



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 2015

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
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FOR THE YEAR ENDED 31 DECEMBER 2015**

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**MISSION AVIATION FELLOWSHIP INTERNATIONAL
TRUSTEES, OFFICERS AND ADVISORS OF THE CHARITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

Trustees

Jan Ivar Andresen	Appointed 19 September 2015	Norway
Peter Curtis		Australia
Alastair Ralph Gunn		South Africa
Arne Krumsvik, PhD	Resigned 19 September 2015	Norway
Leighton Pittendrigh-Smith, BTMan		Australia
John Quin, OBE, FCMA (Chairman)		UK
Ann Saunders, BA Hons Oxon, FCIPD		UK
Karl Stoltzfus	Resigned 8 October 2015	USA
William Watson	Appointed 30 March 2016	Canada

Registered office, and principal place of business in UK

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

Executive Leadership Team

Annie M Bailey, FCIPD	International HR Manager
C Janet Busk, ACA	Chief Finance Officer & Company Secretary
Stephen L Charlesworth, BEng, BMin	Regional Director, Asia Pacific
Roger N Edwards, MCIPD	International Recruitment Manager
Bill A Harding, LLB MICD	International Development Director & Legal Counsel
Chris T Lukkien, MSc	Chief Executive
Henk-Jan Muusse	Regional Director, Africa
William B Nicol BMin	Aviation Director

Independent Auditor

Mazars LLP, Throwley Way, Sutton, Surrey, SM1 4JQ

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
FOR THE YEAR ENDED 31 DECEMBER 2015**

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 2015. The financial statements comply with the requirements of the governing documents, with 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) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

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

The principal activity has continued as providing a subsidised aviation service in parts of the world where surface travel is impossible or very difficult. 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 appropriate 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 has been funded by MAF groups around the world, most of whom are its members, and by fares charged to those who use the aircraft.

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 2015, our flights continued to enable our partners to overcome these challenges, and bring help and hope to people in spiritual and physical need.

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 Charity Commission. MAF International aims to benefit those living in some of the most isolated parts of the world. In many places there are no roads at all, or they are impassable or slow going, for example due to flooding or security issues. 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 2015 MAF International and its subsidiaries continued to operate in Chad, Kenya, Madagascar, Mongolia, South Sudan, Tanzania, Uganda, Arnhem Land in North Australia, Bangladesh, Papua New Guinea and Timor-Leste. In addition a Flight Training Centre in Queensland, Australia and Christian Radio Missionary Fellowship in Papua New Guinea have operated within the MAF International group.

During the year we were delighted that flight operations commenced in Liberia and, in response to the major earthquakes in Nepal in May 2016, a disaster relief operation was started there.

The work undertaken by each programme varies to reflect the needs of the country and the surrounding countries as well as the mix of churches, missions and NGOs.

In order to review effectiveness MAF International undertakes a regular survey by country of the needs of its customers and how we are helping them in their ministries and work. The survey is based on savings in time, finances, the increase in security and safety for those whom we serve, and the Christian influence of our staff.

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REPORT OF THE TRUSTEES, INCLUDING THE STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

During the 2015 year MAF International's operational flight statistics were:

Country	Total hours flown	Number of flight legs	Unique* passengers	Distance (km)	Unique* cargo (kg)	Fleet size	Destinations
Chad	686	370	975	159,959	10,429	2	30
Kenya	1,244	972	3,595	379,918	77,149	3	79
Liberia	99	35	212	23,839	4,715	1	17
Madagascar	932	722	2,474	213,960	11,858	2	48
Mongolia	470	253	1,040	118,193	150	1	30
South Sudan	2,101	1,859	4,446	528,179	272,517	5	62
Tanzania	510	960	1,245	94,228	2,007	3	55
Uganda	2,060	2,190	6,080	465,941	23,394	6	53
AFRICA REGION	8,102	7,361	20,067	1,984,217	402,219	23	374
Arnhem Land	5,525	10,624	19,423	938,255	10,494	14	51
Bangladesh	406	633	1,118	92,281	2,795	1	44
Nepal	1,377	3,880	4,303	55,764	666,406	0	281
Papua New Guinea	4,944	10,096	29,513	916,690	1624,518	12	215
Timor-Leste	719	1,287	3,319	135,115	2,912	2	14
Mareeba (Training)	815	652	n/a	162,940	0	8	n/a
ASIA PACIFIC REGION	13,786	27,172	57,676	2,301,045	2,307,125	37	605
TOTAL	21,888	34,533	77,743	4,285,262	2,709,344	60	979

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

Responding to Disasters and Emergencies

MAF is ideally placed to respond swiftly when crises occur. MAF's extensive experience of emergency situations, combined with its knowledge of local language and culture, enables MAF to make a significant contribution in times of disaster.

In **Nepal**, following the earthquakes of April and May 2015, the MAF co-ordinated response facility enabled aid to be delivered to the right people in hard-to-reach areas. The earthquakes, and then monsoon period, caused severe logistical restrictions on travel to the most-affected communities because of blocked roads and mountain passes in conjunction with inadequate transport and infrastructure. These access challenges greatly limited the ability of aid agencies to efficiently manage and monitor the implementation of projects. MAF managed two Helicopters dedicated to serving the humanitarian aid community to access affected vulnerable populations in these remote and isolated areas.

When two tropical cyclones struck **Arnhem Land** in early 2015, strong winds, heavy rain and a powerful tide wiped out power, water supplies and communications. MAF personnel checked on those living in the remote homelands where houses had been damaged and destroyed, and helped those affected by natural disaster to rebuild their battered communities.

Further, in times of hunger our aircraft enabled people to receive food. When drought and frost decimated the sweet potato crop in **PNG's** food growing highland areas, we distributed over 27 tonnes of rice and tinned fish to isolated areas such as Sisamin, Edwaki, Oksapmin, Bak and Fiyak, to prevent people starving.

Supporting Medical and Healthcare Needs

MAF uses its aircraft to fly into remote locations where people's poverty is compounded by their isolation. When ill health or accidents occur we seek to provide the quick transportation needed. Evidence of this is demonstrated by the following examples:

Flights in **Liberia**, our newest lifeline, enabled Water Missions International (WMI) to improve the water supply in various health centres. WMI's International Project Director thanked MAF, saying, 'The organisation is professional, yet very personal. The pilots began with a brief prayer for a safe flight and then we were off. Without MAF's support, the clean water project would not have been possible due to the rainy season and the nearly inaccessible roads.'

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In **Madagascar**, when Norozara's leg was broken by a cow landing on him after the cow was struck by a fast-moving truck, he was flown to a mission hospital where the doctors operated on his leg and shared the Gospel. Three weeks before we flew him back to his village, Norozara was baptised. 'To know he was going home,' said MAF Pilot Josh Plett, 'brought such joy. To know he was going home after being born again was priceless!'

In **Timor-Leste**, we helped people to receive physical (as well as spiritual) sight – our aircraft enabling a team of optometrists to carry out cataract operations, provide eye examinations and train local eye-care workers. Andrew, one of the sight-saving team, said, 'Every day we help people to regain their sight, and see lives changed through this. That's why I love MAF.'

Deaths were prevented in Fiyawena, **PNG**. When 4 women and their 13 children were accused of being witches and causing people to die during an outbreak of measles, we flew a Lutheran missionary and a team of Christian peacemakers to prevent the innocent villagers being killed. Thanks to MAF flights, the missionary and a courageous schoolgirl called Nes, the villagers eventually agreed to stop killing people falsely accused of witchcraft. They renounced sorcery, murder and intimidation, accepted a copy of God's Word, and prayed for God's mercy.

Bringing God's Word and Spreading the Good News

MAF is committed to strengthening and supporting the worldwide Church through our staff and by partnering with other Christian missions in the countries where we serve.

Our staff in **South Sudan** flew a precious cargo of 176kg of Bibles in English, Dinka, Zande and Moru to Nzara for the South Sudanese Bible Society, and transported a 600kg load of Bibles to missionaries working in Doro. The people, according to MAF Programme Manager Bastiaan de Waal, were so keen to have a copy in their own language, 'they couldn't wait to get their hands on it!'

