

213142

**Report and  
Financial Statements**

**For the year ended 31 December 2007**

**Church Society  
(A company limited by guarantee)**

**Skingle Helps & Co  
28 Southway  
Carshalton Beeches  
Surrey  
SM5 4HW**

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COMPANIES HOUSE

**Company No 213142**  
**Charity Registration No 249574**

**Report and  
Financial Statements**

**For the year ended 31 December 2007**

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**(A company limited by guarantee)**

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## **Church Society**

### **Financial statements for the year ended 31 December 2007**

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#### **Council members**

D R L Boyd  
The Revd T M Chapman (until 22 May 2007)  
The Revd J A Cheeseman  
J R Crabtree  
The Revd G R Curry (Chairman)  
Cllr T D Cox  
M de Semlyen (from 22 May 2007)  
M J Fothergill (until 22 May 2007)  
P Gore  
The Revd Dr J B Hall  
The Revd A F Hogarth  
F A Knaggs  
The Revd Dr M J Ovey  
T J P Stevenson  
The Revd G Townsend  
The Revd N J C Tucker  
The Revd Canon M W Walters  
The Revd S J Walton  
The Revd G L Warren

#### **Secretary**

The Revd D K Phillips

#### **Charity number**

249574

#### **Company number**

213142

#### **Registered office**

Dean Wace House  
16 Rosslyn Road  
Watford  
WD18 0NY

#### **Auditors**

Skingle Helps & Co  
28 Southway  
Carshalton Beeches  
Surrey  
SM5 4HW

#### **Principal address**

Dean Wace House  
16 Rosslyn Road  
Watford  
WD18 0NY

## **Church Society**

### **Financial statements for the year ended 31 December 2007**

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#### **Bankers**

The Royal Bank of Scotland plc  
London Fleet Street Branch  
1 Fleet Street  
London  
EC4Y 1BD

Barclays Bank plc  
32 Clarendon Road  
Watford  
WD17 1GT

#### **Investment Managers**

CCLA (Central Board of Finance)  
80 Cheapside  
London  
EC2V 6DZ

#### **Solicitors**

Trowers & Hamlins  
Sceptre Court  
40 Tower Hill  
London  
EC3N 4DX

## **Church Society**

### **Trustees' and directors' report For the year ended 31 December 2007**

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The directors present their report and the financial statements for the year ended 31 December 2007

#### **Charity's objectives**

Church Society is a registered charity. Its objectives are set out in the Company's Memorandum of Association.

The overall purpose of the Society is to maintain the character of the Church of England as a reformed and national Church. In particular by,

- upholding the supremacy, sufficiency and authority of Scripture,
- contending for the reformed worship and doctrine of the 39 Articles and Book of Common Prayer,
- uniting all Anglicans who share these principles,
- promoting friendship with all churches which accept the supreme authority of God's word written,
- opposing all practices which are contrary to reformed doctrine,
- taking all manner of action, including legal and political, to pursue these objectives

Church Society is working towards these objectives through publishing, parish support and campaigning. Wherever possible this is done in consultation and co-operation with other groups and organisations.

Through its allied company, Church Society Trust, the Society is involved in the patronage work of the Church of England. The Trust is responsible for 113 Livings, many of which are on a shared basis.

Church Society also manages a number of financial trusts with various objectives including

- supporting the training and education of ordinands and clergy,
- providing convalescent care or holidays for sick children

Christian work in various parishes or locations subject to certain conditions.

Through other trusts the Society owns various properties on behalf of others, in particular 2 Proprietary Chapels (one in Germany) and an Independent Evangelical Church. It acts as holding trustees for a further Chapel and appoints Trustees for one Church and two schools. A further trust provides offices for the Society and accommodation for staff.

The operations of Church Society are controlled by a Council of up to 20 people elected annually by the members of the Society. The Churchman Editorial Board and Church Society Trust Directors operate largely as committees of the Council. In addition there is a finance committee. The Council must approve appointments of Church Society Trust Members and the membership of certain other charitable trusts.

There were two full-time and one half-time staff employed throughout the year. Volunteers also assist in many areas and their efforts are much appreciated. The Society is an association of members who share a common vision and members do much of the work of the Society.

#### **Activities and achievements**

During the course of the year Church Society was actively involved in fulfilling its primary objectives of promoting the protestant reformed faith which is the backbone of the Church of England and the established religion of the United Kingdom, of supporting individuals, parishes and other organisations in similar vein, and in challenging and opposing teaching and actions which run counter to this faith.

The background to the work of the Society is of continuing decline in Sunday attendance at Church of England churches. Due in part to immigration from eastern Europe during 2007 the Roman Catholic Church could claim higher attendance on a Sunday for the first time since the Reformation. Alongside this Christians were becoming increasingly concerned with legislative changes which make it more difficult to uphold biblical standards in the public arena. Part of the pressure for change has been caused by the view that Britain should be a secular state fuelled in part by a fear of the growing impact of Islam in Britain and in part by a vociferous minority of secular humanists. In the wake of all this the leadership of the Church of England has largely shown an unwillingness to stand for Christian principles and in many areas, such as homosexual practice has connived with others to undermine Biblical standards. In this context the Society is often called upon to express an authentic Christian voice and has sought to fulfil this. Thankfully it is also becoming increasingly clear that as a national Church we

## **Church Society**

### **Trustees' and directors' report For the year ended 31 December 2007**

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cannot rest on our past or our status but must be ever more active in proclaiming Christ crucified to the nation and in setting out the teaching of Scripture as the best basis for individual lifestyle and social policy

The Society plays a positive role in supporting and resourcing churches in their gospel work. The staff are also contacted regularly by churches with queries and much of the campaigning work done is to protect and promote ministry at the local level. This was particularly apparent in some of the initiatives going through General Synod. The Society made further representations regarding proposals for Women Bishops including heading up a joint submission and representation to the Legislative Drafting Group. In addition to upholding Biblical teaching on gender roles the desire was to ensure that if legislation goes ahead those who reject the innovation are not compromised in continuing their ministry. The Synod also continued to consider Clergy Terms of Service legislation which could have wide ranging impact in the future. Again the Society made written and in person representation and the General Secretary was appointed as a Consultant to the national Implementation Panel.

