

Report and Financial Statements

For the year ended 31 December 2005

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
2005**

Church Society
(A company limited by guarantee)

Church Society

Financial statements for the year ended 31 December 2005

Council members

D R L Boyd
The Revd T M Chapman
The Revd J A Cheeseman
Mr J R Crabtree (from 18 June 2005)
The Revd G R Curry (Chairman)
M J Fothergill
P Gore
The Revd Dr J B Hall
The Revd A F Hogarth
F A Knaggs
V Menon (resigned 18 June 2005)
The Revd M J Ovey
P J Ratcliff (resigned 1 March 2005)
The Revd F Robson
T J P Stevenson
The Revd G Townsend (from 18 June 2005)
The Revd N J C Tucker
The Revd Canon M W Walters
The Revd S J Walton
The Revd G L Warren

Secretary

The Revd D K Phillips

Charity number

249574

Company number

213142

Registered office

Dean Wace House
16 Rosslyn Road
Watford
WD18 0NY

Auditors

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

Principal address

Dean Wace House
16 Rosslyn Road
Watford
WD18 0NY

Church Society

Financial statements for the year ended 31 December 2005

Bankers

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

Barclays Bank plc
32 Clarendon Road
Watford
WD17 1GT

Investment Managers

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

Solicitors

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

Church Society

Trustees' and directors' report For the year ended 31 December 2005

The directors present their report and the financial statements for the year ended 31 December 2005.

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 112 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 plus one part-time staff from late September onwards. 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

Church Society is well known as an organization with clear convictions grounded in Scripture and therefore the media regularly approaches us in order to respond to topical issues. The General Secretary and the Chairman mostly handle these requests. The particular focus of much of the Society's work, in terms of publication, meetings, submissions and media work, can be seen in the seven news releases produced during the year; three on women Bishops, two on issues to do with sexuality and two on relations with Roman Catholics.

The backdrop to our work is a nation that is in moral decay and this is evidenced by legislation such as the Civil Partnerships Act and the intolerance of those who have clear convictions on matters of belief and conduct. Within the Church of England the leadership is dominated by liberal catholics who reject Biblical authority. The laity of the Church in general appear willing to follow their lead and are untaught or even apathetic regarding fundamental issues. Many evangelicals in the Church would now describe themselves as 'open evangelicals' and whilst it is fiendishly difficult to pin down what this means it has certain characteristics. First, is an unwillingness to accept

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Trustees' and directors' report For the year ended 31 December 2005

that Scripture is true in matters of fact and history and alongside this the belief that development means that many of the commands of Scripture are no longer relevant as they stand. These things manifest themselves in an unwillingness to oppose error, a tendency to follow fads and fashions uncritically, vagueness on any notions of right and wrong and a detachment from historic Christian belief and practice. Often open evangelicals appear more concerned with loyalty to the institution of the Church than with loyalty to the gospel.

Church Society stands unashamedly on the reformed, protestant and evangelical convictions of the Church of England. We believe that the Bible is truly the Word of God, trustworthy in every detail and authoritative for today. We believe that Scripture itself holds the keys as to which commands of the Old Testament are not binding on Christians (e.g. food laws), which is the teaching of the Anglican formularies.

Two of the big issues facing us in 2005, alluded to above, go back to the status of the teaching of Scripture and in particular its teaching regarding gender. First we have seen the rejection of the teaching regarding the relationship between those of different genders, that is to say the distinctive and complimentary nature of men and women, made in the image of God, and therefore of their roles and gifts in the family and in the Christian community. The particular issue confronting us is possible legislation to consecrate women as bishops. The Society has consistently opposed the ordination of women as presbyters and has continued to oppose the new innovation. The General Synod debated the matter in February and July. In addition to ensuring that opposition was made known the Society gathered signatures for an open letter to the House of Bishops, helped sponsor a petition regarding structural provision for those opposed to the innovation, made a submission to the House of Bishops group working on provision, produced press statements and published material, including a booklet setting out the Society's position.

Secondly, we have seen the rejection of Biblical teaching regarding right relationships between those of the same gender. In particular the perversion of genuine Christ-like love by the assumption that it can include sexual desire and activity. Within the nation this has come to a head with the Civil Partnership Act, which has attempted to deceive people into believing that same sex partnership can be analogous to marriage. Whilst Christian MPs and Peers attempted to have this legislation blocked, or at least modified, to their shame we witnessed Bishops in the House of Lords supporting this promotion of immorality. Furthermore the House of Bishops and the Archbishops Council permitted legislation to apply to the Church of England, unlike the Roman Catholic Church, so that, for example, the assets of the Church must now be used to pay pensions to a same gender partner.

