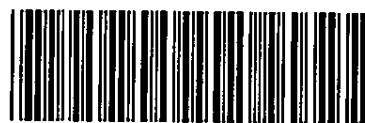


Charity Registration No. 1119845

Company Registration No. 06265201 (England and Wales)

THE NATIONAL CHURCHES TRUST
ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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THE NATIONAL CHURCHES TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

The Trustees

Luke March (Chairman)
Richard Carr-Archer
Lottie Cole
Andrew Day
John Drew
The Rt Rev Nicholas Holtam
Alastair Hunter (Treasurer)
Jennie Page CBE
Peter Readman OBE

(changes in the year are noted on page 4)

Secretary

Claire Walker

Charity Number

1119845

Company Number

06265201

**Principal Address &
Registered Office**

31 Newbury Street
London
EC1A 7HU

Auditors

Kingston Smith LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

Bankers

HSBC Bank Plc
First Floor
60 Queen Victoria Street
London
EC4N 4TR

THE NATIONAL CHURCHES TRUST
ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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THE NATIONAL CHURCHES TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The Trustees present their annual report and the audited financial statements for the year ended 31 December 2012. The financial statements have been prepared in accordance with the accounting policies and comply with applicable law and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in February 2005.

OBJECTS AND BACKGROUND

Objects

The Trust's objects are to promote the conservation, repair, maintenance, improvement, upkeep, beautification, and reconstruction of churches in the United Kingdom and of monuments, fittings, fixtures, stained glass, furniture, ornaments, organs, bells and chattels in such churches and of the churchyard belonging to any of such churches, and to promote the building, enlargement and development of churches in the United Kingdom.

The National Churches Trust supports and promotes church buildings of historic, architectural and community value. We are the only independent, UK-wide charity supporting churches, chapels and meeting houses of all denominations.

The Trust, founded in 2007, is the successor to the Historic Churches Preservation Trust (HCPT), created in 1953 to help repair the neglect and damage caused by the depression and World War II, and also administers the Incorporated Church Building Society (ICBS), established in 1818 to help build Anglican churches.

Structure and related party information

The National Churches Trust is a registered charity, incorporated as a company limited by guarantee.

As a result of a "uniting direction" granted by the Charity Commission, the National Churches Trust and HCPT are treated as a single charity for administrative, accounting and regulatory purposes. Funds donated to HCPT remain subject to its trusts to be used for the purposes for which they were originally given.

A similar arrangement has also been envisaged for the Incorporated Church Building Society (ICBS), which has been managed by the HCPT, and subsequently the National Churches Trust, since 1983. In consultation with the Charity Commission, a Parliamentary Scheme has been sought under s 17 Charities Act 1993. This scheme amends the governing statute of ICBS and appoints the National Churches Trust as sole trustee. This arrangement has been finalised during 2013 and the Charity Commission has issued a "uniting direction", similar to that relating to HCPT.

Since 1990 HCPT has also administered the Luke Trust and is now its sole trustee. Although its objects are wider than those of either the National Churches Trust or HCPT, an agreement with the former family trustees provides that the income of the Trust should be directed towards churches within the remit of HCPT, giving preference to those with Lawson Johnston family connections, followed by all others in North Bedfordshire. The results of the Luke Trust are consolidated with those of The National Churches Trust, although it remains a distinct charity and its results are also separately reported.

THE NATIONAL CHURCHES TRUST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

GOVERNANCE AND MANAGEMENT

Trustees

The Trustees of the National Churches Trust are appointed by the Trust's joint Presidents, the Archbishops of Canterbury and York. Trustees are subject to rotation, the general effect of which is appointment for an initial term of five years, which can be renewed once for a further term of five years.

The Trustees, who are also directors for the purposes of company law, and who served during the period were

Richard Carr-Archer	(Trustee from 15 May 2012)
Lottie Cole	
Andrew Day	(Trustee from 14 November 2012)
John Drew	
Michael Hoare	(Chairman and Trustee to 18 September 2012)
The Rt Rev Nicholas Holtam	
Alastair Hunter FCA	(Treasurer from 18 September 2012)
Luke March DL	(Chairman and Trustee from 18 September 2012)
Jennie Page CBE	
Peter Readman OBE	
Antony Wedgwood FCA	(Treasurer and Trustee to 18 September 2012)

Richard Carr-Archer was appointed as a trustee for a five year period on 15 May 2012. Michael Hoare and Antony Wedgwood resigned as trustees on 18 September 2012 having completed 10 years in office. Luke March was appointed as a trustee for a five year period at the Annual General Meeting on 18 September 2012, and also was elected Chairman. Andrew Day was appointed as a trustee for a five year period on 14 November 2012.

The Board of Trustees is responsible for ensuring that the Trust has a clear vision, mission and strategic direction, ensuring also that the Trust's governance is of the highest standards and that it complies fully with all legal and regulatory requirements.

The Board is aware of the need to have in place a systematic, open and fair procedure for the recruitment of new Trustees, and for ensuring that there are succession plans in place for the Chairman and Chief Executive. An induction programme is in place with regard to the appointment of new Trustees.

The Trustees accept that the management of risk is their ultimate responsibility. A detailed analysis of risk is reviewed and updated regularly. The Trustees believe that continuing to raise and increase voluntary income levels in support of the Trust's activities is critical. Underlying this objective is also the need to ensure that the Trust becomes recognised across a wider range of audiences. The Trustees have satisfied themselves that, in so far as it is practical, safeguards are in place to minimise the risks faced by the Trust.

The Trustees meet as a body four times per year. The awarding of grants is delegated to the Grants Committee, comprising both Trustees and external experts.

The Trustees delegate the day-to-day management of the Trust to the Chief Executive who is responsible to the Board of Trustees for the implementation of the Trust's strategy.

Indemnity insurance is in place for the Trustees.

Staff and volunteers

The Chief Executive manages the Trust's small staff and office, and ensures that the Trust has the right organisational structure and skill base to deliver its programme of work effectively. The Trust also benefits from the support of volunteers, without which it would not be able to carry out much of the work that it does.