Church Society Trust is a subsidiary company holding patronage rights in 113 parishes and an involvement in the appointment of ministers for four other chapels. The concern of the Trust Directors, who meet monthly, is to promote gospel ministry. The Directors are appointed annually by the Council of Church Society from among the members of the Trust. Further details are included in the Trust's own Annual Report and Accounts. During 2007 the Directors handled matters to do with 30 different vacancies. Due to the increasing suspension of presentation and patronage which is held jointly or by turns, not all such appointments are made by the Trust. Consideration was given to changes to 17 parishes and Schemes came into force in two of these both relating to redundant churches.

The divisions within the Anglican Communion and the Church of England continued to deepen as a result of the promotion of homosexual practice by some in the US, Canada and elsewhere, including England. The Society was active in working with others to oppose error and support those upholding Biblical teaching and standards. The Chairman and General Secretary were particularly involved in various meetings and in responding to the media, and the Society issued press releases and made representation on the subject.

The Society's Annual Conference was held in May and whilst numbers were lower than might have been hoped the teaching and fellowship was greatly appreciated by all those who attended. The subject, "Christianity and Liberalism" was derived from the seminal book by US Presbyterian Gresham Machen and the speakers were Lee Gatiss, Ian Hamilton, John Richardson and Melvin Tinker.

A fringe meeting was once again held at the General Synod in July with the talk being given by the new Principal of Oak Hill College (and Council member) Mike Ovey. Revd Dr Ovey spoke on the subject of the Cross and Penal Substitution in recent debate which was well received by the broad range of Synod members present.

The Council met again jointly with Reform and the Fellowship of Word and Spirit which led in particular to the further joint submission on Women Bishops mentioned above. The General Secretary is a member of both the other Councils and he is also a member of the Church of England Evangelical Council, Covenant Group, Private Patrons Group and Evangelical Patrons Consultative Council. The Chairman is a member of the Anglican Mainstream steering Committee.

Other particular issues the Society responded to during the year were international Anglican-Roman Catholic statements on Mission and Unity and the report on the Virgin Mary both of which were to be discussed at General Synod in early 2008. The Society also responded to statements from the Vatican, particularly regarding the status of non-Roman churches. Submissions were made to the Government on the proposed Equality Bill and in relation to Charities Public Benefit and to the Archbishops' Council regarding Crown Appointments.

The Society continues to be actively engaged in supporting and resourcing members of the General Synod and also where possible providing material for use in Diocesan or Deanery Synods.

The Society's publishing work is intended to promote Biblical Christianity and address issues in both the Church and nation. Churchman is an international journal of theology is edited by Professor Gerald Bray with much hard work being done by other members of the Board. Cross+Way is the members' magazine edited by the General Secretary. The main website (churchsociety.org) continued to be expanded with new material being added almost every working day. The news site (evangelicals.org) was also updated most days and was clearly appreciated by

## **Church Society**

### **Trustees' and directors' report For the year ended 31 December 2007**

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members and others. Also coming to fruition during 2007 was the republication of Archbishop Ussher's "A Body of Divinity", which had been a major undertaking.

The Directors of Church Society Trust are the shareholders of the Kirchengrundstücksgesellschaft mbH which owns the buildings and appoints the minister for Christ Church, Düsseldorf.

During the year the trusteeship of St James Ryde was transferred to a separate Trustee body with the Society remaining as holding trustees for the buildings. The Council will appoint three of the Trustees in the future and the Church Council the remaining two. It is hoped that this will prove a better working relationship.

The Council also appoints trustees for the Luckley-Oakfield Schools Trust and the Chairman of the Council has served as a Governor of the school for the last few years. In the event of the School closing the properties would revert to the Society for educational purposes. The Society appoints one of the Trustees of St John's School in Blackpool and under a High Court order is required annually to approve the increase in the remuneration of the Directors of Llewellyn Machine Company Ltd of Bristol.

The other properties and funds which the Society manages are listed in the accounts.

As ever a large part of the work of the Society is done by members of the Council, the Finance Committee, Church Society Trust and the Churchman Editorial Board who give their time and energy to serving Christ through pursuing the various objectives of the Society. Other volunteers assist in such things as gift aid processing, stuffing mailings and the compilation of the prayer diary. The office staff are David Phillips (General Secretary), David Meager (Administrative Assistant) and Mike Locke (part-time Finance Assistant). We are particularly grateful for the continuing weekly help of Geoff Cooper and more recently of Fanny Mak.

#### **Financial Review**

The assets under the control of the Society fall into two broad categories: those used directly in facilitating the work of the Society itself, and those that are administered by the Society for the benefit of others (managed funds).

There are five funds which relate directly to the Society's own work. The General and Anniversary funds are unrestricted funds although the latter of these was a short-lived fund and was fully utilized during the course of 2007. The Beynon and Dean Wace Memorial funds are permanent endowment and the Patronage fund has been classified as restricted. Over the previous 7 years the Council had attempted to set a budget such that reserves would cover any deficit for at least 3 years. For 2006 and 2007 it had been agreed to increase expenditure with reserves available to pay for less than 3 years expenditure. Despite this at the end of 2007 our reserves were £102,336 which was higher than had been anticipated and for which we give thanks to God.