Not only did the House of Bishops fail to oppose the legislation they then produced a pastoral statement which in effect calls on clergy to break their ordination vows by refusing to uphold discipline and sound teaching. It is becoming increasingly evident that the Church is now reaping what it has sown in that over many years Bishops have been appointed who do not believe the core doctrines of the Church and have not been required to believe them.

The inevitable consequence of all this is that godly ministers of the gospel are bound by their ordination vows to oppose their Bishops and break fellowship with them. In the absence of an effective means of disciplining Bishops it is incumbent on all who stand for the gospel to take action. In many places this has been happening and in several Dioceses, including St. Albans, Worcester, Newcastle, Southwark and Chelmsford there has been a rejection of the authority of false teachers. Only one or two Diocesan Bishops have publicly taken a stand against the majority view although there are known to be other suffragan Bishops who have not thus bowed the knee to Baal.

These matters are not confined to England but is a cancer eating into western Churches and societies. In addition to media work and news releases the Society has been active in working with others and in supporting those who are taking action to uphold the truth and oppose error.

The third area of our public statements to which we drew attention was relationships with the Roman Catholic Church. We were appalled at the way in which leaders of protestant nations including the Prince of Wales, the Prime Minister and the President of the United States, queued up to pay homage to the Bishop of Rome after he

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Trustees' and directors' report For the year ended 31 December 2005

died early in 2005. During the year the latest Anglican-Roman Catholic International Commission report also appeared on Mary. This report, which effectively seeks to subjugate protestant views on Mary to those of Rome was forcefully opposed by the Society.

Other areas of work have included submissions and meetings regarding senior appointments, the new Dioceses, Mission and Pastoral Measure and incitement to religious hatred. We have also been involved with discussions with members of other churches in the Anglican Communion as the corruption of the western churches destroys the unity of Anglicanism.

The mainstay of the Society's publications is Churchman and Cross†Way. We are grateful to all who contribute to ensure that these two publications have been produced on schedule during the year. Both require considerable effort and are an important means of furthering the witness of the Society. Issues to do with publicity and circulation are considered on a regular basis by the Churchman Editorial Board.

Our websites are of ever growing importance to disseminating sound teaching and resourcing individuals and churches. We have added somewhere around three new documents (web pages or files) to the site each week and have seen an ever increasing number of visitors to the site. Changes were under way at the end of the year to improve the way some of the material on the site is organised in order to make it easier to maintain and search. A popular feature has been the regular updates on news during sittings of the General Synod. The General Secretary has produced these but having lost his place on General Synod in the summer was grateful to Mr Tim Cox for help in producing these. We have also treated the website as a place of record to detail the current and past work of the Society.

In addition at the start of the year we revamped our second site, evangelicals.org, in order to integrate this with our e-mail news service that has now been running for seven years. News items are added to the site on a regular basis and e-mail newsletters are sent to draw attention to these. At the end of the year some further changes saw the introduction of an RSS news feed allowing users to receive more or less automatic notification of new items. The number of subscribers and visitors to the site has grown steadily over the year.

Changes underway to our main site include an improved ordering system. The number of books we stock for sale has increased considerably as have sales by mail, through the website and at conferences. We have sought to stock books which are clearly reformed, relevant to the work of the Society and often not readily available in the UK. We have also had underway a small number of projects to reprint works that have been out of print for some time, but none of these have yet come to fruition.

The Society is also active in working with others both formally and informally. At the beginning of the year we held a further joint Council meeting with Reform and the Fellowship of Word and Spirit and the General Secretary attends the Council meetings of both those groups. The Society is also formally represented on the Church of England Evangelical Council, the Patrons Consultative Group, the Evangelical Patronage Consultative Council and the United Protestant Council. Informally involved in discussions with Anglican Mainstream and others.

The Society held a residential conference in May on the theme of 'Preaching Christ'. Attendance at this was modest but we received many very favourable comments including one person who said it was the best conference they had ever been on. Further conferences are planned and we are aiming to expand the use of meetings as a way of forwarding our work.

