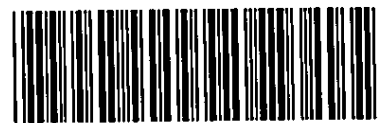


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HEARTS ON FIRE FOR JESUS LIMITED

**REPORTS AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2007**

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COMPANIES HOUSE

HEARTS ON FIRE FOR JESUS LIMITED

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

REPORTS AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

REGISTERED COMPANY NUMBER: 3053642

REGISTERED CHARITY NUMBER: 1058285

DIRECTORS AND TRUSTEES

Mr W Keeping
Mr M Carter
Mr J Hargreaves
Miss S Davis

COMPANY SECRETARY

Mr SS Payne

SENIOR PASTOR

Mr A Elmes

PRINCIPAL ADDRESS AND REGISTERED OFFICE

Family Church
Unit 4 Exchange House
122-124 London Road
Portsmouth
Hampshire PO2 9DD

AUDITORS

Knight Goodhead
7 Bournemouth Road
Chandler's Ford
Hampshire
SO53 3DA

BANKERS

Lloyds TSB
North End
Portsmouth
Hampshire
PO2 0LR

HEARTS ON FIRE FOR JESUS LIMITED

ANNUAL REPORT OF THE COUNCIL OF MANAGEMENT

YEAR ENDED 31 MARCH 2007

The council of management have pleasure in presenting their report and the audited accounts of the charity for the year ended 31 March 2007

The legal and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities (issued 2005)

INTRODUCTION

The charity was incorporated on the 5 May 1995 as a company limited by guarantee and not having a share capital. The company was registered as a charity on 16 September 1996.

OBJECTIVES

The objects for which the charity is established are

- The advancement of the Christian faith by the proclamation and furtherance of the gospel of God
- The promotion of the worship of God by any means whatsoever, including the preaching and proclamation of the Christian gospel, the teaching of Christian doctrine and principles, and the printing, production and distribution of Christian literature, media products and other resources
- The relief of persons in conditions of financial need, or of those persons who are infirm for reasons of old age or sickness
- The advancement of education on the basis of Christian principles including the provision of educational establishments, materials and bursaries for the general education of children or adults on the basis of such Christian principle

ACHIEVEMENTS AND PERFORMANCE

The charity has continued to pursue its objectives in the following ways.

Family Church continues to grow in terms of the number of people attending the church and supporting the charity's work. Congregations in Portsmouth and Gosport are well established with many church members involved in community and outreach projects as well as in regular 'church life'.

The church has a good reputation in the city of Portsmouth and is actively seeking to work in partnership with existing local groups/initiatives.

The church leadership structure is continually evolving to effectively manage activities and events as well as pastorally supporting people attending the church. The leadership structure comprises Senior, Core and Departmental leaders who oversee various tiers of church life and departments within the church.

The structure of accounts has been reviewed and amended to more effectively reflect departmental spending and enable accurate budgeting.

This year Family Church has purchased the lease on a building in Portsmouth which now houses the central offices and many smaller functions such as Bible College, band practices, leaders meetings, bible study programmes, general seminars (such as marriage enrichment, family support, etc.) and training of teams by department leaders. We aim to hire these facilities to local charitable groups as well as commercial businesses in order to bring in additional revenue to the charity.

HEARTS ON FIRE FOR JESUS LIMITED
ANNUAL REPORT OF THE COUNCIL OF MANAGEMENT (cont.)
YEAR ENDED 31 MARCH 2007

- Through church meetings and relaxed activities the Christian faith has been advanced. Family Church operates several outreach projects in the local community such as youth/children's clubs and community projects including feeding the homeless in the region, providing food hampers for needy families, a service to supply household items to those in need, providing emergency 'wash packs' to local hospital wards, and seasonal charitable projects such as supplying local hospital wards and family centres with Easter Eggs, Christmas presents etc.
- The promotion of the worship of God continues through preaching and teaching Christian principles at church meetings and conferences. Resources (books, audio and video media), some of which are produced by the church, are distributed to members of the church as well as Christians from other churches.
- Financial support is donated to charities and missions projects to relieve persons in conditions of financial need and to assist in the care of those who are infirm. Support is given both locally, nationally and internationally. Teams have travelled to other nations (including Nigeria, India and the Philippines) in order to assist with church and missions projects and to take finance and provision to churches involved in helping their communities to overcome poverty and disease.
- Family Church provides a structured programme of training to educate people in the Christian faith. This includes foundational bible courses as well as a part-time college teaching Christians how to apply their knowledge of the bible in their own lives.

