------------|---------------|------------------|---------------|
| | | Unrestricted funds | | Restricted funds | Total | Unrestricted funds | | Restricted funds | Total |
| | | General | Designated | US\$,000 | US\$,000 | General | Designated | US\$,000 | US\$,000 |
| Income | | | | | | | | | |
| Donations | 3 | 9,730 | 0 | 16,579 | 26,309 | 8,447 | - | 17,125 | 25,572 |
| Charitable activities | 4 | 8,098 | 724 | - | 8,822 | 13,928 | 582 | - | 14,510 |
| Other | | 2,791 | 10 | 11 | 2,812 | 614 | 23 | 36 | 673 |
| Total income | | 20,619 | 734 | 16,590 | 37,943 | 22,989 | 605 | 17,161 | 40,755 |
| Expenditure | | | | | | | | | |
| Raising funds | 5 | 341 | - | - | 341 | 383 | - | - | 383 |
| Grants | 6 | 677 | 113 | 1,285 | 2,075 | 851 | 45 | 1,279 | 2,175 |
| Charitable activities | 7 | 13,392 | 6,127 | 12,889 | 32,408 | 19,231 | 6,420 | 13,509 | 39,160 |
| Total expenditure | | 14,410 | 6,240 | 14,174 | 34,824 | 20,465 | 6,465 | 14,788 | 41,718 |
| Net income/(expenditure) before transfers | 9 | 6,209 | (5,506) | 2,416 | 3,119 | 2,524 | (5,860) | 2,373 | (963) |
| Transfers between funds | 24,25 | (5,452) | 6,158 | (706) | - | (3,373) | 3,937 | (564) | - |
| Net income/(expenditure) before other recognised gains and losses | | 757 | 652 | 1,710 | 3,119 | (849) | (1,923) | 1,809 | (963) |
| Net movement in revaluation reserves | 24,25 | - | (189) | 101 | (88) | - | (919) | 116 | (803) |
| Other gains/(losses) | | 188 | (49) | (7) | 132 | 687 | (83) | (6) | 598 |
| Net movement in funds | | 945 | 414 | 1,804 | 3,163 | (162) | (2,925) | 1,919 | (1,168) |
| Balances brought forward | | 2,502 | 58,368 | 20,643 | 81,513 | 2,664 | 61,293 | 18,724 | 82,681 |
| Balances carried forward | | 3,447 | 58,782 | 22,447 | 84,676 | 2,502 | 58,368 | 20,643 | 81,513 |

There were no recognised gains or losses in either year other than those included in the Statement of Financial Activities.

All income and expenditure derive from continuing activities in both years.

The notes on pages 20 to 39 form an integral part of these financial statements.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
CONSOLIDATED AND CHARITY BALANCE SHEETS
AS AT 31 DECEMBER 2020**

| | Note | Consolidated 2020 US\$,000 | Consolidated 2019 US\$,000 | Charity 2020 US\$,000 | Charity 2019 US\$,000 |
|--|------|----------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Intangible fixed assets | 11 | 20 | 6 | 20 | 6 |
| Tangible fixed assets | 12 | 68,812 | 66,952 | 9,873 | 15,287 |
| Current assets | | | | | |
| Stocks | 13 | 2,505 | 2,584 | 278 | 618 |
| Debtors | 14 | 3,464 | 6,472 | 2,033 | 1,734 |
| Short-term deposits | 15 | 2,631 | 861 | - | - |
| Cash and cash equivalents | 16 | 14,112 | 12,438 | 8,860 | 9,871 |
| | | <u>22,712</u> | <u>22,355</u> | <u>11,171</u> | <u>12,223</u> |
| Current liabilities | | | | | |
| Creditors | 17 | (6,765) | (7,491) | (2,047) | (2,195) |
| Net current assets | | <u>15,947</u> | <u>14,864</u> | <u>9,124</u> | <u>10,028</u> |
| Debtors due after more than one year | 14 | 128 | - | 128 | - |
| Total assets less current liabilities | | <u>84,907</u> | <u>81,822</u> | <u>19,145</u> | <u>25,321</u> |
| Creditors due after more than one year | 18 | (154) | (175) | (99) | (58) |
| Net assets excluding pension and deferred tax liabilities | | <u>84,753</u> | <u>81,647</u> | <u>19,046</u> | <u>25,263</u> |
| Deferred tax liability | 20 | (77) | (134) | - | - |
| Net Assets including pension liability | | <u>84,676</u> | <u>81,513</u> | <u>19,046</u> | <u>25,263</u> |
| Accumulated funds | | | | | |
| Unrestricted funds | | | | | |
| General | | 3,447 | 2,502 | 77 | (1,318) |
| Designated revaluations reserves | | 5,347 | 5,767 | 74 | 461 |
| Other designated funds | | 53,435 | 52,601 | 13,861 | 18,215 |
| | 24 | <u>58,782</u> | <u>58,368</u> | <u>13,935</u> | <u>18,676</u> |
| Total unrestricted funds | | <u>62,229</u> | <u>60,870</u> | <u>14,012</u> | <u>17,358</u> |
| Restricted funds | | | | | |
| Restricted revaluations reserves | | 394 | 325 | 14 | 9 |
| Other restricted funds | | 22,053 | 20,318 | 5,020 | 7,896 |
| Total restricted funds | 25 | <u>22,447</u> | <u>20,643</u> | <u>5,034</u> | <u>7,905</u> |
| Total funds | 26 | <u>84,676</u> | <u>81,513</u> | <u>19,046</u> | <u>25,263</u> |

Approved by the directors on 25 June 2021 and signed on their behalf by



Peter Curtis, Chairman

The notes on pages 20 to 39 form an integral part of these financial statements.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

| | Note | 2020 US\$,000 | 2019 US\$,000 |
|---|------|----------------------|----------------------|
| Net cash from/(to) operating activities | 31 | 7,992 | (905) |
| Cash flow from investing activities | | | |
| Purchase of tangible assets | | (5,705) | (6,436) |
| Purchase of intangible assets | | (18) | (7) |
| Proceeds from disposals of tangible assets | | 1,006 | 2,939 |
| Interest received | | 49 | 122 |
| Net cash used in investing activities | | <u>(4,668)</u> | <u>(3,382)</u> |
| Effect of exchange rates on cash and cash equivalents | | <u>120</u> | <u>747</u> |
| Net increase/(decrease) in cash and cash equivalents | | 3,444 | (3,540) |
| Cash and cash equivalents at start of year | | <u>13,299</u> | <u>16,839</u> |
| Cash and cash equivalents at the end of the year | | <u><u>16,743</u></u> | <u><u>13,299</u></u> |

The notes on pages 20 to 39 form an integral part of these financial statements.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. ACCOUNTING POLICIES

Mission Aviation Fellowship International is a charitable company limited by guarantee and registered in England and Wales, registration number 3144199, and a registered charity number 1058226. The registered office is Operations Centre, Henwood, Ashford, Kent TN24 8DH.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2020), Charities SORP (FRS 102) and the Companies Act 2006.