THE NATIONAL CHURCHES TRUST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

OPERATIONS AND ACTIVITIES

Key objectives

The aims of the Trust are broadly defined

- To help **maintain** the UK's heritage of church buildings and to **enhance** their ability to serve local communities
- To **promote** the benefit to communities of church buildings and to **inspire** everyone to value and enjoy them

The Trust's main objectives and associated achievements for 2012 were as follows

- a) Fundraising securing the finances of the National Churches Trust for the short, medium and long term
The income stream from trusts and foundations was broadly maintained and income from legacies was significantly above budget Progress was made in embedding support for fundraising activities in all aspects of the Trust's work
- b) Friends enhancing the offer to the Friends of the National Churches Trust, and growing their numbers
A Friends audit was undertaken and new offers developed including the publication of a newsletter, special offers and a Winter Reception Relationships were developed with other organisations with a view to promoting the Friends scheme to their audiences
- c) Grants and support providing support, advice and information to and about church buildings, including direct financial assistance through grants
The Trust was successful in its proposal to the Department for Culture, Media and Sport to deliver on its behalf a grants programme for capital works in non-Church of England listed places of worship Grants totalling more than £1.2 million were made from the Trust's resources and those of related charities that it administers and a further £0.3 million was distributed by another organisation based on the Trust's recommendations The Trust's National Support Officer provided assistance to many other places of worship during the year that we were not able to grant-aid
- d) Local Trusts strengthening partnership with local churches trusts across the United Kingdom
The Trust continued to support and develop this relationship, including delivery of the Partnership Grants programme, publicity and support for Ride+Stride 2012 and the Annual Conference in London, support for the Churches Trust for Cumbria, and exploration of opportunities to support Welsh places of worship
- e) Organisation ensuring that the internal operations, staffing and underpinning activities of the National Churches Trust are effectively able to support the other objectives
The Trust continued to improve office and financial management, and successfully developed and implemented a new communications strategy during 2012 to support its work

Further detail on these objectives follows

THE NATIONAL CHURCHES TRUST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

Activities in 2012

The National Churches Trust has adopted a strategy that combines the role of the Trust as a grant giver with broader support for places of worship, including the provision of information, support and advice, and acting as a hub for those interested in and caring for church buildings. We have built upon the knowledge base developed through the National Churches Trust Survey published in 2011 and through our networks both at a local and national level.

Since 2010 the Trust has received 50% funding from English Heritage (EH) for a National Support Officer based at the Trust. This role enhances the Trust's provision of support, advice and information and as an early priority this post focused on the development of the Trust's new website and support for local church Friends Groups. A model constitution for Friends Groups has been produced, support and advice provided via the website, and a training session on setting up Friends Groups developed.

As the Trust is sadly not able to financially support every place of worship that applies for assistance, the support officer has also developed materials and advice sheets to be made available to those grant applicants that are not successful. The information, also available via our website, has been reorganised to benefit enquirers. The support officer has also been working closely with the Society for the Protection of Ancient Buildings (SPAB) regarding the Maintenance Cooperative Movement, the successor to the Faith in Maintenance training scheme. We have also been working to involve local Churches Trusts in the scheme.

In addition, the support officer has worked collaboratively with other EH-funded support officers around the country and other church heritage sector organisations to pool ideas and information about support that is available. We have compiled a comprehensive listing of all the organisations supporting buildings which act as Christian places of worship in the UK, both nationally and locally. The support officer has also led on the mapping of support for places of worship across the key national organisations, including the National Churches Trust, the Churches Conservation Trust, the Church of England and English Heritage. The intention is to use this mapping exercise to inform our work nationally and locally in identifying areas where there might be gaps in support provision.

The Trust was successful in securing agreement from the Department for Culture, Media and Sport (DCMS) to administer on their behalf part of a one-off Capital Grant scheme for listed places of worship. This £1.1 million scheme, of which the Trust is administering approximately £300,000, is designed to support capital projects in listed places of worship across the UK in 2012-13. The Trust was able to demonstrate its experience and expertise in administering grants programmes of this kind and was asked by the DCMS to manage the distribution of monies to those places of worship outside the care of the Church of England.

In November 2012, the annual awards presented by the National Churches Trust and the Ecclesiastical Architects' and Surveyors' Association (EASA) were announced. The King of Prussia's Award for innovative, high quality repair went to Julian Vallis of HMDW Architects Ltd, for major repairs and conservation works to the brick and terracotta at the Chapel Royal, North Street, Brighton. The Presidents' Award for innovative, high quality design went to architect Liz Jackson of Buttress Fuller Alsop Williams Architects, for providing new facilities at St Botolph's Church, Boston.

In 2012, the Trust appointed an in-house Communications Manager and developed and implemented a new communications strategy. This has enabled the Trust to significantly increase its media coverage during the year. Coverage of our various grant awards, the EASA awards, Ride + Stride and the fifth anniversary of the National Churches Trust have received coverage alongside commentary from the Trust on issues such as VAT and chancel repair liability. Coverage has been secured on BBC local radio, in The Times, Daily Telegraph and Daily Express, and in a very wide variety of religious, local and online media.

The Trust's new Annual Review, summarising key activities and achievements of the Trust in 2011-12 and featuring opinion pieces by well-known figures such as Huw Edwards and Bettany Hughes, received positive feedback from readers and has enabled the Trust to more effectively communicate its work during the year. Online, the Trust has increased its followers on Twitter and Facebook, produced four short videos for use on the website and in social media, created a new blog and has begun the process of exploring options for redevelopment of the main Trust website.

THE NATIONAL CHURCHES TRUST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

During 2012, the Trust also undertook early planning for events and activities to mark the 60th anniversary of the Historic Churches Preservation Trust during 2013

The Trust continues to be represented on relevant bodies and at key events affecting places of worship. The Trust is a member of the English Heritage Places of Worship Forum and attends meetings of the All-Party Parliamentary Group on Historic Churches and Chapels, a forum through which the sector is able to interact with parliamentarians. From 2008-11 the Trust provided funding for Places of Worship @ The Heritage Alliance (POWAlliance), a campaigning body that brings together representatives of denominations and heritage bodies with an interest or responsibility for places of worship. In 2012 this group was relaunched as the Historic Religious Building Alliance and the Trust continues to attend and support its activities.

Local Churches Trusts

The independent Local Churches Trusts have a key role to play in understanding the needs of and providing assistance to places of worship within their remit, as well as helping in channelling resources towards those buildings most in need. In May 2012, the Trust coordinated the Annual Conference for the network of now almost 40 Local Churches Trusts across England and Scotland, held at Lumen United Reformed Church, London. The network meets regularly through the Historic Churches Liaison Group, for which administrative support is provided by the National Churches Trust. This group enables matters of common concern to be raised and acts as a forum for sharing best practice and for the National Churches Trust to keep the network updated on the latest national developments. Through the Partnership Grants Scheme, based on recommendations by Local Churches Trusts, the National Churches Trust awarded £159,000 in grants to churches across the UK in 2012.