Much effort is put by the Society into the support of parishes not least through the work of Church Society Trust which holds patronage rights for 113 churches and acts as Trustees for a further four. CST is a separate company and details of that side of the work can be found in their annual report. Particular attention has been given during the year to the status of the St. James Ryde Trust following changes in the mid-1990s and also to the Kirchengrundstücksgesellschaft mbH. The latter has been mentioned in the accounts of both CS and CST, but, although investigations are still underway, this is strictly a separate company, registered in Germany, whose shareholders are the Directors of Church Society Trust. Its purpose is to facilitate and further the work of Christ Church Düsseldorf.

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Trustees' and directors' report For the year ended 31 December 2005

We administer a number of properties and funds most of which are quite old and several of which have ongoing issues. Pursuing these issues can be a drain on time and resources and we are grateful for the work done, particularly by members of the Finance Committee and its chairman to ensure that these matters are dealt with without distracting the staff from other areas of work. Other interests of the Society include appointing trustees for Luckley-Oakfield School, being represented on the Trustees of St. John's Primary School, Blackpool and approving each year the increase in the remuneration of the Directors of Llewellyn Machine Company Ltd. The work of Church Society, after 170 years under various names, is very broad.

The Society frequently 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 the various objectives of the Society. Other volunteers assist in such things as gift aid processing, mailings and the compilation of the prayer diary.

As a result of legacies received in the year the Council decided that it would be right to expand the staff numbers modestly, even though this would increase the budgeted deficit. It was agreed therefore to create a new part-time post and Michael Locke joined the Society in September taking over the responsibility for the day-to-day finance from David Phillips, the General Secretary. He will also take responsibility for organising events. David Meager continues as the Administrative Assistant.

Financial Review

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

There are five funds which relate directly to the Society's own work. The General and Anniversary funds are unrestricted funds, the Beynon and Dean Wace Memorial funds are permanent endowment and the Patronage fund has been classified as restricted. Two significant residuary legacies were received early in the year, from the estates of Evelyn Zeld-Crouch and Mr Borthwick. Both were unrestricted and the Council believed it right to use these to fund an increased deficit in order to employ an extra member of staff (part time) and improve the quality of some of the publications. The revised budget, agreed in May, would drain the reserves within three years, which has been the same basis on which the Society has budgeted for the last five years.

Because of the legacies overall income increased significantly and income from investments rose. However, the income from donations fell slightly and this was an area of concern not least because this is the second year in which this has happened. With increased activity during the year, partly due to the new member of staff, expenditure has also increased to be broadly in line with budget compared with previous years when we under spent on budget. As a result we closed the year with around £136,000 in reserves but anticipating a budget deficit in 2006 of around £48,000.

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 8) as they cannot be sold easily. The income from the Dean Wace Memorial Fund is included in the General Fund reserve but has been designated by the Council as a building repairs reserve.

Managed Funds

Most of the managed funds are subsidiary charities for which the Council acts as Trustees (or sometimes as joint Trustees). In each case a trust deed or scheme sets the parameters within which the fund is to be used. A brief

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description of each can be found on pages 22 and 23 of the accounts. Several funds consist solely of freehold properties including Churches, houses or halls. Because many of these are long-standing funds there are often issues that arise and the Society has been undertaking a gradual programme of clarifying the precise nature of each trust. There have been some significant matters that have come to light as a result of this which have taken time and expense to resolve. The General Secretary made visits to some of the properties during the year to check on their condition.

The Council has no authority to expend permanent endowment funds but is under an obligation to make attempts to expend the income from those trusts. Other funds contain capital that the Council can spend should they so choose. In most cases the decision has been made not to spend capital unless there is a pressing reason to do 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 13. 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.

The Finance Committee monitored the spread of investments during the course of the year and met with one of the advisors from CCLA. All invested funds are held with the Central Board of Finance in a mixture of Deposit, Investment and Property fund holdings. No changes to the investment spread were made during the course of the year but it was anticipated that more money would be moved from Deposit to other investments, including for some funds the new CBF UK Equities Fund, early in 2006.

The capital value of the main funds rose by 14%.

Financial decisions are the responsibility of the Council but the Finance Committee, which includes considerable experience in a range of financial areas, advises them in this. Mr Peter Furness, a retired banker was welcomed onto the Committee during the year.

