



# Report and Financial Statements

## for the year ended 30 April 2006



**CHURCH PASTORAL AID SOCIETY**  
**Athena Drive Tachbrook Park Warwick CV34 6NG**

*A company limited by guarantee Registered in England no 2673220  
Registered office at the above address Registered charity no 1007820*

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## Report of the Trustees

### CHURCH PASTORAL AID SOCIETY (CPAS)

**Registered office** Athena Drive Tachbrook Park Warwick CV34 6NG

**Registered company no** 2673220 **Registered charity no** 1007820

**Patron:** Her Most Gracious Majesty The Queen

**President:** The Rt Rev James Jones

#### ***Vice-presidents***

The Rt Rev George Cassidy  
The Rt Rev Graham Cray  
The Rt Rev Michael Hill

#### ***Vice-presidents emeriti***

The Rev Dr J R W Stott  
The Rt Rev M A P Wood

#### ***Vice-patrons***

The Archbishop of Armagh  
Lord MacKay of Clashfern  
The Most Rev Alyn Rice Jones

#### ***Trustees during year to 30 April 2006 and at 19 September 2006***

Mrs Iona Birchall (12/10/04 to 26/01/06)  
Miss Joan Botterill (from 12/10/04)  
The Rev Steve Davies (from 12/10/04)  
The Rev John Ellison (from 12/10/04) *Treasurer*  
The Ven Peter Hancock (from 12/10/04) *Chair*  
The Rev Andrea Irvine (from 26/01/06)  
Ms Elizabeth Langmead (from 12/10/04)

Canon Harry Marsh (from 12/10/04)  
The Rev Canon John Moore (from 12/10/04)  
Mr Richard Owen (from 26/1/06)  
The Rev Preb David Perryman (from 12/10/04) *Vice-Chair*  
The Rev Mike Talbot (from 12/10/04)  
The Rev Dr Richard Turnbull (from 12/10/04)

#### ***Recruitment Group as at 19 September 2006***

Miss Joan Botterill  
The Ven Peter Hancock  
The Rt Rev Mike Hill

The Rev Gary Jenkins  
The Rt Rev James Jones

The Rev John Risdon  
The Rev Dr Richard Turnbull

#### ***Council of Reference as at 19 September 2006***

The Rev Moira Astin *Vice Chair*  
The Rev Ian Ballentine  
The Rev Preb Richard Bewes OBE  
Mrs Iona Birchall  
Mr Peter Caldwell  
Mr Nigel Chetwood  
Miss Mavis Gibbons  
The Rev Canon Ken Gordon  
The Rev Mike Goss  
Dr Liz Grier  
The Rev David Holloway

The Rev Jonathan Jee  
The Rev Gary Jenkins  
Mrs Mary Judkins  
The Ven Daniel Kajumba  
The Ven Hugh McCurdy  
The Ven Alistair Magowan  
The Rt Rev James Newcome  
The Rev Mark Norris  
The Rev Brian Parfitt  
The Rev David Parrott  
The Rev Paul Perkin

The Rev Andrew Petit  
The Rev Gary Piper  
The Rt Rev Gavin Reid *Chair*  
Mrs Sue Richardson  
The Rev John Risdon  
The Rev Janet Roberts  
Mr Dennis Sadler  
Mr Ian Smith  
The Rev William Stuart-White  
The Rev Rod Thomas  
The Rev Andrew Watson  
Mrs Clare Wells

#### ***Acting General Director***

The Rev Philip Mounstephen (to 31/8/06)

#### ***General Director***

The Rev John Dunnett (from 1/9/06)

#### ***Secretary***

Mr Alastair King

#### ***Professional Advisers***

##### ***Bankers***

The Royal Bank of Scotland plc London City Office 62/63 Threadneedle Street London EC2R 8LA

##### ***Auditors***

Hazlewoods LLP Staverton Court Staverton Cheltenham GL51 0UX

##### ***Solicitors***

Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B3 2ES

##### ***Investment Advisers***

CCLA Investment Management Ltd 80 Cheapside London EC2V 6DZ

## Structure, Governance and Management

### Constitution and Governance

CPAS was founded as an unincorporated charity in 1836 and was incorporated on 19 December 1991 as a company limited by guarantee, having no share capital. The company took over the operations of the Society on 1 April 1992, the assets being transferred by a Charity Commission scheme dated 25 March 1993. On a winding-up, each member is liable to contribute a sum not exceeding £10 towards the assets of the Society.

CPAS's governing document is its Memorandum and Articles of Association. The current Articles were adopted as from 12 October 2004 and amended at an Extraordinary General Meeting (EGM) held on 1 October 2005. The members are the President, Vice-Presidents, Trustees and Council of Reference; as at 30 April 2006 and 19 September 2006 there were 50 members. Following the EGM on 1 October 2005 those who had been members prior to 12 October 2004 but whose membership was not continuing under the current Articles were invited to resign their membership. Members who did not resign were given opportunity to make representation to the Trustees and after due consideration were removed from membership at a meeting of the Trustees held on 29 November 2005 convened for the purpose.

There are twelve Trustees, elected by the members on the basis of skills and experience, from recommendations made by a Recruitment Group established for the purpose of identifying suitable candidates. Under the provisions of the Companies Act 1985 the Trustees are the directors. Newly elected Trustees receive a comprehensive information pack, and participate in a programme of briefing meetings. Trustees meet at least six times a year. All major decisions regarding strategy, policy and finance are the responsibility of the Trustees. The implementation of decisions of the Trustees is delegated to the staff.

A Council of Reference, representative of the Anglican parishes and churches that the Society is established to serve pursuant to its object, advises the Trustees as to the needs of the beneficiaries of the Society.

### Operational Structure

- **General Director** – giving leadership to the work of the Society and responsible to the Trustees
- **Management team** – responsible for the internal management of CPAS
- **Ministry team** consisting of those responsible for external delivery of ministry, comprising:
  - o **Ministry consultants** – located across the United Kingdom, working with churches in their evangelistic, teaching and pastoral ministry to enable them to become more effective good-news communities for all ages, and maintaining and increasing prayer and financial support for CPAS
  - o **Specialists:**
    - Evangelism* – assisting local-church leaders develop evangelistic attitudes and actions in their churches and giving direct help in the leading of evangelistic initiatives
    - Youth and children* – helping churches start, maintain and develop work which enables children and young people to come to and grow in Christian faith
    - Leadership* – fulfilling the Society's responsibilities in respect of the 500-plus parishes for which it is either sole Patron or shares the patronage with others, encouraging recruitment for ordained and accredited roles, offering support for in-service clergy, and providing in-depth training for leaders and potential leaders
- **Publications team** – producing regular publications and other resources to further the Society's vision
- **Administrative support team** – providing administrative backup to the Ministry team
- **Supporter relations** – promoting CPAS and fostering prayer and financial support by developing and maintaining mutually supportive partnerships with churches and individuals
- **Finance and services** – overseeing and controlling financial matters, central administration and information technology systems, and ensuring CPAS's charity and legal requirements are met.

### Risk Assessment

During the year to 30 April 2002 the then Council carried out an assessment of the major risks that could seriously impair the achievement of the group's aims. This has been reviewed annually and systems have been amended as necessary.