The Trust continues to support the annual Ride + Stride fundraising event, which in 2012 raised an estimated £1.5 million.

The Trust was instrumental in the development and launch of the Churches Trust for Cumbria in 2008. The Trust continued to support the development of the Churches Trust for Cumbria during the year.

There is currently no equivalent of a Local Churches Trust in Wales, and during 2012 we facilitated discussions as to possible future support for Welsh places of worship. In January 2012, a lunch was hosted by Simon Jenkins with influential Welsh figures to discuss the issue, followed by a meeting in Cardiff in September 2012, chaired by Lord Davies of Abersoch. This was attended by representatives of all the key heritage bodies and Christian denominations to discuss the next steps. Further meetings will take place in 2013.

Grants

The National Churches Trust maintains its commitment to help congregations to attain vital repair and community projects whilst promoting and encouraging best practice in managing places of worship. The Trust accepts grant applications from places of worship used by Christian denominations throughout the United Kingdom. Applicants can apply for grants towards structural repairs and the installation of facilities that enable wider access and community engagement. In 2012, the Trust was able to continue to give major grants towards urgent repair projects thanks to the support of its donors. The Trust's support of the national network of primarily volunteer-led churches trusts was continued via the Partnership scheme, devolving decision making to 20 local churches trusts for a number of grants towards structural repair projects. The Trust was also delighted to be asked by the Department for Culture, Media and Sport (DCMS) to administer a grants programme on its behalf to distribute funds for capital projects in listed places of worship not in the care of the Church of England. The DCMS funds are included in the attached accounts as restricted income distributed as grants.

The Trust aims to target funds where they will do the most good, to keep application procedures simple and decision making transparent and fair. All our grant programmes emphasise the need for applicants to demonstrate good stewardship of their buildings, including annual maintenance programmes and guarantees that the building is open and accessible to the wider public for a minimum of 40 days per annum.

THE NATIONAL CHURCHES TRUST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

The Trust requires grant recipients to report back, for a minimum of two years, on progress made with regard to the project and its impact on the building in question. These measures are intended to promote best practice in the management of places of worship, and to help congregations to attain the standards of other well-managed public buildings of historic and architectural importance.

Places of worship in receipt of a grant are encouraged to support the Trust's activities by donating to it at a level that they can realistically afford for a minimum period of 5 years. Additionally, the Trust encourages at least 5 people from each aided place of worship to join as Friends of the Trust for a period of 3 years. Where places of worship are having difficulty meeting this request, individual circumstances are considered. Places of worship are asked to promote their building and the National Churches Trust in order to widen public awareness about places of worship, their benefit to their local communities and the work of the Trust.

As well as making grants from its own resources, the National Churches Trust is asked by other organisations to make recommendations for grants to places of worship. Among such organisations is Waste Recycling Environmental (WREN), a distributor of monies from the Landfill Communities Fund which supports historic buildings through its Heritage Fund. The Trust acts as WREN's adviser on places of worship in England, and makes recommendations for grants to be awarded directly by WREN.

The Trust was involved in making or recommending 117 grant offers in 2012.

- 8 Cornerstone Grants at £40,000 each, totalling £320,000 from all funds available. These larger grants made a significant difference to a number of extremely important major repair projects.
- 48 Partnership Grants amounting to £159,500 drawing on local expertise to target smaller repair projects.
- 4 Luke Trust grants amounting to £20,000 for projects recommended by the Bedfordshire and Hertfordshire Historic Churches Trust.
- 32 Repair Grants totalling £392,000 from all funds available, directly offered to urgent repair projects each with estimated costs of more than £50,000.
- 12 Community Grants totalling £309,000 towards projects that could demonstrate real need and plans to widen community use of and increase public accessibility to their place of worship. The majority of the funding for these grants was from the DCMS.
- 8 WREN Heritage Fund grants totalling £322,000 for urgent repair projects with estimated costs of more than £50,000 at Grade I and II* listed places of worship near active landfill sites.
- 5 other grants totalling £25,000.

These grants total £1,547,000, of which £322,000 was awarded by WREN and £1,225,000 from the resources available to the National Churches Trust, the ICBS and the Luke Trust.

PUBLIC BENEFIT

The results of the National Churches Trust Survey, published during 2011, demonstrate the important roles that church buildings play in local communities as venues for volunteering and activities for children and older people, as locations for arts and cultural events, and as centres for a very wide range of other community activities, as well as continuing to be places of worship. The survey also showed the significant financial challenge that is, however, often faced by those caring for these buildings. By supporting these buildings through direct financial assistance, other support and advice, the provision of information, and seeking to make the case for them through influencing and campaigning, the National Churches Trust helps support places of worship to continue to play a role as important community assets, venues for public activity and as repositories of local history and architecture. The charity trustees confirm they have complied with Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charities Commission.

THE NATIONAL CHURCHES TRUST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCE

Financial overview

The consolidated income of the National Churches Trust and the Luke Trust for the year was £2,147,000, an overall increase of £723,000 from 2011. Most of this increase is accounted for by a rise in the amount received from legacies, which by its nature can fluctuate significantly from year to year. Typically, a small number of legacies account for the majority of the income from this source. Legacies are most gratefully received and the Trust is looking at new ways to encourage supporters to remember the charity in their wills. Most legacies received to date have been available only for making grants and it is hoped that in future donors will allow the Trustees greater discretion to apply their bequest to other aspects of the work of the Trust as well as to grants.

Total expenditure was £1,521,000 against £1,777,000 in 2011. The majority of the reduction, as foreseen in the previous year's report, was in grants voted (which are included as part of Charitable Activities); this reduction, however, was mitigated by continuing to pay out grants from the reserves of the Incorporated Church Building Society. Other reductions in expenditure were achieved by careful control of all expenditure.

As a result of the value of legacies received, the Trust has been able to retain a surplus (before investment gains) of £626,000. This has been added to the Trust's reserves to support expenditure in future years when legacy receipts may not be so large.

Fundraising

The Trust recognises that in order to be able to meet more of the needs of its beneficiaries and deliver its plans for the future, fundraising needs to be central to all of its activities. Efforts during the year have concentrated on growing income from unrestricted sources and diversifying the fundraising mix. Underlying all of the Trust's future plans is the need to develop a sustainable funding programme to meet both operating expenditure and the cost of any additional programmes and initiatives the Trust might wish to develop. All areas of the Trust's business plan for 2013 address fundraising and integrate the need to raise awareness and funds and to generate publicity so that unrestricted income increases in the short and longer term.