The Society also has shares in the Southsea Mortgage and Investment Company Ltd that were given to the Society about 30 years ago. These are a useful source of income which has increased of late but they are listed in these accounts at a purely nominal figure (£20,000 – see note 8) because they cannot be sold easily. The income from the Dean Wace Memorial Fund is included in the General Fund reserve but has been designated by the Council as a building repairs reserve.

#### **Managed Funds**

Most of the managed funds are subsidiary charities for which the Council acts as Trustees (or sometimes as joint Trustees). In each case a trust deed or scheme sets the parameters within which the fund is to be used. A brief description of each can be found on pages 21 and 22 of the accounts. Several funds consist solely of freehold properties including churches, houses or halls. Because many of these are long-standing funds there are often issues that arise and the Society has been undertaking a gradual programme of clarifying the precise nature of each trust. There have been some significant matters that have come to light as a result of this which have taken time and money to resolve. The General Secretary made visits to some of the properties during the year to check on their condition.

The Council has no authority to expend permanent endowment funds but is under an obligation to make attempts to expend the income from those trusts. Other funds contain capital that the Council can spend should they so choose. In most cases the decision has been made not to spend capital unless there is a pressing reason to do

## **Church Society**

### **Trustees' and directors' report For the year ended 31 December 2007**

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so Wherever income or capital is spent the Council must act within the terms of the Trust In many instances the trusts were established with very clear terms as to how they should be used The Council is very aware of the need to honour this in making grants or payments today

A list of the grants made from funds can be found on page 12 These will be seen to include such things as paying or contributing to salaries, evangelistic work, literature distribution, student grants, building maintenance and more

In line with common practice the Society charges an administration fee against managed funds This is set at present at 1% on the balance of invested funds at the start of the year

The Finance Committee monitored the spread of investments during the course of the year All invested funds are held with the Central Board of Finance in a mixture of Deposit, Investment and Property fund holdings Some funds have been transferred to the relatively new CBF UK Equities

The capital value of the main funds stood around 3.4% higher at year end compared with end 2006

Financial decisions are the responsibility of the Council but the Finance Committee, which includes considerable experience in a range of financial areas, advises them in this

#### **Statement on risks**

The trustees confirm that they have given consideration to the major risks to which the charity is exposed and that systems have been designed and established to mitigate those risks

#### **Statement of trustees'/directors' responsibilities**

Company law requires the trustees/directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of its financial results for the period The financial statements have also been prepared in accordance with applicable accounting standards and with current charity law in the form of "Accounting by Charities", the Statement of Recommended Practice (SORP) In preparing those financial statements, the trustees/directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- Follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements,
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will continue in operation

The trustees'/directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with Companies Act 1985 They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud or any other irregularities

In accordance with company law, as the company's directors, we certify that

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



## **Church Society**

### **Trustees' and directors' report For the year ended 31 December 2007**

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#### **Auditors**

Skingle Helps & Co have expressed their willingness to continue as auditors and a resolution proposing their re-appointment will be put to the forthcoming annual general meeting

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985, relating to small entities

Approved by the Trustees  
and signed on their behalf by

A handwritten signature in black ink, appearing to read 'George R Curry', written over a horizontal line.

The Reverend G R Curry  
Trustee

4 March 2008

# **Independent auditors' report to the members on the audited financial statements of Church Society**

We have audited the financial statements of Church Society for the year ended 31 December 2007 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance sheet and the related notes set out on pages 7 to 22. These financial statements prepared under the historical cost convention as modified by the revaluation of certain assets and the accounting policies set out on pages 10 and 11.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of the directors/trustees and auditors**

The responsibilities of the trustees (who are also the directors of Church Society for the purposes of company law) for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page in the Statement of Trustees' Responsibilities on page 4.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Annual Report of the Trustees is consistent with the financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

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

## **Basis of audit opinion**

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

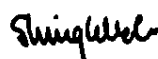
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion:

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



Skingle Helps & Co  
Chartered Accountants  
and Registered Auditors  
28 Southway  
Carshalton Beeches  
Surrey SM5 4HW