During the year there were 400+ adults plus approximately 80 children (2006: 350 adults, 80 children) regularly attending meetings in Portsmouth and 70-80 adults plus approximately 20 children (2006: 70 adults, 18 children) regularly attending meetings in Gosport. An additional congregation is due to be started in Portsmouth, which will appeal to people who prefer a more traditional service. Separate youth events/meetings (for 13 to 18 year olds) attract approximately 50 young people every week. The charity encourages donors to sign Gift Aid forms. In 2007, 297 individuals qualified as Gift Aid donors (forms signed) compared to 212 in 2006. (Of the 297 Gift Aid donors, 202 were regularly giving to the charity in 2007.)

FINANCIAL REVIEW

During the year the charity made a surplus of £36,699. This increased fund balances to £124,097 which are held for the furtherance of the charity's objectives.

PRINCIPAL FUNDING SOURCES

Funding for Hearts on Fire for Jesus Limited comes principally from the donations of attendees to the Family Church. Individuals make regular financial donations to support the work of the charity. Expenditure for this year shows that the key objectives of the charity were supported as follows:

- Payment of staff to manage and administer charity business
- Expenditure for administration and growth of the church congregations
- Investment into equipment to enable church meetings and events to take place
- Expenditure for the hire (and potential purchase) of buildings to enable the church to operate
- Significant donations made to those in Christian education or training
- Expenditure for training resources and programmes of formal Christian education
- Investment into youth projects and community outreach initiatives

**HEARTS ON FIRE FOR JESUS LIMITED
ANNUAL REPORT OF THE COUNCIL OF MANAGEMENT (cont.)
YEAR ENDED 31 MARCH 2007**

INVESTMENT POWERS AND RESTRICTIONS

The charity is authorised to invest the monies of the charity not immediately required for its purposes in or upon such investments or property as may be thought fit, subject to such conditions as may for the time being be imposed or required by law and subject as provided by the Memorandum of Association

RESERVES POLICY

The trustees aim to maintain free reserves equivalent to 3 months operating expenditure, in order to safeguard existing activities and enable the charity to respond to new opportunities

PLANS FOR THE FUTURE

In order to continue to achieve our charity objectives we have made plans for the future. We will continue to strengthen Family Church congregations in Portsmouth and Gosport through effective Bible teaching and Christian training courses. We plan to open other congregations in the region in order to provide local communities with a place of worship reflecting the style and values of Family Church. One such congregation is due to open in 2007 in the North End area of Portsmouth. This will be a 'traditional' congregation - appealing to those from more formal/traditional church backgrounds, yet maintaining the style and values of Family Church.

We will continue to work in our communities, aiming to develop and expand our Community Action programmes as well as continuing to organise outreach activities and events. We will continue supporting mission projects and individuals involved in missions work throughout the world. We hope to develop training courses to assist with the education of people in our community, from basic academic skills to full-time education of children in a Christian academy.

The charity is currently negotiating the purchase of a long-term lease of a large local building (ex-cinema) where the majority of Family Church meetings and events (that take place in the city of Portsmouth) will be moved. General operations will continue to run from the central offices at 122 London Road. The process of acquiring this lease has some way to go, but planning permission has recently been granted by Portsmouth City Council and the financing of this project is coming together. Negotiations with the selling agent are slow, but remain positive and are moving forward with our Surveyor (Hughes Ellard) now speaking with the selling agent on our behalf.

THE COUNCIL OF MANAGEMENT

The Charity is managed by the council of management. Eight paid employees are engaged in carrying out the Charity's objectives and they are assisted and supported by a number of helpers.