### Connected Organisations

**CYFA Pathfinder Ventures Ltd** (registered company number 1184850, registered charity number 271391)

CYFA Pathfinder Ventures Ltd ('CPV' or 'CPV Ltd') became a wholly owned subsidiary of the Church Pastoral Aid Trust (CPAT) (see below) in June 1994. CPAS Trustees are members of CPV for the duration of their service as Trustees. Each member, including CPAT, has one vote. CPAT retains beneficial ownership of all the share capital of CPV. As at 30 April 2006, all CPAS Trustees had exercised this option (2005: all Trustees). The principal activity of CPV is the provision of Christian education for young people through house parties and camps. Residential activities known as Falcon Camps are designed for children and young people from deprived or disadvantaged areas. CPV's operations are conducted in close co-operation with those of CPAS. Trustees as at 30 April 2006:

Mrs Jenny Bray	Mr Geoffrey Firth	The Rev Philip Mounstephen	The Rev Andrew Porter
The Rev Tim Crook	Mr Geoff Harley-Mason <i>Chair</i>	Mr Richard Owen	Mrs Jill Ridgewell
Mr Rod Street			<i>Secretary: Mr Alastair King</i>

**Church Pastoral Aid Trust** (registered company number 41145)

The Church Pastoral Aid Trust (CPAT) was incorporated on 12 May 1894. It acts solely for or under the direction of the Church Pastoral Aid Society. Certain non-operational properties of the Society remain registered in the name of the Trust. The Directors are appointed by the Trustees of CPAS. Directors as at 30 April 2006:

Miss Joan Botterill	The Ven Peter Hancock <i>Chair</i>	The Rev Canon David Wheaton
The Rev John Ellison	The Rev Preb John Skinner	<i>Secretary: Mr Alastair King</i>

**Church Pastoral Aid Society Patronage Trust** (registered company number 906861)

The Church Pastoral Aid Society Patronage Trust is an Association incorporated on 24 May 1967. Its object is to hold and administer the patronage of benefices, including in particular the appointment of clergy. Trustees as at 30 April 2006:

The Rev Canon Steve Allen	The Rev Andrew Dow <i>Chair</i>	Mrs Gill Morrison	The Rev Canon Timothy Watson
The Rev David Banting	Mr Ross Johnstone	The Rev Lesley Riley	Mr Simon Webley
The Rev Jackie Cray	The Rev Preb Nick McKinnel	Mr John Truscott	<i>Secretary: The Rev Canon John Alderman</i>

## Objectives and Activities

CPAS is an evangelical Anglican mission agency working mainly with local Anglican churches across the United Kingdom and Republic of Ireland. Its purpose and powers are outlined in the following extracts from its Memorandum:

'The object for which the Society is established is:

To advance the Christian Gospel by providing human and material resources to Anglican parishes and churches throughout the world and in particular in England, Wales, Scotland and Ireland, in order to encourage and increase their effectiveness as worshipping communities committed to nurture, training, evangelism, growth and service and seeking to glorify God working under the supreme authority of Scripture and in accordance with the Protestant and Evangelical doctrines and principles of the Church of England as set forth in the Book of Common Prayer and the Thirty-nine Articles of Religion read in conjunction with the Society's Basis of Faith dated 27 February 1990.'

The following core values govern CPAS's ministry:

- *Bible* God's Word written, our supreme authority
- *Excellence* God's standards as our standards in all we do
- *Relevance* God's answers to today's questions
- *Prayer* God's power energising every ministry
- *Community* God's grace made real in our relationships
- *Prophetic* God's future for his Church.

CPAS's vision is to inspire, encourage and challenge churches to be good news for all by:

- building worshipping communities for all ages
- equipping ministry for all ages
- enabling outreach for all ages

in the context of transforming the inherited church and nurturing the emerging church. The principal objectives for the two years to 30 April 2006, set out in the Society's corporate strategy 2004/06, were to communicate this vision and listen to feedback, to develop and maintain mutually supportive partnerships to equip and train churches, and to this end to identify, develop and provide dynamic, enabling resources.

The implementation of the objectives during the year to 30 April 2006 included:

Communicate our vision and listen to feedback:

- Champion the vision of a church inclusive of all ages as a prophetic call to the church;
- Engage fully with our vision of all-age church in the development of fresh incarnational expressions of church;
- Honour our fundamental commitment to 'remember the poor';
- Ensure that churches and leaders know of, trust and use CPAS' ministry.

Develop and maintain mutually supportive partnerships to equip and train God's church:

- Institute and develop a new model of mutually supportive partnership for churches, allowing them access to the full range of CPAS' ministry;
- Significantly increase our donation income;
- Equip and enable churches to engage in evangelism for all ages in a manner appropriate to the 21<sup>st</sup> century;
- Promote specialist youth and children's ministry as an essential foundation for building a church for all ages;
- Develop consultancy as a key means of transformation for the local church;
- Develop our leadership and vocations programmes as benchmark resources for the church.

Identify, develop and provide dynamic, enabling resources:

- Devise and implement a strategy for the development of the internet as a benchmark vehicle for the effective delivery of ministry to church leaders;
- Develop a clear publications policy, enabling us to resource church leaders to build all-age church in the most effective way possible.

To facilitate this:

- Build CPAS as a mission community

Activities in the following significant areas of ministry contributed to the achievement of these objectives:

- Evangelism and fresh expressions of church
- Children and youth
- Leadership including patronage
- Parish support
- Resourcing activities
- Fundraising.

Grants are made from funds received for the purpose to assist ordinands training for ministry in the Church of England, the Church in Wales, the Church of Ireland and the Scottish Episcopal Church, in cases of financial hardship. In addition, a small number of grants were made during the year to parishes and local church projects.

Bob Key, General Director since May 2001, was appointed Dean of Jersey and left CPAS at the end of September 2005 to take up the post. Trustees express their gratitude for all that was achieved to develop the ministry of CPAS under his leadership. Philip Mounstephen was appointed Acting General Director pending an appointment to fill the vacancy. The Rev John Dunnett has been appointed as General Director and took up the post on 1 September 2006.

During the year the Society's capacity to offer support to churches was further strengthened by the appointment of additional key members to its ministry team, including specialists in children's ministry and in leadership development. These new posts were made possible by funds received during the previous three years from the sale of land bequeathed to the Society. Existing vacancies, including the Patronage Secretary and the Director of Ventures and Falcon Camps, were filled during the year.

CPAS acknowledges with gratitude those whose work in a voluntary capacity has contributed to all that has been achieved during the year, including all who support the work of the Ministry Consultants; those who have assisted with training events; many who have written articles for inclusion in publications; Parish Representatives and others who promote the ministries of CPAS at local-church level; friends who have given of their time in an administrative capacity; and members of advisory committees supporting various aspects of the ministry.

## Achievements and Performance

### Evangelism and fresh expressions of church

Throughout the year consultancy and training in outreach and evangelism as well as leadership and strategic planning has been offered to churches and our Evangelism Advisors have worked alongside churches in a number of different ways. Parish consultations have been held with c 20 different churches, around 8 Parish missions or mission weekends have been run. Staff have been involved in 3 major residential church growth conferences, and around 20 evangelism training events have been run. Around 10 weekends on the theme of growth have been led, and staff have preached at around 25 one-off evangelistic events.

Three members of staff have been seconded part-time as Associate Missioners of the Archbishops' Fresh Expressions initiative, and work in various ways to encourage fresh expressions of church in cultural situations where traditional church makes little impact. The Acting General Director attends a regular consultative group advising the initiative.

### Children and Young People

*The Hub* was fully operational from autumn 2005 and, in conjunction with a wide network of leading Christian organisations, provides extensive children's and youth work information, resources and ideas to equip churches as they disciple young people in the Christian faith. There are currently 186 churches affiliated to it, with 865 leaders receiving regular communications. A training tour around the United Kingdom launched this new initiative: 9 events were held with a total of 215 attendees.

Ventures and Falcon Camps proved yet again to be of immense significance, with over 5501 bookings of children and young people and 3578 volunteer leaders and helpers participating during the year. The year-round support offered by CPAS's specialists to leaders of youth and children in their week-by-week ministry in local churches is vital for the consolidation of the work of Ventures and Falcon Camps.

### Leadership

The Society has responsibility for more than five hundred Church of England benefices. In addition to the important role of the patron in the appointment of clergy to its parishes, CPAS offers support and advice on a personal basis to clergy considering moving to a new post. Over the three patronage Trusts (Church Pastoral Aid Society Patronage Trust, Martyrs' Memorial and Church of England Trust and the Church Trust Fund Trust) 45 appointments were made during the past year. At the end of the year there were 112 clergy on the EPCC Register looking for a move and 65 vacant positions.

Complementing the patronage work, the ongoing programme of vocations conferences continues to help many people considering the implications of God's call on their lives. This year around 147 people have attended 6 of these events.