The Trust has continued to benefit through 2012 from a well balanced funding portfolio of Trusts, Foundations and City Livery Companies. In particular, the Trustees extend their warmest thanks to The Pilgrim Trust, The Dulverton Trust, The Goldsmiths' Company, The PF Charitable Trust, The LJC Trust, The Douglas Turner Trust, The John Armitage Trust and The Mercers' Charitable Foundation. There are also a number of other organisations and individuals with whom we have worked in partnership, who continue to provide much needed financial support.

The Trust continued to benefit from a steady contribution from legacies for which we are tremendously grateful. In 2012, this amounted to £944,000, representing 48% of our total voluntary income for the year. By their nature, legacies are impossible to predict in both timing and amount, and therefore need to be viewed over a longer timescale than a single year.

The Trustees have reviewed all legacies of which they have been informed, and all those that were received during the year, or where the expected value is known, have been included in the financial statements. The Trust and its beneficiaries acknowledge with gratitude all the benefactors whose legacies have contributed to the work of the Trust.

The Trust's Christmas Appeal generated an encouraging response again, not only from churches, but also from friends and supporters.

THE NATIONAL CHURCHES TRUST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

During 2012 we have undertaken an audit of our Friends scheme in order to improve database accuracy, communications and renewals. A new offer for Friends has been developed during the year, including the publication of biannual newsletters providing updates on the work of the Trust, information, news and offers. Friends were also invited to the Trust's Winter Reception, which was held in November 2012 at St Mary-le-Bow Church in the City of London, with guest speakers Sir John Tusa and Richard Taylor. Reciprocal marketing with like-minded organisations has been secured and the number of Friends who have signed up to the new scheme stands at just under 1,000.

Investments

The Trust's investments are held to generate income and growth to sustain the grants programme. As a result the Trustees consider it appropriate to invest prudently and they continue to hold the investment funds in the CBF Church of England Funds managed by CCLA. In order to mitigate market risk, a substantial proportion is held in the Fixed Interest Fund, rather than the more volatile Investment Fund. The investment portfolio made gains in value of £173,000, as against a loss of £131,000 in 2011.

The Trust's investments effectively mirror the position of its reserves. Both have reduced substantially over the past few years, as the Trustees have increased support to churches as a matter of deliberate policy. During the course of 2013, it is proposed to review the Trust's investment approach in light of the revised reserves policy discussed below.

Reserves

The Trustees have recently reviewed the Trust's policies with regard to reserves. They concluded that the Trust needed to increase its level of unrestricted reserves in order to be able to cope with fluctuations in unrestricted income from year to year. At the same time, the Trustees considered that the restricted reserves, available largely only for grants to maintain and enhance churches, should generally be spent as soon as practicable, subject to receipt of suitable applications of sufficient quality from churches. The revised reserves policies adopted by the Trustees in May 2013 are set out below.

- Much of The Trust's income is restricted in one way or another and the general, unrestricted reserves of the National Churches Trust provide flexibility to maintain activities in the event of fluctuations in income, as well as allowing the Trust to top up worthwhile projects which are only partially funded by specific donations. The Trustees regard it appropriate to maintain unrestricted reserves of between nine and fifteen months' non-grant expenditure. At the end of 2012, the unrestricted reserves of the Charity amounted to approximately four months' non-grant expenditure. The Trustees aim to increase this to the target level of twelve months (approximately £600,000) over the next three years.
- The general reserves originating from HCPT are available only for maintaining and enhancing church buildings (largely through grant making), and as such is treated as a restricted reserve. The Trustees regard it as appropriate to maintain this reserve at an amount equivalent to approximately the average annual expenditure on grants to churches over the last three years. This will allow the Trust to maintain a grants programme even if there is a temporary dip in income. At the end of 2012, the general reserve from HCPT stood at £3,0420,000, which represented about three times the average annual total of grants voted over the last three years. It is the Trustees' intention to reduce this progressively over the next three to five years to one times the average annual total, subject to receipt of sufficient high quality grant applications.
- Other restricted funds are held for the benefit of certain classes or features of church buildings. It is the policy of the Trustees to spend these funds as soon as suitable, high quality projects for the relevant classes or features are identified.

THE NATIONAL CHURCHES TRUST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

FUTURE ACTIVITIES

The Trustees have agreed a plan for 2013 that builds upon the recent achievements of the Trust whilst also recognising the continuing financial challenges facing the organisation, the sector within which it operates, and charities more generally. The Trust's work in 2013 will be structured around four key objectives identified as priorities

- a) **Fundraising and finances** Securing the finances of the National Churches Trust for the short, medium and long term. The delivery of the Trust's activities and objectives in the plan, and the sustainability of the continued existence of the Trust is dependent on an effective and successful fundraising strategy. The strategy for 2013 will seek to bring together the different approaches that will be adopted, building on our existing support from Trusts and Foundations and from legacies, generating new support from both of these sources, establishing secure major individual giving, continuing the development of our Friends scheme, and developing corporate support via the Professional Alliance and opportunities for advertising in our publications
- b) **Support** Providing support, advice and information to and about church buildings, including direct financial assistance through grants and working with local and national partners. Since its creation, the National Churches Trust has sought to widen the means by which it supports places of worship, both directly and indirectly. Grants for repairs and for modernisation will remain at the heart of this activity and constitute the largest item of expenditure for the Trust. But given that not all grant applicants can be offered financial assistance and that other support is often needed, significant steps have been taken to enhance the role of the Trust in this area. The 'support' priority therefore comprises the continued grants programmes of the Trust, but also support and advice, and working in partnership with Local Churches Trusts to widen the available assistance and build capacity
- c) **Promotion** Promoting, through our activities, the benefits of church buildings, and promoting the Trust's work to support them. The effective promotion and communication of both the work of the NCT and of the cause which it supports are key parts of the Trust's work. Promotion is one of the objects of the charity and by highlighting the contribution and benefits of places of worship we are able to catalyse support and position the Trust as the delivery mechanism for it. Key elements of this objective during 2013 will include developing the Trust's website and activities to mark the 60th anniversary of the founding of HCPT
- d) **Organisation** Ensuring that the internal operations, staffing and underpinning activities of the National Churches Trust are effectively able to support its aims. In addition to improved working by Trust staff and volunteers, the Trust will look to move offices to a new location in 2013

THE NATIONAL CHURCHES TRUST

TRUSTEES' REPORT (continued)

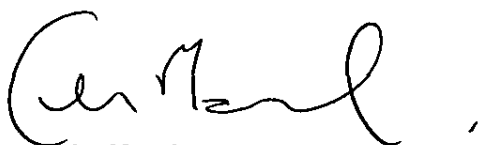
FOR THE YEAR ENDED 31 DECEMBER 2012

AUDITORS

Kingston Smith LLP have indicated their willingness to continue in office and a resolution proposing this will be put to the Trust's next Annual General Meeting

SUMMARY

Following a number of changes in recent years, during 2012 the Trust underwent a period of consolidation, building on the foundations laid since the creation of the National Churches Trust. The financial position of the Trust has improved and the new communications strategy has enabled the organisation to articulate its achievements and activities to supporters, potential supporters and the wider public and media more effectively. As with many other charities, financial pressures remain and the Trust continues to put fundraising at the heart of its activity so that it can sustain its work where it can most add value and public benefit, supporting and promoting places of worship across the UK.