MAF International meets the definition of a public benefit entity under FRS102.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

a Basis of accounting

The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the recognition of aircraft which are measured at fair value in accordance with the policy k below.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

b Going concern

MAF International has \$16,743,000 (2019 - \$13,299,000) held in immediately accessible cash or short term investments at 31 December 2020. Of this \$2,859,000 (2019 - \$3,207,000) is held for restricted purposes. In response to COVID-19, the trustees have reviewed detailed cash flow projections to 31 December 2022 and have agreed detailed budgets for the year ended 31 December 2021. Both sources of income and types of expenditure have been reviewed. Whilst the main charitable purposes is to provide flights to beneficiaries living in remote areas of the world with minimal access to other transport, the level of this expenditure is at the discretion of the trustees and can be adjusted during the year. The trustees have also considered the organisation's working capital and capital expenditure requirements. As a result of the foregoing the trustees are satisfied that it is appropriate to prepare the accounts on a going concern basis.

c Consolidation

The Consolidated Statement of Financial Activities and the Consolidated Balance Sheet have been prepared by combining the data of MAF International, all of its subsidiary undertakings (note 29), together with Rapid Relief Wing (note 30). The charity has taken exemption from presenting its unconsolidated profit and loss account under Section 408 of the Companies Act 2006. The result for the charity only for the year was a deficit of \$6,216,000 (2019 \$19,949,000) including the transfer of assets totalling \$5,726,000 (2019 \$17,731,000) to MAF International in the Netherlands.

d Foreign currencies

The functional and presentation currency of MAF International is US dollars as the primary currency used in the aircraft industry. However, income and costs also arise in other currencies due to operating jurisdictions. Other currencies have been translated to US dollars as follows:

Current assets and liabilities – closing rate at 31 December 2020
Other amounts - rate at date of transaction

The key exchange rates used to translate to US\$ were:

| | 31 December 2020 | 2020 Average | 31 December 2019 | 2019 Average |
|------------------------|---------------------|-----------------|---------------------|-----------------|
| £ Sterling | 1.3493 | 1.2832 | 1.3264 | 1.2731 |
| Australian Dollar | 0.7671 | 0.6852 | 0.7020 | 0.6959 |
| Papua New Guinean Kina | 0.2850 | 0.2892 | 0.2935 | 0.2970 |

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. ACCOUNTING POLICIES (CONTINUED)

e Income

- (i) Donations are recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received, and the amount can be measured reliably.
- (ii) Donated services income comprises the estimated value to MAF International of the staff seconded for international service. The costs are borne by the seconding groups. An equal and opposite charge is recognised in charitable expenditure. In accordance with the Charities SORP (FRS 102), the time donated to MAF International by volunteers is not recognised.
- (iii) Income arising from charitable activities is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of credits and discounts allowed and value added taxes.
- (iv) Interest on funds held on deposit is included when receivable and can be measured reliably.

f Expenditure

- (i) Raising funds comprises a proportion of central overhead costs arising from staff and other costs attributable to this activity.
- (ii) Grants made comprises payments made to other MAF groups and similar organisations either in accordance with donor restrictions placed on the funds, or to support their development, or to enable them to fully finance the seconding of individual staff to our operations.
- (iii) Charitable activities comprise actual costs relating to the aircraft and other services together with local (overseas) overheads.
- (iv) Support costs include functions that directly support the operations such as flight training, engineering, operations support and quality, safety and security. Support costs also include back office costs, finance, personnel, payroll and governance costs which support the charitable activities. These costs have been allocated between cost of raising funds, grants made and charitable expenditure. The basis on which support costs have been allocated is set out in note 8.

g Employee benefits

- (i) Leave benefits, including holiday pay are recognised as an expense in the period in which the service is rendered.
- (ii) Pension payments to defined contribution pension schemes are recognised as an expense when they fall due.
- (iii) MAF international holds a defined benefit pension scheme which is closed to new members and further accrual since 2008. The amount recognised in the balance sheet at 31 December 2020 is \$Nil (2019 –\$Nil).
- (iv) Annually, an independent actuary is engaged to calculate the obligation arising under the scheme. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value. This includes the use of appropriate valuation techniques. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss.

h Operating leases

Operating lease rentals are charged to the Statement of Financial Activities in accordance with the term of the lease.

i Deferred tax

Local legislation requires MAF to be registered as a commercial company in Papua New Guinea, which potentially gives rise to taxation on operating activities. Any taxation liabilities arising from these activities are provided at rates ruling in the relevant accounting period and deferred taxation is provided where it is predicted that a liability may arise in the foreseeable future.

j Intangible fixed assets

Purchased and internally developed computer software which costs \$3,000 or more is capitalised at cost and amortised over its estimated useful life, 5 to 10 years.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. ACCOUNTING POLICIES (CONTINUED)

k Tangible fixed assets

Individual fixed assets costing \$3,000 or more are capitalised at cost.

Depreciation is calculated as follows:

(i) Aircraft

Aircraft, where externally insured, are included at their insurance values. Other aircraft are valued at directors' valuation. Depreciation is charged to write off expenditure over an estimated useful life of 40 years.

Any increases in the net value are credited to expenditure to the extent that the aircraft has been previously impaired; the remaining gain is credited to the revaluation reserve within other comprehensive income. Any decreases are debited to the portion of the revaluation reserve associated to that aircraft until it is fully depleted and the remaining decrease is charged to expenditure.

When an aircraft has been purchased, and until it is brought into operational use, it is valued at the costs incurred to date. When it is planned that an aircraft will be sold the net value of that aircraft is reduced to the expected sale proceeds.

(ii) Property

Depreciation is charged to write off expenditure on leasehold property equally over the length of the lease. Depreciation on other buildings is charged to write off the cost to their residual values over their expected economic lives. This is assessed country by country and ranges from 3 to 50 years. Depreciation on leasehold land is charged to write off the expenditure over the life of the lease. For assets in the course of construction depreciation is charged from the date which that facility becomes operational.

(iii) Equipment and vehicles

Depreciation is charged to write off the expenditure over an estimated useful life of 5 to 10 years.

l Stocks

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

m Cash

Cash at bank and cash in hand includes cash and short term highly liquid investments.

n Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at their settlement amount value.

o Financial instruments

Financial assets and liabilities are initially measured at transaction value, except for specific financial instruments which are initially measured at fair value.

Trade and other debtors are subsequently measured at the settlement amount due. Prepayments are valued at the amount prepaid. Cash at bank and cash in hand includes cash and short term highly liquid investments.

Creditors and provisions are subsequently measured at the amount due to settle the obligation where it can be measured or estimated reliably.

The organisation uses non-speculative foreign exchange contracts to reduce its exposure to foreign exchange risk, in line with the organisation's investment policy. Foreign exchange contracts are initially recognised at fair value at the date the contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in the Statement of Financial Activities.

p Funds

Unrestricted Funds – General comprise net accumulated surpluses. They are available for use to further the charitable objectives of the charity.

Unrestricted Funds – Designated are amounts that have been set aside by the trustees for specific objectives.

Restricted Funds are funds and assets subject to specific conditions imposed by donors. When assets are purchased with restricted funds the restriction is deemed to be satisfied after reporting to the donor on the use of those assets ceases. Such assets are then transferred to unrestricted designated funds.

q Related parties

In the opinion of the trustees the group has no related parties.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

The directors evaluate estimates and judgements incorporated into the financial statements. Estimates are based on historical information, assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group:

a Donated services

The value of donated services are determined by applying the average cost of a member of seconded staff to all those staff whose services have been donated to the group during the year. The average cost is calculated from the actual staff cost data of three member groups who supplied the highest number of seconded staff during the year.

b Overhaul

Funds are set aside into a designated fund for each hour flown for future overhaul of aircraft engines, propellers and the aircraft themselves. Actual expenditure is charged to the designated fund. For aircraft leased from third parties, these funds are included as a liability on the balance sheet.

c Aircraft valuations

The group values aircraft by reference to the "Blue Book value" (the aviation industry's standard indication of the expected recoverable amount on the open market). Adjustments are made for enhancements to the aircraft not accounted for in the Blue Book value. Annually, every aircraft is revalued and reviewed for impairment. The valuations are approved by the directors.

d Estimation of useful lives of assets

The group determines the estimated useful lives and related amortisation and depreciation charges for intangible and tangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The amortisation or depreciation charge will increase where the useful lives are less than previously estimated lives. Technically obsolete assets that have been abandoned or sold are written off or written down.

