

Report and Financial Statements

For the year ended 31 December 2003

Church Society
(A company limited by guarantee)

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

Company No 213142
Charity Registration No 249574

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**Report and
Financial Statements**

**For the year ended 31 December
2003**

Church Society
(A company limited by guarantee)

Church Society

Financial statements for the year ended 31 December 2003

Council members	The Revd Dr P Blackham (resigned 28 March 2003) D R L Boyd The Revd T M Chapman The Revd J A Cheeseman The Revd G R Curry (Chairman) W T Foley (resigned 16 June 2003) M J Fothergill P Gore The Revd Dr J B Hall The Revd S J Hanna (appointed 16 June 2003) The Revd A F Hogarth F A Knaggs V Menon The Revd M J Ovey The Revd A R Price (resigned 16 June 2003) P J Ratcliff The Revd Canon G T Rideout (appointed 16 June 2003) The Revd F Robson T J P Stevenson N J C Tucker (appointed 16 June 2003) The Revd Canon M W Walters
Secretary	The Revd D K Phillips
Charity number	249574
Company number	213142
Registered office	Dean Wace House 16 Rosslyn Road Watford WD18 0NY
Auditors	Skingle Helps & Co 28 Southway Carshalton Beeches Surrey SM5 4HW
Principal address	Dean Wace House 16 Rosslyn Road Watford WD18 0NY

Church Society

Financial statements for the year ended 31 December 2003

Bankers

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

Barclays Bank plc
32 Clarendon Road
Watford
WD17 1GT

Investment Managers

CCLA (Central Board of Finance)
St. Alphage House
2 Fore Street
London
EC2Y 5AQ

Solicitors

Kidd Rapinet
14 & 15 Craven Street
London
WC2N 5AD

Church Society

Trustees' and directors' report For the year ended 31 December 2003

The directors present their report and the financial statements for the year ended 31 December 2003.

Charity's objectives

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

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

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

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

Through its allied company, Church Society Trust, the Society is involved in the patronage work of the Church of England. They are responsible for 117 Livings, many of which are on a shared basis.

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

- supporting the training and education of ordinands and clergy;
- providing convalescent care or holidays for sick children
- Christian work in various parishes or locations subject to certain conditions

Through other trusts the Society owns various properties on behalf of others, in particular 3 Proprietary Chapels (one in Germany) and an Independent Evangelical Church. A further trust provides offices for the Society and accommodation for staff.

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

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

Activities and achievements

During the course of 2003 Church Society continued its work against a background of turmoil within the Church of England and the world-wide Anglican Communion. The theological decay of Anglicanism in parts of the world began to manifest itself in the promotion of immorality. The developments accelerated rapidly after the installation of the new Archbishop of Canterbury. In the United States an actively homosexual man was appointed as a Bishop, in Canada same-sex blessings were authorised, and in Oxford Diocese a radical and crusading homosexual was nominated as an Area Bishop (although under pressure he later withdrew).

All these developments are the fruit of liberalism that, at heart, is a different religion to genuine Christianity. Church Society alongside others continued to oppose liberalism and to uphold the honour of God by upholding the authority and teaching of His Word.

Early in the year representatives of the Society attended a consultation in Canada. We were pleased to invite the

Church Society

Trustees' and directors' report For the year ended 31 December 2003

Revd Paul Carter of the newly formed Anglican Communion in New Westminster to address to the Annual General Meeting of Church Society and speak about the radical revisionist agenda now gripping the Canadian Anglican Church.

The General Secretary, Chairman and other members of the Council also responded to a large number of media enquiries and gave many interviews for television, radio and newspapers including foreign media.

Although there was quite broad opposition to these developments within the Church of England the Society has had to continue to argue that the heart of the problem is not sexual practice but theological liberalism which influences other areas such as the ordination of women presbyters and the softening of opposition to false teaching.

The Society endeavoured to provide a lead in arguing that the only people to occupy positions of leadership in the Church should be those who hold biblically orthodox theological views.