Luke March
Chairman

Date: 29 Aug 2013

THE NATIONAL CHURCHES TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2012

The Trustees (who are also the directors of The National Churches Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming/outgoing resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 presume that the charitable company will continue in operation

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the Trustees are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE NATIONAL CHURCHES TRUST

We have audited the financial statements of The National Churches Trust for the year ended 31 December 2012 which comprise the Consolidated Statement of Financial Activities, the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

As explained more fully in the Trustees' Responsibilities Statement set out on page 13 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

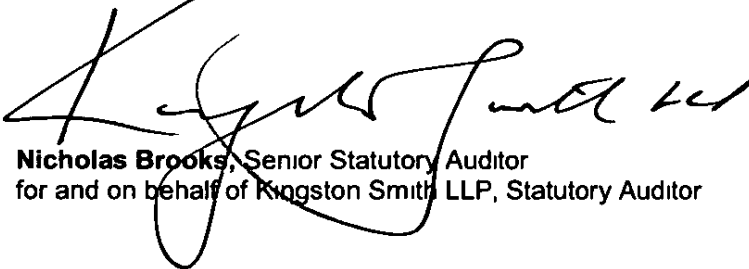
INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE NATIONAL CHURCHES TRUST (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report



Nicholas Brooks, Senior Statutory Auditor
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London EC1M 7AD

Date 13/9/13

THE NATIONAL CHURCHES TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Unrestricted funds £	Restricted funds £	Endowment fund £	Total 2012 £	Total 2011 £
Incoming resources from generated funds						
<i>Voluntary income</i>						
Donations and Grants		349,203	700,269	-	1,049,472	881,964
Legacies		5,022	938,616	-	943,638	407,365
<i>Activities for generating funds</i>						
Investment income	3	254	140,995	-	141,249	132,683
Other income		12,170	-	-	12,170	2,130
Total incoming resources		366,649	1,779,880	-	2,146,529	1,424,142
Resources expended						
Costs of generating funds						
Fundraising		126,691	66,847	-	193,538	197,650
Total cost of generating funds		126,691	66,847	-	193,538	197,650
Charitable activities						
Maintaining and enhancing church buildings		50,000	1,112,557	-	1,162,557	1,336,417
Promoting church buildings		117,493	12,129	-	129,622	201,942
Total charitable expenditure		167,493	1,124,686	-	1,292,179	1,538,359
Governance costs		35,141	-	-	35,141	40,491
Total resources expended	4	329,325	1,191,533	-	1,520,858	1,776,500
Net incoming/(outgoing) resources before transfers		37,324	588,347	-	625,671	(352,358)
Gross transfer between funds		-	-	-	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		37,324	588,347	-	625,671	(352,358)
Other recognised gains and losses						
Realised and unrealised gains/(losses) on investment assets		-	137,533	35,078	172,611	(131,345)
Net movement in funds		37,324	725,880	35,078	798,282	(483,703)
Fund balance at 1 January 2012		205,452	2,696,348	479,180	3,380,980	3,864,683
Fund balance at 31 December 2012	13	242,776	3,422,228	514,258	4,179,262	3,380,980

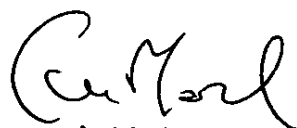
THE NATIONAL CHURCHES TRUST

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 Group £	2011 Group £
Fixed assets			
Tangible assets	9	3,969	7,933
Investments	10	2,904,715	2,732,104
		<u>2,908,684</u>	<u>2,740,037</u>
Current assets			
Debtors	11	1,046,681	826,299
Bank and cash balances		969,032	471,446
Central Board of Finance of the Church of England deposit accounts		453,033	722,838
		<u>2,468,746</u>	<u>2,020,583</u>
Creditors: amounts falling due with in one year	12	<u>(1,198,168)</u>	<u>(1,379,640)</u>
Net current assets		<u>1,270,578</u>	<u>640,943</u>
Total assets less current liabilities		<u>4,179,262</u>	<u>3,380,980</u>
Funds			
Unrestricted income funds	13	242,776	205,452
Restricted income funds	13&14	3,422,228	2,696,348
Endowment fund	13	514,258	479,180
		<u>4,179,262</u>	<u>3,380,980</u>
Fund balance at 31 December 2012	13	<u>4,179,262</u>	<u>3,380,980</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and were approved by the Trustees and were signed on their behalf by



(Chairman)

LUKE MARCH

Date

29 August 2013



(Treasurer)

ALASTAIR HUNTER

Company Registration No 06265201

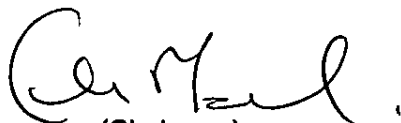
THE NATIONAL CHURCHES TRUST


CHARITY BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 Charity £	2011 Charity £
Fixed assets			
Tangible assets	9	3,969	7,933
Investments	10	2,390,457	2,252,924
		<u>2,394,426</u>	<u>2,260,857</u>
Current assets			
Debtors	11	1,056,681	826,299
Bank and cash balances		969,032	471,446
Central Board of Finance of the Church of England deposit accounts		399,919	693,441
		<u>2,425,632</u>	<u>1,991,186</u>
Creditors: amounts falling due with in one year	12	<u>(1,188,168)</u>	<u>(1,379,640)</u>
Net current assets		<u>1,237,464</u>	<u>611,546</u>
Total assets less current liabilities		<u>3,631,890</u>	<u>2,872,403</u>
Funds			
Unrestricted income funds	13	242,776	205,452
Restricted income funds	14	3,389,114	2,666,951
		<u>3,631,890</u>	<u>2,872,403</u>
Fund balance at 31 December 2012		<u>3,631,890</u>	<u>2,872,403</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and were approved by the Trustees and were signed on their behalf by


(Chairman)
LUIGI MARCH

 (Treasurer)
ALASTAIR HUNTER

Date 29 August 2013

Company Registration No 06265201

THE NATIONAL CHURCHES TRUST

NOTES TO THE ACCOUNTS

AS AT 31 DECEMBER 2012

1 PRESENTATION

Group structure

These accounts consolidate the results of two registered charities which are managed together. The National Churches Trust (NCT) and The Luke Trust (Luke). Together, they are referred to as the Group. The Luke Trust is included in these consolidated accounts because NCT is its sole trustee and it is therefore controlled by the trustees of NCT.