10 March 2008

# Church Society

## Statement of financial activities For the year ended 31 December 2007

	Notes	Un- restricted funds £	Restrict- ed funds £	Endow- ment funds £	2007 Total £	2006 Total £
<b>Incoming resources</b>						
<i>Incoming resources generated from funds</i>						
<i>Voluntary income</i>						
Donations		40,058	794	-	40,852	43,871
Legacies		3,877	-	-	3,877	8,426
<i>Activities for generating funds</i>						
Rent receivable		-	330	-	330	200
Fee and other income		14,967	-	-	14,967	13,841
<i>Investment income</i>						
Investment income		8,912	36,480	4,193	49,585	48,919
		67,814	37,604	4,193	109,611	115,257
<i>Incoming resources from charitable activities:</i>						
Subscriptions and publications		16,443	-	-	16,443	16,239
<b>Total incoming resources</b>		<b>84,257</b>	<b>37,604</b>	<b>4,193</b>	<b>126,054</b>	<b>131,496</b>
<b>Resources expended</b>						
<i>Costs of generating funds:</i>						
Fundraising and publicity		190	-	-	190	161
<i>Charitable activities:</i>						
Distribution and grants	3	-	16,592	-	16,592	30,747
Other costs in furtherance of the charity's objectives		90,762	6,909	3,800	101,471	102,588
<i>Governance costs</i>		16,197	12,091	-	28,288	26,886
<b>Total resources expended</b>	4	<b>107,149</b>	<b>35,592</b>	<b>3,800</b>	<b>146,541</b>	<b>160,382</b>
<b>Net incoming/(outgoing) resources before transfers</b>						
		(22,892)	2,012	393	(20,487)	(28,886)
Transfers between funds		7,171	(2,692)	(4,479)	-	-
Transfer out of Ryde charity		-	-	(221,000)	(221,000)	-
<b>Net incoming/(outgoing) resources for the year</b>		<b>(15,721)</b>	<b>(680)</b>	<b>(225,086)</b>	<b>(241,487)</b>	<b>(28,886)</b>
<b>Other recognised gains and losses</b>						
Investments - unrealised gains		(4,095)	(2,727)	(9,679)	(16,501)	106,580
Fixed assets - unrealised gains		-	-	175,000	175,000	-
<b>Net movement in funds</b>		<b>(19,816)</b>	<b>(3,407)</b>	<b>(59,765)</b>	<b>(82,988)</b>	<b>77,694</b>
<b>Balance at 1 January 2007</b>		<b>134,538</b>	<b>377,080</b>	<b>1,884,874</b>	<b>2,396,492</b>	<b>2,318,798</b>
<b>Net movement in funds</b>		<b>(19,816)</b>	<b>(3,407)</b>	<b>(59,765)</b>	<b>(82,988)</b>	<b>77,694</b>
<b>Balances carried forward at 31 December 2007</b>		<b>114,722</b>	<b>373,673</b>	<b>1,825,109</b>	<b>2,313,504</b>	<b>2,396,492</b>

The notes on pages 10 to 22 form part of these financial statements

All operations are continuing operations

## Church Society

### Income and expenditure account For the year ended 31 December 2007

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
<b>Income</b>		
Total income of continuing operations	105,418	127,115
<b>Expenditure</b>		
Total expenditure of continuing operations	142,741	160,382
<b>Net income/(expenditure) for the year before transfers and investment asset disposals</b>	<b>(37,323)</b>	<b>(33,267)</b>
Transfer from endowment fund	16,836	4,381
<b>Net income/(expenditure) for the year before investment asset disposals</b>	<b>(20,487)</b>	<b>(28,886)</b>
Surplus on disposal of investment assets	-	-
<b>Net income/(expenditure) for the year</b>	<b>(20,487)</b>	<b>(28,886)</b>

The results for the above financial years as set out have been derived entirely from continuing operations

All recognised gains and losses during the above financial years have been included in the income and expenditure account

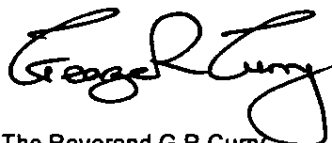
# Church Society

## Balance sheet As at 31 December 2007

	Notes	£	2007	£	2006	£
<b>Fixed assets</b>						
Tangible fixed assets	6			1,054,863		1,097,368
Inalienable fixed assets	7			7,000		8,000
Fixed asset investments	8			<u>20,000</u>		<u>20,000</u>
				1,081,863		1,125,368
<b>Current assets</b>						
Stocks	9		4,740		4,251	
Debtors	10		3,688		5,837	
Investments	11		1,026,323		992,120	
Bank and short term deposits			<u>206,068</u>		<u>278,910</u>	
			1,240,819		1,281,118	
<b>Creditors amounts falling due within one year</b>	12		<u>(9,178)</u>		<u>(9,994)</u>	
<b>Net current assets</b>				<u>1,231,641</u>		<u>1,271,124</u>
<b>Total assets less current liabilities</b>				<u>2,313,504</u>		<u>2,396,492</u>
<b>Funds</b>						
Endowment funds	13,17		1,825,109		1,884,874	
Restricted funds	14,18		373,673		377,080	
Unrestricted fund	15,19		<u>114,722</u>		<u>134,538</u>	
	16		<u>2,313,504</u>		<u>2,396,492</u>	

The notes on pages 10 to 22 form part of these financial statements

The trustees approved the financial statements on **4 MARCH** 2008 and they were signed on their behalf by



The Reverend G R Curry  
Chairman



The Reverend J A Cheeseman  
Vice Chairman

# Church Society

## Notes to the financial statements For the year ended 31 December 2007

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### 1 Accounting policies

The following accounting policies are considered material in relation to the charitable company's financial statements

#### 1.1 Accounting convention

The financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets), in accordance with applicable United Kingdom Accounting Standards. The provisions of "Accounting by Charities", the Statement of Recommended Practice (SORP), have been adopted in these financial statements

#### 1.2 Classification of funds

Permanent endowments represents those funds where the capital is required to be retained but the income from those funds can be spent for the benefit of Church Society or others subject in certain cases to specific restrictions contained in the original endowment

Restricted funds represent the accumulated income of managed funds whose use is restricted to specific purposes according to the terms on which the funds were received

General fund represents unrestricted income which may be spent generally for furthering the religious and charitable work of Church Society

#### 1.3 Depreciation of tangible assets

Depreciation is provided on all tangible assets, except freehold property, at annual rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows

Fixtures, fittings and equipment	33% on a straight line basis
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No depreciation is provided on freehold property. It is the policy of the Society to maintain these at least to their current standard and to charge the Statement of Financial Activities the cost of maintenance as incurred. In the opinion of the Council, the depreciation charge is not material because the residual value is not materially different from the carrying amount of the asset. The useful economic lives and residual values are reviewed at the end of each year

In accordance with the SORP, historic assets are not depreciated

#### 1.4 Valuation of investments

Investment assets are included at market value at the balance sheet date. Gains and losses, whether realised or not, are reported in the statement of financial activities

#### 1.5 Stocks

Stocks are valued at the lower of cost and net realisable value

# **Church Society**

## **Notes to the financial statements For the year ended 31 December 2007**

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### **1.6 Incoming resources and resources expended**

Income and expenditure is accounted for on the accruals basis. Direct charitable expenditure comprises all expenditure directly relating to the charitable objectives. Fundraising and publicity costs and management and administration costs include a proportion of the salaries of staff engaged in those activities and an apportionment of property costs.