The council of management have implemented a risk management strategy which reviews, on an annual basis, the risks the charity may face. Systems and procedures are designed to mitigate the risks identified and to minimise the potential impact on the charity should any of these risks materialise.

HEARTS ON FIRE FOR JESUS LIMITED
ANNUAL REPORT OF THE COUNCIL OF MANAGEMENT (cont.)
YEAR ENDED 31 MARCH 2007

RECRUITMENT AND APPOINTMENT OF THE COUNCIL OF MANAGEMENT

The council of management of Hearts on Fire for Jesus Limited takes seriously the recruitment and appointment of members of the council. Potential trustees are recruited on the basis of their existing interest and involvement in the charity and the skills and experience they add to the Council. Trustees are appointed by the council of management through election in accordance with the Articles of Association.

TRUSTEES' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (UK GAAP). Company law requires the directors to prepare for each financial year, financial statements, which give a true and fair view of the state of affairs of the company and of the surplus or deficit for that period. In preparing those accounts, 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 accounts,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

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

As far as the directors are aware, there is no relevant audit information of which the auditors are unaware. Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985, and in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (issued 2005).

Signed and approved on behalf of the council of management on 1 November 2007



Mr S S Payne
Company secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEARTS ON FIRE FOR JESUS LIMITED

We have audited the financial statements of Hearts On Fire For Jesus Limited for the year ended 31 March 2007 on pages 8 to 15. These financial statements have been prepared in accordance with the accounting policies set out on pages 10 and 11.

This report is made solely to 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 DIRECTORS AND AUDITORS

As described on page 5, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and the 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 Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

BASIS OF AUDIT OPINION

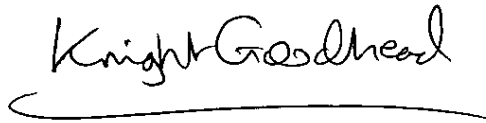
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEARTS ON FIRE FOR JESUS LIMITED

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 company's affairs at 31 March 2007 and of the incoming resources and application of resources, including the income and expenditure of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985

A handwritten signature in cursive script that reads "Knight Goodhead". The signature is written in dark ink and is positioned above a horizontal line.

KNIGHT GOODHEAD
Chartered Accountants
and Registered Auditors

7 Bournemouth Road
Chandler's Ford,
Eastleigh
Hampshire SO53 3DA

12 November 2007

HEARTS ON FIRE FOR JESUS LIMITED

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2007

(Including Income and Expenditure Account)

		Restricted funds	Unrestricted funds	TOTAL 2007	TOTAL 2006
	Notes	£	£	£	£
INCOMING RESOURCES					
<i>Incoming resources from generated funds</i>					
Voluntary income		13,290	428,336	441,626	359,399
Activities for generating funds		-	5,571	5,571	7,368
Investment income		-	341	341	73
TOTAL INCOMING RESOURCES		13,290	434,248	447,538	366,840
RESOURCES EXPENDED					
<i>Charitable activities</i>	4	13,664	393,450	407,114	332,082
<i>Governance costs</i>	5	-	3,725	3,725	2,387
TOTAL RESOURCES EXPENDED		13,664	397,175	410,839	334,469
NET MOVEMENT IN FUNDS BEFORE TRANSFERS		(374)	37,073	36,699	32,371
Transfers between funds		20,024	(20,024)	-	-
NET MOVEMENT IN FUNDS AFTER TRANSFERS		19,650	17,049	36,699	32,371
Fund balances at 1 April 2006		6,996	80,402	87,398	55,027
FUND BALANCES AT 31 MARCH 2007		26,646	97,451	124,097	87,398

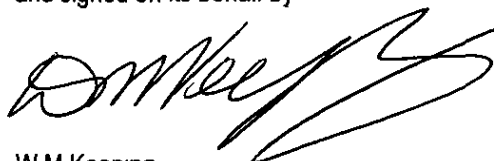
The Statement of Financial Activities includes all gains and losses recognised in the year
All incoming resources and resources expended derive from continuing activities