As a result of a Uniting Direction issued by the Charity Commission, the activities of the former Historic Churches Preservation Trust (HCPT) are included as part of NCT. Funds given to HCPT remain subject to its trusts and the terms under which they were given.

The Consolidated Statement of Financial Activities on page 17 and the Consolidated Balance Sheet on page 18 (together with their related notes) reflect the financial position of the Group as a whole. The separate Charity Balance Sheet on page 19 and its related notes exclude Luke and cover only NCT (including HCPT). NCT is referred to in these accounts as the Charity. A summary of the financial position of Luke alone is given in Note 19.

NCT also administers the Incorporated Church Building Society (ICBS) but it is not consolidated in these accounts as it remained a separate charity at 31 December 2012 and had other trustees in addition to those who are trustees of NCT. Financial information about ICBS is given in Note 20.

Funds

The funds of the Group are divided into three categories, depending on the terms on which they have been donated.

Unrestricted Funds are those which may be used for any purpose within the broad charitable objectives of NCT.

Restricted Funds are held for specific purposes laid down by the donors, and are not available for any other purpose. Most of the Restricted Funds are available only for supporting the maintenance and improvement of church buildings, and include some funds which can only be used for specific projects or for churches in particular geographical areas. Further details are set out in Note 14.

Endowment Funds comprise a capital sum which must be permanently held by Luke. The income which arises on the Endowment Funds can be used for grants to churches and is subject to certain geographical preferences (see Note 14 for further details of this restricted income fund).

2 ACCOUNTING POLICIES

Basis of preparation

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

The Trustees have taken advantage of the exemption for small companies in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement.

The accounts have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005, the Financial Reporting Standard for Smaller Entities (effective April 2008) and under the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

THE NATIONAL CHURCHES TRUST

NOTES TO THE ACCOUNTS

AS AT 31 DECEMBER 2012

ACCOUNTING POLICIES (continued)

Incoming resources

All incoming resources are recognised once the charity has entitlement to the resources, it is reasonably certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability

Resources expended

Resources expended are recognised as liabilities as soon as there is a legal or constructive obligation committing the Group to the expenditure. All material expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category, as described further below

The costs of each category include the salaries of those employees involved (apportioned between activities where necessary based on time spent), other costs directly attributable to the category, and a proportion of general operating costs. These apportionments will vary from year to year to reflect the current activities and expenditure

a) Maintaining and enhancing church buildings

Expenditure on maintaining and enhancing church buildings reflects the costs of the Group's work with churches helping them to maintain the UK's heritage of church buildings and to enhance their suitability as centres of community life. This includes making grants and providing advice and information

Grants are included as charitable expenditure when approved. Grants approved but unpaid at the year-end are shown as creditors in the Balance Sheet. Grant commitments are valid for three years from the date they are approved. If not taken up within that period (or if withdrawn by mutual agreement), the offer is cancelled and the creditor is released to the Statement of Financial Activities

b) Promoting church buildings

Expenditure on promoting the value of church buildings includes costs related to encouraging visits to churches, liaising with national church bodies and government, and working generally to promote the value to communities of church buildings and to inspire everyone to value and enjoy them

c) Fundraising

Fundraising costs include the costs of publicity materials and other fundraising tools, as well as relevant staff time

d) Governance

Governance costs comprise all costs relating to the public accountability of the Group and its compliance with regulation and good practice. These costs include costs related to statutory audit and governance-related legal fees

THE NATIONAL CHURCHES TRUST

NOTES TO THE ACCOUNTS

AS AT 31 DECEMBER 2012

ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation

Leasehold improvements have been depreciated on a straight line basis over the period from the commencement of the lease to the date of the first break clause on 24 September 2008

Fixtures, fittings and computer equipment used by the Group are depreciated on a straight line basis over four years. Individual items of equipment with a purchase price of £1,000 or less are written off in the year in which the asset is acquired

Fixed asset investments

Investments are stated at the market value at the balance sheet date. All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between the sales proceeds and the market value at the beginning of the year (or purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and the market value at the beginning of the year (or purchase date if later).

Pensions

The Group contributes to the personal pension schemes of its employees. These schemes are money purchase, defined contribution schemes. Contributions are charged to the Statement of Financial Activities as they are incurred.

Operating leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

THE NATIONAL CHURCHES TRUST

NOTES TO THE ACCOUNTS

AS AT 31 DECEMBER 2012

3 INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	Total 2012 £	Total 2011 £
Income from listed investments	-	135,729	135,729	126,245
Interest receivable	254	5,266	5,520	6,438
	<u>254</u>	<u>140,995</u>	<u>141,249</u>	<u>132,683</u>

Investment returns are all for the benefit of the charitable activities of the Group

4 TOTAL RESOURCES EXPENDED

	Grants (Note 16)	Staff costs (Note 5)	Other costs (Note 6)	Total 2012	Total 2011
		£	£	£	£
Costs of generating funds:					
Fundraising	-	109,786	83,752	193,538	197,650
Charitable expenditure.					
Maintaining and enhancing church buildings	855,400	235,646	71,511	1,162,557	1,336,417
Promoting church buildings	-	69,080	60,542	129,622	201,942
	<u>855,400</u>	<u>304,726</u>	<u>132,053</u>	<u>1,292,179</u>	<u>1,538,359</u>
Governance costs (note 8)	-	14,202	20,939	35,141	40,491
	<u>855,400</u>	<u>428,714</u>	<u>236,744</u>	<u>1,520,858</u>	<u>1,776,500</u>

THE NATIONAL CHURCHES TRUST

NOTES TO THE ACCOUNTS

AS AT 31 DECEMBER 2012

5 STAFF COSTS

The average monthly number of employees during the year was

	2012 Number	2011 Number
Fundraising	2	2
Maintaining and enhancing church buildings	2	2
Promoting church buildings	3	2
Management and administration	3	3
	<u>10</u>	<u>9</u>
	2012 £	2011 £
Employment costs		
Wages and salaries	349,405	319,843
Social security costs	35,708	34,659
Other pension costs	34,941	31,977
	<u>420,054</u>	<u>386,479</u>
Temporary staff	852	1,535
Recruitment costs	7,808	13,870
	<u>428,714</u>	<u>401,884</u>