### **1.7 Intangible income**

The contribution to the administration of Church Society supplied in the form of voluntary services is acknowledged with gratitude but not recognised in these financial statements.

### **1.8 Pension costs**

Defined benefit scheme – Contributions payable are charged to the statement of financial activities so as to spread the cost of pensions over the service lives of employees in the scheme. The pension charge is calculated on the basis of actuarial advice.

Defined contribution scheme – The pension costs charged in the financial statements represent the contribution payable by the charity during the year.

### **1.9 Grants**

Grants are included at the amounts paid from the funds during the year.

### **1.10 Allocation of costs**

Wherever applicable costs associated with relevant training are charged to the Amalgamated Ordination and Training Fund. Likewise wherever applicable costs associated with patronage work are charged to the Patronage Fund.

## **2 Assets held as trustees**

Church Society / Church Society Trust hold as trustee for Christ Church Community e.v., Düsseldorf 100% of the share capital of Kirchengrundstücksgesellschaft mbH, Düsseldorf (incorporated in the Federal Republic of Germany).

Church Society Trust assists in filling vacancies as they arise at the chaplaincy. However, the charity does not exert influence on day-to-day management, nor supply funds. Neither is there any expectation of financial gain from the shareholding.

## Church Society

### Notes to the financial statements For the year ended 31 December 2007

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3. Grants paid	2007	
	£	£
<b>Amalgamated Ordination and Training Fund</b>		
Scholarships	3,000	
Book grants	<u>514</u>	3,514
<b>Birchington Convalescent Benefit Fund</b>		
Grants (5 individuals)		1,000
<b>Brighton Emmanuel Church</b>		
Grants to churches		4,500
<b>Gloucester Mariners Housing Fund</b>		
Expenses in relation to Chaplain	2,900	
Donations passed on	<u>77</u>	2,977
<b>Leamington Spa, Christ Church</b>		
Contribution to St Mark's, Leamington		600
<b>Maidstone St Faith Parish Room</b>		
Contribution to St Faith's, Maidstone		3,600
<b>Paddock Wood Parochial Hall Trust</b>		
Costs of Ashcroft Road property		<u>401</u>
		<u>16,592</u>
2006 comparative		<u>30,747</u>



# Church Society

## Notes to the financial statements For the year ended 31 December 2007

4. Total resources expended	<i>Distribution and grants</i> £	<i>Staff costs</i> £	<i>Depreciation</i> £	<i>Other costs</i> £	<i>Total 2007</i> £	<i>Total 2006</i> £
Fundraising and publicity	-	-	-	190	190	161
Activities in furtherance of charitable objectives	16,592	48,075	1,801	51,595	118,063	133,335
Governance costs	-	12,018	450	15,820	28,288	26,886
	<u>16,592</u>	<u>60,093</u>	<u>2,251</u>	<u>67,605</u>	<u>146,541</u>	<u>160,382</u>
<b>Other costs</b>					<b>2007</b> £	<b>2006</b> £
Fundraising and publicity					190	161
Establishment and property					14,582	15,288
Publications					17,760	19,182
Meetings and conferences					11,246	13,990
Other staff costs					1,532	1,496
Professional and management fees					9,852	10,895
Auditors' remuneration – audit services					3,728	3,520
Miscellaneous					8,715	4,847
					<u>67,605</u>	<u>69,379</u>
<b>Staff costs</b>					<b>2007</b> £	<b>2006</b> £
Wages and salaries					47,976	46,727
Social security costs					3,546	3,497
Pension costs (see note 21)					8,571	7,595
					<u>60,093</u>	<u>57,819</u>

The average number of persons employed by the charitable company during the year was 2.5 (2006 2.5). No employee earned more than £40,000.

### 5. Trustee remuneration and related party transactions

Council members receive no remuneration for their services. Their travelling expenses are reimbursed in respect of expenses incurred on either Church Society or Church Society Trust business. In the year ended 31 December 2007, 16 Council Members claimed reimbursement of travelling expenses totalling £5,401 (2006 £7,052).

# Church Society

## Notes to the financial statements For the year ended 31 December 2007

### 6 Tangible fixed assets

	<i>Freehold property</i>	<i>Fixtures fittings and equipment</i>	<i>Total</i>
	£	£	£
<b>Cost or valuation</b>			
As at 1 January 2007	1,095,000	25,613	1,120,613
Additions	-	4,746	4,746
Disposals	(220,000)	-	(220,000)
Revaluation	175,000	-	175,000
As at 31 December 2007	1,050,000	30,359	1,080,359
<b>Accumulated depreciation</b>			
As at 1 January 2007	-	23,245	23,245
Provision for the year	-	2,251	2,251
Eliminated on disposals	-	-	-
As at 31 December 2007	-	25,496	25,496
<b>Net book value</b>			
As at 31 December 2007	1,050,000	4,863	1,054,863
As at 31 December 2006	1,095,000	2,368	1,097,368

### Valuations of freehold property

Dean Wace House, Watford – valued in November 1999 by Rumball Sedgwick Chartered Surveyors at a value of £350,000 (historic cost plus cost of improvements £375,892) Value updated as at 31 December 2007 by the directors to £750,000