With so much of the year being dominated by sexuality it was good that in July the Revd Dr Patrick Sookhdeo of the Barnabas Fund addressed the, now regular, General Synod fringe meeting run by the Society. Patrick spoke to the title 'Contemporary Islam and its challenges for today.' from his own experience as a former Muslim and of supporting Christians in many other countries. The members of the Society are well represented in the General Synod and the Society has an important role in resourcing and supporting Synod members, although there is always much more that could be done if time and means allowed.

Other action taken during the year included making representations to both Church bodies, the Anglican Primates and government, informing members about local concerns such as the visit of Bishop Spong to Chichester Cathedral and distributing literature at Walsingham.

The Society actively works with others in the following ways: joint action and a further joint Council meeting with Reform and the Fellowship of Word and Spirit, the Church of England Evangelical Council, the Patrons Consultative Group, the Evangelical Patronage Consultative Council and United Protestant Council.

Towards the end of the year a Publications Fund was launched with the specific aim of developing the publishing work of the Society. The response to this was modest but one initial action was a grant to part fund the redevelopment of the Society's website. Electronic publishing has become an important medium and the Society's website had outgrown its design over the past four years. It now contains an extensive and growing collection of material and past articles on a range of issues. Alongside this the e-mail news service EVNEWS has continued to grow and be well-received by subscribers.

For the first time in several years Churchman was back on schedule in 2003. Moreover, it is no longer being subsidised and has an embarrassment of articles waiting to be published. There are many people who contribute to keeping Churchman running and much of their efforts are unseen and unheralded. An important feature of the journal has been Gerald Bray's editorials and these have continued both to stimulate and provoke, with interest being regularly shown by the national media.

The parish support work of the Society is undertaken largely the Directors and Members of Church Society Trust. Sadly the vacancy at the Gloucester Mariners Chapel was still unfilled at the end of the year and there is no sign of let-up in either the number of parish amalgamations or the long interregna. The Trust has been disappointed more than once to be unable to encourage clear evangelicals to apply for posts in which it has an interest.

The Society receives enquiries from members and others related to legal and doctrinal issues not least with regards to parish appointments. Wherever possible, help is given or the enquirer is put in touch with someone else.

As ever a large part of the work of the Society is done by members of the Council, the Finance Committee, Church Society Trust and the Churchman Editorial Board who give their time and energy to serving Christ through pursuing

Church Society

Trustees' and directors' report For the year ended 31 December 2003

the various objectives of the Society. Other volunteers assist in such things as mailings and the compilation of the prayer diary.

Financial Review

We thank God for the past year and for the finances to engage in this work.

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

There are five funds which relate directly to the Society's own work. The General and Anniversary funds are unrestricted funds, the Beynon and Dean Wace Memorial funds are permanent endowment and the Patronage fund has been classified as restricted.

The Patronage fund is used to meet the direct and indirect costs of patronage work. The net outflow from the fund was £2,884 (see note 15). £3,718 was spent on the direct costs of patronage but none of the indirect costs (such as salaries) were met from this fund in 2003.

The unrestricted funds show a net outgoing of £18,661 (see page 6) which was offset by income from the two permanent endowment funds and by a grant from the Amalgamated Ordination and Training Fund. The resulting net outgoing was £13,403 which is better than anticipated. Overall income increased by just over 5% although a significant part of this came from higher gift aid claims and the level of donations from churches and individuals was fairly static. The level of expenditure was again kept below budget.

The total deficit on these five funds in 2003 was therefore £16,287 compared to a budgeted deficit of £25,000. The ongoing budget deficit continues around £25,000. There are liquid reserves of £67,519 in the unrestricted funds (see note 20) and £22,734 in the Patronage Fund (see note 19). Therefore the anticipated deficit can be met for three to four years. It continues to be important that the Society increase its income to match expenditure and there is always more work in which the Society could engage if the financial and other resources were available.