e Impairment

MAF International assesses impairment of intangible and tangible assets at the end of each reporting period by evaluating conditions and events specific to the organisation that may be indicative of impairment trigger.

f Tax accruals

The group has a number of outstanding tax issues at the end of the financial year. The expected liabilities are accrued in the financial statements. Each accrual is calculated in accordance with communication from the tax authorities, local legislation and other external factors such as exchange rates. These accruals are reviewed annually and recalculated as necessary.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. INCOME FROM DONATIONS

Voluntary income comprises the amounts transferred mainly from the MAF groups, who are members of MAF International, together with other gift income. Restricted gifts may have been transferred directly to MAF International by a donor agency, under the direction of the national group.

| | 2020 | | | 2019 | | |
|----------------------|--------------------------|------------------------|-------------------|--------------------------|------------------------|-------------------|
| | Unrestricted US\$,000 | Restricted US\$,000 | Total US\$,000 | Unrestricted US\$,000 | Restricted US\$,000 | Total US\$,000 |
| Donated services | - | 4,443 | 4,443 | - | 4,910 | 4,910 |
| Income for housing | 790 | - | 790 | 797 | - | 797 |
| Institutional donors | - | 3,474 | 3,474 | - | 899 | 899 |
| MAF Australia | - | 1,701 | 1,701 | - | 2,405 | 2,405 |
| MAF Canada | - | 6 | 6 | - | 72 | 72 |
| MAF Denmark | 94 | 76 | 170 | 113 | 70 | 183 |
| MAF Finland | 49 | 71 | 120 | 69 | 38 | 107 |
| MAF France | - | 8 | 8 | - | 7 | 7 |
| MAF Germany | - | 41 | 41 | - | 45 | 45 |
| MAF Italy | - | 6 | 6 | - | 4 | 4 |
| MAF Netherlands | 1,127 | 2,124 | 3,251 | - | 3,197 | 3,197 |
| MAF New Zealand | - | 444 | 444 | - | 412 | 412 |
| MAF Norway | 263 | 570 | 833 | 565 | 189 | 754 |
| MAF Singapore | - | 46 | 46 | - | 152 | 152 |
| MAF South Africa | - | - | - | - | 7 | 7 |
| MAF Sweden | 122 | 106 | 228 | 30 | 242 | 272 |
| MAF Switzerland | - | 467 | 467 | - | 728 | 728 |
| MAF UK | 7,012 | 2,178 | 9,190 | 6,821 | 3,307 | 10,128 |
| MAF USA | 27 | 148 | 175 | 40 | 323 | 363 |
| Other donors | 246 | 670 | 916 | 12 | 118 | 130 |
| | <u>9,730</u> | <u>16,579</u> | <u>26,309</u> | <u>8,447</u> | <u>17,125</u> | <u>25,572</u> |

Many International Staff are paid by the MAF group or another mission agency which then seconds them to the charity. The cost of these staff are therefore borne by those groups and as a result the staff support received is generally not passed to the charity. Other International Staff are paid by the charity. As a partial contribution towards this cost, restricted income is received by the charity from their relevant sending MAF groups. The total of such amounts received by the charity and included in restricted income above was as follows:

| | 2020 US\$,000 | 2019 US\$,000 |
|-----------------|------------------|------------------|
| MAF Australia | 1,227 | 1,523 |
| MAF Canada | 6 | 3 |
| MAF Germany | 8 | 32 |
| MAF Netherlands | 154 | 152 |
| MAF New Zealand | - | 5 |
| MAF Norway | 2 | 1 |
| MAF Sweden | 49 | 54 |
| MAF Switzerland | 212 | 303 |
| MAF UK | 638 | 687 |
| MAF USA | 111 | 67 |
| Other donors | 94 | 58 |
| | <u>2,501</u> | <u>2,885</u> |

MAF International additionally collected \$152,000 (2019 - \$117,000) donations income and \$454,000 (2019 - \$350,000) staff support income on behalf of other MAF member groups or associated members. In these situations, MAF International forwards the income onto the relevant group directly and consequently the income has not been recognised in the financial statements.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. INCOME FROM CHARITABLE ACTIVITIES

The users of MAF International aircraft make a contribution to the costs of MAF. Similarly, MAF International seeks contributions towards its costs when providing other services, such as the logistics. In Australia, we additionally have an aircraft engineering base which serves both our programmes in the regions as well as 3rd party customers. MAF Technology Services in PNG provides radio and other communication technology services. Some programmes are also able to help 3rd party organisations with aircraft or vehicle maintenance.

| | 2020 | | | 2019 | | |
|----------------------|--------------|------------|--------------|---------------|------------|---------------|
| | General | Designated | Total | General | Designated | Total |
| | US\$,000 | US\$,000 | US\$,000 | US\$,000 | US\$,000 | US\$,000 |
| Contributions for | | | | | | |
| Aviation services | 7,218 | - | 7,218 | 12,870 | - | 12,870 |
| Maintenance services | 788 | - | 788 | 761 | - | 761 |
| Other technologies | - | 724 | 724 | - | 582 | 582 |
| Other services | 92 | - | 92 | 297 | - | 297 |
| | <u>8,098</u> | <u>724</u> | <u>8,822</u> | <u>13,928</u> | <u>582</u> | <u>14,510</u> |

MAF International acts as an agent for flights operated by MAF Canada and MAF USA. During the year, the group collected and passed on \$70,000 (2019- \$4,000) which has not been recognised in these financial statements.

5. EXPENDITURE ON RAISING FUNDS

| | 2020 | 2019 |
|---|------------|------------|
| | US\$,000 | US\$,000 |
| Allocation of support staff and other costs | <u>341</u> | <u>383</u> |

All amounts relate to unrestricted funds in both the current and prior year.

6. EXPENDITURE ON GRANTS MADE

Grants were made from restricted and unrestricted funds in 2020 as follows:

| | For | For ongoing operations and development | | | Grants made | Allocation | Total |
|------------------------|---------------|--|------------|--------------|--------------|------------|--------------|
| | international | of their activities | | | | of support | |
| | staff support | General | Designated | Restricted | | costs | |
| | General | General | Designated | Restricted | US\$,000 | General | US\$,000 |
| | US\$,000 | US\$,000 | US\$,000 | US\$,000 | US\$,000 | US\$,000 | US\$,000 |
| Juba Christian Academy | - | - | - | 4 | 4 | - | 4 |
| MAF Canada | 77 | - | - | - | 77 | 8 | 85 |
| MAF Finland | - | - | - | 55 | 55 | 4 | 59 |
| MAF Germany | - | - | - | 114 | 114 | 8 | 122 |
| MAF Norway | - | 264 | - | - | 264 | 24 | 288 |
| MAF Philippines | - | - | 6 | 12 | 18 | 1 | 19 |
| MAF Singapore | - | - | 51 | - | 51 | 5 | 56 |
| MAF South Africa | 28 | - | 1 | - | 29 | 3 | 32 |
| MAF Sweden | 18 | 22 | - | - | 40 | 4 | 44 |
| MAF Switzerland | 31 | - | - | - | 31 | 3 | 34 |
| MAF USA | 89 | - | - | 1,070 | 1,159 | 81 | 1,240 |
| MATC | - | - | 55 | 30 | 85 | 7 | 92 |
| | <u>243</u> | <u>286</u> | <u>113</u> | <u>1,285</u> | <u>1,927</u> | <u>148</u> | <u>2,075</u> |

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. EXPENDITURE ON GRANTS MADE (CONTINUED)