The *Arrow Leadership Programme* offers high quality in-depth training, focusing over an eighteen-month period on skills in leadership and evangelism as well as the underlying areas of character and call. The sixth such programme commenced in the spring of 2005. Two courses run in parallel each year with 24 participants per course. Each course takes 18 months to complete.

### Parish Support

Six regionally-based Ministry Consultants continue to offer support to local churches and their leaders, through consultancy, mentoring, and training. Consultants make between seven and ten visits per week. On this basis some 2,000 visits are made annually by the team.

### Resourcing Activities:

*Growing Leaders* was launched in January 2006: it is a one-year programme to be used at local-church level to develop a wide range of leaders of all ages, from home-group and youth-work leaders to members of church councils. Before its launch it was previewed and tested by churches from a wide range of backgrounds: urban, inner city and rural, small and large. Ten launch events have been held to date with others to follow. 44 copies have been sold from the CPAS warehouse and 74 copies sold on tour.

CPAS enquirers' course *Start!* was re-launched on DVD in April 2006, with new supporting material on CD-ROM. Total sales to date of *Start!* amount to 944 packs.

A number of electronic resources are now available for download by The Hub subscribers (see above).

An ongoing programme of follow-up to the **body beautiful?** conference held in September 2004 includes consultancy and training over an eighteen-month period involving partnerships between members of the CPAS ministry team and 20 churches seeking to implement the principles outlined at the conference. A further major conference, **body beautiful?2**, is scheduled for November 2006.

### Fundraising

The work of the fundraising team has focused on individual supporters during 2005/6. Recent years have seen a decline in individual giving, which the Trustees were keen to see reversed. Fundraising activity was strengthened by the appointment of external consultants, Cascaid Marketing Ltd, in May 2005 and the principal consultant has been working closely with the staff team.

A structured programme of fundraising by means of targeted mailings is now in place, featuring specific areas of CPAS ministry. This has yielded an 18% increase in individual giving over the previous year. A by-product of this approach has been increased awareness and understanding of particular areas of the Society's ministry. Those figures do not include a further £80,000 raised for Ventures following an emergency appeal for the subsidy fund in the summer.

Giving from churches, unfortunately, continues to decline (7% in 2005/6), with many reviewing and rationalizing their historic giving. Whilst every effort will be made to continue an improved programme of communications with individual supporters, the primary focus for 2006/7 will switch to churches and improving our relationships with them.

The Trustees have recently agreed funding for a new post of Trusts Fundraiser, to start in September 2006. This will enable the fundraising team to develop potential income from a wide range of trusts and other fundraising organisations.

## Financial Review

### Investments

The object includes the following investment powers:

'To invest the monies of the Society not immediately required for its purpose in or upon such investments, securities or property as may be thought fit, subject nevertheless to such conditions (if any) and such consents (if any) as may for the time being be imposed or required by law.'

CPAS's investments are held in Collective Investment Scheme Units of the Central Board of Finance of the Church of England, the income from which is used for the Society's ministries. Ethical considerations form an integral part of the management of these funds. No specific investment objectives are set but results are monitored against market returns. Investment Units achieved a total return of 7.1%, which included an income yield of 3.0%.

### Fixed Assets

The Society's fixed assets include the following:

- premises in Warwick housing CPAS's offices and those of CPV
- office and other equipment necessary to fulfil the Society's ministries
- five freehold properties held to house some staff members who have joined CPAS following service in tied accommodation
- a shared equity scheme assisting three staff with housing
- two properties housing former members of staff
- land bequeathed to the Society currently held as tenanted farmland.

### Reserves

CPAS holds reserves to fund its working capital and to cover fluctuations in levels of incoming resources needed to maintain the Society's normal operations in the short term. During the year general funds (excluding fixed assets) increased from £4,257,000 (CPAS), £4,267,000 (Group) to £5,088,000 (CPAS), £5,390,000 (Group). This figure includes an increase (unrealised) in the value of general fund investments of £790,000. Part of these funds are held on deposit, giving an effective hedge against fluctuations in the stock market.

The Trustees agreed that a proportion of these funds should be expended over a period of eight to ten years, including funding a budgeted deficit for the year to April 2006, and by strategic new staff appointments (see *Achievements and Performance* above). During the year the Trustees also made lump sum contributions from these funds to CPAS's pension scheme, a defined benefit scheme for staff not included in the Church of England Funded Pensions Scheme. These contributions totalled £1,166,000, and were made in addition to the regular contribution rate as agreed with the actuary. As a consequence of this the valuation of the scheme as at 30 April 2006 showed the assets representing 88% of the liabilities.

The Trustees do not believe it is necessary to hold additional reserves for use in the event of serious unforeseen circumstances necessitating curtailment of the Society's operations, as in such circumstances sufficient funds, currently employed in fixed assets as well as in investments, would be released automatically to cover redundancy and other closure costs.

## CPAS

### All Funds

The results for the year showed an overall loss of £134,000 as compared with the surplus in 2004/05 of £903,000 before revaluation of investments. Excluding profit on sale of properties, the deficit was £163,000 as compared with the surplus in 2004/2005 of £163,000.

Exceptional items of expenditure contributing to the loss included a donation of £100,000 to CPV to support its reserves in the light of CPV's deficit in 2004/2005 and a grant of £123,000 to CPV to be used to offset its share of the pension scheme deficit.

Additionally £1,043,000 was applied to reduce the deficit on the pension scheme. Under new accounting requirements the pension scheme deficit appears as a liability on the employer's balance sheet. This transaction is not included in the surplus/deficit stated above but directly reduces that liability.

The surplus/deficit figures include the effect of a transfer of £115,000 from the permanent endowment fund to the general fund. This is in respect of amounts received up to 1979 with no restriction as to their use but which were incorrectly allocated at the time of receipt to the permanent endowment fund.

**Unrestricted Funds**

The loss of £127,000 (excluding profit on sale of properties and movement in funds) compared with a surplus in 2004/05 of £72,000. Donations from churches were £48,000 less than in 2004/05 and from individuals £52,000 more. Receipts from legacies were £6,000 less than 2004/2005. CPAS continues to rely heavily on the generous voluntary giving of supporters, without which its ministry would not be sustainable, and the Society expresses its gratitude to all who have made donations or included CPAS in their Will during the year. Expenditure was £49,000 more than 2004/2005.

**Restricted Funds**

The combined totals for the restricted funds resulted in a loss of £36,000 (excluding movement in funds), as compared with the surplus in 2004/05 of £91,000. Donations were less than in 2004/05, and no legacy income was received. With the exception of the Evangelist fund, now fully expended, each of these funds carried forward surpluses which will support commitments for the respective training and grant-making programmes currently under way.

**CPV**

The overall result for the year was a surplus of £221,000 before revaluation of investments. This comprised a surplus of £282,000 for Ventures and a deficit of £61,000 for Falcon Camps, as compared with a deficit of £85,000 for Ventures and £23,000 for Falcon Camps in 2004/2005. CPV reimbursed to CPAS £22,000 in respect of office occupancy costs. Income was increased by £470,000 from 2004/05 whilst expenditure increased by approximately 8 per cent compared with 2004/05. This reflects the continual increase in accommodation, activity and administration costs. The value of investments arising from the donation of £90,000 by CPAS to CPV in 2001/2002 increased by £20,000 (this increase is unrealised).

CPAS made a donation to CPV of £100,000 to support Ventures reserves, together with grants totalling £123,000 to be allocated against CPV's share of the deficit in the lay staff pension fund (see *CPAS – All Funds* above).

**Commitments**

Financial projections indicate that the Society's general fund reserves are adequate for it to continue in operation for the foreseeable future. The realisable value of assets is believed to be adequate to meet liabilities in the event of a major curtailment of activities or of liquidation. Information concerning pension contributions and other commitments is contained in notes 1 and 5 (see also *CPAS – All Funds* above).