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

Managed Funds

Most of the managed funds are subsidiary charities for which the Council acts as Trustees (or sometimes as joint Trustees). In each case a trust deed or scheme sets the parameters within which the fund is to be used. A brief description of each can be found on pages 20 and 21 of the accounts. Several funds consist solely of freehold properties including Churches, houses or halls.

The Council has no authority to expend permanent endowment funds but is under an obligation to make attempts to expend the income from those trusts. Other funds contain capital that the Council can spend should they so choose. In most cases the decision has been made not to spend capital unless there is a pressing reason to do so. Wherever income or capital is spent the Council must act within the terms of the Trust. In many instances the trusts were established with very clear terms as to how they should be used. The Council is very aware of the need to honour this in making grants or payments today.

A list of the grants made from funds can be found on page 11. These will be seen to include such things as paying or contributing to salaries, evangelistic work, literature distribution, student grants, building maintenance and more.

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

Church Society

Trustees' and directors' report For the year ended 31 December 2003

In view of the volatility of the stock markets the Society has continued to maintain a significant part of the larger funds as cash deposits. This was reviewed several times during the year and although there were indications that a significant shift to equities would yield favourable results in line with practice for charity trustees the Council on the recommendation of the Finance Committee have remained cautious about the stability of the markets and only transferred a part of each fund to equities. The capital value of the main funds rose by 3 - 3.5%.

Financial decisions are the responsibility of the Council but they are advised in this by the Finance Committee which includes considerable experience in a range of financial areas.

Statement of trustees'/directors' responsibilities

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

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

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

Auditors

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

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1995, relating to small entities.

Approved by the Trustees
And signed on their behalf by

The Reverend G R Curry
Trustee

2004

Independent auditors' report to the members on the audited financial statements of

Church Society

We have audited the financial statements of Church Society for the year ended 31 December 2003 on pages 6 to 21, which have been prepared under the historical cost convention as modified by the revaluation of certain assets and the accounting policies set out on pages 9 and 10.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors/trustees and auditors

As described in the statement of trustees/directors responsibilities on page 4 the charitable company's directors/trustees are responsible for the preparation of the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the trustees'/directors' report is not consistent with the financial statements, if the charitable company has not kept proper accounting reports, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors'/trustees' remuneration and transactions with the charitable company is not disclosed.

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

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 judgments made by the directors/trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 December 2003 and of its incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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



7 May 2004

Church Society

Statement of financial activities For the year ended 31 December 2003

	Notes	Un- restricted funds £	Restricted funds £	Endow- ment funds £	2003 Total £	2002 Total £
Incoming resources						
Donations		44,337	3,510	-	47,847	46,922
Investment income		4,193	25,279	9,556	39,028	40,935
Subscriptions and publications		13,352	-	-	13,352	14,741
Rent receivable		-	200	-	200	176
Grant income		-	7,000	-	7,000	-
Fee and other income		7,998	214	-	8,212	8,874
Total incoming resources		69,880	36,203	9,556	115,639	111,648
Resources expended						
Fundraising and publicity		1,188	-	-	1,188	555
Charitable expenditure						
Distribution and grants	3	-	24,984	2,130	27,114	16,636
Other costs in furtherance of the charity's objectives		54,144	-	-	54,144	51,266
Support costs		21,285	2,613	-	23,898	21,099
Management and administration of the charity		11,924	8,231	1,596	21,751	24,726
Total resources expended	4	88,041	35,828	3,726	127,595	114,282
Net incoming/(outgoing) resources before transfers		(18,161)	375	5,830	(11,956)	(2,634)
Transfers between funds		5,258	(1,992)	(3,266)	-	-
Net incoming/(outgoing) resources for the year		(12,903)	(1,617)	2,564	(11,956)	(2,634)
Other recognised gains and losses						
Investments						
Unrealised gains/(losses)		-	6,104	13,197	19,301	(41,378)
Realised losses		-	-	-	-	(17,768)
Revaluation of land and buildings		-	-	-	-	75,000
Net movement in funds		(12,903)	4,487	15,761	7,345	13,220
Balances at 1 January 2003 as originally stated		107,130	379,416	1,159,096	1,645,642	1,632,422
Prior year adjustment	6	-	(54,448)	54,448	-	-
Balance at 1 January 2003 as restated		107,130	324,968	1,213,544	1,645,642	1,632,422
Net movement in funds		(12,903)	4,487	15,761	7,345	13,220
Balances carried forward at 31 December 2003		94,227	329,455	1,229,305	1,652,987	1,645,642