Grants were made from restricted and unrestricted funds in 2019 as follows:

| | For | For ongoing operations and development | | | Grants made | Allocation | Total |
|------------------------|---------------|--|------------|------------|-------------|------------|----------|
| | international | of their activities | | | | of support | |
| | staff support | General | Designated | Restricted | | costs | |
| | General | General | Designated | Restricted | General | | |
| | US\$,000 | US\$,000 | US\$,000 | US\$,000 | US\$,000 | US\$,000 | US\$,000 |
| Juba Christian Academy | - | - | - | 1 | 1 | - | 1 |
| MAF Canada | 166 | - | - | - | 166 | 15 | 181 |
| MAF Denmark | 11 | - | - | - | 11 | 1 | 12 |
| MAF Finland | - | - | - | 54 | 54 | 4 | 58 |
| MAF Germany | - | - | - | 144 | 144 | 11 | 155 |
| MAF Norway | - | 277 | - | - | 277 | 26 | 303 |
| MAF Philippines | - | - | - | 4 | 4 | - | 4 |
| MAF Singapore | - | - | - | 19 | 19 | 1 | 20 |
| MAF South Africa | 29 | - | - | 28 | 57 | 5 | 62 |
| MAF Sweden | 18 | 23 | - | - | 41 | 3 | 44 |
| MAF Switzerland | 31 | - | - | - | 31 | 3 | 34 |
| MAF USA | 134 | - | - | 961 | 1,095 | 84 | 1,179 |
| MATC | - | - | 45 | 68 | 113 | 9 | 122 |
| | 389 | 300 | 45 | 1,279 | 2,013 | 162 | 2,175 |

7. EXPENDITURE ON CHARITABLE ACTIVITIES

Direct costs of services comprise the direct costs of aviation (such as fuel, maintenance and insurance) as well as those of other technologies and of running the aviation operations and maintenance departments, excluding staff costs. The direct costs of providing other services are within other local overhead expenditure, and are not material. The method of allocation of support costs is shown in note 8.

Charitable activities for 2020 were as follows:

| | Programme costs | | | Sub-total | Allocation of | Total |
|---|-----------------|------------|------------|-----------|---------------|----------|
| | General | Designated | Restricted | | support costs | |
| | US\$,000 | US\$,000 | US\$,000 | | Unrestricted | |
| | US\$,000 | US\$,000 | US\$,000 | US\$,000 | US\$,000 | US\$,000 |
| Direct costs of services | 1,468 | 2,253 | 5,279 | 9,000 | 1,946 | 10,946 |
| Cost of donated services | - | - | 4,443 | 4,443 | 545 | 4,988 |
| Staff costs | 5,819 | 123 | 2,550 | 8,492 | 712 | 9,204 |
| Other local overhead expenditure | 1,211 | 1,399 | 112 | 2,722 | 1,636 | 4,358 |
| Depreciation, amortisation and impairment | - | 2,352 | 505 | 2,857 | 55 | 2,912 |
| | 8,498 | 6,127 | 12,889 | 27,514 | 4,894 | 32,408 |

Charitable activities for 2019 were as follows:

| | Programme costs | | | Sub-total | Allocation of | Total |
|---|-----------------|------------|------------|-----------|---------------|----------|
| | General | Designated | Restricted | | support costs | |
| | US\$,000 | US\$,000 | US\$,000 | | Unrestricted | |
| | US\$,000 | US\$,000 | US\$,000 | US\$,000 | US\$,000 | US\$,000 |
| Direct costs of services | 5,477 | 2,167 | 4,467 | 12,111 | 2,047 | 14,158 |
| Cost of donated services | - | - | 4,910 | 4,910 | 615 | 5,525 |
| Staff costs | 7,490 | 141 | 2,986 | 10,617 | 803 | 11,420 |
| Other local overhead expenditure | 1,027 | 2,004 | 96 | 3,127 | 1,738 | 4,865 |
| Depreciation, amortisation and impairment | - | 2,108 | 1,050 | 3,158 | 34 | 3,192 |
| | 13,994 | 6,420 | 13,509 | 33,923 | 5,237 | 39,160 |

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. SUPPORT COSTS

Support costs have been collated according to function, which includes all staff directly attributed to that department and other associated costs. These functions are allocated to the main expenditure functions in accordance with time spent supporting that aspect of MAF International's operations.

Unrestricted general support costs for 2020 were as follows:

| | Raising funds | Grants | Direct costs of operations | Total |
|--|---------------|------------|-------------------------------|--------------|
| | US\$,000 | US\$,000 | US\$,000 | US\$,000 |
| Chief Executive and Regional Directors offices | 126 | 70 | 481 | 677 |
| Aviation Services including quality and safety | - | - | 1,589 | 1,589 |
| Finance | 82 | 41 | 697 | 820 |
| Human Resources | - | 37 | 708 | 745 |
| Information technology and communications | 133 | - | 1,027 | 1,160 |
| Support office costs | - | - | 336 | 336 |
| Depreciation of fixed assets used for support | - | - | 56 | 56 |
| | <u>341</u> | <u>148</u> | <u>4,894</u> | <u>5,383</u> |

Unrestricted general support costs for 2019 were as follows:

| | Raising funds | Grants | Direct costs of operations | Total |
|--|---------------|------------|-------------------------------|--------------|
| | US\$,000 | US\$,000 | US\$,000 | US\$,000 |
| Chief Executive and Regional Directors Offices | 157 | 79 | 669 | 905 |
| Aviation Services including quality and safety | - | - | 1,680 | 1,680 |
| Finance | 83 | 41 | 704 | 828 |
| Human Resources | - | 42 | 803 | 845 |
| Information technology and communications | 143 | - | 1,022 | 1,165 |
| Support office costs | - | - | 324 | 324 |
| Depreciation of fixed assets used for support | - | - | 35 | 35 |
| | <u>383</u> | <u>162</u> | <u>5,237</u> | <u>5,782</u> |

9. NET INCOME BEFORE TRANSFERS

The net income before transfers between funds is stated after charging:

| | 2020 | 2019 |
|---|--------------|--------------|
| | US\$,000 | US\$,000 |
| Auditors remuneration | | |
| Audit fees | <u>142</u> | <u>164</u> |
| Realised net (gain) on currency exchange | <u>(269)</u> | <u>(214)</u> |
| Amortisation of intangible assets | 4 | 1 |
| Depreciation, of both Restricted and Assets Fund assets (note 12) | 2,560 | 2,315 |
| Impairment of both Restricted and Assets Fund assets (note 12) | 347 | 379 |
| Net (gain)/loss on disposal of fixed assets | <u>(201)</u> | <u>8</u> |
| Charges under operating leases | <u>1,222</u> | <u>1,266</u> |
| Inventory expensed in the year | <u>1,268</u> | <u>1,619</u> |

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. STAFF EXPENDITURE AND STAFF NUMBERS

| | 2020 | 2019 |
|---|---------------|---------------|
| | US\$,000 | US\$,000 |
| Staff Costs | | |
| Wages and salaries, including intangible expenditure | 13,254 | 16,347 |
| Social security costs | 1,730 | 334 |
| Retirement and death-in-service benefits costs | 1,180 | 1,236 |
| | <u>16,164</u> | <u>17,917</u> |
| | | |
| Total salaries and benefits paid to Executive Leadership team during the year | <u>599</u> | <u>610</u> |

All members of the executive leadership team voluntarily donated a portion of their salary to the organisation in 2020. These deductions are not shown above as under FRS102 the salary cost is required to be shown in total and the reduction is shown as donations.

| | 2020 | 2019 |
|---|------------|------------|
| | Number | Number |
| Employees that received remuneration of: | | |
| £60,000 to £69,999 | <u>2</u> | <u>2</u> |
| £80,000 to £89,999 | <u>1</u> | <u>1</u> |
| | | |
| Average number of employees - support offices | 79 | 81 |
| Average number of employees - field | 397 | 438 |
| Average number of seconded staff | <u>68</u> | <u>67</u> |
| | <u>544</u> | <u>586</u> |