**Plans for the year to 30 April 2007**

The corporate strategy for 2006/7 builds on the objectives in the previous strategy document. The key priorities for the forthcoming year are to:

- Champion the vision of a church inclusive of all ages as a prophetic call to the church.
- Engage fully with our vision of all-age church in the development of fresh incarnational expressions of church.
- Honour our fundamental commitment to 'honour the poor'.
- Equip and enable all churches to engage in evangelism for all ages in a manner appropriate to the 21<sup>st</sup> century.
- Develop patronage, leadership and vocations work as benchmark resources for the church.
- Promote specialist youth and children's ministry, through The Hub and Ventures/Falcon Camps, as an essential foundation for building a church of all ages.
- Develop sustainable streams of funding.
- Develop relationships and improve communications with individual supporters.
- Ensure churches and leaders know of, trust and use CPAS ministry by developing relationships and improving communications.
- Identify, develop and provide dynamic, enabling resources.
- Invest in staff, volunteers, support systems and facilities.

In the coming year, plans include a second major conference for church leaders, to be held in November 2006, aimed at enabling churches to develop all-age vision.

The 2006 summer programme of Ventures and Falcon Camps will include 88 Ventures and 19 Falcon Camps, as well as six during the spring of 2007, with an anticipated attendance of over 5,500 young people and children and 3,000 leaders.

The seventh Arrow Leadership Programme will start in June 2006 and the eighth is scheduled to be held in Ireland. A full programme of 'You and Ministry' events is planned plus 'The Buck Stops Here' conference, for first time incumbents, in September 2006.

Consultancy and training will also continue in outreach and evangelism, leadership and youth and children. Membership of The Hub is projected to pass 200 churches by the end of the year and a national training tour for youth and children's leaders is planned for autumn 2006, as well as a conference for women in youth ministry.



## Statement of the Directors' Responsibilities

### Directors' responsibilities in relation to financial statements

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

The directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society and the group and of its incoming resources and application of resources, including the income and expenditure, of the Society and the group for that period. In preparing those financial statements, the directors 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going-concern basis unless it is inappropriate to presume that the Society will continue in business (see below).

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

The Trustees confirm that these financial statements comply with these requirements.

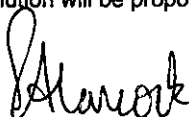
In addition, at the date of approval of the Annual Report and financial statements, in so far as the directors are aware, all relevant information has been provided to the auditors and the directors have taken steps to ensure that they have made themselves aware of any relevant audit information and to establish that the auditors are aware of such information.

### Going concern

The Society is almost entirely dependent on voluntary income to finance its continued operations. Financial projections, based on the best judgements of the staff and Trustees in relation to likely income and anticipated changes, indicate that the Society's resources are adequate for it to continue in operation for the foreseeable future. Accordingly the going-concern basis continues to be adopted in preparing financial statements.

### Auditors

A resolution will be proposed at the Annual General Meeting that Hazlewoods LLP be reappointed as auditors for the coming year.



Peter Hancock  
Chairman, on behalf of the Directors

19 September 2006

## Independent Auditors' Report to the Members of Church Pastoral Aid Society

We have audited the financial statements of the Church Pastoral Aid Society for the year ended 30 April 2006 which comprise the Statement of Financial Activities, the Balance Sheets and related notes. These Financial Statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely for the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of Trustees and auditors

The Trustees' (who are also the directors of the Church Pastoral Aid Society for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity 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 with the charitable company is not disclosed.

We read other information contained in the Trustees' Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of opinion

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

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether 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 group's and charitable company's affairs as at 30 April 2006 and of their incoming resources and application of resources, including their income and expenditure, for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Hazlewoods LLP  
Chartered Accountants and Registered Auditors

Staverton, Cheltenham  
21 September 2006

## Statement of Financial Activities for the year to 30 April 2006

	CPAS 2006			Group 2006			CPAS 2005	Group 2005
	Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Total funds	Total Funds	Total funds
Notes	£000	£000	£000	£000	£000	£000	£000	£000
<b>INCOME &amp; EXPENDITURE ACCOUNT</b>								
<b>INCOMING RESOURCES</b> 2								
<i>Incoming resources from funds</i>								
Voluntary income	1,126	49	1,175	1,805	139	1,944	1,417	2,031
Investment income	227	4	231	241	10	251	238	254
Incoming resources from charitable activities	194	44	238	1,229	77	1,306	252	1,232
Other incoming resources: profit on sale of properties	29	0	29	29	0	29	740	740
<b>Total incoming resources</b>	<b>1,576</b>	<b>97</b>	<b>1,673</b>	<b>3,304</b>	<b>226</b>	<b>3,530</b>	<b>2,647</b>	<b>4,257</b>
<b>RESOURCES EXPENDED</b> 3								
Charitable activities	1,569	133	1,702	2,890	327	3,217	1,549	3,145
Governance costs	59	0	59	117	10	127	136	188
Costs of generating funds	46	0	46	90	9	99	59	129
<b>Total resources expended</b>	<b>1,674</b>	<b>133</b>	<b>1,807</b>	<b>3,097</b>	<b>346</b>	<b>3,443</b>	<b>1,744</b>	<b>3,462</b>
Gross transfers between funds	115	(115)	0	115	(115)	0	0	0
<b>NET INCOME / (EXPENDITURE) FOR THE YEAR before other recognised gains / (losses)</b>	<b>17</b>	<b>(151)</b>	<b>(134)</b>	<b>322</b>	<b>(235)</b>	<b>87</b>	<b>903</b>	<b>795</b>
<b>Other recognised gains / (losses)</b>								
Revaluation of investments 7	790	71	861	790	91	881	173	178
Actuarial gains / (losses) on defined benefit pension scheme 5	(34)	0	(34)	(34)	0	(34)	(394)	(394)
<b>NET MOVEMENT IN FUNDS</b>	<b>773</b>	<b>(80)</b>	<b>693</b>	<b>1,078</b>	<b>(144)</b>	<b>934</b>	<b>682</b>	<b>579</b>
Total funds brought forward at 1 May 2005 (2005 restated to include deficit on pension scheme) 5	6,953	667	7,620	6,973	768	7,741	6,938	7,162
<b>TOTAL FUNDS CARRIED FORWARD at 30 April 2006</b>	<b>7,726</b>	<b>587</b>	<b>8,313</b>	<b>8,051</b>	<b>624</b>	<b>8,675</b>	<b>7,620</b>	<b>7,741</b>

Restricted funds include £212,000 representing permanent endowment funds (note 10).

All gains and losses recognised in the year are included above.

All the activities of the Group are continuing activities, and there were no acquisitions in the year.

## Consolidated Balance Sheet as at 30 April 2006

Notes	CPAS 2006 £000	Group 2006 £000	CPAS 2005 £000	Group 2005 £000
<b>FIXED ASSETS</b>				
Tangible fixed assets	6 2,638	2,638	2,696	2,706
Investments (unlisted)	7 <u>4,970</u>	<u>5,075</u>	<u>3,109</u>	<u>3,194</u>
<b>Total fixed assets</b>	7,608	7,713	5,805	5,900
<b>CURRENT ASSETS</b>				
Stock	32	32	11	11
Debtors	8 121	304	192	335
Deposits repayable on demand	1,042	1,072	3,367	3,397
Cash at bank and in hand	<u>131</u>	<u>407</u>	<u>80</u>	<u>195</u>
<b>Total current assets</b>	1,326	1,815	3,650	3,938
<b>LIABILITIES</b>				
Creditors falling due within 1 year	9 168	400	154	416
<b>Net current assets</b>	<u>1,158</u>	<u>1,415</u>	<u>3,496</u>	<u>3,522</u>
<b>NET ASSETS BEFORE PENSION LIABILITY</b>	<b>8,766</b>	<b>9,128</b>	<b>9,301</b>	<b>9,422</b>
Defined benefit pension scheme liability	5 <u>(453)</u>	<u>(453)</u>	<u>(1,681)</u>	<u>(1,681)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>	<b>8,313</b>	<b>8,675</b>	<b>7,620</b>	<b>7,741</b>
(2005 restated to include deficit on pension scheme)				
<b>FUNDS</b>	10			
Permanent endowment	121	121	202	202
Permanent endowment revaluation	<u>91</u>	<u>91</u>	<u>85</u>	<u>85</u>
	212	212	287	287
Restricted	306	351	342	448
Restricted revaluation	<u>69</u>	<u>84</u>	<u>38</u>	<u>33</u>
	375	435	380	481
Unrestricted:				
designated	0	19	0	9
general	6,885	7,168	8,165	8,176
general revaluation	1,294	1,294	469	469
pension reserve	5 <u>(453)</u>	<u>(453)</u>	<u>(1,681)</u>	<u>(1,681)</u>
	<u>7,726</u>	<u>8,028</u>	<u>6,953</u>	<u>6,973</u>
<b>TOTAL FUNDS</b>	<b>8,313</b>	<b>8,675</b>	<b>7,620</b>	<b>7,741</b>
(2005 restated to include deficit on pension scheme)				

Signed on behalf of the Trustees on 19 September 2006

  
 Peter Hancock. Chairman

  
 John Ellison. Treasurer

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting Policies

#### Basis of preparation

The financial statements are presented in accordance with the requirements of the *Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005)* (SORP), issued by the Charity Commission in 2005, applicable accounting standards and the Companies Act 1985. In line with the SORP, the CYFA Pathfinder Ventures Ltd results for the year are consolidated with those of CPAS on a line by line basis. A copy of the full Report and Accounts for CPV Ltd is available from its secretary at CPAS's address (see page 2).