29 Mayfield Road, Ryde, IOW – valued at £165,000 on 26 July 2002 by Tolfrey & Associates, Surveyors (historic cost £92,000) Value updated as at 31 December 2007 by the directors to £220,000

Ashcroft Road, Paddock Wood – valued in 1996 by Ecclesiastical Insurance Group at £80,000 (historic cost £12,561) Value updated as at 31 December 2007 by the directors to £275,000

Commercial Road, Paddock Wood – valued in November 1995 by Ibbett Mosely Chartered Surveyors at a value of £3,000 (historic cost £nil) Value updated as at 31 December 2007 by the directors to £25,000

# Church Society

## Notes to the financial statements For the year ended 31 December 2007

### 7. Inalienable and historic assets

2007 £	2006 £
7,000	8,000

The following properties have all been shown in the balance sheet at a notional amount of £1,000

Lightbowne Evangelical Church  
Penryn Hall, Walthamstow  
Gloucester Mariners Church  
Gloucester Mariners Hall  
Hollabury Mission Hall, Poughill  
St Andrews, Montserrat  
Southfields Scout Hut

St James Church, Ryde was transferred to a separate charity during the year

### 8 Fixed assets investments

	2007 £	2006 £
<b>Cost or valuation</b>		
Valuation at 1 January 2007		20,000
Revaluation		-
		<u>20,000</u>
Market valuation at 31 December 2007		<u>20,000</u>
<b>Historic cost</b>		<u>2,430</u>
<b>Analysis of investments</b>	<b>2007 £</b>	<b>2006 £</b>
Düsseldorf KGG	-	-
Southsea Mortgage and Investment Company Limited	20,000	20,000
	<u>20,000</u>	<u>20,000</u>

The shares in the Southsea Mortgage and Investment Company have been re-valued and assigned a value based on income

### 9. Stocks

	2007 £	2006 £
Publications	4,740	4,251

## Church Society

### Notes to the financial statements For the year ended 31 December 2007

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10. Debtors	2007 £	2006 £
Amount owed by Church Society Trust	-	-
Other debtors	2,289	4,677
Prepayments	1,399	660
Other debtors due after more than one year	-	500
	<u>3,688</u>	<u>5,837</u>

11 Current asset investments	2006 £
<b>Cost or valuation</b>	
Valuation at 1 January 2007	992,120
Purchases	166,541
Disposals	(115,837)
Revaluation	(16,501)
Market value at 31 December 2007	<u>1,026,323</u>
<b>Historic cost</b>	
At 31 December 2007	<u>                    </u>
At 31 December 2006	<u>488,700</u>

#### Analysis of investments

As at 31 December 2007, all current asset investments were held by CCLA Investment Management Limited in CBF Church of England Funds

# Church Society

## Notes to the financial statements For the year ended 31 December 2007

### 12 Creditors' amounts falling due within one year

	2007 £	2006 £
Other creditors	1,598	1,181
Deferred income	600	2,431
Accruals	6,980	6,382
	<u>9,178</u>	<u>9,994</u>

### 13. Endowment funds

	Balance 1 January 2007 £	Movement in funds Incoming resources £	Gains/ (losses) and transfers £	Balance 31 December 2007 £
<b>Permanent endowment funds</b>				
E A Beynon Fund	119,818	4,193	(6,293)	117,718
Birchington Convalescent Benefit Fund	69,370	-	(1,004)	68,366
Brighton Emmanuel	216,094	-	(3,309)	212,785
Gloucester Mariners Church	1,000	-	-	1,000
Gloucester Mariners Hall	1,000	-	-	1,000
Hollabury Mission Hall, Poughill, Cornwall	1,000	-	-	1,000
Leamington Spa, Christchurch	68,635	-	(500)	68,135
Lightbowne Evangelical Church, Manchester	1,000	-	-	1,000
Maidstone, St Faith Parish Room	152,763	-	(2,883)	149,880
Ryde, St James	221,000	-	(221,000)	-
St Andrews, Montserrat	1,000	-	-	1,000
Southfields Scout Hut	1,000	-	-	1,000
Walthamstow, Penrhyn Hall Trust	1,000	-	-	1,000
	<u>854,680</u>	<u>4,193</u>	<u>(234,989)</u>	<u>623,884</u>
Dean Wace Memorial	<u>620,978</u>	<u>-</u>	<u>146,504</u>	<u>767,482</u>
	<u>1,475,658</u>	<u>4,193</u>	<u>(88,485)</u>	<u>1,391,366</u>
<b>Expendable endowment funds</b>				
Düsseldorf Chaplaincy	5,761	-	96	5,857
Gloucester Mariners Residence Fund	127,257	-	(975)	126,282
Paddock Wood Parochial Church Hall Trust	276,198	-	25,406	301,604
	<u>1,884,874</u>	<u>4,193</u>	<u>(63,958)</u>	<u>1,825,109</u>