The notes on pages 9 to 21 form part of these financial statements.

All operations are continuing operations.

Church Society

Income and expenditure account For the year ended 31 December 2003

	2003	2002
	£	£
Income		
Total income of continuing operations	106,083	107,335
Expenditure		
Total expenditure of continuing operations	123,869	114,282
Net expenditure for the year before transfers and investment asset disposals	(17,786)	(6,947)
Transfer from endowment fund	5,830	4,823
Net income for the year before investment asset disposals	(11,956)	(2,124)
Loss on disposal of investment assets	-	(3,041)
Net expenditure for the year	<u>(11,956)</u>	<u>(5,165)</u>

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

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

Church Society

Balance sheet As at 31 December 2003

		2003		2002	
		£	£	£	£
Fixed assets					
Tangible fixed assets	7		604,212		603,384
Inalienable fixed assets	8		8,000		8,000
Fixed asset investments	9		<u>20,000</u>		<u>20,000</u>
			632,212		631,384
Current assets					
Stocks	10	4,183		5,070	
Debtors	11	8,044		7,152	
Investments	12	291,822		164,522	
Bank and short term deposits		<u>727,358</u>		<u>844,860</u>	
		1,031,407		1,021,604	
Creditors: amounts falling due within one year	13	<u>(10,632)</u>		<u>(7,346)</u>	
Net current assets			<u>1,020,775</u>		<u>1,014,258</u>
Total assets less current liabilities			<u>1,652,987</u>		<u>1,645,642</u>
Funds					
Permanent endowment funds	14,18		1,229,305		1,159,096
Restricted funds	15,19		329,455		379,416
Unrestricted fund	16,20		<u>94,227</u>		<u>107,130</u>
	17		<u>1,652,987</u>		<u>1,645,642</u>

The notes on pages 9 to 20 form part of these financial statements.

The trustees approved the financial statements on

and they were signed on their behalf by

The Reverend G R Curry
Chairman

Mr D L R Boyd
Chairman, finance Committee

Church Society

Notes to the financial statements For the year ended 31 December 2003

1. Accounting policies

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

1.1 Accounting convention

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

1.2 Classification of funds

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

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

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

1.3 Depreciation of tangible assets

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

Fixtures, fittings and equipment	33% on a straight line basis
----------------------------------	------------------------------

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

In accordance with the SORP, historic assets are not depreciated.