MAF's mission-minded personnel distributed copies of a Turkana translation of the Bible to the Jesus Film Ministry in Lodwar, the Redeemed Gospel Church in Lokichoggio, and the Nazarene Compassionate Ministry, **Kenya** – and provided regular flights so Bible translators Laban and Joshua could start translating the New Testament into Rendille.

In 2015, an MAF flight enabled missionaries from a church in Ulaanbaatar to reach **Mongolia's** border to share the Gospel with a group of Altai people in **Siberia**. Two Altai men and a child professed faith in Jesus. An Altai woman, when asked if she wanted to follow Jesus, replied, 'Not only me, but I want my children, my family and all my friends to follow Him also!' A young Russian woman also became a Christian. Earlier in the year, during an MAF prayer day, three local MAF staff in Ulaanbaatar came to faith.

In **Arnhem Land**, MAF's missionary personnel provided essential flights for the indigenous Yolngu people, disciples believers, ran Kids Clubs, held weekly Bible studies with prisoners in Nhulunbuy, distributed solar-powered audio Bibles, CDs and DVDs to homeland communities, developed Scripture apps for the Gumatj and Djambarrpuyngu languages, took part in outreach, and set up a Wi-Fi router for the Yirrkala Aboriginal Church so people living remotely could download Gospel resources.

Supporting our Partners

MAF works in partnership with isolated communities and those seeking to assist them by enabling access to people and places our partners would otherwise struggle to reach.

In **Uganda**, MAF flights enabled organisations such as African Leadership and Reconciliation Ministries to rebuild communities devastated by the Lord's Resistance Army, and enabled partners such as Every Village, Wycliffe Bible Translators and the Diocese of Kajo-Keji to share the Good News, mentor believers and translate Scripture into various languages.

In **Bangladesh**, our flights made the work of MAF partner Friendship possible by flying doctors to their three floating hospitals. Comparing lengthy road travel with a quick MAF flight, Friendship's founder said, 'If we can save one hour, it is one person's life being saved.' Our aircraft also enabled surgeons and healthcare supplies to reach the *Jibon Tari* floating hospital, allowing many Bangladeshis to receive transformative surgery on board IMPACT Foundation's ship.

In 2015, our partnership with Timor-Leste's Ministry of Health continued to save lives – including that of Maria, a 39-year-old woman with pregnancy complications. MAF Pilot and Programme Manager Jonathan Lowe was delighted that 'this was the 700th patient we'd transferred from remote areas to Dili since we started flight operations in 2007.' Later, during a busy 19-day period, Jonathan performed 18 medevacs for patients who needed urgent medical attention at Dili Hospital.

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We also helped Medair staff care for vulnerable people living in refugee camps in **South Sudan**. MAF's regular flights to IDP camps in areas such as Abayok and Wonhow helped deliver the nutritious food supplement Plumpy'Sup and essential medicines – saving many lives. According to Medair's Logistic Officer, 'From Juba, MAF's aircraft takes only three hours. It takes five days by road. If you add the issue of serious security risks – the only possible option is flying.'

Reaching Remote Places

Throughout 2015, our ability to land on rugged mountainside airstrips, lakes and rivers, deserts, roads and basic landing strips, saved some of the world's most forgotten people from having to spend days walking through dense jungle or traversing treacherous roads to receive practical help, spiritual hope and physical healing.

MAF aircraft made it possible for a YWAM medical safari flight to take place in Jaja and Kiasi in **Tanzania**, which saw 300 people receive medical treatment, 100 mosquito nets distributed, 50 people prayed for, and 2 villagers come to faith. 'I can't wait to share the Good News again with people who are mostly forgotten by others and need our help,' said MAF Pilot Jarkko Korhonen.

In **Kenya**, flights for Sauti Moja personnel enabled the NGO to help unite the Borana and Rendille tribes who were originally trapped in a violent conflict that had claimed 250 lives. Sauti Moja's founder thanked MAF, saying, 'If we're doing peace work in remote communities, it can take two days to get there. With MAF, we can be there in a couple of hours.'

In **Bangladesh**, a flight enabled the US Ambassador to Bangladesh to visit a school feeding programme that provides high energy biscuits to two million children who would otherwise go hungry. The flight to Gaibandha District not only saved time but was also far safer than a 150-mile journey along potentially hazardous roads.

We flew a team of ophthalmologists and more than 300kg of equipment to Maban, **South Sudan**. The cataract clinic, held at the refugee camp there, was organised by World Gospel Mission (WGM). 'Air travel,' WGM's Country Co-ordinator explained, 'is the only way we're able to travel and get the job done.' Thanks to the week-long clinic, 1,700 people were screened for eye problems, and over 400 people received their sight back.

Other Activities

MAF Technology Services, formerly known as Christian Radio Missionary Fellowship, provides a reliable means of HF radio communication, IT and technical expertise in Papua New Guinea. This enables 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.

Other activities include the provision of light aircraft maintenance from many of our bases. Where appropriate, MAF International also has provided e-mail services, vehicle maintenance and logistics services which help others serving in the more remote areas.

Developments during the Year

In 2015, we celebrated the 70th year of MAF's existence – our aircraft and personnel continuing to bring restoration after conflict, healing to the broken and food for the hungry. We are grateful that, 70 years on, we remain able to provide physical and spiritual transformation to remote and isolated people.

We accomplished our mission by enabling medical teams to bring healing, pastors to provide pastoral care and spiritual support, and by transporting equipment and resources to aid community development and ensure self-sufficiency. Emergency patients were airlifted, Bible translators flown to remote areas, and clean water, food and medical supplies delivered to areas affected by disaster or disease.

Highlights during the year included the start of operations in Liberia, West Africa. After our plans were delayed due to the Ebola crisis we were able to transfer a Cessna 208 in August 2015 which started flight operations the following month.

With the political changes in Myanmar in recent years, we have been making some progress towards the establishment of a programme there. During 2015 we identified a staff member to be appointed as Programme Manager. We intend to initially focus on airstrip development and reconstruction within the Chin state.

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In South Sudan, if the security situation remains manageable, the potential for the programme to grow is significant. The Juba-based fleet needs to grow further to meet the increasing need for its services, with a focus on partnering with the African Church. Before that can happen there is a need to establish the necessary support resources, such as residential accommodation for staff members, a maintenance facility, increased office space, airport facilities, and the ongoing recruitment and retention of sufficiently qualified staff members. In 2015 we saw the start of this with signing of a land deal for our new compound in South Sudan which enabled us to start building six houses for our staff based there.

We have also been increasing the fleet to try to meet the huge demand in South Sudan. By the end of the year, four Cessna 208s were operating there which were transferred from the Kenya programme. In addition, a Cessna 182 aircraft arrived which will be well placed to serve smaller mission and church groups, due to its lower operating cost.

2015 also saw the official opening of MAF's new Training Centre in Mareeba, where we entered into a new pilot training partnership with Aviation Australia at a special commissioning ceremony.

In the light of the growth of the South Sudan programme, MAF undertook a strategic review of the operations in Kenya during the year. As a consequence, the staffing levels in Nairobi were reviewed and after due consultation, a total of ten staff members were made redundant. The Kenya programme will continue to provide maintenance support and the necessary check and training capacity for South Sudan. It was also decided a small base in Marsabit will be established in early 2016 to be more effective in ministry in the north of the country.

The International Development Director has reported a number of developments in Asian resourcing groups during 2015. The Singaporean group expanded its Board of directors, clarified its vision and goals, appointed a full-time manager, established an office, and accelerated digital and other promotional efforts. The Philippines group also appointed a manager and established an office, in Global City, Manila. Relations with the Filipino aviation training community were developed along with promotions in church groups. An Asian Development Executive was appointed, based in the Cairns office, who contributed to the identification, assessment, preparation and deployment of Asian staff. In 2015 three Indian International Staff were accepted for service with the recruitment process commenced for several others. Promotional events were held in India, and digital and other publicity was developed along with relationships with church and mission leaders.

In 2014 we reported that a new HR strategy had been developed and approved. This strategy identifies key strategic initiatives in the areas of recruitment, remuneration and reward, staff well-being and learning & development. Much progress has been made in increasing recruitment levels with 36 new international staff families joining the organisation. However, during the year 19 families left and therefore recruitment will continue to be a major focus in 2016 as critical staff vacancies continue to exist in several programmes.