No remuneration is paid to the directors for their services as trustees of the Group, although expenses incurred personally in the course of their duties are reimbursed. Expenses waived by the directors for their services as trustees are negligible.

| | 2020 | 2019 |
|---|----------|-----------|
| | US\$,000 | US\$,000 |
| Travel expenses reimbursed to 3 directors (2019-5). | <u>5</u> | <u>30</u> |

11. INTANGIBLE ASSETS

| | Group and Charity Software US\$,000 |
|-----------------------|--|
| COST | |
| At 1 January 2020 | 126 |
| Additions | <u>18</u> |
| At 31 December 2020 | <u>144</u> |
| | |
| AMORTISATION | |
| At 1 January 2020 | 120 |
| Charge in the year | <u>4</u> |
| At 31 December 2020 | <u>124</u> |
| | |
| NET BOOK VALUE | |
| At 31 December 2019 | <u>6</u> |
| At 31 December 2020 | <u>20</u> |

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. TANGIBLE FIXED ASSETS

Analysis for the Group:

| | Aircraft US\$,000 | Land & Property US\$,000 | Equipment & Vehicles US\$,000 | Total US\$,000 |
|---|----------------------|--------------------------------|-------------------------------------|-------------------|
| COST OR VALUATION | | | | |
| At 1 January 2020 | 49,417 | 22,614 | 5,857 | 77,888 |
| Additions | 2,171 | 3,131 | 403 | 5,705 |
| Disposals | (754) | (475) | (320) | (1,549) |
| Revaluation Reserve | (1,654) | - | - | (1,654) |
| Foreign Exchange adjustment | | (85) | (29) | (114) |
| At 31 December 2020 | 49,180 | 25,185 | 5,911 | 80,276 |
| DEPRECIATION | | | | |
| At 1 January 2020 | - | 6,939 | 3,997 | 10,936 |
| Charge in year | 1,228 | 826 | 506 | 2,560 |
| Net Impairment | 347 | - | - | 347 |
| Depreciation on disposals | (10) | (451) | (285) | (746) |
| Revaluation Reserve write back | (1,565) | - | - | (1,565) |
| Foreign Exchange adjustment | - | (50) | (18) | (68) |
| At 31 December 2020 | - | 7,264 | 4,200 | 11,464 |
| NET BOOK VALUE | | | | |
| At 31 December 2019 | 49,417 | 15,629 | 1,906 | 66,952 |
| At 31 December 2020 | 49,180 | 17,921 | 1,711 | 68,812 |
| Analysis of value between: | | | | |
| Used for direct charitable purposes | 49,180 | 15,098 | 1,659 | 65,937 |
| Used for support of field programmes, management and administration | | 2,823 | 52 | 2,875 |

The titles of land and buildings in Kenya is held by a corporate body, Missionary Aviation Fellowship (Kenya) Registered Trustees, on behalf of MAF International.

Included within the cost of 'Land & Property' is \$49,000 (2019- \$nil) relating to the building of housing in South Sudan. In 2019 there was \$2,217,000 relating to the building of housing on a compound in Kenya and \$407,000 relating to the building of a hangar in Liberia, both of which projects have now been completed.

Of the net value of 'Land & Property' \$6,461,000 (2019 - \$4,933,000) relates to freehold or the local equivalent and \$2,803,000 (2019 - \$2,227,000) relates to leases in excess of 50 years.

The land and building at Ashford, UK are secured by a first legal charge with National Westminster Bank plc and with a second legal charge in favour of the trustees of "The MAF Europe UK Pension Scheme".

The land and building at Cairns, Australia are secured by a first legal charge with Commonwealth Bank of Australia.

The historical cost of purchasing the aircraft was \$58,000,000 (2019 - \$56,676,000).

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. TANGIBLE FIXED ASSETS (CONTINUED)

Analysis of the Charity only:

| | Aircraft US\$,000 | Land & Property US\$,000 | Equipment & Vehicles US\$,000 | Total US\$,000 |
|--------------------------|----------------------|--------------------------------|-------------------------------------|-------------------|
| COST OR VALUATION | | | | |
| At 1 January 2020 | 10,927 | 5,477 | 2,411 | 18,815 |
| Additions | 45 | 635 | 139 | 819 |
| Disposals and transfers | (4,142) | (2,111) | (1,044) | (7,297) |
| Revaluation | (208) | - | - | (208) |
| At 31 December 2020 | 6,622 | 4,001 | 1,507 | 12,130 |
| DEPRECIATION | | | | |
| At 1 January 2020 | - | 1,810 | 1,718 | 3,528 |
| Charge in year | 171 | 136 | 131 | 438 |
| Impairment | (31) | - | - | (31) |
| Disposals and transfers | - | (789) | (749) | (1,538) |
| Revaluation write back | (140) | - | - | (140) |
| At 31 December 2020 | - | 1,157 | 1,100 | 2,257 |
| NET BOOK VALUE | | | | |
| At 31 December 2019 | 10,927 | 3,667 | 693 | 15,287 |
| At 31 December 2020 | 6,622 | 2,844 | 407 | 9,873 |

13. STOCKS

| | Group | | Charity | |
|-----------------------|------------------|------------------|------------------|------------------|
| | 2020 US\$,000 | 2019 US\$,000 | 2020 US\$,000 | 2019 US\$,000 |
| Aircraft spare parts | 1,848 | 1,763 | 267 | 579 |
| Fuel and other stocks | 655 | 785 | 11 | 39 |
| Work in progress | 2 | 36 | - | - |
| | 2,505 | 2,584 | 278 | 618 |

14. DEBTORS

| | Group | | Charity | |
|---|------------------|------------------|------------------|------------------|
| | 2020 US\$,000 | 2019 US\$,000 | 2020 US\$,000 | 2019 US\$,000 |
| <u>Current Debtors</u> | | | | |
| Trade and sundry debtors | 1,511 | 1,767 | 743 | 856 |
| Amount recoverable from subsidiary undertakings | - | - | 870 | 351 |
| Other debtors | 1,149 | 3,718 | 89 | 135 |
| Prepayments | 804 | 987 | 331 | 392 |
| | 3,464 | 6,472 | 2,033 | 1,734 |
| <u>Debtors due after more than one year</u> | | | | |
| MAF Suriname | 128 | - | 128 | - |

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. SHORT TERM DEPOSITS

| | Group | | Charity | |
|---------------|--------------|------------|----------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Bank deposits | <u>2,631</u> | <u>861</u> | <u>-</u> | <u>-</u> |

16. CASH AND CASH EQUIVALENTS

| | Group | | Charity | |
|---|---------------|---------------|--------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Cash and cash equivalents – Support offices | 11,127 | 10,578 | 8,485 | 9,489 |
| Cash and cash equivalents - Programmes | <u>2,985</u> | <u>1,860</u> | <u>375</u> | <u>382</u> |
| | <u>14,112</u> | <u>12,438</u> | <u>8,860</u> | <u>9,871</u> |

17. CREDITORS

| | Group | | Charity | |
|--|--------------|--------------|--------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| | US\$,000 | US\$,000 | US\$,000 | US\$,000 |
| Trade and other creditors | 3,744 | 4,185 | 1,411 | 1,626 |
| Taxation and social security | 814 | 1,198 | 176 | 97 |
| Amounts due to subsidiary undertakings | - | - | 22 | 17 |
| Accrued expenses | <u>2,207</u> | <u>2,108</u> | <u>438</u> | <u>455</u> |
| | <u>6,765</u> | <u>7,491</u> | <u>2,047</u> | <u>2,195</u> |