1.4 Valuation of investments

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

1.5 Stocks

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

Church Society

Notes to the financial statements For the year ended 31 December 2003

1.6 Incoming resources and resources expended

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

1.7 Intangible income

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

1.8 Pension costs

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

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

1.9 Grants

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

1.10 Allocation of costs

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

2. Assets held as trustees

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

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

Church Society

Notes to the financial statements For the year ended 31 December 2003

3. Grants paid	2003	
	£	£
Amalgamated Ordination and Training Fund		
Scholarships	2,500	
Book grants	333	
Publications Fund grant	2,000	
Travel costs	46	
	<hr/>	4,879
Birchington Convalescent Benefit Fund		
Grants (19 individuals)		1,900
Brighton Emmanuel Church		
Grants to churches	4,000	
Publications Fund grant	5,000	
Grant to Brighton & Hove City Mission	4,000	
Grants to individuals	2,000	
Literature distribution	135	
	<hr/>	15,135
Gloucester Mariners Housing Fund		
Legal fees		230
Leamington Christ Church		
Contribution to St Mark's, Leamington		600
Maidstone St Faith Parish Room		
Contribution to St Faith's, Maidstone		2,600
Paddock Wood Parochial Hall Trust		
Costs of Aschcroft Road		270
Publications Fund		
Publications		1,000
Walthamstow, Penrhyn Hall		
Expenditure on hall		500
		<hr/>
		27,114
		<hr/>
2002 comparative		16,636
		<hr/>

Church Society

Notes to the financial statements For the year ended 31 December 2003

4. Total resources expended	<i>Distribution and grants</i> £	<i>Staff costs</i> £	<i>Depreciation</i> £	<i>Other costs</i> £	<i>Total 2003</i> £	<i>Total 2002</i> £
Fundraising and publicity	-	-	-	1,188	1,188	555
Activities in furtherance of charitable objectives:						
Direct charitable	27,114	32,713	703	44,126	104,656	89,001
Management and administration	-	8,178	176	13,397	21,751	24,726
	<u>27,114</u>	<u>40,891</u>	<u>879</u>	<u>58,711</u>	<u>127,595</u>	<u>114,282</u>

Other costs	2003 £	2002 £
Fundraising and publicity	1,188	555
Establishment and property	15,207	14,097
Publications	18,047	16,694
Meetings and conferences	6,206	5,869
Other staff costs	1,492	1,085
Professional and management fees	8,006	8,189
Auditors' remuneration – Mazars Neville Russell (re 2001 accounts)	-	4,113
Auditors' remuneration – Skingle Helps & Co	3,100	3,000
Miscellaneous	5,465	4,889
	<u>58,711</u>	<u>58,491</u>

Staff costs	2003 £	2002 £
Wages and salaries	32,875	31,610
Social security costs	2,463	2,198
Pension costs	5,553	4,289
	<u>40,891</u>	<u>38,097</u>

The average number of persons employed by the charitable company during the year was 2 (2002: 2). No employee earned more than £40,000.

5. Trustee remuneration and related party transactions

Council members receive no remuneration for their services. Their travelling expenses are reimbursed in respect of expenses incurred on either Church Society or Church Society Trust business. In the year ended 31 December 2003, 14 Council Members claimed reimbursement of travelling expenses totalling £5,440 (2002: £4,145).

6. Prior year adjustment

Following a thorough review of fund documentation, the trustees consider that the Birchington Convalescent Benefit Fund is and should be disclosed as a permanent endowment fund, rather than as a restricted fund. The prior year adjustment reflects this change in disclosure.

Church Society

Notes to the financial statements For the year ended 31 December 2003

7. Tangible fixed assets

	<i>Freehold property</i>	<i>Fixtures fittings and equipment</i>	<i>Total</i>
	£	£	£
Cost or valuation			
As at 1 January 2003	598,000	20,206	618,206
Additions	-	1,707	1,707
Disposals	-	-	-
Revaluation	-	-	-
As at 31 December 2003	598,000	21,913	619,913
Accumulated depreciation			
As at 1 January 2003	-	14,822	14,822
Provision for the year	-	879	879
Eliminated on disposals	-	-	-
As at 31 December 2003	-	15,701	15,701
Net book value			
As at 31 December 2003	598,000	6,212	604,212
As at 31 December 2002	598,000	5,384	603,384

Valuations of freehold property

Dean Wace House, Watford – valued in November 1999 by Rumball Sedgwick Chartered Surveyors at a value of £350,000 (historic cost plus cost of improvements £375,892).

29 Mayfield Road, Ryde, IOW – valued at £165,000 on 26 July 2002 by Tolfrey & Associates, Surveyors (historic cost £92,000).

Ashcroft Road, Paddock Wood – valued in 1996 by Ecclesiastical Insurance Group at £80,000 (historic cost £12,561).