In 2013 we purchased five second hand GA8 Airvans in an auction to enhance our fleet in Asia Pacific and we were extremely pleased to be able to report that two of the aircraft were fully upgraded and joined our active fleet during 2014. A third flew to Timor-Leste in February 2015 and the fourth joined our Arnhem Land fleet in July 2015. The final GA8 is planned to remain in Mareeba as one of our flight training aircraft. A further Cessna 206 was sold from Mareeba now that they are no longer part of the Asia Pacific operations. These moves assist in rationalising our fleet at Mareeba and we expect to make further changes in 2016 to improve our training capability.

In 2014 we reported that we had undertaken a review of the operations in South Africa, and following discussions with the national MAF group, agreed that in future the high impact flying would be undertaken by its subsidiary "Flying For Life" by chartering third party aircraft. Under this new arrangement MAF South Africa have continued to serve the isolated Venda people in the Limpopo province by flying 333 passengers in 38 flights during the year.

Grants

Grants made are set out in note 6 to the financial statements.

MAF International received \$1,194,000 in the year (2014 - \$2,515,000) from the European Commission's Humanitarian aid and Civil Protection department (ECHO). These funds are restricted 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 a number of NGOs working there, the delivery of the aid is 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 when the aid is most urgently needed.

There are significant challenges associated with air travel in that area, and only certain types of aircraft are suitable to safely operate in the environment. MAF operates four aircraft well-suited for these conditions and provides an aviation service which enables NGO and qualifying aid organisation staff to deliver urgent assistance to beneficiaries in remote areas which would be inaccessible using land-based transport. During the year \$1,153,000 (2014- \$2,484,000) was passed on to MAF USA to enable them to carry out this important work.

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Included in the flight statistics shown on page 3 are the figures for the work done in Nepal up to 30 September following the earthquakes. From October 1st the work in Nepal was officially transferred to MAF USA. During the last quarter to 31 December 2015, MAF International received \$614,000 from the UK's Department for International Development (DfID) for the work in Nepal which was duly transferred to MAF USA. For this period, from October to December, a further 598 flight hours, representing 1,655 flight legs, covering 24,217km, carrying a total of 1,794 passengers and 243,642kg of cargo to 121 separate destinations were carried out.

The Mission Aviation Training Centre in the Netherlands is set up as an international flying school to train pilots and specifically future MAF pilots. Training is given by former MAF pilots who understand from first-hand experience the high quality, specialised training required to operate in some of the most challenging places in the world. MAF International gave a grant of \$42,000 (2014 - \$50,000) during the year to assist with the development of this training provider.

Other grants have been made from designated funds to certain MAF groups in accordance with specific arrangements with them.

Future Plans

In 2015 a new Strategic Plan for the years to 2019 was drawn up. This plan introduces three new key themes which tie together the different strategic initiatives. These three themes are:

- From doing to enabling
 - Developing strategic international and local partnerships
 - Facilitating local capacity building and supporting local initiatives
 - Encouraging and equipping staff for effective discipleship
 - Emphasising training and development of national staff
- Becoming more international
 - Accelerating Asia development
 - Encouraging national staff to become missionaries with MAF
 - Leadership development
 - Increasing diversity at every level within the organisation
- Increasing agility
 - Improving the mobility of people and aircraft to become more responsive to changing partners' needs
 - Increasing operational effectiveness and efficiency
 - Shortening recruitment time
 - Balancing prescriptive and principle-based approach

We continued working closely with the other MAF groups whose main function is to resource the operations and are delighted to report that we had sufficient funds to carry out all the planned activities for the year. 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.

FINANCIAL REVIEW

The Consolidated Statement of Financial Activities for MAF International for the year are set out on page 14. Total incoming resources for the year were \$39,309,000 (2014 restated - \$41,782,000) of which 35% (2014 - 38%) was generated by services provided and 63% (2014 - 61%) was voluntary income including restricted gifts and the value of intangible income.

The net movement in resources for the year before other gains and losses was a surplus of \$2,952,000 (2014 restated - \$1,001,000). The net movement in the revaluation reserve was \$775,000 (2014 restated - \$904,000). This gain 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 \$2,725,000 (2014 restated surplus - \$876,000). This comprises a deficit of \$24,000 on unrestricted General Funds, a surplus on unrestricted Designated Funds of \$2,647,000 and a surplus on Restricted Funds of \$102,000. There was also a transfer of \$1,842,000 from Restricted Funds to unrestricted Designated Funds following a review of previously restricted assets in accordance with the accounting policy 1n on page 19. Details of the unrestricted Designated Funds are set out in the Notes to the Financial Statements (note 22), which sets out 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 primarily on the translation of the Papua New Guinean financial statements, as well as some on our Pounds Sterling, Australian dollars and Euro deposits.

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REPORT OF THE TRUSTEES, INCLUDING THE STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

Analyses of incoming resources and of resources expended are given in the Notes to the Financial Statements (notes 3 to 10).

Reporting of pension provision

MAF International provided for pensions for UK based employees through "The MAF Europe UK Pension Scheme". The Trustees have included pensions information on this scheme in the format required by the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Note 25 shows that, comparing the present value of the scheme future liabilities with the current value of the investments, there was a net asset of \$240,000 (2014 liability - \$228,000), 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 £163,000 (2014 liability - £149,000). 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.

The actuarial review as at 1 January 2013, disclosed a shortfall in the funding due of £633,000 (\$933,000 at the December 2015 exchange rate) on assets of £2,075,000 at that date. The Trustees agreed a recovery plan of additional transfers at a rate of £126,000 per annum until September 2018. A second charge on the office premises in Ashford remains in place.

The scheme was closed to future service accrual at 29 February 2008. The scheme has 23 "deferred" members who will receive their pension, based on service up until that date, at their normal retirement date, together with 8 pensioner members. The next actuarial review for the scheme is due in 2016.

In addition to the defined benefit scheme MAF International makes contributions to defined contributions schemes on behalf of its employees in the UK. For those employed elsewhere, contributions are made 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 of the assets were used to further the objects of the charity.

The balance carried forward on unrestricted funds totals \$48,208,000 being \$2,253,000 of general funds and \$45,955,000 of designated funds. 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 to withstand peaks and troughs in cash flows. Additionally, other designated funds may be created by the Board to help ensure MAF International'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 22.

At 31 December 2015 the base reserve balance was within the range of 30 to 90 days of overhead expenditure.

Principal Risks and Uncertainties

The Trustees have a formal risk management process to assess risks and implement risk management strategies. This involves each programme and support department reporting quarterly on the risks that they have identified affecting their area of responsibility. A risk status is identified for each hazard by charting the probability of the event against the severity of its outcomes. The results of the risk assessment determine the level of action or mitigating measures that must be taken.

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The risks are classified into the following groupings:

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

Further, a complete review of risk and uncertainty to which MAF International is exposed together with the protective action being planned and implemented is compiled. This is discussed at least annually by the Trustees.

The principal risks identified through the process outlined above, 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"> • Internal and external recruitment and planning • Appointing short-term staff if necessary • Ongoing discussion with MAF resourcing groups • Having organisational standards and internal controls in place • Providing oversight and support from regional support offices
Failure to implement safety culture effectively across cultures	<ul style="list-style-type: none"> • Ensuring education and training on the organisation's safety culture and standards • Sufficient monitoring and checks being made on staff performance • Internal controls being in place • Regular internal and external audits
Significant error following introduction of new systems, aircraft, equipment, and staff	<ul style="list-style-type: none"> • Introduction of suitable standards. • Training of staff • Sufficient monitoring and checks made on staff performance • Internal controls being in place • Regular internal and external audits
Significant devaluation of relevant currencies	<ul style="list-style-type: none"> • Monitoring exchange rates • Hedging when appropriate • Taking professional advice

The principal uncertainties relating to overseas activities are also addressed by the risk management process the Board has adopted. In addition to the above, MAF international's operational activities are exposed to inflation of global fuel prices, which is mitigated through continual monitoring of prices, inclusion of inflation factors in the annual budgets and advance purchasing of fuel where practicable.

MAF International has also adopted a range of risk management policies including Anti-bribery and Fraud and Whistleblowing policies. These policies are available on the charity's intranet and available for all staff in every location.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

MAF International, a company limited by guarantee (number 3144199), registered in England and Wales, is registered as a charity (number 1058226).