18. CREDITORS DUE AFTER MORE THAN ONE YEAR

| | Group | | Charity | |
|-------------------------------|------------|------------|-----------|-----------|
| | 2020 | 2019 | 2020 | 2019 |
| | US\$,000 | US\$,000 | US\$,000 | US\$,000 |
| Staff resettlement allowances | <u>154</u> | <u>175</u> | <u>99</u> | <u>58</u> |

19. PROVISIONS

Included in creditors are the following provisions:

| | Charity and Group | | | Balances 31 December 2020 |
|---|----------------------------|-------------------------|-------------------------|---------------------------------|
| | Balances 1 January 2020 | Provided in the year | Utilised in the year | |
| | US\$,000 | US\$,000 | US\$,000 | |
| For overhaul of aircraft owned by 3 rd parties | 541 | 65 | (203) | 403 |
| For taxation issues in overseas programmes | <u>844</u> | <u>182</u> | <u>(260)</u> | <u>766</u> |
| | <u>1,385</u> | <u>247</u> | <u>(463)</u> | <u>1,169</u> |

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

20. DEFERRED TAX LIABILITY

| | Group | | Charity | |
|--------------------------|-----------|------------|----------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| | US\$,000 | US\$,000 | US\$,000 | US\$,000 |
| Provision at 1 January | 134 | 56 | - | - |
| Movement in the year | (57) | 78 | - | - |
| Provision at 31 December | <u>77</u> | <u>134</u> | <u>-</u> | <u>-</u> |

21. FINANCIAL COMMITMENTS

At 31 December 2020 the group was committed to making the following payments under non-cancellable operating leases:

| | Property | | Other | |
|-------------------------|------------|-----------|------------|-----------|
| | 2020 | 2020 | 2019 | 2019 |
| | US\$,000 | US\$,000 | US\$,000 | US\$,000 |
| Payable in 1 year | 401 | 40 | 448 | 22 |
| Payable in 2-5 years | 128 | 41 | 137 | 28 |
| Payable in over 5 years | 156 | - | 166 | - |
| | <u>685</u> | <u>81</u> | <u>751</u> | <u>50</u> |

At 31 December 2020, the organisation was also committed to pay \$2,561,000 (£1,900,000) in non-cancellable foreign exchange contracts to purchase USD using GBP between February and June 2021. These commitments are stated at fair value and the \$45,000 loss arising from the difference between the fair value and notional value has been recognised in the Statement of Financial Activities.

22. CAPITAL COMMITMENTS

At 31 December 2020, the organisation was committed to pay \$124,000 for the building of an airstrip in Chin State, Myanmar.

Since the end of the financial year, the organisation also committed:

- to building contractors in South Sudan, to construct six new properties for \$514,000
- to building contractors in Australia to build a hangar in Mareeba for \$1,526,000

23. POST BALANCE SHEET EVENTS

In February 2021, the organisation entered into two loans, both denominated in Australian dollars:

1. A loan from MAF Australia for US\$1,074,000 (AU\$1,400,000).
2. A loan from the Commonwealth Bank of Australia for up to US\$1,152,000 (AU\$1,500,000). US\$384,000 (AU\$500,000) has been drawn down. The loan is secured on the office building owned in Cairns, Australia.

In late April 2021, we were informed by Dhaka International Airports Authority, Bangladesh, that the organisation was required to vacate the hangar currently in use and relocate to a new hangar provided by the Airport. At the end of the financial year, the hangar is valued at \$188,000 and the full amount is unlikely to be recoverable upon dismantlement and sale of constituent parts. All moveable equipment will be transferred to the new hangar.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

24. UNRESTRICTED DESIGNATED FUNDS

| | Balances 1 January 2020 US\$,000 | Income US\$,000 | Expenditure US\$,000 | Transfers US\$,000 | Net tangible asset US\$,000 | Revaluation US\$,000 | Unrealised exchange (loss)/gain US\$,000 | Balances 31 December 2020 US\$,000 |
|---------------------------------|---|--------------------|-------------------------|-----------------------|-----------------------------------|-------------------------|---|---|
| Aircraft overhauls fund | 4,264 | - | (1,707) | 135 | - | - | - | 2,692 |
| Assets fund | 43,755 | - | (2,407) | 3 | 2,584 | - | (39) | 43,896 |
| Revaluation Reserves | 5,767 | - | - | (231) | - | (189) | - | 5,347 |
| Development fund | 277 | - | (172) | 3,262 | - | - | - | 3,367 |
| Future assets fund | - | - | (274) | 2,853 | (2,579) | - | - | - |
| MAF Technology Services (PNG) | 326 | 734 | (710) | 16 | - | - | (10) | 356 |
| Self-insurance fund | 3,821 | - | (891) | 2 | - | - | - | 2,932 |
| Tactical investment fund | 158 | - | (79) | 118 | (5) | - | - | 192 |
| | <u>58,368</u> | <u>734</u> | <u>(6,240)</u> | <u>6,158</u> | <u>-</u> | <u>(189)</u> | <u>(49)</u> | <u>58,782</u> |
| Designated funds – Charity only | <u>18,676</u> | <u>-</u> | <u>(2,272)</u> | <u>(2,396)</u> | <u>-</u> | <u>(73)</u> | <u>-</u> | <u>13,935</u> |

The Aircraft overhauls fund is used to overhaul the engines, propellers and airframes of the aircraft. Engines and propellers must be overhauled after set numbers of hours – most commonly 1,700 hours for a piston engine and up to 5,000 hours for a turbine engine. Funds are transferred from general funds to this designated fund for each hour flown by every aircraft.

The Assets fund represents amounts set aside equivalent to the value of the aircraft, properties, equipment and vehicles used by MAF International (less relevant loans) and provision for the future replacement of some assets, both of which have been financed with transfers from unrestricted general funds.

The Revaluation Reserves represent the increase in value of aircraft over their original cost to carrying values where appropriate.

The Development fund is used for the development of MAF Groups to enhance their fund raising and recruitment activities as well as to cover the cost of agreed new ventures, such as setting up operations or organisations to assist in resourcing the charity in new countries.

The Future assets fund was created to cover the cost of specific capital assets, including aircraft, that are essential to the operations and for which no other funding has been received, or is expected.

MAF Technology Services (PNG) represents the net assets of that entity (formerly “CRMF”), which will be used solely for the activities of that ministry in Papua New Guinea.

The Self-insurance fund is available for the repair or replacement of damaged or stolen vehicles and aircraft, other than those which are externally insured. It is also used to cover other items that have not been able to be insured in some countries or where the premiums have been prohibitive.

The Tactical investment fund is used to cover the cost essential capital or revenue expenditure, for which project funding is unlikely to be available within operational time limits.

MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

25. RESTRICTED FUNDS

Restricted Funds comprise the following unexpended balances of gifts and grants made for specific purposes and the net value of tangible assets bought from Restricted Funds. Movement and unexpended balances for projects are shown below.

| | Balances 1 January 2020 US\$,000 | Income US\$,000 | Expenditure US\$,000 | Transfers US\$,000 | Net tangible asset US\$,000 | Revaluation US\$,000 | Unrealised exchange (loss) US\$,000 | Balances 31 December 2020 US\$,000 |
|-------------------------------------|---|--------------------|-------------------------|-----------------------|-----------------------------------|-------------------------|--|---|
| Additional and replacement aircraft | 927 | 757 | (232) | (1,116) | (69) | - | - | 267 |
| Arnhem Land, Northern Territories | 83 | 81 | (92) | (10) | (41) | - | - | 21 |
| Bangladesh | - | 513 | (453) | 9 | (45) | - | - | 24 |
| Central Asia | - | 1,103 | (1,102) | (1) | - | - | - | - |
| Chad | 1 | 79 | (41) | - | (7) | - | - | 32 |
| Disaster relief | 279 | 9 | (100) | 71 | (37) | - | - | 222 |
| Fuel | - | 674 | (674) | - | - | - | - | - |
| Kenya | 38 | 187 | (175) | 8 | (40) | - | - | 18 |
| Liberia | 937 | 101 | (97) | - | (635) | - | - | 306 |
| Madagascar | 26 | 145 | (134) | 21 | - | - | - | 58 |
| MAF Technology services PNG | 52 | 50 | (56) | (15) | - | - | - | 31 |
| Mongolia | 15 | 5 | (8) | (9) | - | - | - | 3 |
| Myanmar | 283 | 636 | (879) | 17 | (51) | - | - | 6 |
| Papua New Guinea | 153 | 2,341 | (296) | 141 | (2,125) | - | - | 214 |
| South Sudan | 226 | 1,297 | (670) | 384 | (73) | - | - | 1,164 |
| Staff costs | - | 7,398 | (7,398) | 318 | - | - | - | 318 |
| Tanzania | 40 | 86 | (115) | - | - | - | - | 11 |
| Timor-Leste | 2 | 239 | (239) | (2) | - | - | - | - |
| Uganda | 69 | 281 | (258) | (11) | (7) | - | - | 74 |
| Other aviation projects | 37 | 49 | (129) | 65 | (8) | - | - | 14 |
| Other locations and sundry projects | 39 | 559 | (522) | - | - | - | - | 76 |
| | <u>3,207</u> | <u>16,590</u> | <u>(13,670)</u> | <u>(130)</u> | <u>(3,138)</u> | <u>-</u> | <u>-</u> | <u>2,859</u> |

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

25. RESTRICTED FUNDS (CONTINUED)

| | Balances 1 January 2020 US\$,000 | Income US\$,000 | Expenditure US\$,000 | Transfers US\$,000 | Net tangible assets US\$,000 | Revaluation US\$,000 | Unrealised exchange (loss) US\$,000 | Balances 31 December 2020 US\$,000 |
|---------------------------------|---|--------------------|-------------------------|-----------------------|------------------------------------|-------------------------|--|---|
| Brought forward (page 34) | 3,207 | 16,590 | (13,670) | (130) | (3,138) | - | - | 2,859 |
| Net value of tangible assets: | | | | | | | | |
| Aircraft | 15,918 | - | (401) | - | 2,170 | 101 | - | 17,788 |
| Land and buildings | 1,005 | - | (11) | (45) | 676 | - | - | 1,625 |
| Equipment and vehicles | 513 | - | (92) | (531) | 292 | - | (7) | 175 |
| | 17,436 | - | (504) | (576) | 3,138 | 101 | (7) | 19,588 |
| Total Restricted Funds | 20,643 | 16,590 | (14,174) | (706) | - | 101 | (7) | 22,447 |
| Restricted Funds - Charity only | 7,905 | 7,402 | (7,706) | (2,571) | - | 5 | - | 5,034 |

Following a review of previously restricted assets and in accordance with the accounting policy 1p on page 22, assets with a net book value of \$576,000 (2019: \$372,000) have been transferred from Restricted Funds to unrestricted Designated Funds.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

26. NET ASSETS

| Consolidated Group | Unrestricted funds | | Restricted Funds | Total 2020 | Total 2019 |
|-------------------------|--------------------|---------------|------------------|---------------|---------------|
| | General | Designated | | | |
| | US\$,000 | US\$,000 | US\$,000 | US\$,000 | US\$,000 |
| Intangible fixed assets | - | 20 | - | 20 | 6 |
| Tangible fixed assets | - | 49,224 | 19,588 | 68,812 | 66,952 |
| Current assets | 10,315 | 9,538 | 2,859 | 22,712 | 22,355 |
| Long term assets | 128 | - | - | 128 | - |
| Current liabilities | (6,765) | - | - | (6,765) | (7,491) |
| Long term liabilities | (154) | - | - | (154) | (175) |
| Deferred tax liability | (77) | - | - | (77) | (134) |
| | <u>3,447</u> | <u>58,782</u> | <u>22,447</u> | <u>84,676</u> | <u>81,513</u> |

| Charity only | Unrestricted funds | | Restricted Funds | Total 2020 | Total 2019 |
|-------------------------|--------------------|---------------|------------------|---------------|---------------|
| | General | Designated | | | |
| | US\$,000 | US\$,000 | US\$,000 | US\$,000 | US\$,000 |
| Intangible fixed assets | - | 20 | - | 20 | 6 |
| Tangible fixed assets | - | 6,237 | 3,636 | 9,873 | 15,287 |
| Current assets | 2,095 | 7,678 | 1,398 | 11,171 | 12,223 |
| Long term assets | 128 | - | - | 128 | - |
| Current liabilities | (2,047) | - | - | (2,047) | (2,195) |
| Long term liabilities | (99) | - | - | (99) | (58) |
| | <u>77</u> | <u>13,935</u> | <u>5,034</u> | <u>19,046</u> | <u>25,263</u> |

27. DEATH-IN-SERVICE AND RETIREMENT BENEFITS

Defined benefit pension scheme

MAF International provided for pensions for UK based employees through "The MAF Europe UK Pension Scheme". This is an insured scheme, which is invested with "Scottish Widows". It is a defined benefit scheme based on 1/60 of final salary for each year of service and was open to all employees. The scheme commenced on 1 January 2000. The last (triennial) actuarial report was prepared as at 1 January 2020. The scheme was closed to new members in December 2007 and closed for future accrual with effect from 29 February 2008.

A comprehensive actuarial valuation of the scheme was carried out at 31 December 2020 by the scheme's actuary. Adjustments to the valuation have been made based on the following assumptions:

| | 2020 | 2019 |
|------------------------------------|-------------|--------------|
| Discount rate | 1.3% | 2.0% |
| Retail price inflation before 2030 | 2.5% | 3.2% |
| Retail price inflation after 2030 | 2.5% | 2.7% |
| Limited Price Indexation | 2.5% | 2.9% |
| Deferred pension revaluation | <u>2.5%</u> | <u>2.95%</u> |

The mortality assumptions used were:

| | 2020 | 2019 |
|---------------------------------------|-------------|-------------|
| For a male aged 65 now | 21.3 | 21.6 |
| At 65 for a male member aged 45 now | 22.6 | 22.9 |
| For a female aged 65 now | 23.6 | 23.3 |
| At 65 for a female member aged 45 now | <u>25.2</u> | <u>24.8</u> |

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

27. DEATH-IN-SERVICE AND RETIREMENT BENEFITS (CONTINUED)

Reconciliation of scheme assets and liabilities:

| | 2020 | 2020 | 2020 | 2019 | 2019 | 2019 |
|---------------------------|--------------|----------------|------------|--------------|----------------|------------|
| | Assets | Liabilities | Total | Assets | Liabilities | Total |
| | US\$,000 | US\$,000 | US\$,000 | US\$,000 | US\$,000 | US\$,000 |
| At 1 January | 5,836 | (5,135) | 701 | 4,766 | (4,564) | 202 |
| Interest income/(expense) | 99 | (99) | - | 128 | (128) | - |
| Assets gains | 536 | - | 536 | 868 | - | 868 |
| Actuarial (losses) | - | (510) | (510) | - | (495) | (495) |
| Contributions | 127 | - | 127 | 126 | - | 126 |
| Benefits paid | (58) | 58 | - | (52) | 52 | - |
| At 31 December | <u>6,540</u> | <u>(5,686)</u> | <u>854</u> | <u>5,836</u> | <u>(5,135)</u> | <u>701</u> |

The scheme net asset of \$854,000 (£633,000) was not recognised in the financial statements in accordance with FRS102, as the directors believe it unlikely that the asset be recovered either through repayments to the Charity or reduced future contributions to the Scheme.