Commercial Road, Paddock Wood – valued in November 1995 by Ibbett Mosely Chartered Surveyors at a value of £3,000 (historic cost £nil).

Church Society

Notes to the financial statements For the year ended 31 December 2003

8. Inalienable and historic assets

2003
£
8,000

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

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

9. Fixed assets investments

2003
£

Cost or valuation

Valuation at 1 January 2003
Revaluation

20,000
-

Market valuation at 31 December 2003

20,000

Historic cost

2,430

Analysis of investments

2003
£

2002
£

Düsseldorf KGG
Southsea Mortgage and Investment Company Limited

-
20,000

20,000 20,000

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

10. Stocks

2003
£

2002
£

Publications

4,183 5,070

Church Society

Notes to the financial statements For the year ended 31 December 2003

11. Debtors	2003	2002
	£	£
Amount owed by Church Society Trust	1	1
Other debtors	3,731	1,798
Prepayments	312	853
Other debtors due after more than one year	4,000	4,500
	<u>8,044</u>	<u>7,152</u>

12. Current asset investments	2003
	£
Cost or valuation	
Valuation at 1 January 2003	164,522
Purchases	108,000
Disposals	-
Revaluation	19,300
Market value at 31 December 2003	<u>291,822</u>
Historic cost	
At 31 December 2003	<u>295,500</u>
At 31 December 2002	<u>187,500</u>

Analysis of investments

As at 31 December 2003, all current asset investments were held by CCLA Investment Management Limited in CBF Church of England Funds.

Church Society

Notes to the financial statements For the year ended 31 December 2003

13. Creditors: amounts falling due within one year	2003 £	2002 £
Other creditors	5,476	898
Deferred income	2,030	3,448
Accruals	3,126	3,000
	<u>10,632</u>	<u>7,346</u>

14. Endowment funds	<i>Movement in funds</i>			
	<i>Balance 1 January 2003 £</i>	<i>Incoming resources £</i>	<i>Gains/ (losses) and transfers £</i>	<i>Balance 31 December 2003 £</i>
Permanent endowment funds				
E A Beynon Fund	95,494	3,266	(3,266)	95,494
Birchington Convalescent Benefit Fund	54,448	1,971	(831)	55,588
Brighton Emmanuel	163,696	-	5,414	169,110
Gloucester Mariners Church	1,000	-	-	1,000
Gloucester Mariners Hall	1,000	-	-	1,000
Hollabury Mission Hall, Poughill, Cornwall	1,000	-	-	1,000
Leamington Spa, St Mark	51,130	-	1,524	52,654
Lightbowne Evangelical Church, Manchester	1,000	-	-	1,000
Maidstone, St faith Parish Room	114,989	-	4,027	119,016
Ryde, St James	166,000	-	-	166,000
St Andrews, Montserrat	1,000	-	-	1,000
Southfields Scout Hut	1,000	-	-	1,000
Walthamstow, Penrhyn Hall Trust	1,000	-	-	1,000
	<u>652,757</u>	<u>5,237</u>	<u>6,868</u>	<u>664,862</u>
Dean Wace Memorial	366,233	648	481	367,362
	<u>1,018,990</u>	<u>5,885</u>	<u>7,349</u>	<u>1,032,224</u>
Expendible endowment funds				
Düsseldorf Chaplaincy	7,044	-	142	7,186
Gloucester Mariners Residence Fund	104,510	3,671	(1,286)	106,895
Paddock Wood Parochial Church Hall Trust	83,000	-	-	83,000
	<u>1,213,544</u>	<u>9,556</u>	<u>6,205</u>	<u>1,229,305</u>