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
REPORT OF THE TRUSTEES, INCLUDING THE STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

MAF International's initial memorandum and articles of association were dated 23 December 1995 following which the memorandum of association was revised on each of 30 March 2001 and 27 June 2009 and the articles of association were revised on 5 June 2004. After receiving recommendations and close consultation with members, the memorandum and articles of association were replaced, and at a General Meeting of members on 10 September 2011 revised articles of association were adopted. This were revised by some minor amendments at the Annual General meeting held on 27 September 2014.

Subsidiaries and connected charities

Details of MAF International's subsidiaries, joint ventures and connected charities are set out in Notes 27 to 29 to the Financial Statements.

Members

The members and associate members are the various MAF groups that provide resources to MAF International. Members are based in 13 countries and associate members are based in 2 countries.

Related parties

As mentioned above there are a number of MAF groups in various nations that are members and associate members. Apart from the natural transactions with these other MAF groups, there were no related party transactions.

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 end of this report. The Board, which met as a group three times during 2015 (2014 – 3 times), was assisted by three subcommittees: a Safety Committee, a Finance and Audit Committee and a Human Resources Committee. The members of these subcommittees are made up from Board members and outside experts where appropriate.

Management

The Chief Executive, together with an Executive Leadership Team 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 Chief Executive and Executive Leadership Team must manage the operations of MAF International.

Remuneration of Executive Leadership Team

The Chief Executive's salary is set by the Trustees having taken into account 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 Executive Leadership Team are similarly set by the Chief Executive, in consultation with the Trustees, also taking into account the country of residence of each. All the Senior Executives receive exactly the same other benefits and 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 Executive Leadership Team 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 Chief Executive 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.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
REPORT OF THE TRUSTEES, INCLUDING THE STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

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 irregularities, and to provide reasonable assurance that:

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

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

- a strategic plan and an annual budget approved by the Trustees
- regular consideration by the Trustees of financial results, variances from budgets and non-financial performance indicators
- delegation of authority and segregation of duties
- identification and management of risks
- minimum financial internal controls required are documented in a finance manual that is regularly reviewed and updated

In addition, there is a financial internal audit function which undertakes a schedule of audit visits to programmes on a rotational basis. During the 2015 year three programmes were visited for internal audit purposes. A further audit was conducted in Central Asia as part of the arrangement for grant funding by ECHO for that programme which is operated by MAF USA.

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 airworthy 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 issues throughout the organization and to give oversight to the Aviation Safety Programme.

We are pleased to report that during the year there were no flight accidents.

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.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
REPORT OF THE TRUSTEES, INCLUDING THE STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

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 including 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 and dissemination of financial statements, which may 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 *3rd June 2016.*



John Quin
Chairman

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MISSION AVIATION FELLOWSHIP INTERNATIONAL
FOR THE YEAR ENDED 31 DECEMBER 2015**

We have audited the financial statements of Mission Aviation Fellowship International for the year ended 31 December 2015 which comprise Consolidated Statement of Financial Activities, Consolidated and Charity Only Balance Sheet, Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 12 the Trustees (who are also the Directors of the 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and charity's affairs as at 31 December 2015 and of the charity'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.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees' for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate 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.



Alistair Fraser (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Times House, Throwley Way, Sutton, Surrey, SM1 4JQ

Date 13 June 2016

MISSION AVIATION FELLOWSHIP INTERNATIONAL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015				2014 (as restated)				
		Unrestricted funds		Restricted	Total	Unrestricted funds		Restricted	Total	
		General	Designated	funds		General	Designated	funds		
		US\$,000	US\$,000	US\$,000	US\$,000	US\$,000	US\$,000	US\$,000	US\$,000	
Incoming resources arising from										
Donations	3	7,062	-	17,484	24,546	8,211	-	17,486	25,697	
Charitable activities	4	13,516	327	-	13,843	15,174	499	-	15,673	
Other		436	467	17	920	288	123	1	412	
Total incoming resources		21,014	794	17,501	39,309	23,673	622	17,487	41,782	
Resources expended on										
Raising funds	5	385	-	-	385	466	-	-	466	
Grants	6	870	145	1,932	2,947	1,016	162	2,484	3,662	
Charitable activities	7	15,364	3,414	14,247	33,025	20,324	3,220	13,109	36,653	
Total resources expended		16,619	3,559	16,179	36,357	21,806	3,382	15,593	40,781	
Net incoming/(outgoing) resources before transfers	9	4,395	(2,765)	1,322	2,952	1,867	(2,760)	1,894	1,001	
Transfers between funds	22,23	(3,701)	5,362	(1,661)	-	(1,607)	2,471	(864)	-	
Net incoming resources before other recognised gains and losses		694	2,597	(339)	2,952	260	(289)	1,030	1,001	
Increase/(decrease) in revaluation on defined benefits pension scheme	25	234	-	-	234	(223)	-	-	(223)	
Net movement in revaluation reserve	22,23	-	326	449	775	-	460	444	904	
Other losses		(952)	(276)	(8)	(1,236)	(787)	(18)	(1)	(806)	
Net movement in funds		(24)	2,647	102	2,725	(750)	153	1,473	876	
Balances brought forward (as restated)	31	2,277	43,308	15,483	61,068	3,027	43,155	14,010	60,192	
Balances carried forward		2,253	45,955	15,585	63,793	2,277	43,308	15,483	61,068	

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

All incoming resources and resources expended derive from continuing activities in both years.

The notes on pages 17 to 37 form an integral part of these financial statements.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
CONSOLIDATED AND CHARITY BALANCE SHEET
AS AT 31 DECEMBER 2015**

	Note	Consolidated 2015 US\$,000	Consolidated 2014 (as restated) US\$,000	Charity 2015 US\$,000	Charity 2014 (as restated) US\$,000
Intangible fixed assets	11	-	8	-	8
Tangible fixed assets	12	45,274	44,874	23,325	22,702
Current assets					
Stocks	13	3,028	3,600	1,029	1,282
Debtors	14	5,577	4,769	3,689	3,538
Short-term deposits	15	3,953	4,450	3,738	4,266
Cash and cash equivalents	16	13,789	11,504	11,988	9,657
		<u>26,347</u>	<u>24,323</u>	<u>20,444</u>	<u>18,743</u>
Current liabilities					
Creditors	17	(7,040)	(6,817)	(4,593)	(4,771)
Net current assets		<u>19,307</u>	<u>17,506</u>	<u>15,851</u>	<u>13,972</u>
Debtors due after more than one year	14	132	-	132	-
Total assets less current liabilities		<u>64,713</u>	<u>62,388</u>	<u>39,308</u>	<u>36,682</u>
Creditors due after more than one year	18	(152)	(198)	-	(14)
Net assets excluding pension and deferred tax liabilities		<u>64,561</u>	<u>62,190</u>	<u>39,308</u>	<u>36,668</u>
Defined benefit pension scheme liability	25	-	(228)	-	(228)
Deferred tax liability	19	(768)	(894)	-	-
Net Assets including pension liability		<u>63,793</u>	<u>61,068</u>	<u>39,308</u>	<u>36,440</u>
Accumulated funds					
Unrestricted funds					
General		2,253	2,505	4,706	5,264
Less Pension liability	25	-	(228)	-	(228)
		<u>2,253</u>	<u>2,277</u>	<u>4,706</u>	<u>5,036</u>
Designated revaluations reserves	22	7,210	6,818	814	714
Other designated funds	22	38,745	36,490	21,793	20,103
Total unrestricted funds		<u>48,208</u>	<u>45,585</u>	<u>27,313</u>	<u>25,853</u>
Restricted funds	23				
Restricted revaluations reserves		867	540	291	208
Other restricted funds		14,718	14,943	11,704	10,379
Total restricted funds		<u>15,585</u>	<u>15,483</u>	<u>11,995</u>	<u>10,587</u>
Total funds	24	<u>63,793</u>	<u>61,068</u>	<u>39,308</u>	<u>36,440</u>

Approved by the directors on 3rd June 2016 and signed on their behalf by



John Quin, Chairman

The notes on pages 17 to 37 form an integral part of these financial statements.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 US\$,000	2014 (as restated) US\$,000
Net cash generated from operating activities	30	3,966	1,577
Cash flow from investing activities			
Purchase of tangible assets		(1,723)	(2,075)
Proceeds from disposals of tangible assets		838	578
Interest received		104	96
Net cash used in investing activities		<u>(781)</u>	<u>(1,401)</u>
Cash flow from financing activities			
Interest paid		<u>(1)</u>	<u>(2)</u>
Net cash used in financing activities		(1)	(2)
Effect of exchange rates on cash and cash equivalents		<u>(1,396)</u>	<u>(694)</u>
Net increase/(decrease) in cash and cash equivalents		1,788	(520)
Cash and cash equivalents at start of year		15,954	16,474
Cash and cash equivalents at the end of the year		<u><u>17,742</u></u>	<u><u>15,954</u></u>

The notes on pages 17 to 37 form an integral part of these financial statements.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES

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 2015), 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 i 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.