The fair value of the plan assets is as follows:

| | 2020 | 2019 |
|------------------|--------------|--------------|
| | US\$,000 | US\$,000 |
| Equities | 3,656 | 3,245 |
| Bonds | 843 | 777 |
| Gilts | 1,162 | 964 |
| Insured pensions | 876 | 849 |
| Cash | <u>3</u> | <u>1</u> |
| Total | <u>6,540</u> | <u>5,836</u> |

Non-contributory money purchase arrangements

MAF International makes contributions of 10% of annual salary to pension providers of choice for all UK based employees. During the year these pension contributions to individual non-contributory pension arrangements totalled \$197,000 (2019 - \$203,000).

MAF International in Asia Pacific made contributions of 10% of annual salary for superannuation for all Australia-based employees totalling \$452,000 (2019 - \$509,000).

Pension and superannuation contributions for staff in other fields overseas totalled \$279,000 (2019 - \$351,000).

28. TRUSTEES LIABILITY INSURANCE

MAF International has arranged liability insurance for its trustees and staff at a cost for the year of \$3,617 (2019 - \$2,084) excluding responsibilities regarding Asia Pacific region.

MAF International Asia Pacific has arranged liability insurance for its trustees and staff at a cost for the year of \$1,784 (2019 - \$1,734). Both are authorised in the respective Memorandum and Articles of Association.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

29. SUBSIDIARY UNDERTAKINGS

The charity has a number of subsidiaries as follows:

Stichting MAF International is a foundation registered in the Netherlands, Chamber of Commerce number 74256157. On 1st January 2020 the trade and assets of the Uganda and Tanzania programmes were transferred to the foundation from Mission Aviation Fellowship International.

Blue Sky Aviation Company Limited (BSA), is a company registered in Mongolia, number 9019010030. 95% of the shares are held by MAF International and the remainder by Exodus Way Company Limited. Following the decision to close the operations in Mongolia, most assets in BSA have been sold or transferred to other MAF International programmes. At the year-end there remained only an office included in Tangible Fixed Assets (note 12).

Aviation Communication and Logistics Services Limited is a company registered in Uganda, whose shares are held by Stichting MAF International and two nominees. It holds the titles to parcels of land in Uganda which it has leased to MAF International for 99 years. These parcels of land constitute the airfield at Kajjansi, near Kampala. The cost of the leases is included within land & property in tangible fixed assets (note 12).

Although Mission Aviation Fellowship International is referred to as MAF International in these accounts, there is an Australian charitable company, MAF International, with registration number A.B.N. 32 004 260 860, referred to below as MAF International (in Australia). This company is 100% controlled by virtue that Mission Aviation Fellowship International is the sole member of MAF International. Its principal activity is the provision of air services to the Church and remote communities. This company has two subsidiaries, MAF Aviation Services Pty Ltd and MAF PNG Holding Ltd. MAF PNG Holding Ltd also has one subsidiary, MAF Papua New Guinea Ltd.

- MAF Aviation Services Pty Ltd is an Australian company, A.C.N. 004 545 108. The company's shares are wholly owned by MAF International. MAF Aviation Services Pty Ltd has made a long term loan to MAF PNG Holding Ltd, secured on the latter's assets. It has no other activities.
- MAF PNG Holding Ltd is a company registered in Papua New Guinea (PNG), registration number 1-22887. The company is wholly owned by MAF International. MAF PNG Holding Ltd acts as the holding company for MAF Papua New Guinea Ltd, a wholly owned subsidiary, and as such it owns and manages all the aircraft, land and buildings and other fixed assets for operations in PNG.
- MAF Papua New Guinea Ltd is also a company registered in PNG, registration number 1-17085, and is wholly owned by MAF PNG Holding Ltd. This entity carries out the charity's objectives in that country through aviation.

Christian Radio Missionary Fellowship Inc (known as MAF Technology Services), is a not-for-profit association incorporated in Papua New Guinea, association number 5-903. It is controlled by virtue of a Memorandum of Understanding that grants responsibility for control and governance to Mission Aviation Fellowship International. Its ministry focus is in communications technology and services.

The following is a summary of the results and of the net assets of the main entities within the group.

| | MAF International (*) US\$,000 | MAF International (in the Netherlands) US\$,000 | MAF International (in Australia) (*) US\$,000 | MAF PNG Holding Ltd and MAF Papua New Guinea Ltd US\$,000 | CRMF Inc US\$,000 | 2020 Total US\$,000 |
|------------------------------|--------------------------------------|--|---|--|----------------------|---------------------------|
| Income | 20,806 | 4,145 | 8,645 | 3,561 | 786 | 37,943 |
| Expenditure | (14,413) | (6,223) | (8,839) | (4,576) | (773) | (34,824) |
| Other | 61 | 100 | 1,261 | (1,359) | (19) | 44 |
| Net movement in funds | <u>6,454</u> | <u>(1,978)</u> | <u>1,067</u> | <u>(2,374)</u> | <u>(6)</u> | <u>3,163</u> |
| Net Assets/ (liabilities) | <u>19,070</u> | <u>24,277</u> | <u>40,682</u> | <u>16</u> | <u>631</u> | <u>84,676</u> |

(*) MAF International includes Blue Sky Aviation Company Ltd and Rapid Relief Wing, and MAF International (in Australia) includes MAF Aviation Services Pty Ltd.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

29. SUBSIDIARY UNDERTAKINGS (CONTINUED)

The comparative results for 2019 are:

| | MAF International (*) US\$,000 | MAF International (in the Netherlands) US\$,000 | MAF International (in Australia) (*) US\$,000 | MAF PNG Holding Ltd and MAF Papua New Guinea Ltd US\$,000 | CRMF Inc. US\$,000 | 2019 Total US\$,000 |
|--------------------------|--------------------------------------|--|---|--|-----------------------|---------------------------|
| Income | 26,959 | 1,517 | 5,855 | 5,776 | 648 | 40,755 |
| Expenditure | (21,020) | (2,604) | (10,871) | (6,490) | (733) | (41,718) |
| Other | 220 | - | 72 | (466) | (31) | (205) |
| Net movement in funds | 6,159 | (1,087) | (4,944) | (1,180) | (116) | (1,168) |
| Net Assets | 25,259 | 16,830 | 37,311 | 1,482 | 631 | 81,513 |

(*) MAF International includes Blue Sky Aviation Company Ltd, Rapid Relief Wing and Mission Aviation Fellowship Limited, and MAF International (in Australia) includes MAF Aviation Services Pty Ltd.

30. CONNECTED CHARITIES

Rapid Relief Wing is a company limited by guarantee and a registered charity. It acted as an agent for MAF International in leasing an aircraft for Mongolia until March 2020 and has subsequently ceased trading.

31. NOTES TO THE CASH FLOW STATEMENT

| | 2020 US\$,000 | 2019 US\$,000 |
|---|------------------|------------------|
| Net income/(expenditure) before other recognised gains and losses | 3,119 | (963) |
| Net interest income | (49) | (122) |
| Operating surplus/(deficit) | 3,070 | (1,085) |
| Amortisation of intangible assets | 4 | 1 |
| Depreciation of tangible assets | 2,560 | 2,315 |
| Impairment of tangible assets | 347 | 876 |
| Revaluation reserve transfer on disposal | - | (997) |
| (Profit)/loss on disposal of tangible assets | (201) | 8 |
| Working capital movements | | |
| Decrease/(increase) in stocks | 79 | (14) |
| Decrease/(increase) in current and long term debtors | 2,880 | (2,916) |
| (Decrease)/increase in current and long term creditors | (747) | 907 |
| Cash flow from operating activities | 7,992 | (905) |