# Church Society

## Notes to the financial statements For the year ended 31 December 2007

### 14. Movement on restricted funds

	<i>Balance 1 January 2007</i>	<i>Movement in funds Incoming resources</i>	<i>Gains/ (losses) and transfers</i>	<i>Balance 31 December 2007</i>
	£	£	£	£
Amalgamated Ordination and Training Fund	218,050	7,698	(11,660)	214,088
Birchington Convalescent Benefit Fund	519	1,610	(1,704)	425
Brighton Emmanuel Trust	7,246	7,875	(10,232)	4,889
Dean Wace Memorial	4,325	951	-	5,276
Düsseldorf	5	232	(48)	189
Gloucester, Manners Hall	39	135	-	174
Gloucester Mariners Residence Fund	5,157	5,359	(4,161)	6,355
Hove, Holy Trinity	4,699	110	(36)	4,773
Leamington Spa, Christchurch	51,113	4,667	(1,788)	53,992
Maidstone, St Faith Parish Room	4,675	5,624	(5,172)	5,127
Paddock Wood Parochial Church Hall Trust	19,400	455	(605)	19,250
Patronage Fund	11,708	521	(4,615)	7,614
Publications	8,488	734	(971)	8,251
Ryde Ecclesiastical Chanty	28,470	1,067	101	29,638
Walthamstow, Penrhyn Hall Trust	3,242	142	(14)	3,370
Walthamstow, St John	9,944	424	(106)	10,262
	<b>377,080</b>	<b>37,604</b>	<b>(41,011)</b>	<b>373,673</b>

### 15 Movement on unrestricted funds

	<i>Balance 1 January 2007</i>	<i>Movement in funds Incoming resources</i>	<i>Gains/ (losses) and transfers</i>	<i>Balance 31 December 2007</i>
	£	£	£	£
General fund	54,010	81,488	(100,201)	35,297
Legacies fund	78,258	2,739	(1,572)	79,425
Anniversary fund	2,270	30	(2,300)	-
	<b>134,538</b>	<b>84,257</b>	<b>(104,073)</b>	<b>114,722</b>

# Church Society

## Notes to the financial statements For the year ended 31 December 2007

### 16 Net assets held by funds

	<i>Un- restricted funds</i>	<i>Restricted funds</i>	<i>Endow- ment funds</i>	<i>Total funds</i>
	£	£	£	£
Tangible fixed assets	4,863	-	1,057,000	1,061,863
Fixed asset investments	20,000	-	-	20,000
Current asset investments	72,365	255,268	698,690	1,026,323
Other current assets	26,672	118,405	69,419	214,496
Current liabilities	(9,178)	-	-	(9,178)
	<b>114,722</b>	<b>373,673</b>	<b>1,825,109</b>	<b>2,313,504</b>

### 17 Net assets held by endowment funds

	<i>Fixed assets</i>	<i>Invest- ments</i>	<i>Other net current assets</i>	<i>Total</i>
	£	£	£	£
<b>Permanent endowment funds</b>				
E A Beynon Fund	-	107,898	9,820	117,718
Birchington Convalescent Benefit Fund	-	61,955	6,411	68,366
Brighton Emmanuel	-	194,484	18,301	212,785
Gloucester Mariners Church	1,000	-	-	1,000
Gloucester Mariners Hall	1,000	-	-	1,000
Hollabury Mission Hall, Poughill, Cornwall	1,000	-	-	1,000
Leamington Spa, Christchurch	-	60,105	8,030	68,135
Lightbowne Evangelical Church, Manchester	1,000	-	-	1,000
Maidstone, St Faith Parish Room	-	136,785	13,095	149,880
Ryde, St James	-	-	-	-
St Andrews, Montserrat	1,000	-	-	1,000
Southfields Scout Hut	1,000	-	-	1,000
Walthamstow, Penrhyn Hall Trust	1,000	-	-	1,000
	<b>7,000</b>	<b>561,227</b>	<b>55,657</b>	<b>623,884</b>
Dean Wace Memorial	<b>750,000</b>	<b>15,204</b>	<b>2,278</b>	<b>767,482</b>
	<b>757,000</b>	<b>576,431</b>	<b>57,935</b>	<b>1,391,366</b>
<b>Expendable endowment funds</b>				
Düsseldorf Chaplaincy	-	3,935	1,922	5,857
Gloucester Mariners Residence Fund	-	101,720	24,562	126,282
Paddock Wood Parochial Church Hall Trust	300,000	16,604	(15,000)	301,604
	<b>1,057,000</b>	<b>698,690</b>	<b>69,419</b>	<b>1,825,109</b>

# Church Society

## Notes to the financial statements For the year ended 31 December 2007

### 18. Net assets held by restricted funds

	<i>Invest- ments</i>	<i>Other net current assets</i>	<i>Total</i>
	£	£	£
Amalgamated Ordination and Training Fund	202,033	12,055	214,088
Birchington Convalescent Benefit Fund	-	425	425
Brighton Emmanuel Trust	-	4,889	4,889
Dean Wace Memorial	-	5,276	5,276
Düsseldorf	-	189	189
Gloucester, Manners Hall	-	174	174
Gloucester Mariners Residence Fund	-	6,355	6,355
Hove, Holy Trinity	3,060	1,713	4,773
Leamington Spa, Christchurch	22,436	31,556	53,992
Maidstone, St Faith Parish Room	-	5,127	5,127
Paddock Wood Parochial Church Hall Trust	-	19,250	19,250
Patronage Fund	-	7,614	7,614
Publications	-	8,251	8,251
Ryde Ecclesiastical Chanty	22,704	6,934	29,638
Walthamstow, Penrhyn Hall Trust	-	3,370	3,370
Walthamstow, St John	5,035	5,227	10,262
	<u>255,268</u>	<u>118,405</u>	<u>373,673</u>

19.