The number of employees whose annual emoluments were £60,000 or more was

	2012 Number	2011 Number
Between £60,000 and £70,000	<u>1</u>	<u>1</u>

The employer pension contribution for this employee was £6,483 (2011 - £6,042)

THE NATIONAL CHURCHES TRUST

NOTES TO THE ACCOUNTS

AS AT 31 DECEMBER 2012

6 OTHER COSTS

Costs, other than staff costs, incurred during the year were as follows

	2012 £	2011 £
Property	75,442	78,481
Property dilapidations	40,000	-
Publicity, communications and marketing	19,365	88,205
Printing, post and stationery	23,797	50,112
IT maintenance and support, including website	19,426	54,867
Legal and professional fees	13,051	17,871
Auditors' remuneration	12,060	11,700
Travel and entertaining	5,162	3,771
Telephone	5,266	4,520
Insurance, other than property	5,619	5,239
Trustee expenses (note 7)	1,254	1,589
Other costs	12,338	11,710
Depreciation	3,964	3,966
	<u>23</u>	<u>332,031</u>
	<u>6,744</u>	<u>=====</u>

7 TRUSTEE EXPENSES

None of the Trustees (or any persons connected with them) received any remuneration during the year. There were no Trustees for whom retirement benefits were accruing under money purchase pension schemes.

Four Trustees were reimbursed for expenditure on travel and subsistence totalling £1,254 in the year (2011: two Trustees reimbursed £1,589).

8 GOVERNANCE COSTS

These were as follows

	2012 £	2011 £
Auditor's remuneration	12,060	11,700
Legal and professional fees	5,551	9,891
Trustee expenses	1,254	1,589
Trustee insurance	2,074	2,074
Staff costs	14,202	15,237
	<u>35,141</u>	<u>40,491</u>
	<u>=====</u>	<u>=====</u>

THE NATIONAL CHURCHES TRUST

NOTES TO THE ACCOUNTS

AS AT 31 DECEMBER 2012

9 TANGIBLE FIXED ASSETS

Group & Charity	Leasehold improvements £	Office equipment £	Total £
Cost or valuation			
At 1 January 2012	36,246	73,457	109,703
Additions during year	-	-	-
At 31 December 2012	36,246	73,457	109,703
Depreciation			
At 1 January 2012	36,246	65,524	101,770
Charge for year	-	3,964	3,964
At 31 December 2012	36,246	69,488	105,734
Net book value			
At 31 December 2012	-	3,969	3,969
At 31 December 2011	-	7,933	7,933

10 FIXED ASSET INVESTMENTS

	Group £	Charity £
Market value at 1 January 2012	2,732,104	2,252,924
Change in value in the year	172,611	137,533
Market value at 31 December 2012	2,904,715	2,390,457

Analysis of investment holdings at 31 December 2012

	Group Market value £	Group Historical cost £	Charity Market value £	Charity Historical cost £
Central Board of Finance of the Church of England				
Investment Fund	1,813,584	1,129,251	1,413,620	881,605
Fixed Interest Fund	1,091,131	1,109,458	976,837	997,211
	2,904,715	2,238,709	2,390,457	1,878,816

At 31 December 2012, 40.2% of the Investment Fund was held by the fund managers in overseas equities. The remaining investments were all held in the UK.

THE NATIONAL CHURCHES TRUST

NOTES TO THE ACCOUNTS

AS AT 31 DECEMBER 2012

11 DEBTORS

	2012 Group £	2011 Group £	2012 Charity £	2011 Charity £
Legacies receivable	845,220	805,605	845,220	805,605
Grant receivable – DCMS	184,000	-	184,000	-
Other debtors and prepayments	17,461	20,694	17,461	20,694
Owed by The Luke Trust	-	-	10,000	-
At 31 December 2012	<u>1,046,681</u>	<u>826,299</u>	<u>1,056,681</u>	<u>826,299</u>

12 CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 Group £	2011 Group £	2012 Charity £	2011 Charity £
Grants voted but not yet paid (note 16)	1,103,000	1,346,700	1,093,000	1,346,700
Taxes and social security costs	10,692	9,726	10,692	9,726
Accruals and other creditors	84,476	23,214	84,476	23,214
At 31 December 2012	<u>1,198,168</u>	<u>1,379,640</u>	<u>1,188,168</u>	<u>1,379,640</u>

Within accruals and other creditors is an amount due for pension contributions of £ 11,728 (2011 £3,569)

13 GROUP FUNDS AND RESERVES

	Unrestricted funds £	Restricted funds £	Endowment fund £	Total funds £
At 1 January 2012	205,452	2,696,348	479,180	3,380,980
Retained for the year	37,324	725,880	35,078	798,282
At 31 December 2012	<u>242,776</u>	<u>3,422,228</u>	<u>514,258</u>	<u>4,179,262</u>

Restricted funds are summarised in Note 14

The Endowment Fund represents those assets that must be held permanently by The Luke Trust. Movements on the fund are from gains on revaluation of investments.

THE NATIONAL CHURCHES TRUST

NOTES TO THE ACCOUNTS

AS AT 31 DECEMBER 2012

14 RESTRICTED FUNDS

The following is a summary of the funds which are Restricted within the Group context (see Note1)

		1 January 2012	Net incoming resources	Grants	Gains and losses on investment assets	31 December 2012
		£	£	£	£	£
National Churches Trust (including HCPT funds)						
<i>Pilgrim Trust</i>	(a)	-	200,000	(200,000)	-	-
<i>A G Driver Legacy</i>	(b)	141,635	-	-	-	141,635
<i>Esme Mitchell</i>	(c)	-	3,000	-	-	3,000
<i>General HCPT funds</i>	(d)	2,214,697	789,986	(100,600)	137,976	3,042,059
<i>Norman Tarbolton</i>	(e)	188,932	-	(152,000)	-	36,932
<i>Hugh Llewellyn-Jones</i>	(f)	1,353	-	(1,300)	-	53
<i>M A Malan</i>	(g)	5,456	-	(5,000)	-	456
<i>Daisy Lena Harrold</i>	(h)	7,694	-	2,500	-	10,194
<i>Djuna Barnes</i>	(i)	328	1,300	-	-	1,628
<i>Constance Stella Watson</i>	(j)	96	11	-	-	107
<i>M J F C Wilson</i>	(k)	4,760	1,733	-	(443)	6,050
<i>R C Sansom</i>	(l)	100,000	-	-	-	100,000
<i>T C B Timmins</i>	(m)	2,000	-	-	-	2,000
<i>Department for Culture, Media & Sport</i>	(n)	-	299,000	(299,000)	-	-
<i>The Dulverton Trust</i>	(o)	-	45,000	-	-	45,000
<i>Mercers' Chantable Foundation</i>	(p)	-	10,000	(10,000)	-	-
<i>R Newton</i>	(q)	-	20,000	(20,000)	-	-
		<u>2,666,951</u>	<u>1,370,030</u>	<u>(785,400)</u>	<u>137,533</u>	<u>3,389,114</u>
The Luke Trust						
<i>Income funds</i>	(r)	<u>29,397</u>	<u>23,717</u>	<u>(20,000)</u>	<u>-</u>	<u>33,114</u>
		<u>2,696,348</u>	<u>1,393,747</u>	<u>(805,400)</u>	<u>137,533</u>	<u>3,422,228</u>