A reconciliation of group funds and balances and comparative amounts is shown in note 31 as a result of applying the new accounting policies required by FRS 102 and the Charities SORP (FRS 102).

b Going concern

MAF International has \$17,742,000 (2014 - \$15,954,000) held in immediately accessible cash or short term investments at 31 December 2015. Of this \$3,805,000 (2014 - \$3,631,000) is held for restricted purposes and the remaining cash is for use at the directors' discretion which is sufficient to cover the group's liabilities as they fall due for the foreseeable future. In light of this, these financial statements have been prepared on the basis that the charity is a going concern.

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 27), of the joint venture company (note 28), together with Rapid Relief Wing (note 29). 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 for the year was a loss of \$2,868,000 (restated 2014 – loss of \$465,000).

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 2015
Other amounts - rate at date of transaction

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

	31 December 2015	2015 Average	31 December 2014	2014 Average
£ Sterling	1.4743	1.5291	1.5293	1.6533
Australian Dollar	0.7302	0.7519	0.8169	0.9047
Papua New Guinean Kina	0.3325	0.3635	0.3855	0.3876

c Incoming resources

- (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.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES (CONTINUED)

d Resources expended

- (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.

e 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 2015 is \$ Nil (2014 – liability of \$228,000). This represents the present value of the defined benefit obligation less the fair value of the plan assets at the reporting date.

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.

f Operating leases

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

g 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.

h Intangible fixed assets

Purchased and internally developed computer software which costs \$2,000 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 2015**

1. ACCOUNTING POLICIES (CONTINUED)

i Tangible fixed assets

Individual fixed assets costing \$2,000 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 resources expended 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 resources expended.

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 so as 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.

j Stocks

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

k Cash

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

l 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.

m Financial instruments

MAF International only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

n 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 directors 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.

o Related parties

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

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

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 2015**

3. INCOMING RESOURCES 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.

	2015			2014		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	US\$,000	US\$,000	US\$,000	US\$,000	US\$,000	US\$,000
Donated services	-	3,956	3,956	-	4,284	4,284
European Commission	-	1,194	1,194	-	2,515	2,515
Income for housing	582	-	582	601	-	601
MAF Australia	-	1,541	1,541	225	1,684	1,909
MAF Canada	-	137	137	-	90	90
MAF Denmark	58	27	85	109	62	171
MAF Finland	27	136	163	52	135	187
MAF France	-	3	3	-	-	-
MAF Germany	-	191	191	-	123	123
MAF Italy	-	11	11	-	6	6
MAF Netherlands	-	1,730	1,730	-	2,167	2,167
MAF New Zealand	1	442	443	23	332	355
MAF Norway	340	517	857	151	525	676
MAF South Africa	-	2	2	-	-	-
MAF Sweden	-	176	176	-	237	237
MAF Switzerland	-	751	751	169	363	532
MAF UK	6,006	6,419	12,425	6,837	4,826	11,663
MAF USA	48	70	118	43	100	143
Mission Eine Welt	-	28	28	-	-	-
Other donors	-	153	153	1	37	38
	<u>7,062</u>	<u>17,484</u>	<u>24,546</u>	<u>8,211</u>	<u>17,486</u>	<u>25,697</u>

The majority of the International Staff serving in the Africa region 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. In contrast in Asia Pacific region the majority of the 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 staff support received by the charity and included in restricted income above was as follows:

	2015	2014
	US\$,000	US\$,000
MAF Australia	1,198	1,253
MAF Canada	30	42
MAF Germany	14	52
MAF Netherlands	100	84
MAF New Zealand	411	327
MAF Switzerland	125	140
MAF UK	498	446
MAF USA	61	81
Mission Eine Welt	28	-
Other donors	<u>82</u>	<u>4</u>
	<u>2,547</u>	<u>2,429</u>

MAF International additionally collected \$110,000 (2014 - \$38,000) donations income and \$289,000 (2014 - \$308,000) 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 2015**

4. INCOMING RESOURCES 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 provide management services to a 3rd party airline and 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.

	2015			2014 (as restated)		
	General	Designated	Total	General	Designated	Total
	US\$,000	US\$,000	US\$,000	US\$,000	US\$,000	US\$,000
Contributions for						
Aviation services	11,801	-	11,801	13,313	-	13,313
Maintenance services	1,049	-	1,049	1,024	-	1,024
Other technologies	-	327	327	-	499	499
Other services	666	-	666	837	-	837
	<u>13,516</u>	<u>327</u>	<u>13,843</u>	<u>15,174</u>	<u>499</u>	<u>15,673</u>

MAF International acts as an agent for flights operated by MAF USA. During the year, the group collected and passed on \$203,000 (2014 - \$82,000) which has not been recognised in these financial statements.

5. RESOURCES EXPENDED ON RAISING FUNDS

	2015	2014 (as restated)
	US\$,000	US\$,000
Allocation of support staff and other costs	<u>385</u>	<u>466</u>

6. RESOURCES EXPENDED ON GRANTS MADE

Grants were made from restricted and unrestricted funds in 2015 as follows:

	For international staff support	For development of their activities		For programme costs	Allocation of support costs	Total
	General	General	Designated	Restricted	General	
	US\$,000	US\$,000	US\$,000	US\$,000	US\$,000	US\$,000
Juba Christian Academy	-	-	-	52	4	56
MAF Australia	-	277	-	-	23	300
MAF Canada	106	-	-	-	9	115
MAF Finland	-	-	55	-	5	60
MAF Germany	5	-	-	-	1	6
MAF Norway	-	139	-	-	12	151
MAF Singapore	-	-	48	-	4	52
MAF South Africa	30	75	-	-	9	114
MAF Sweden	58	-	-	-	5	63
MAF USA for work in Central Asia	-	-	-	1,153	64	1,217
MAF USA for work in Nepal	-	-	-	727	41	768
Mission Aviation Training Centre	-	-	42	-	3	45
	<u>199</u>	<u>491</u>	<u>145</u>	<u>1,932</u>	<u>180</u>	<u>2,947</u>

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

6. RESOURCES EXPENDED ON GRANTS MADE (CONTINUED)

Grants were made from restricted and unrestricted funds in 2014 (as restated) as follows:

	For	For development of their		For	Allocation of	Total
	international	activities		programme	support costs	
	staff support	General	Designated	costs	General	
	General	General	Designated	Restricted	General	
	US\$,000	US\$,000	US\$,000	US\$,000	US\$,000	US\$,000
MAF Australia	-	489	47	-	51	587
MAF Canada	84	-	-	-	8	92
MAF Finland	-	-	65	-	6	71
MAF Norway	-	165	-	-	16	181
MAF South Africa	4	57	-	-	6	67
MAF Sweden	24	-	-	-	2	26
MAF USA for work in Central Asia	-	-	-	2,484	99	2,583
Mission Aviation Training Centre	-	-	50	-	5	55
	112	711	162	2,484	193	3,662

7. RESOURCES EXPENDED ON CHARITABLE ACTIVITIES

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

Charitable activities for 2015 were as follows:

	Programme costs			Allocation of	Total
	General	Designated	Restricted	support costs	
	General	General	Restricted	General	
	US\$,000	US\$,000	US\$,000	US\$,000	US\$,000
Direct costs of services	3,371	1,623	6,744	2,119	13,857
Cost of donated services	-	-	3,956	560	4,516
Staff costs	5,222	140	2,756	725	8,843
Other local overhead expenditure	1,730	278	461	1,606	4,075
Depreciation, amortisation and impairment	-	1,373	330	31	1,734
	10,323	3,414	14,247	5,041	33,025

Charitable activities for 2014 (as restated) were as follows:

	Programme costs			Allocation of	Total
	General	Designated	Restricted	support costs	
	General	General	Restricted	General	
	US\$,000	US\$,000	US\$,000	US\$,000	US\$,000
Direct costs of services	5,751	899	5,903	2,114	14,667
Cost of donated services	-	-	4,284	638	4,922
Staff costs	6,601	162	2,428	844	10,035
Other local overhead expenditure	2,341	735	-	1,997	5,073
Depreciation, amortisation and impairment	-	1,424	494	38	1,956
	14,693	3,220	13,109	5,631	36,653

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

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 2015 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	194	69	543	806
Aviation Services including quality and safety departments	-	-	1,887	1,887
Finance	102	77	837	1,016
Human Resources	-	34	651	685
Information technology and communications	89	-	705	794
Support office costs	-	-	387	387
Depreciation of fixed assets used for support	-	-	31	31
	<u>385</u>	<u>180</u>	<u>5,041</u>	<u>5,606</u>

Unrestricted general support costs for 2014 (as restated) 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	256	89	717	1,062
Aviation Services including quality and safety departments	-	-	1,716	1,716
Finance	104	52	922	1,078
Human Resources	-	52	981	1,033
Information technology and communications	106	-	762	868
Support office costs	-	-	495	495
Depreciation of fixed assets used for support	-	-	38	38
	<u>466</u>	<u>193</u>	<u>5,631</u>	<u>6,290</u>

9. NET INCOMING RESOURCES BEFORE TRANSFERS

The net incoming resources before transfers between funds is stated after charging:

	2015	2014 (as restated)
	US\$,000	US\$,000
Auditors remuneration		
Audit fees	148	163
Other services	-	-
Realised net (gain)/loss on currency exchange	<u>(15)</u>	<u>67</u>
Bank Interest paid	<u>1</u>	<u>2</u>
Amortisation of intangible fixed assets (note 11)	8	12
Depreciation, of both Restricted and Assets Fund assets (note 12)	1,764	1,582
Impairment of both Restricted and Assets Fund assets (note 12)	(39)	346
Net (gain) on disposal of fixed assets	<u>(432)</u>	<u>(81)</u>
Charges under operating leases	<u>905</u>	<u>976</u>

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

10. STAFF EXPENDITURE AND STAFF NUMBERS

	2015	2014 (as restated)
	US\$,000	US\$,000
Staff Costs		
Wages and salaries, including intangible expenditure	13,459	15,096
Social security costs	261	283
Retirement and death-in-service benefits costs	1,051	1,130
	<u>14,771</u>	<u>16,381</u>
Total salaries and benefits paid to Executive Leadership team during the year	<u>671</u>	<u>690</u>
	Number	Number
Employees receiving remuneration at a rate of: £70,000 to £79,999	<u>1</u>	<u>1</u>
Average number of employees - support offices	60	62
Average number of employees - field	400	399
Average number of seconded staff	64	64
	<u>524</u>	<u>525</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.

	2015	2014 (as restated)
	US\$,000	US\$,000
Travel and communications expenses reimbursed to 6 directors (2014-6).	<u>18</u>	<u>25</u>

11. INTANGIBLE ASSETS

	Group and Charity Software US\$,000
COST as at 1 January 2015 (as restated) and 31 December 2015	<u>119</u>
AMORTISATION	
At 1 January 2015 (as restated)	111
Charge in year	<u>8</u>
At 31 December 2015	<u>119</u>
Net book value as at 31 December 2015	<u>-</u>
Net book value at 31 December 2014 (as restated)	<u>8</u>

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

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 2015 (as restated)	35,227	14,495	4,632	54,354
Additions	84	1,154	485	1,723
Disposals	(100)	(1,155)	(496)	(1,751)
Revaluation Reserve	(58)	-	-	(58)
Foreign Exchange adjustment	-	(375)	(129)	(504)
At 31 December 2015	<u>35,153</u>	<u>14,119</u>	<u>4,492</u>	<u>53,764</u>
DEPRECIATION				
At 1 January 2015 (as restated)	-	5,989	3,491	9,480
Charge in year	872	501	391	1,764
Net Impairment credit	(39)	-	-	(39)
Depreciation on disposals	-	(1,091)	(481)	(1,572)
Revaluation Reserve write back	(833)	-	-	(833)
Foreign Exchange adjustment	-	(219)	(91)	(310)
At 31 December 2015	<u>-</u>	<u>5,180</u>	<u>3,310</u>	<u>8,490</u>
NET BOOK VALUE				
At 31 December 2014 (as restated)	<u>35,227</u>	<u>8,506</u>	<u>1,141</u>	<u>44,874</u>
At 31 December 2015	<u>35,153</u>	<u>8,939</u>	<u>1,182</u>	<u>45,274</u>
Analysis of value between:				
Used for direct charitable purposes	<u>35,153</u>	<u>8,085</u>	<u>1,172</u>	<u>44,410</u>
Used for support of field programmes, management and administration		<u>854</u>	<u>10</u>	<u>864</u>

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 \$916,000 relating to a housing compound under construction in Juba, South Sudan (2014 - \$173,000 relating to an office under construction at Kajjansi airfield, Uganda).

Of the net value of 'Land & Property' \$2,912,000 (2014 - \$3,006,000) relates to freehold or the local equivalent and \$3,305,000 (2014 - \$2,131,000) relates to leases in excess of 50 years.

The land and building at Ashford, Kent 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 historical cost of purchasing the aircraft was \$36,845,000 (2014 - \$36,948,000).

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

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 2015 (as restated)	17,207	7,938	2,755	27,900
Additions	-	1,149	293	1,442
Disposals	-	(1,145)	(378)	(1,523)
Revaluation	(196)	-	-	(196)
At 31 December 2015	17,011	7,942	2,670	27,623
DEPRECIATION				
At 1 January 2015	-	3,060	2,138	5,198
Charge in year	430	322	237	989
Impairment	(52)	-	-	(52)
Disposals	-	(1,089)	(370)	(1,459)
Revaluation write back	(378)	-	-	(378)
At 31 December 2015	-	2,293	2,005	4,298
NET BOOK VALUE				
At 31 December 2014 (as restated)	17,207	4,878	617	22,702
At 31 December 2015	17,011	5,649	665	23,325

13. STOCKS

	Group		Charity	
	2015 US\$,000	2014 US\$,000	2015 US\$,000	2014 (as restated) US\$,000
Aircraft spare parts	2,064	2,570	964	1,164
Fuel and other stocks	754	952	65	118
Work in progress	210	78	-	-
	3,028	3,600	1,029	1,282

14. DEBTORS

	Group		Charity	
	2015 US\$'000	2014 (as restated) US\$'000	2015 US\$'000	2014 (as restated) US\$'000
<u>Current Debtors</u>				
Trade and sundry debtors	3,665	3,779	3,085	3,142
Amount recoverable from subsidiary undertakings	-	-	6	6
Other debtors	566	350	212	-
Prepayments	1,346	640	386	390
	5,577	4,769	3,689	3,538
<u>Debtors due after more than one year</u>				
Central Aviation Services, Tanzania	132	-	132	-

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

15. SHORT TERM DEPOSITS

	Group		Charity	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Bank deposits	3,953	4,450	3,738	4,266

16. CASH AND CASH EQUIVALENTS

	Group		Charity	
	2015	2014	2015	2014 (as restated)
	US\$'000	US\$'000	US\$'000	US\$'000
Cash and cash equivalents – Support offices	11,553	9,203	11,294	8,671
Cash and cash equivalents - Programmes	2,236	2,301	694	986
	13,789	11,504	11,988	9,657

17. CREDITORS

	Group		Charity	
	2015	2014 (as restated)	2015	2014 (as restated)
	US\$,000	US\$,000	US\$,000	US\$,000
Bank loan (secured - note 18)	13	56	13	56
Trade and other creditors	3,698	3,846	2,332	2,122
Taxation and social security	820	1,243	144	125
Amounts due to subsidiary undertakings	-	-	697	941
Accrued expenses	2,509	1,672	1,407	1,527
	7,040	6,817	4,593	4,771

Included with accrued expenses is a restricted grant payable to MAF USA for their work in Nepal for \$614,000 (2014 - \$nil).