HEARTS ON FIRE FOR JESUS LIMITED
BALANCE SHEET AT 31 MARCH 2007

	Notes	£	2007 £	£	2006 £
FIXED ASSETS					
Tangible assets	7		37,767		41,004
CURRENT ASSETS					
Other debtors		16,740		36,550	
Cash at bank and in hand		75,389		25,659	
		<u>92,129</u>		<u>62,209</u>	
CREDITORS amounts falling due within one year	8	<u>(5,799)</u>		<u>(15,815)</u>	
NET CURRENT ASSETS			86,330		46,394
NET ASSETS			<u>124,097</u>		<u>87,398</u>
FUNDS					
Restricted funds	9		26,646		6,996
Unrestricted funds	10		97,451		80,402
MEMBERS' FUNDS	11		<u>124,097</u>		<u>87,398</u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Approved by the council of management on 1 NOVEMBER 2007
and signed on its behalf by



W M Keeping
Director

HEARTS ON FIRE FOR JESUS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

1 ACCOUNTING POLICIES

a) Basis of accounting

The accounts have been prepared under the historical cost convention, in accordance with the Charities' SORP "Accounting and Reporting for Charities" 2005 and the Companies Act 1985

b) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income

- Voluntary income is received by way of donations and is included in full in the Statement of Financial Activities when receivable
- Investment income is included when receivable
- Incoming resources from activities for generating funds are accounted for when earned

c) Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. It includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and the costs linked to the strategic management of the charity
- All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly

d) Tangible fixed assets

Tangible fixed assets are included in the accounts at cost, with items over £100 being capitalised

Depreciation is provided on fixed assets to spread the cost over the estimated useful lives of the relevant assets at the following rates

Motor vehicles	25% reducing balance
Equipment	20% straight line
Computer equipment	3 years straight line

HEARTS ON FIRE FOR JESUS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

e) Leases

Assets held under finance leases and hire purchase contracts are recorded in the balance sheet as fixed assets
Depreciation is provided on these assets over their estimated useful lives

Future obligations under finance leases and hire purchase contracts are included in creditors, net of finance charges
Payments are apportioned between the finance element, which is charged to the statement of financial activities as interest, and the capital element, which reduces the outstanding obligations

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term

f) Fund accounting

Funds held by the charity are either
Unrestricted general funds

Funds which can be used in accordance with the charitable objects at the discretion of the trustees

Designated funds

Funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects

Restricted funds

Funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes

2 LEGAL STATUS OF THE CHARITY

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding-up is limited to £1

3 STAFF COSTS

	2007 £	2006 £
Salaries and wages	129,089	115,757
Social security costs	11,621	10,160
Total staff costs	<u>140,710</u>	<u>125,917</u>

No employees receive emoluments exceeding £60,000

The average number of employees during the year, calculated on the basis of full time equivalents, was as follows

	2007 Number	2006 Number
Pastors	3	3
Business management	1	1
Administration	1	1
	<u>5</u>	<u>5</u>

HEARTS ON FIRE FOR JESUS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

4	CHARITABLE ACTIVITIES	Restricted funds £	Unrestricted funds £	Total 2007 £	Total 2006 £
	Costs directly allocated to activities				
	Wages and salaries (see note 3)	-	140,710	140,710	125,917
	Grants and donations	12,550	39,778	52,328	27,971
	Avi Mizrahi Ministries (UK)	1,074	-	1,074	5,935
	Motor expenses	-	11,278	11,278	11,791
	Hire of halls and storage	40	72,104	72,144	55,591
	Meeting expenses	-	24,338	24,338	25,314
	Publicity	-	7,875	7,875	6,654
	Hospitality	-	14,414	14,414	12,509
	Travel and subsistence	-	8,958	8,958	3,507
	Telephone	-	4,468	4,468	3,809
	Printing, postage and stationery	-	22,077	22,077	11,947
	Sundry expenses	-	1,251	1,251	1,065
	Profit on disposal	-	1,733	1,733	(6)
	Motor depreciation	-	1,600	1,600	2,133
		13,664	350,584	364,248	294,137
	Support costs allocated to activities				
	Training	-	840	840	4,297
	Office expenses	-	16,282	16,282	11,414
	Insurance	-	4,042	4,042	4,319
	Legal and professional fees	-	1,975	1,975	-
	Repairs and maintenance	-	2,041	2,041	-
	Bank charges	-	1,110	1,110	1,345
	Equipment depreciation	-	11,889	11,889	11,206
	Computer equipment depreciation	-	4,540	4,540	4,105
	Hire purchase interest	-	-	-	359
	Loan interest	-	147	147	900
		-	42,866	42,866	37,945
		13,664	393,450	407,114	332,082