### 19 Net assets held by unrestricted funds

	<i>Fixed assets</i>	<i>Invest- ments</i>	<i>Other net current assets</i>	<i>Total</i>
	£	£	£	£
General fund	4,863	20,000	10,434	35,297
Legacies fund	-	72,365	7,060	79,425
Anniversary fund	-	-	-	-
	<u>4,863</u>	<u>92,365</u>	<u>17,494</u>	<u>114,722</u>



## Church Society

### Notes to the financial statements For the year ended 31 December 2007

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#### 20 Purpose of funds

Amalgamated Ordination and Training Fund	To assist with and promote the educational and training needs of those persons who are, or are training to become, ministers in the established Church of England who subscribe to the conservative, evangelical tradition
E A Beynon Fund	For the general purposes of the National Church League which in 1950 merged with Church Association to become Church Society
Birchington Convalescent Benefit Fund	To make grants to enable poor children and in default of poor children other poor persons to obtain convalescent treatment after illness
Brighton, Emmanuel Church	To maintain Christian and missionary work on Scriptural Protestant and Evangelical lines so far as practicable in the Brighton and Hove area and Subject thereto elsewhere
Patronage Fund	To pay for work in relation to Church Society's patronage activities (in particular those of Church Society Trust)
Dean Wace Memorial Fund	To provide land and buildings for Church Society and money for the Society's general purposes
Düsseldorf Chaplaincy	To pay for the expenses of Christ Church, Düsseldorf in relation to both the upkeep of buildings and the employment of staff
Gloucester Mariners Church	To provide a residence for the chaplain of the Mariner's Chapel
Hove, Holy Trinity	To promote the Christian religion by such means as the Trustees shall decide, in particular to make payments for the maintenance, of the buildings and fabric of Holy Trinity, Hove and subject thereto for the promotion of Christian religion through other churches practising an evangelical and Protestant belief
Leamington Spa, Christ Church	For the augmentation of the stipend of the Incumbent of St Mark's, Leamington Spa, so long as the doctrine and worship in the parish of St Mark's are evangelical in character
Maidstone, St Faith Parish Room	To provide funds for the Vicar of St Faith's for the purposes of the parish
Paddock Wood Parochial Church Hall Trust	To provide funds for evangelical purposes in or in connection with the parish of St Andrew's Paddock Wood
Publications Fund	Established in 2003 to further the publishing work of Church Society including the production, marketing and distribution of material for sale or free distribution

## Church Society

### Notes to the financial statements For the year ended 31 December 2007

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#### 20. Purpose of funds (continued)

Ryde Ecclesiastical Chantry	To further the religious and other charitable work of the Church of England in the Ecclesiastical Parish of Ryde
Ryde, St James	To provide for maintenance and propagation of the Protestant and Evangelical principles of the Church of England through St James' Chapel Ryde, the Isle of Wight
Walthamstow, Penryn Hall Trust	To permit the Penryn Hall to be used under the direction and control of the vicar of St John's Walthamstow so long as it is used consistently with evangelical principles
Walthamstow, St John	To support any work within the parish of St John's Walthamstow, either being part of church activities or in support of charities operating within the parish
Freeholds held on behalf of Churches or other charities	Lightbourne Evangelical Church, Manchester Gloucester Manners Hall, Hollabury Mission Hall, Poughill, Cornwall, St Andrews, Montserrat, Southfields Scout Hut

#### 21. Pension Schemes

The Church Society participates in the Church of England Funded Pensions Scheme and employs 1 member of the Scheme out of a total membership of approximately 10,000 active members

The Church of England Funded Pensions Scheme is a defined benefit scheme but Church Society is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate. A valuation of the Scheme was carried out as at 31st December 2003. This revealed a shortfall of £91m, with assets of £196m and a funding target of £287m.

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9(b) of FRS 17 requires Church Society to account for pension costs on the basis of contributions actually payable to the Scheme in the year. Following the results of the valuation, Church Society's contribution rate increased from 29.5% to 33.8% of pensionable stipends with effect from 1st April 2005.

Following a subsequent informal review of the Scheme's funding position, Church Society's contribution rate increased again to 39.8% of pensionable stipends with effect from 1st January 2007 as an interim measure, pending the results of the next formal valuation of the Scheme.

A new valuation has now been carried out, as at 31st December 2006. This has revealed a shortfall of £141m, with assets of £468m and a funding target of £609m, assessed using the following assumptions:

- An investment strategy of a nil allocation to gilts for the next 10 years, increasing linearly to reach 30% after 20 years, and the balance of the assets in equities,
- Investment returns of 4.25% pa on gilts and 5.75% pa on equities,
- RPI inflation of 3.1% pa (and pension increases consistent with this),
- Increase in pensionable stipends 4.6% pa, and
- Post-retirement mortality in accordance with the PA00 tables, adjusted so that members are assumed to be two years younger than they actually are, with allowance for future improvements according to the "medium cohort" projections, and subject to a minimum annual improvement in mortality rates of 1% for males and 0.5% for females.

Taking account of the results of that valuation, as well as some agreed changes to benefits, the contribution rate from 1st April 2008 onwards will be 39.7% of pensionable stipends.

Additionally, during the year defined contribution pension costs of £1,535 (2006: £1,535) were paid on behalf of 2 (2006: 2) employees to the Church of England Defined Contribution Scheme section of the Church Workers Pension Fund.

## **Church Society**

### **Notes to the financial statements For the year ended 31 December 2007**

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**22. Capital commitments and contingent liabilities**

The charitable company had no material capital commitments nor contingent liabilities at 31 December 2007 (2006 £nil)

**23. Luckley-Oakfield School Trust**

The Council of Church Society appoints the Trustees of the Luckley-Oakfield School Trust which owns a school near Woking. In the event of the Trust being wound up the assets would revert to Church Society for educational purposes.

**24. The Ryde Trust**

The Ryde trust was transferred during the year to a separate Trustee body with the Society remaining as holding trustee for the buildings. Church Society Council appoints three of the Trustees and the Church Council of St James Ryde the remaining two.