18. CREDITORS DUE AFTER MORE THAN ONE YEAR

	Group		Charity	
	2015	2014	2015	2014
	US\$,000	US\$,000	US\$,000	US\$,000
Bank loan (secured)	-	14	-	14
Staff resettlement allowances	152	184	-	-
	152	198	-	14

The bank loan (in sterling) is secured primarily on the land and building at Ashford, Kent. It is repayable by equal instalments over 15 years from April 2001. Interest is charged at 1% above the bank's base rate. The loan is repayable as follows:

	Group and Charity	
	2015	2014
	US\$,000	US\$,000
Within 1 year	13	56
Within 1-2 years	-	14
	13	70

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

19. DEFERRED TAX LIABILITY

	Group		Charity	
	2015	2014 (as restated)	2015	2014
	US\$,000	US\$,000	US\$,000	US\$,000
Provision at 1 January	894	828	-	-
Movement in the year	(126)	66	-	-
Provision at 31 December	<u>768</u>	<u>894</u>	<u>-</u>	<u>-</u>

20. FINANCIAL COMMITMENTS

At 31 December 2015 the organisation was committed to making the following payments under non-cancellable operating leases:

	Property	Other	Property	Other
	2015	2015	2014 (as restated)	2014 (as restated)
	US\$,000	US\$,000	US\$,000	US\$,000
Payable in 1 year	326	4	330	-
Payable in 2-5 years	408	11	578	4
Payable in over 5 years	54	-	60	15
	<u>788</u>	<u>15</u>	<u>968</u>	<u>19</u>

21. CAPITAL COMMITMENTS

At 31 December 2015, the organisation had the following capital commitment:

MAF International had entered a contractual agreement with TransNile Construction Limited to provide building services for the construction of the new compound in South Sudan. At 31 December 2015, the group were committed to make payments of \$1,460,000 for the build. In addition, the group were contractually committed to make retention payments of \$45,000 for earlier work already completed.

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

22. UNRESTRICTED DESIGNATED FUNDS

	Balances 1 January 2015 (as restated) US\$,000	Incoming resources US\$,000	Resources expended US\$,000	Transfers US\$,000	Net tangible assets US\$,000	Revaluation US\$,000	Unrealised exchange (loss)/gain US\$,000	Balances 31 December 2015 US\$,000
Aircraft overhauls fund	5,750	-	(1,183)	1,214	-	-	-	5,781
Assets fund	26,141	435	(1,404)	1,256	25	-	(184)	26,269
Asset revaluation fund	6,818	-	-	66	-	326	-	7,210
Future assets fund	1,017	-	(17)	1,703	(5)	-	-	2,698
MAF Groups development fund	183	-	(55)	100	-	-	-	228
MAF Technology Services (PNG)	692	342	(367)	(16)	-	-	(92)	559
Self-insurance fund	2,358	17	(222)	691	-	-	-	2,844
Strategic development fund	263	-	(196)	200	-	-	-	267
Tactical investment fund	86	-	(115)	148	(20)	-	-	99
	<u>43,308</u>	<u>794</u>	<u>(3,559)</u>	<u>5,362</u>	<u>-</u>	<u>326</u>	<u>(276)</u>	<u>45,955</u>
Designated funds – Charity only	<u>20,817</u>	<u>436</u>	<u>(1,928)</u>	<u>3,181</u>	<u>-</u>	<u>100</u>	<u>1</u>	<u>22,607</u>

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 of assets represents the increase in value of aircraft over their original cost to carrying values where appropriate.

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. It is intended that the fund continue to be built up to be able to meet losses arising by transferring in the premiums that would have been paid to external insurers.

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 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.

The Strategic development fund is used 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 MAF groups development fund is used for the development of MAF Groups to enhance their fund raising and recruitment activities.

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.

MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

23. 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 2015 (as restated) US\$,000	Incoming resources US\$,000	Resources expended US\$,000	Transfers US\$,000	Net tangible assets US\$,000	Revaluation US\$,000	Unrealised exchange (loss)/ gain US\$,000	Balances 31 December 2015 US\$,000
Additional and replacement aircraft	110	718	(76)	162	(84)	-	-	830
Arnhem Land, Northern Territories	320	84	(230)	(25)	-	-	-	149
Bangladesh	-	435	(435)	-	-	-	-	-
Central Asia	-	1,194	(1,194)	-	-	-	-	-
Chad	-	140	(95)	-	(41)	-	-	4
Disaster relief	1	165	-	-	-	-	-	166
Fuel	-	179	(179)	-	-	-	-	-
Kenya	205	254	(190)	(161)	(97)	-	-	11
Liberia	212	284	(238)	-	(111)	-	-	147
Madagascar	56	249	(251)	6	(3)	-	-	57
MAF Technology services PNG	263	80	(98)	(15)	-	-	(2)	228
Mongolia	32	193	(152)	(31)	(27)	-	-	15
Nepal	-	3,143	(3,061)	-	-	-	-	82
Papua New Guinea	850	473	(377)	(312)	(106)	-	3	531
Philippines	63	-	(83)	38	-	-	-	18
South Africa	-	2	(2)	-	-	-	-	-
South Sudan	1,005	1,886	(1,641)	156	(936)	-	-	470
Staff costs	-	6,586	(6,593)	112	-	-	-	105
Tanzania	70	136	(150)	-	-	-	-	56
Timor-Leste	10	42	(50)	-	-	-	-	2
Uganda	165	285	(231)	-	(185)	-	-	34
Other aviation projects	56	949	(467)	429	(70)	-	-	897
Other locations and sundry projects	213	24	(56)	(178)	-	-	-	3
	<u>3,631</u>	<u>17,501</u>	<u>(15,849)</u>	<u>181</u>	<u>(1,660)</u>	<u>-</u>	<u>1</u>	<u>3,805</u>

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

23. RESTRICTED FUNDS (CONTINUED)

	Balances 1 January 2015 (as restated) US\$,000	Incoming resources US\$,000	Resources expended US\$,000	Transfers US\$,000	Net tangible assets US\$,000	Revaluation US\$,000	Unrealised exchange (loss)/gain US\$,000	Balances 31 December 2015 US\$,000
Net value of tangible assets:								
Aircraft	11,401	-	(256)	(1,425)	84	449	-	10,253
Land and buildings	348	-	(19)	(250)	1,149	-	-	1,228
Equipment and vehicles	103	-	(55)	(167)	427	-	(9)	299
	<u>11,852</u>	<u>-</u>	<u>(330)</u>	<u>(1,842)</u>	<u>1,660</u>	<u>449</u>	<u>(9)</u>	<u>11,780</u>
Total Restricted Funds	<u>15,483</u>	<u>17,501</u>	<u>(16,179)</u>	<u>(1,661)</u>	<u>-</u>	<u>449</u>	<u>(8)</u>	<u>15,585</u>
Restricted Funds - Charity only	<u>10,587</u>	<u>13,475</u>	<u>(12,054)</u>	<u>(96)</u>	<u>-</u>	<u>83</u>	<u>-</u>	<u>11,995</u>

Following a review of previously restricted assets and in accordance with the accounting policy 1n on page 19, assets with a net book value of \$1,842,000 (2014: \$864,000) 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 2015**

24. NET ASSETS

	Unrestricted funds		Restricted	Total	Total
	General	Designated	Funds	2015	2014 (as restated)
	US\$,000	US\$,000	US\$,000	US\$,000	US\$,000
Intangible fixed assets	-	-	-	-	8
Tangible fixed assets	-	33,494	11,780	45,274	44,874
Current assets	10,068	12,474	3,805	26,347	24,323
Long term assets	132	-	-	132	-
Current liabilities	(7,027)	(13)	-	(7,040)	(6,817)
Long term liabilities	(152)	-	-	(152)	(198)
Pension scheme liability	-	-	-	-	(228)
Deferred tax liability	(768)	-	-	(768)	(894)
	<u>2,253</u>	<u>45,955</u>	<u>15,585</u>	<u>63,793</u>	<u>61,068</u>

25. 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 2013. The scheme was closed to new members in December 2006 and closed for future accrual with effect from 29 February 2008.