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments, adopting the policies set out below.

CPAS is a company limited by guarantee and CPV Ltd a company limited by shares. The Trustees of CPAS and Board of CPV are directors for the purposes of the Companies Acts and are trustees of their respective charities within the meaning of the Charities Acts (see pages 2 and 3 for full lists).

#### Incoming resources

Donations represent amounts received during the year, together with any associated tax refund. Legacies are credited to the statement of financial activities in the year in which they are received or, if earlier, the year in which the Society is notified of its legal entitlement and where the monetary value can be measured with adequate reliability.

Income due from both investments and deposits but not received during the year is included in the statement of financial activities. Investments are stated at market value at the balance sheet date. Monies placed in deposit funds are classified as short term deposits as they are repayable on demand.

Grants receivable for specific purposes are credited to the statement of financial activities in the year to which they relate as soon as conditions for receipt have been met. Unspent balances are carried forward to subsequent years within restricted funds. Grants for immediate financial support, or received against costs previously incurred, are recognised immediately in the statement of financial activities. Voluntary income is shown gross before deduction of fundraising expenditure.

#### Resources expended

All expenditure is accounted for on an accruals basis and is classified under headings that aggregate all costs related to the category. Support costs attributable to more than one activity are apportioned on the basis of expenditure relating directly to those activities.

Governance costs comprise legal fees, audit fees and charges for audit advice, servicing of trustees and other governance bodies, bank charges, and overheads and staff costs apportioned on the basis of time expended on governance work.

Costs of generating voluntary income comprise costs of fundraising mailings, consultancy fees, and staff costs apportioned on the basis of time expended on fundraising activities.

The Society makes no donations for charitable purposes outside the scope of its own work, neither are any donations made for any political purpose.

#### Assets

**Fixed assets** are capitalised, unless their value is immaterial, and are included at cost.

**Depreciation** is charged to write off the cost less the estimated residual value of fixed assets on a straight line basis over the periods of time shown below, commencing in the year of acquisition:

• freehold property - Tachbrook Park, Warwick:	
land	no depreciation
building	50 years
• staff houses (see below)	no depreciation
• mechanical/electrical equipment and building fixtures	20 years
• furniture etc Tachbrook Park offices	10 years
• computer equipment	3 years
• other equipment	5 years

Depreciation is not provided on staff houses or shared equity. The Trustees consider that the residual value is not materially different from the carrying value shown in the financial statements, and consequently any depreciation charge would be immaterial.

**Investments** are included at market value. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

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

**Funds**

The following types of fund are available for use by the Trustees or Board:

- permanent endowment fund, the income only being available for the general purposes of the Society
- restricted funds, being applied solely for the purpose of the fund
- general funds, available for the general purposes of the Society.

**Pensions**

Staff who are ordained Church of England clergy are included in the Church of England Funded Pensions Scheme administered by the Church of England Pensions Board. No funding liability arises for the Society in respect of them. One licensed lay worker is also included in this scheme at the Society's expense. Financial Reporting Standard (FRS) 17 paragraph 9(b) requires the employer to account for pension costs on the basis of contributions actually payable to the scheme during the year.

For other staff the Society operates a funded, defined benefit pension scheme (see note 5 – *pensions*). Variations in regular pension costs, which are identified as a result of actuarial valuations, are amortised over the average expected working lives of employees. Any material differences between the amounts funded and the amounts charged to income and expenditure are treated as either provisions or prepayments in the balance sheet, in accordance with FRS 17.

Any contributions to an employee's personal pension scheme in place of contributions to its own scheme are treated as expenditure when paid (see note 5 – *pensions*).

**Operating leases**

The cost of operating leases is charged in the statement of financial activities on a straight line basis over the lease term.

**Group accounts**

The consolidated financial statements comprise the financial statements of CPAS and its subsidiary made up to 30 April 2006.

**2 Incoming resources**

	CPAS			Group			CPAS	Group
	2006			2005			2005	2005
	Unrestricted funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Total funds £000	Total funds £000	Total Funds £000
Incoming resources from generated funds:								
Voluntary income								
Donations – churches	603	2	605	613	34	647	660	685
– individuals	336	8	344	1,005	66	1,071	292	859
Legacies	132	0	132	132	0	132	348	348
Grants – Mabledon Charity	55	0	55	55	0	55	80	80
– other	0	39	39	0	39	39	37	59
	<u>1,126</u>	<u>49</u>	<u>1,175</u>	<u>1,805</u>	<u>139</u>	<u>1,944</u>	<u>1,417</u>	<u>2,031</u>
Investment income and interest:								
Central Board of Finance investments - note 7	115	4	119	115	7	122	110	113
Central Board of Finance deposits	92	0	92	94	0	94	121	122
Bank and other interest	11	0	11	23	3	26	7	19
Net return on pension -note 5	9	0	9	9	0	9	0	0
	<u>227</u>	<u>4</u>	<u>231</u>	<u>241</u>	<u>10</u>	<u>251</u>	<u>238</u>	<u>254</u>
Incoming resources from charitable activities:								
Publications	60	0	60	60	0	60	80	80
Training events	27	44	71	27	44	71	80	80
Subscriptions and affiliations	39	0	39	39	0	39	47	47
Ventures and camps	0	0	0	1,035	33	1,068	-	980
Rent from land & properties	60	0	60	60	0	60	42	42
Miscellaneous	8	0	8	8	0	8	3	3
	<u>194</u>	<u>44</u>	<u>238</u>	<u>1,229</u>	<u>77</u>	<u>1,306</u>	<u>252</u>	<u>1,232</u>
Other incoming resources:								
Profit on sale of properties	29	0	29	29	0	29	740	740
<b>Total incoming resources</b>	<b><u>1,576</u></b>	<b><u>97</u></b>	<b><u>1,673</u></b>	<b><u>3,304</u></b>	<b><u>226</u></b>	<b><u>3,530</u></b>	<b><u>2,647</u></b>	<b><u>4,257</u></b>

As at 30 April 2006 the Society had been notified of 1 residuary legacy with an estimated value of £28,000 which has not been included in the financial statements due to uncertainty as to the amount receivable.

CPAS aims to make its publications and training events available to as many churches and individuals as possible. Amounts charged for these resources (above) do not, therefore, include staff costs.