Church Society

Notes to the financial statements For the year ended 31 December 2003

15. Movement on restricted funds

	<i>Balance 1 January 2003 £</i>	<i>Movement in funds</i>		<i>Balance 31 December 2003 £</i>
		<i>Incoming resources £</i>	<i>Gains/ (losses) and transfers £</i>	
Amalgamated Ordination and Training Fund	171,034	6,940	(3,149)	174,825
Brighton Emmanuel Trust	17,226	7,025	(16,935)	7,316
Patronage Fund	25,619	834	(3,718)	22,735
Düsseldorf	289	175	(48)	416
Gloucester, Mariners Hall	2,399	80	-	2,479
Hove, Holy Trinity	4,125	140	(36)	4,229
Leamington Spa, St Mark	43,073	3,365	(1,536)	44,902
Maidstone, St Faith Parish Room	2,445	4,930	(3,764)	3,611
Paddock Wood Parochial Church Hall Trust	20,921	918	(473)	21,366
Publications	-	10,637	(1,885)	8,752
Walthamstow, Penrhyn Hall Trust	4,265	128	(536)	3,857
Walthamstow, St John	10,440	183	593	11,216
Ryde Ecclesiastical Charity	23,131	848	(228)	23,751
	<u>324,967</u>	<u>36,203</u>	<u>(31,715)</u>	<u>329,455</u>

16. Movement on unrestricted funds

	<i>Balance 1 January 2003 £</i>	<i>Movement in funds</i>		<i>Balance 31 December 2003 £</i>
		<i>Incoming resources £</i>	<i>Gains/ (losses) and transfers £</i>	
General fund	60,332	68,457	(71,781)	57,008
Anniversary fund	46,798	1,423	(11,002)	37,219
	<u>107,130</u>	<u>69,880</u>	<u>(83,783)</u>	<u>94,227</u>

Church Society

Notes to the financial statements For the year ended 31 December 2003

17. Net assets held by funds

	<i>Un- restricted funds</i>	<i>Restricted funds</i>	<i>Endowment funds</i>	<i>Total funds</i>
	£	£	£	£
Tangible fixed assets	6,212	-	606,000	612,212
Fixed asset investments	20,000	-	-	20,000
Current asset investments	-	92,915	198,907	291,822
Other current assets	78,647	236,540	424,398	739,585
Current liabilities	(10,632)	-	-	(10,632)
	<u>94,227</u>	<u>329,455</u>	<u>1,229,305</u>	<u>1,652,987</u>

18. Net assets held by endowment funds

	<i>Fixed assets</i>	<i>Invest- ments</i>	<i>Other net current assets</i>	<i>Total</i>
	£	£	£	£
Permanent endowment funds				
E A Beynon Fund	-	-	95,494	95,494
Birchiungton Convalescent Benefit Fund	-	22,051	33,537	55,588
Brighton Emmanuel	-	83,292	85,818	169,110
Gloucester Mariners Church	1,000	-	-	1,000
Gloucester Mariners Hall	1,000	-	-	1,000
Hollabury Mission Hall, Poughill, Cornwall	1,000	-	-	1,000
Leamington Spa, St Mark	-	21,243	31,412	52,655
Lightbowne Evangelical Church, Manchester	1,000	-	-	1,000
Maidstone, St Faith Parish Room	-	63,653	55,363	119,016
Ryde, St James	166,000	-	-	166,000
St Andrews	1,000	-	-	1,000
Southfield	1,000	-	-	1,000
Walthamstow, Penrhyn Hall Trust	1,000	-	-	1,000
	<u>173,000</u>	<u>190,239</u>	<u>301,624</u>	<u>664,863</u>
Dean Wace Memorial	<u>350,000</u>	<u>6,736</u>	<u>10,626</u>	<u>367,362</u>
	<u>523,000</u>	<u>196,975</u>	<u>312,250</u>	<u>1,032,225</u>
Expendible endowment funds				
Düsseldorf Chaplaincy	-	1,932	5,253	7,185
Gloucester Mariners Residence Fund	-	-	106,895	106,895
Paddock Wood Parochial Church Hall Trust	83,000	-	-	83,000
	<u>606,000</u>	<u>198,907</u>	<u>424,398</u>	<u>1,229,305</u>