The Unrestricted funds column represents the activities of the Family Church

5 GOVERNANCE COSTS

Auditor's remuneration	-	3,725	3,725	2,387
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HEARTS ON FIRE FOR JESUS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

6 ANALYSIS OF GRANTS

	Grants to Individuals 2007 £	Grants to Individuals 2006 £
Restricted	-	-
Unrestricted	17,788	18,278

7 TANGIBLE FIXED ASSETS

	Motor vehicles £	Fixtures & equipment £	Computer equipment £	Total £
COST				
At beginning of year	20,956	66,903	12,740	100,599
Additions	-	8,141	2,085	10,226
Disposals	-	-	-	-
At end of year	20,956	75,044	14,825	110,825
DEPRECIATION				
At beginning of year	14,555	37,478	7,562	59,595
Charge for the year	1,600	10,950	913	13,463
Disposals	-	-	-	-
At end of year	16,155	48,428	8,475	73,058
NET BOOK VALUE				
At end of year	4,801	26,616	6,350	37,767
At beginning of year	6,401	29,425	5,178	41,004

Included in motor vehicles is a net book value of £2,079 (2006 £2,772) relating to assets held under loan agreements. The depreciation charge for the year is £693 (2006 £924).

8 CREDITORS amounts falling due within one year

	2007 £	2006 £
Bank loan (secured)	-	2,779
Accruals and deferred income	5,799	13,036
	5,799	15,815

HEARTS ON FIRE FOR JESUS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

9 RESTRICTED FUNDS

	Balance at 1 April 2006 £	Incoming resources £	Outgoing resources £	Transfers £	Balance at 31 March 2007 £
Avi Mizrahi	1,533	1,235	(1,074)	(1,089)	605
Truth & Life Ministries	5,463	6,856	(12,590)	1,089	818
Building fund	-	5,199	-	20,024	25,223
	6,996	13,290	(13,664)	20,024	26,646

Avi Mizrahi

The purpose of this fund is to support the ministry of Avi Mizrahi, a pastor working in Israel. Outgoing resources represent donations to Avi Mizrahi Ministries UK.

Truth & Life Ministries

The purpose of this fund is to support the work of Truth & Life Ministry, Nigeria, in leadership training, church planting, education and health care.

Building fund

The purpose of this fund is to raise money to help towards the costs of the purchase of a building in London Road, North End, Portsmouth.

10 DESIGNATED FUNDS

	2007 £	2006 £
Projects fund	22,000	-

Included in unrestricted funds are monies set aside by the Trustees towards future projects that the Trustees and management decide to undertake within the objects of the charity. No expenses have been incurred in the year.

11 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds £	Unrestricted Funds £	TOTAL 2007 £
Tangible fixed assets	-	37,767	37,767
Current assets	26,646	65,483	92,129
Current liabilities	-	(5,799)	(5,799)
	26,646	97,451	124,097

12 COMMITMENTS

	Land and Buildings 2007 £	2006 £	Other 2007 £	2006 £
The company has annual commitments under operating leases which expire within				
Within two to five years	20,000	2,400	508	508

HEARTS ON FIRE FOR JESUS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

13 RELATED PARTY TRANSACTION

Staff costs include the gross cost of £15,040 of employing M Carter, director and trustee, for his pastoral duties and services of business management within the Church. His remuneration is determined by the other trustees who are not connected to him, as allowed in the Company's Memorandum and Articles of Association.

No expenses are paid to trustees, excluding the reimbursement of costs paid out personally on behalf of the charity.

During the year the charity employed Mrs S Carter, wife of trustee, Mr M Carter. She was paid £12,993 (2006 £1,121).