### 3 Analysis of Total Resources Expended

	Staff costs		Other costs		Total	Total
	Unrestricted	Restricted	Unrestricted	Restricted	2006	2005
	£000	£000	£000	£000	£000	£000
<b>CPAS</b>						
<i>Charitable activities:</i>						
Evangelism	74	13	18	5	110	86
Children and youth	303	2	11	12	328	330
Leadership including patronage	79	42	47	42	210	254
Parish support	278	0	34	0	312	352
<i>Resourcing activities</i>						
Publications	128	0	90	0	218	292
Training events	147	0	105	0	252	173
Ventures and camps	0	0	0	0	0	0
<i>Grants paid</i>						
Parishes and local projects	0	0	31	0	31	50
Ministers in training	0	0	1	17	18	12
CPV	0	0	223	0	223	0
	<u>1,009</u>	<u>57</u>	<u>560</u>	<u>76</u>	<u>1,702</u>	<u>1,549</u>
<i>Governance costs:</i>						
Legal fees	0	0	2	0	2	22
Audit fee	0	0	9	0	9	12
Advice from auditors	0	0	0	0	0	0
Trustees	0	0	8	0	8	8
Bank charges and interest payable	0	0	3	0	3	4
Other costs	27	0	10	0	37	90
	27	0	32	0	59	136
<i>Cost of generating funds: direct mailing</i>	<u>6</u>	<u>0</u>	<u>40</u>	<u>0</u>	<u>46</u>	<u>59</u>
<b>Total resources expended</b>	<b><u>1,042</u></b>	<b><u>57</u></b>	<b><u>632</u></b>	<b><u>76</u></b>	<b><u>1,807</u></b>	<b><u>1,744</u></b>
<b>Group</b>						
<i>Charitable activities:</i>						
Evangelism	74	13	18	5	110	86
Children and youth	303	2	11	12	328	330
Leadership including patronage	79	42	47	42	210	254
Parish support	278	0	34	0	312	352
<i>Resourcing activities</i>						
Publications	128	0	90	0	218	292
Training events	147	0	105	0	252	173
Ventures and camps	95	38	1,449	156	1,738	1596
<i>Grants paid</i>						
Parishes and local projects	0	0	31	0	31	50
Ministers in training	0	0	1	17	18	12
CPV	0	0	0	0	0	0
	<u>1,104</u>	<u>95</u>	<u>1,786</u>	<u>232</u>	<u>3,217</u>	<u>3,145</u>
<i>Governance costs:</i>						
Legal fees	0	0	2	0	2	24
Audit fee	0	0	12	0	12	16
Advice from auditors	0	0	0	0	0	0
Servicing of trustees	0	0	9	0	9	9
Bank charges and interest payable	0	0	11	1	12	15
Other costs	41	7	42	2	92	124
	41	7	76	3	127	188
<i>Cost of generating funds: direct mailing</i>	<u>9</u>	<u>5</u>	<u>81</u>	<u>4</u>	<u>99</u>	<u>129</u>
<b>Total resources expended</b>	<b><u>1,154</u></b>	<b><u>107</u></b>	<b><u>1,943</u></b>	<b><u>239</u></b>	<b><u>3,443</u></b>	<b><u>3,462</u></b>

*Staff costs: these include salaries, National Insurance and pension contributions, staff housing and other staff-related costs (see note 4).*

#### *Charitable activities*

##### *Grants:*

*Parish grants* were made to 10 parishes and local projects (2005: 23). These included £1,500 awarded to Toxteth Team Ministry (Liverpool diocese) and £1,000 to St Luke's West Norwood (Southwark diocese); all other grants awarded were less than £1,000. No commitments have been made to award such grants in future years.

*Ministers in Training grants* are made to individuals and are of amounts not exceeding £500. Support costs for the award of grants are included in the total for leadership including patronage.

*Subsidies* are granted to assist individuals to attend *Ventures* and *Falcon Camps* and to contribute to the general costs of running Falcon Camps (CPV Ltd). During the year subsidies, totalling £30,000 (2005: £29,000) were granted in respect of Ventures, and £10,000 (2005: £10,000) in respect of Falcon Camps, each of the amounts not exceeding £100.

**Support costs**

Support costs for specific areas of ministry are allocated directly to that ministry; non-specific costs are allocated in proportion to the total known costs for each area of ministry. Charitable activities include support costs of £513,000 for CPAS and £871,000 for the Group. (2005: CPAS £520,000 and Group £796,000).

**Governance costs – directors' emoluments and transactions**

CPAS: No director was interested in any transaction, contract or other arrangement with the Society. Travel expenses totalling £2,000 (2005: £5,000) were reimbursed to 11 (2005: 18) directors; these amounts are included in *Trustees* above.

Group: No director received any payment (2005: nil) in respect of the production of promotional materials supplied to the Company. No other director had an interest in transactions, contracts or other arrangements with the Company. Travelling expenses totalling £3,000 (2005: £4,000) were reimbursed to 14 directors (2005: 23); these amounts are included in *Trustees* above.

**Other costs**

£8,000 (2005: £9,000) in respect of operating lease costs is included in *Other costs* above.

**4 Staff Numbers and Costs**

	CPAS		Group	
	2006	2005	2006	2005
Average staff numbers (full time equivalent)	23	21	28	25
In furtherance of the Group's objects	6	8	6	9
Support	2	2	2	2
Management and administration	1	1	1	1
Cost of generating funds	<u>32</u>	<u>32</u>	<u>37</u>	<u>37</u>
	2006	2005	2006	2005
	£000	£000	£000	£000
Costs of employment of staff				
Salaries	898	808	1,016	924
National Insurance contributions	73	66	81	73
Pension costs (see notes 1 and 5 – pensions)	79	86	114	118
Staff housing	17	16	17	16
Other	<u>32</u>	<u>30</u>	<u>33</u>	<u>30</u>
	<u>1,099</u>	<u>1,006</u>	<u>1,261</u>	<u>1,161</u>

No employee received emoluments in excess of £60,000.

**5 Pensions (see note 1)****Church of England Funded Pensions Scheme**

CPAS participates in the Church of England Funded Pensions Scheme and employs one lay member of the Scheme out of a total membership of approximately 10,000 active members. Contributions in respect of clergy staff employed by the Society are paid for by the Archbishops' Council of the Church of England.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the Society is unable to identify its share of the underlying assets and liabilities – each employer in that scheme pays a common contribution rate. The latest valuation of the Scheme was carried out as at 31 December 2003. This revealed a shortfall of £91,000,000, with assets of £196,000,000 and a funding target of £287,000,000, assessed using the following assumptions: investment returns 6.8%, increase in pensionable stipends 3.8% per annum, pension increases 3.8% pa.

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

**Guardian Pensions Management Ltd**

The defined benefit scheme operated by the Society for its non-clergy staff is funded by contributions to a managed fund contract issued by Guardian Pensions Management Ltd. The contributions to this scheme are determined with the advice of the scheme actuary (employed by Scottish Equitable Employee Benefits) on the basis of triennial valuations.

The most recent actuarial valuation was conducted as at 1 August 2005 using the following main assumptions: valuation rate of interest 6.6% per annum (4.8% post retirement), and salary increases 4.2% per annum. The report was received in February 2006.

Valuation on the statutory Minimum Funding Requirement basis showed the assets representing 119% of the liabilities. The actuarial value of the assets represented 79% of the actuarial liability based on pensionable salaries projected to normal retirement age or the date of earlier withdrawal. The valuation showed that the regular contribution rate required was 34.2% of salaries. Following discussions with the actuary the contribution rate was left unchanged at 32%. The contributions payable for the group for the period amounted to £201,000 (2005: £151,000). In addition, lump sum payments of £666,000 and £500,000 were paid into the scheme in July 2005 and March 2006 respectively to offset the deficit. These additional payments almost eliminated the deficit and the actuary agreed that the contribution rate could be reduced to 21% from May 2006.



For the purposes of Financial Reporting Standard 17 (FRS 17) Retirement Benefits, a valuation has been performed as at 30 April 2006. This valuation assesses scheme liabilities by considering corporate debt yields, whereas the actuarial valuation is based on equity returns. The scheme's liabilities (and the resulting deficit) as stated below should not be taken as an indication of the results of the valuation carried out on behalf of the scheme trustees for funding purposes. The excess of liabilities over assets as included in the balance sheet for CPAS is the same as that for the Group, since no analysis of the respective liabilities of the two organisations is available. The information required by FRS 17 is as follows:

	2006	2005	2004
	%	%	%
<b>Main financial assumptions</b>			
Inflation assumption	3.1	2.9	3.0
Rate of salary increase	4.0	4.0	4.0
Rate of increase of pensions in payment (accrued between 6/4/1997 and 5/4/2005)	2.9	2.7	2.8
Rate of increase of pensions in payment (accrued after 5/4/2005)	2.0	1.9	n/a
Rate of increase of pensions in deferment	3.1	2.9	3.0
Discount rate	5.0	5.1	5.5
	2006	2005	2004
	£000	£000	£000
<b>Fair value of the assets and liabilities of the scheme</b>			
Value of assets	3,331	1,780	1,485
Present value of liabilities	(3,784)	(3,461)	(2,818)
<b>Deficit – CPAS and Group</b>	<b>(453)</b>	<b>(1,681)</b>	<b>(1,333)</b>

The scheme assets are invested in insurance policies with companies belonging to the AEGON UK group. The analysis of the underlying investments in these policies, together with the assumed rate of return (ROR) for each class of investment, is shown below. The value of Additional Voluntary Contribution (AVC) policies is not included.