The funds are restricted to the following purposes or to the support of churches in the geographical areas indicated

- (a) Specifically towards the Cornerstone Grants programme
- (b) St Mary's Church, Redgrave
- (c) A church in Northern Ireland

THE NATIONAL CHURCHES TRUST

NOTES TO THE ACCOUNTS

AS AT 31 DECEMBER 2012

14 RESTRICTED FUNDS (continued)

- (d) Maintaining and enhancing church buildings
- (e) Church of England churches in Lincolnshire*
- (f) Roman Catholic churches*
- (g) Churches in Norfolk and Suffolk*
- (h) Churches within the County of Dorset*
- (i) St Bride's Church, Fleet Street, London
- (j) Upkeep and repairs of bells in village churches
- (k) Church of England churches in the Bristol Diocese
- (l) Church of England churches (legacy not received at year end)
- (m) Assistance of Anglican churches (legacy not received at year end)
- (n) In 2012-13, the National Churches Trust is administering a one-off Capital Grant as a grants programme on behalf of the Department for Culture, Media and Sport. This grant is restricted to UK listed places of worship outside the care of the Church of England
- (o) Maintaining and enhancing church buildings
- (p) Maintaining and enhancing church buildings
- (q) St Peter's Church, Brighton
- (r) Grants to churches within the remit of HCPT, subject to certain geographical preferences

* These are funds which are designated in accordance with the wishes, insofar as possible, of the legator or donor. Although such designation is not legally binding on the Trustees, it is their policy normally to respect such wishes. They are treated as restricted funds within these accounts and amounted in total to £47,635 at the year end (2011 £203,435)

Payments totalling £12,129 were received from English Heritage during the year and were fully expended

15 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

At 31 December 2012	Unrestricted funds	Restricted funds	Endowment funds	Total funds
	£	£		£
Tangible fixed assets	3,969	-	-	3,969
Investments	-	2,390,457	514,258	2,904,715
Current assets	338,975	2,129,771	-	2,468,746
Creditors due within one year	(100,168)	(1,098,000)	-	(1,198,168)
	<u>242,776</u>	<u>3,422,228</u>	<u>514,258</u>	<u>4,179,262</u>

THE NATIONAL CHURCHES TRUST

NOTES TO THE ACCOUNTS

AS AT 31 DECEMBER 2012

16 GROUP GRANTS VOTED BUT NOT YET PAID

	Unrestricted funds £	Restricted Funds £	Total funds £
Grants unpaid as at 1 January 2012	-	1,346,700	1,346,700
Grants voted in the year	50,000	970,900	1,020,900
Net grants cancelled in the year	-	(165,500)	(165,500)
Grants paid in the year	(50,000)	(1,049,100)	(1,099,100)
Grants unpaid as at 31 December 2012	-	1,103,000	1,103,000

All grants are payable to institutions. All restricted fund grants are made in respect of the fabric of the building of places of worship. The unrestricted fund grants were to provide support for the Churches Trust for Cumbria. Grants are cancelled if not taken up within three years.

17 FORWARD COMMITMENTS

At the year end there were no capital commitments. There were annual commitments in respect of operating leases as follows:

	2012 £	2011 £
Contracts of less than 1 year	55,000	-
Contracts of 2 to 5 years	9,000	64,000

Since the year end, notice has been given to terminate the property lease. An accrual of £40,000 has been included at 31 December 2012 for anticipated dilapidations costs.

18 SHARE CAPITAL

The company has no share capital and is a charitable company limited by guarantee. The members would be required to contribute a maximum of £10 each in the event of liquidation.

THE NATIONAL CHURCHES TRUST

NOTES TO THE ACCOUNTS

AS AT 31 DECEMBER 2012

19 THE LUKE TRUST

The Luke Trust, registered charity no 1000550, is deemed to be a subsidiary of NCT as the latter is the sole trustee of the former. The income of the Luke endowment is directed towards churches within the remit of HCPT needing assistance for fabric repair.

A summary of the accounts of The Luke Trust is as follows

	2012	2011
	£	£
Statement of Financial Activities		
Investment Income	23,717	23,278
Charitable Activities - Grants voted	(20,000)	-
Gain/(Loss) on investment assets	35,078	(23,031)
Net increase in funds	38,795	247
Balance Sheet		
Investments	514,258	479,180
Net current assets	33,114	29,397
Funds	547,372	508,577

20 THE INCORPORATED CHURCH BUILDING SOCIETY

The Incorporated Church Building Society (ICBS), registered charity no 212752, is administered by NCT in return for a fee of approximately 15% of the income of the Society. The fee earned for 2012 was £1,500 (2011 £2,250). The trustees of ICBS during the year included some who are also trustees of NCT. Since the year end NCT has become the sole trustee of ICBS and a "uniting direction" has been issued by the Charity Commission which means that in future ICBS and NCT will be treated as a single charity for administrative, accounting and regulatory purposes.

The income of ICBS for 2012 was £15,058 (2011 £14,926) and its total expenditure was £253,857, including grants of £250,000 (2011 £207,130 including grants of £200,000). The net reduction in funds in 2012, after taking into account changes in the value of investments, was £237,784 (2011 reduction of £187,289). The net assets of ICBS at 31 December 2012 were £297,452 (2011 £535,236).

21 RELATED PARTY TRANSACTIONS

Except as disclosed in the previous note, there were no related party transactions during the year or the preceding year. The Charity has taken advantage of the exemption from disclosing transactions between itself and The Luke Trust, under the terms of FRS 8.