Church Society

Notes to the financial statements For the year ended 31 December 2003

19. Net assets held by restricted funds

	<i>Invest- ments</i>	<i>Other net current assets</i>	<i>Total</i>
	£	£	£
Amalgamated Ordination and Training Fund	83,292	91,532	174,825
Birchington Convalescent Benefit Fund	-	-	-
Brighton Emmanuel Trust	-	7,316	7,316
Patronage Fund	-	22,734	22,734
Publications	-	8,752	8,752
Düsseldorf	-	416	416
Gloucester, Mariners Hall	-	2,479	2,479
Hove, Holy Trinity	-	4,229	4,229
Leamington Spa, St Mark	-	44,902	44,902
Maidstone, St Faith Parish Room	-	3,611	3,611
Paddock Wood Parochial Church Hall Trust	-	21,366	21,366
Walthamstow, Penrhyn Hall Trust	-	3,858	3,858
Walthamstow, St John	9,623	1,593	11,216
Ryde Ecclesiastical Charity	-	23,752	23,752
	<u>92,916</u>	<u>236,540</u>	<u>329,455</u>

20. Net assets held by unrestricted funds

	<i>Fixed assets</i>	<i>Invest- ments</i>	<i>Other net current assets</i>	<i>Total</i>
	£	£	£	£
General fund	6,212	20,000	30,796	57,008
Anniversary fund	-	-	37,219	37,219
	<u>6,212</u>	<u>20,000</u>	<u>68,015</u>	<u>94,227</u>

Church Society

Notes to the financial statements For the year ended 31 December 2003

21. Purpose of funds

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

Church Society

Notes to the financial statements For the year ended 31 December 2003

21. Purpose of funds (continued)

Publications Fund	Established in 2003 to further the publishing work of Church Society including the production, marketing and distribution of material for sale or free distribution.
Ryde Ecclesiastical Charity	To further the religious and other charitable work of the Church of England in the Ecclesiastical Parish of Ryde.
Ryde, St James	To provide for maintenance and propagation of the Protestant and Evangelical principles of the Church of England through St. James' Chapel Ryde, the Isle of Wight.
Walthamstow, Penryn Hall Trust	To permit the Penrhyn Hall to be used under the direction and control of the vicar of St. John's Walthamstow so long as it is used consistently with evangelical principles.
Walthamstow, St John	To support any work within the parish of St. John's Walthamstow, either being part of church activities or in support of charities operating within the parish.
Freeholds held on behalf of Churches or other charities	Lightbowne Evangelical Church, Manchester Gloucester Mariners Hall, Hollabury Mission Hall, Poughill, Cornwall, St Andrews, Montserrat, Southfields Scout Hut.

22. Pension Schemes

The Church Society participates in the Church of England Funded Pensions Scheme. The Church of England Funded Pensions Scheme is a defined benefit scheme but the Church Society is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate. The first valuation of the scheme was carried out as at 31 December 2000, and the Church Society contribution rate will increase from 21.9% to 29.1% of pensionable stipends with effect from 1 April 2002, increasing to 29.5% from 1 January 2003.

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9(b) of accounting standard Financial Reporting Standard 17: 'Retirement Benefits' requires the Church Society to account for pension costs on the basis of contributions actually payable to the Scheme in the year. For the year ended 31 December 2003, the Church Society continued to pay contributions at reduced rates, resulting in defined benefit contributions of £4,837 (2002: £3,628) on behalf of 1 employee (2002: 1).

Additionally, during the year defined contribution pension costs of £716 (2002: £661) were paid on behalf of 1 (2002: 1) employee to the Church of England Defined Contribution Scheme section of the Church Workers Pension Fund.

23. Capital commitments and contingent liabilities

The charitable company had no material capital commitments nor contingent liabilities at 31 December 2003 (2002: £nil).