	2006		2005		2004	
	Asset value	Assumed ROR	Asset value	Assumed ROR	Asset value	Assumed ROR
	£000	%	£000	%	£000	%
<b>Assets</b>						
Equities	2,463	8.1	1,492	8.4	1,250	8.9
Bonds	765	5.0	208	5.1	162	5.5
Other	103	4.5	80	4.75	73	4.0
	<b>3,331</b>		<b>1,780</b>		<b>1,485</b>	

#### Amounts included in Statement of Financial Activities:

	2006	2005	2004
	£000	£000	£000
<b>Amounts included in total resources expended:</b>			
Current service cost	(112)	(118)	(87)
Net cost on scheme (see below)	0	(19)	(11)
<b>Total amount included in total resources expended</b>	<b>(112)</b>	<b>(137)</b>	<b>(98)</b>
<b>Analysis of net return (cost) on scheme:</b>			
Interest on pension scheme liabilities	(171)	(149)	(119)
Expected return on pension scheme assets	180	130	108
<b>Net return (cost)</b>	<b>9</b>	<b>(19)</b>	<b>(11)</b>

#### Amounts included in other recognised gains and losses:

	2006	2005	2004
Difference between assumed and actual return on assets	320	17	115
Experience gains and losses arising on liabilities	(211)	21	(97)
Changes in assumptions underlying the valuation of the scheme liabilities	(143)	(432)	(300)
<b>Total actuarial gains and losses in net movement of funds</b>	<b>(34)</b>	<b>(394)</b>	<b>(282)</b>

#### Analysis of movement in deficit in year:

	2006	2005	2004
Deficit at start of year	(1,681)	(1,333)	(1,103)
Current service cost	(112)	(118)	(87)
Contributions	1,365	183	150
Other finance income (costs)	9	(19)	(11)
Actuarial loss	(34)	(394)	(282)
<b>Deficit at end of year</b>	<b>(453)</b>	<b>(1,681)</b>	<b>(1,333)</b>

#### History of experience recognised gains and losses

	2006	2005	2004	2003
<b>Difference between actual and expected return on scheme assets:</b>				
amount (£000)	320	17	115	(425)
percentage of scheme assets	9.6%	1%	7.7%	35.4%
<b>Experience gains and losses on scheme liabilities:</b>				
amount (£000)	(211)	21	(97)	(91)
percentage of scheme liabilities	5.6%	0.6%	3.41%	3.9%
<b>Total actuarial loss:</b>				
amount (£000)	(34)	(394)	(282)	(775)
percentage of scheme assets	0.9%	6.4%	10.0%	33.6%

During the year the Society made no contributions to any employee's personal pension scheme (2005: nil) (see note 1 – pensions).

## 6 Fixed Assets

	Land and property bequests £000	Warwick premises land £000	Warwick premises building £000	Staff houses freehold £000	Houses shared equity £000	Office and other equipment £000	Total CPAS £000	Total Group £000
<b>Cost or valuation</b>								
At 1 May 2005	91	640	1,420	882	127	589	3,749	3,783
Additions	0	0	0	15	0	3	18	18
Less: Disposals	0	0	0	0	21	165	186	186
<b>At 30 April 2006</b>	<b>91</b>	<b>640</b>	<b>1,420</b>	<b>897</b>	<b>106</b>	<b>427</b>	<b>3,581</b>	<b>3,615</b>
<b>Depreciation</b>								
At 1 May 2005	0	0	491	0	0	562	1,053	1,077
Charge for year	0	0	40	0	0	15	55	65
Less: Disposals	0	0	0	0	0	165	165	165
<b>At 30 April 2006</b>	<b>0</b>	<b>0</b>	<b>531</b>	<b>0</b>	<b>0</b>	<b>412</b>	<b>943</b>	<b>977</b>
<b>Written down value</b>								
At 1 May 2005	91	640	929	882	127	27	2,696	2,706
<b>At 30 April 2006</b>	<b>91</b>	<b>640</b>	<b>889</b>	<b>897</b>	<b>106</b>	<b>15</b>	<b>2,638</b>	<b>2,638</b>

**Land and property bequests**

Included within Land and Property Bequests is 22 acres of land in Devon, held as tenanted farmland.

**Warwick premises**

The Society's premises in Warwick are charged to the Society's bankers as security for periodic advances: the amount secured at 30 April 2006 was nil (2005: nil).

Leases of parts of the Warwick premises were granted to J F W Deacon's Mabledon Charity on 20 August 1990 and 2 April 1992, both for 125 years, for premiums totalling £395,000. The premiums were based on independent professional valuations and have been applied to reduce the book value of the property. 'Mabledon' owns the leasehold of the entire conference facilities at Warwick, which are available for the use of evangelical church societies and similar bodies. A lease of a further part of the Warwick premises was granted to the Colonial and Continental Church Society, known as the Intercontinental Church Society (ICS), registered charity no 241111, on 1 March 1998 for a 20 year period for use as its administrative headquarters. No premium was received in respect of this lease; rents received are included in rental income from land and properties (see note 2).

**Shared equity**

A shared equity scheme for assisting staff with housing was approved by the Council (now Trustees) on 15 March 1990. This enables the Society to provide a maximum of half of the price of houses purchased by a limited number of staff members, who then own their houses subject to a legally binding declaration of trust under which the Society will share in the eventual proceeds of sale in the proportion of its contribution in relation to the original total purchase price. No interest is receivable on monies contributed under the scheme, which are included in fixed assets. At 30 April 2006 3 staff members participated in the scheme (2005: 4).

**CPV**

CPV fixed assets comprise office and other equipment.

## 7 Investments (unlisted)

	CPAS		Group	
	2006 £000	2005 £000	2006 £000	2005 £000
Market value at 1 May 2005	3,109	2,936	3,194	3,016
Additions	1,000	0	1,000	0
Net investment gains	861	173	881	178
<b>Market value at 30 April 2006</b>	<b>4,970</b>	<b>3,109</b>	<b>5,075</b>	<b>3,194</b>
<b>Cost at 30 April 2006</b>	<b>3,516</b>	<b>2,516</b>	<b>3,606</b>	<b>2,606</b>

The investments are primarily held to provide a return where monies are not required immediately for the charities' activities. In addition CPAT (see note 12 – *Church Pastoral Aid Trust*) has beneficial ownership of shares of CPV Ltd on behalf of CPAS. At 30 April 2006 the cost of the shares held by CPAT (88 at £1) was £88 (2005: £89).

**8 Debtors**

	<b>CPAS</b>		<b>Group</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Debtors falling due within one year:				
Trade debtors	5	4	5	4
Due from subsidiary	16	10	0	0
Other debtors	13	37	91	186
Prepayments	50	33	171	37
Accrued income	<u>37</u>	<u>108</u>	<u>37</u>	<u>108</u>
	<b><u>121</u></b>	<b><u>192</u></b>	<b><u>304</u></b>	<b><u>335</u></b>

**9 Creditors**

	<b>CPAS</b>		<b>Group</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Creditors falling due within 1 year:				
Ministry Bonds	38	38	38	38
Other interest free loans	7	7	7	7
Trade creditors	60	29	72	44
Tax and National Insurance	37	34	37	34
Other creditors	3	8	3	11
Accruals	23	38	27	70
Deferred income	<u>0</u>	<u>0</u>	<u>216</u>	<u>212</u>
	<b><u>168</u></b>	<b><u>154</u></b>	<b><u>400</u></b>	<b><u>416</u></b>

The Ministry Bond scheme comprises £38,000 (2005: £38,000) of unsecured loans from supporters. Loans are made for a three year period, but with repayment available on demand if required. The total is separately invested in the Deposit Fund of the Central Board of Finance of the Church of England and included on the balance sheet in the total deposits repayable on demand. Interest received is applied to support the Society's activities and is included in investment income and interest in the statement of financial activities (see note 1 – *incoming resources*).