A comprehensive actuarial valuation of the scheme was carried out at 31 December 2015 by the scheme's actuary. Adjustments to the valuation have been made based on the following assumptions:

	2015	2014 (as restated)
Discount rate	4.1%	3.6%
Retail price inflation	3.5%	3.2%
Salary increase rate	n/a	n/a
Limited Price Indexation	3.2%	3.0%
Deferred pension revaluation	<u>3.5%</u>	<u>3.2%</u>

The mortality assumptions used were:

	2015	2014 (as restated)
For a male aged 65 now	24.5	24.4
At 65 for a male member aged 45 now	26.5	26.4
For a female aged 65 now	26.9	26.8
At 65 for a female member aged 45 now	<u>28.8</u>	<u>28.7</u>

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

Reconciliation of scheme assets and liabilities:

	2015	2015	2015	2014 (as restated)	2014 (as restated)	2014 (as restated)
	Assets	Liabilities	Total	Assets	Liabilities	Total
	US\$,000	US\$,000	US\$,000	US\$,000	US\$,000	US\$,000
At 1 January	4,663	(4,891)	(228)	4,401	(4,265)	136
Interest income/(expense)	163	(169)	(6)	205	(194)	11
Assets (losses)/gains	(280)	-	(280)	200	-	200
Actuarial gains/(losses)	-	568	568	-	(768)	(768)
Contributions	186	-	186	193	-	193
Benefits paid	(49)	49	-	(336)	336	-
At 31 December	<u>4,683</u>	<u>(4,443)</u>	<u>240</u>	<u>4,663</u>	<u>(4,891)</u>	<u>(228)</u>

In accordance with FRS102, the scheme asset of \$240,000 (£163,000) has not been recognised in the financial statements as the directors believe it is unlikely that the asset will be recovered either through repayments to the Company or reduced future contributions to the Scheme.

The total cost recognised as an expense:

	2015	2014 (as restated)
	US\$,000	US\$,000
Net interest cost	<u>6</u>	<u>5</u>

The fair value of the plan assets is as follows:

	2015	2014 (as restated)
	US\$,000	US\$,000
Equities	2,795	2,704
Bonds	894	942
Insured pensions	979	1,000
Cash	<u>15</u>	<u>17</u>
Total	<u>4,683</u>	<u>4,663</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 \$188,000 (2014 - \$198,000).

MAF International in Asia Pacific makes contributions of 10% of annual salary for superannuation for all Australia-based employees totalling \$391,000 (2014 - \$402,000).

Pension and superannuation contributions for staff in other fields overseas totalled \$256,000 (2014 - \$195,000).

26. TRUSTEES LIABILITY INSURANCE

MAF International has arranged liability insurance for its Trustees and staff at a cost for the year of \$7,118 (2014 - \$4,096) 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 \$5,062 (2014 - \$5,459). 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 2015**

27. SUBSIDIARY UNDERTAKINGS

The charity has a number of subsidiaries as follows:

Mission Aviation Fellowship Limited is a company registered in England and Wales, whose shares are owned by MAF International. It held the title to land in Tanzania, which has been sold during the year.

Aviation Communication and Logistics Services Limited is a company registered in Uganda, whose shares are held by nominees of MAF International. 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 the directors of Mission Aviation Fellowship International are also the members of MAF International. Its principal activity is the provision of air services to the Church and remote communities. This company has three subsidiaries, MAF Aviation Services Pty Ltd, MAF PNG Holding Ltd and Christian Radio Missionary Fellowship Inc ("CRMF Inc.", known as MAF Technology Services). 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.

CRMF Inc, 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	Missionary Aviation Services US\$,000	MAF International (in Australia) US\$,000	MAF PNG Holding Ltd US\$,000	MAF Papua New Guinea Ltd US\$,000	CRMF Inc. US\$,000	2015 Total US\$,000
Income	24,275	-	8,942	2	5,623	467	39,309
Expenditure	(21,138)	-	(8,730)	(454)	(5,532)	(503)	(36,357)
Other	(1,952)	(13)	299	1,105	443	(109)	(227)
Net movement in funds	<u>1,185</u>	<u>(13)</u>	<u>511</u>	<u>653</u>	<u>534</u>	<u>(145)</u>	<u>2,725</u>
Net Assets/ (Liabilities)	<u>36,992</u>	<u>112</u>	<u>19,230</u>	<u>13,177</u>	<u>(6,391)</u>	<u>673</u>	<u>63,793</u>

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

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

27. SUBSIDIARY UNDERTAKINGS (CONTINUED)

The comparative results for 2014 (as restated) are:

	MAF International (*) US\$,000	Missionary Aviation Services US\$,000	MAF International (in Australia) US\$,000	MAF PNG Holding Ltd US\$,000	MAF Papua New Guinea Ltd US\$,000	CRMF Inc. US\$,000	2014 (as restated) Total US\$,000
Income	27,219	2	5,742	95	8,017	707	41,782
Expenditure	(23,987)	(47)	(7,516)	(915)	(7,623)	(693)	(40,781)
Other	(634)	-	194	92	198	25	(125)
Net movement in funds	2,598	(45)	(1,580)	(728)	592	39	876
Net Assets/ (Liabilities)	36,473	125	17,554	11,061	(4,964)	819	61,068

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

28. JOINT VENTURE

MAF International operates via a joint venture company, Blue Sky Aviation Company Limited (BSA), in Mongolia, with a Mongolian company, Exodus Way Company Limited.

MAF International has invested in BSA with the construction of an aircraft hangar in Mongolia and has provided various items of equipment and vehicles. These assets have been registered with the Foreign Investment Board in Mongolia and form MAF International's investment in BSA. The cost of these items is included in Tangible Fixed Assets (note 12).

29. CONNECTED CHARITIES

Rapid Relief Wing is a company limited by guarantee and a registered charity. It acts as an agent for MAF International in leasing equipment. All material transactions which affected MAF International, are included within these financial statements.

MAF-Sweden Air Support is a Swedish foundation, whose purposes are complimentary to the charitable objects of MAF International. Since 1 January 2002 MAF International has been operating the flying programme in Bangladesh on behalf of MAF-Sweden Air Support.

30. NOTES TO THE CASH FLOW STATEMENT

	2015 US\$,000	2014 US\$,000
Net incoming resources before other recognised gains and losses	2,952	1,001
Net interest income	(103)	(94)
Non-cash pension interest	7	6
Operating surplus	2,856	913
Amortisation of intangible assets	8	12
Depreciation of tangible assets	1,764	1,582
Impairment of tangible assets	(39)	346
Profit on disposal of tangible assets	(432)	(81)
Working capital movements		
Decrease in stocks	572	11
Increase in current and long term debtors	(940)	(134)
Increase/(decrease) in current and long term creditors	177	(1,072)
Cash flow from operating activities	3,966	1,577

**MISSION AVIATION FELLOWSHIP INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

31. TRANSITION TO FRS102

At the date of transition (1 January 2014), the opening balances for MAF International were restated to account for the following:

- Short term liabilities arising from employee benefits, specifically accruals for holiday pay due at the end of the financial year.
- Restatement of amounts owing to the charity to expected resettlement value.
- Reclassification of the joint venture operations in Mongolia. Historically, an exemption had been taken to classify it as a branch of the parent company.

	Group	Charity
	US\$,000	US\$,000
Net assets as at 1 January 2014, as previously stated	60,565	37,375
Effect of transition		
Holiday pay accrual	(44)	(32)
Restatement of assets to resettlement value	(329)	(329)
Reclassification of joint venture	-	(110)
Restated net assets as at 1 January 2014	<u>60,192</u>	<u>36,904</u>

Reconciliation of the impact on the 2014 Statement of financial activities is as follows:

	Group
	US\$,000
Net movement in funds for the year ended 31 December 2014, as previously stated	881
Restatement of deferred tax	(128)
Holiday pay accrual	(1)
Restatement of assets to resettlement value	124
Restated net movement in funds for the year ended 31 December 2014	<u>876</u>