## 10 Funds

	Balance 1 May 2005	Other gains / (losses)	Transfers	Incoming resources	Outgoing resources	Balance 30 April 2006	Represented by		
	£000	£000	£000	£000	£000	£000	Invest- ments	Fixed assets	Net current assets
<b>CPAS</b>									
<b>Permanent Endowment fund</b>	287	40	(115)	0	0	212	212	0	0
<b>Restricted funds</b>									
Augmentation	16	3	0	1	0	20	17	0	3
Ministers in Training	195	0	0	5	(72)	128	0	0	128
Bishop Stratton	16	4	0	0	0	20	19	0	1
LCEAS	106	24	0	0	0	130	125	0	5
Arrow	18	0	0	50	(39)	29	0	0	29
Evangelist	12	0	0	0	(12)	0	0	0	0
Children Matter	17	0	0	41	(10)	48	0	0	48
	380	31	0	97	(133)	375	161	0	214
<b>General fund</b>	6,953	756	115	1,576	(1,674)	7,726	4,597	2,638	491
<b>Total CPAS funds</b>	<b>7,620</b>	<b>827</b>	<b>0</b>	<b>1,673</b>	<b>(1,807)</b>	<b>8,313</b>	<b>4,970</b>	<b>2,638</b>	<b>705</b>
<b>CPV Ltd</b>									
<b>Restricted fund</b>									
Falcon Camp Subsidy	101	20	0	152	(213)	60	105	0	(45)
<b>Designated fund</b>									
CPV subsidy	9	0	(10)	20	0	19	0	0	19
<b>General fund</b>	<b>11</b>	<b>0</b>	<b>10</b>	<b>1,908</b>	<b>(1,646)</b>	<b>283</b>	<b>0</b>	<b>0</b>	<b>283</b>
<b>Total CPV funds</b>	<b>121</b>	<b>20</b>	<b>0</b>	<b>2,080</b>	<b>(1,859)</b>	<b>362</b>	<b>105</b>	<b>0</b>	<b>257</b>
Grants to CPV Ltd (note 12)				(223)	223				
<b>Total group funds</b>	<b>7,741</b>	<b>847</b>	<b>0</b>	<b>3,530</b>	<b>(3,443)</b>	<b>8,675</b>	<b>5,075</b>	<b>2,638</b>	<b>962</b>

Net current assets include £1,072,000 of monies invested on short term deposit (2005: £3,397,000).

£115,000 was transferred from the permanent endowment fund to the general fund in respect of amounts received up to 1979 with no restriction as to their use but which were incorrectly allocated at the time of receipt to the permanent endowment fund.

**CPAS**

**Permanent Endowment fund:** the income from this fund is available for general purposes.

**Restricted funds**

**Augmentation fund:** this exists for the purpose of increasing the value of poor benefices in evangelical patronage (per CPAS's 1926 annual report).

**Ministers in Training fund:** this fund comprises donations and legacies received for the purpose of providing assistance to those in training for the ordained or licensed ministry.

**Bishop Stratton and LCEAS (London Clerical Education Aid Society) funds:** these funds are available for similar purposes to the Ministers in Training fund (see above).

**Arrow:** donations received and not yet expended in respect of the Arrow Leadership Programme, which offers high-quality, in-depth training to younger church leaders and potential leaders.

**Evangelist:** donations received and not yet expended in respect of a youth-orientated evangelist post.

**Children Matter (previously named Children's Evangelism Initiative):** the balance of donations and expenditure for the project, addressing the decline in children's church attendance.

**General fund:** funds which are not subject to external restrictions or internally determined designations.

**CPV Ltd****Restricted funds**

*Falcon Camp Subsidy:* this assists young people with the costs of attending Falcon Camps and provides funds for the general running costs of the camps; it includes individual donations, the proceeds of sale of property at Pooley Bridge, Cumbria, gifted by CPAS to CPV in accordance with a decision of the Council (now Trustees) on 19 March 2002, and interest received.

**Designated fund**

*CPV Subsidy:* comprises £20,000 allocated to the fund by the Trustees from general fund reserves together with donations made to the fund; its purpose is to grant subsidies to assist young people with the costs of attending Ventures.

**General fund:** funds which are not subject to external restrictions or internally determined designations.

**11 Future commitments****Operating leases** (see note 1 – *operating leases*)

Commitments for payments during the next year in respect of rentals under the terms of operating leases for motor vehicles and office equipment were, at 30 April 2006:

under leases expiring:	within next year	from 1 to 2 years	from 2 to 5 years	in more than 5 years	total
	<u>£7,000</u>	<u>£28,000</u>	<u>£8,000</u>	<u>nil</u>	<u>£43,000</u>

**Capital commitments**

As at 30 April 2006 the Society had not contracted for any other expenditure on fixed assets other than costs shown as already incurred (2005: nil) (see note 3).

**Other commitments**

The Society had no material legally binding commitments except as shown above and those arising under staff contracts of employment and other obligations in the normal course of business.

The Society has issued a guarantee to the Royal Bank of Scotland for overdraft facilities to enable CPV to meet its outgoings prior to completion of overseas Ventures and the consequent release to it of the monies held by the Society as trustee (see note 12 – *CYFA Pathfinder Ventures Ltd*).

**12 Related Parties****CYFA Pathfinder Ventures Ltd**

Details of the relationship between CPV Ltd and the Society appear in the Report of the Trustees (see page 3). Included within debtors is an amount of £16,000 due to CPAS (2005: £10,000). During the year CPV Ltd reimbursed salary, accommodation and other expenses totalling £238,000 (2005: £219,000) to CPAS.

At a meeting of the Board of CPV held on 9 May 2005 a request was made to the Trustees of CPAS for a cash injection of £100,000 to support CPV's reserves. In response, a grant of £100,000 was awarded to CPV by the Trustees of CPAS on 11 May 2005. In addition, grants were made to CPV by CPAS totalling £123,000 with the stipulation that the total be applied as lump sum contributions to the pension fund to offset the deficit in respect of CPV members of the scheme.

CPAS acts as trustee for customers of CPV Ltd by holding monies in respect of overseas Ventures in accordance with the Package Travel, Package Holidays and Package Tours Regulations 1992. As at 30 April 2006 £1,000 (2005: £1,000) of these monies was separately deposited with the Royal Bank of Scotland and is not included in these financial statements.

**Church Pastoral Aid Trust**

Certain non-operational properties of the Society remain registered in the name of Church Pastoral Aid Trust, a company limited by guarantee, which acts solely for or under the direction of the Church Pastoral Aid Society (see page 3 – *Report of the Trustees*).

**J F W Deacon's Mabledon Charity**

This charity is administered by Church Pastoral Aid Trust as trustee acting under the direction of the Society. It provides grants and assistance for training, conferences, study leave, rest and special needs to evangelical church societies and to individuals engaged in similar work. Its figures are not consolidated in these financial statements. It made grants to the Society totalling £55,000 in the year to 30 April 2006 (2005: £80,000).

As at 30 April 2006 no balance was due to CPAS from J F W Deacon's Mabledon Charity (2005: £12,000).

**Other trusts**

The Society administers a number of separate trusts purely as trustee without any legal right over their assets or income. Accordingly their figures are not consolidated with those of the Society as to do so would be inappropriate and misleading. Appointments of clergy to Church of England livings on behalf of certain of these trusts are administered by the Society through its Board of Patronage Trust (see page 3 – *Report of the Trustees*). Administration charges receivable from connected charities amounted to £11,000 in the year to 30 April 2006 (2005: £12,000).