Statement of trustees'/directors' responsibilities

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

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

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

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Trustees' and directors' report For the year ended 31 December 2005

Auditors

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

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

Approved by the Trustees
and signed on their behalf by

The Reverend G R Curry
Trustee

2006

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 2005 on pages 8 to 23, 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 11 and 12.

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 directors'/trustees' responsibilities on page 5 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 2005 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

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Statement of financial activities For the year ended 31 December 2005

	<i>Notes</i>	<i>Un- restricted funds</i>	<i>Restricted funds</i>	<i>Endow- ment funds</i>	<i>2005 Total</i>	<i>2004 Total</i>
		£	£	£	£	£
Incoming resources						
Donations		39,390	285	-	39,675	43,317
Legacies		68,313	-	-	68,313	11,200
Investment income		6,842	38,125	4,334	49,301	43,853
Subscriptions and publications		16,531	-	-	16,531	14,573
Rent receivable		-	200	-	200	200
Fee and other income		12,076	7,500	-	19,576	11,768
Total incoming resources		143,152	46,110	4,334	193,596	124,911
Resources expended						
Fundraising and publicity		470	-	-	470	571
Charitable expenditure		-	-	-	-	-
Distribution and grants	3	-	28,190	-	28,190	19,555
Other costs in furtherance of the charity's objectives		65,192	-	-	65,192	60,305
Support costs		24,303	2,028	-	26,331	24,462
Management and administration of the charity		16,135	9,755	-	25,890	22,948
Total resources expended	4	106,100	39,973	-	146,073	127,841
Net incoming/(outgoing) resources before transfers		37,052	6,137	4,334	47,523	(2,930)
Transfers between funds		6,926	(2,592)	(4,334)	-	-
Net incoming/(outgoing) resources for the year		43,978	3,545	-	47,523	(2,930)
Other recognised gains and losses						
Investments						
Unrealised gains		5,474	20,288	64,870	90,632	33,586
Realised gains		-	-	-	-	-
Revaluation of land and buildings		-	-	85,000	85,000	412,000
Net movement in funds		49,452	23,833	149,870	223,155	442,656
Balance at 1 January 2005		90,237	346,378	1,659,028	2,095,643	1,652,987
Net movement in funds		49,452	23,833	149,870	223,155	442,656
Balances carried forward at 31 December 2005		139,689	370,211	1,808,898	2,318,798	2,095,643

The notes on pages 11 to 23 form part of these financial statements.

All operations are continuing operations.

Church Society

Income and expenditure account For the year ended 31 December 2005

	2005	2004
	£	£
Income		
Total income of continuing operations	189,262	120,942
Expenditure		
Total expenditure of continuing operations	146,073	127,841
Net income/(expenditure) for the year before transfers and investment asset disposals	<u>43,189</u>	<u>(6,899)</u>
Transfer from endowment fund	4,334	3,969
Net income/(expenditure) for the year before investment asset disposals	<u>47,523</u>	<u>(2,930)</u>
Surplus on disposal of investment assets	-	-
Net income/(expenditure) for the year	<u><u>47,523</u></u>	<u><u>(2,930)</u></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 2005

		2005		2004	
		£	£	£	£
Fixed assets					
Tangible fixed assets	6		1,097,117		1,013,325
Inalienable fixed assets	7		8,000		8,000
Fixed asset investments	8		<u>20,000</u>		<u>20,000</u>
			1,125,117		1,041,325
Current assets					
Stocks	9	4,600		5,324	
Debtors	10	4,801		7,009	
Investments	11	752,340		601,708	
Bank and short term deposits		<u>443,011</u>		<u>448,930</u>	
		1,204,752		1,062,971	
Creditors: amounts falling due within one year	12	<u>(11,071)</u>		<u>(8,653)</u>	
Net current assets			<u>1,193,681</u>		<u>1,054,318</u>
Total assets less current liabilities			<u>2,318,798</u>		<u>2,095,643</u>
Funds					
Endowment funds	13,17		1,808,898		1,659,028
Restricted funds	14,18		370,211		346,378
Unrestricted fund	15,19		<u>139,689</u>		<u>90,237</u>
	16		<u>2,318,798</u>		<u>2,095,643</u>

The notes on pages 11 to 23 form part of these financial statements.

The trustees approved the financial statements on 7 March 2006 and they were signed on their behalf by

The Reverend G R Curry
Chairman

Mr D R L Boyd
Chairman, finance Committee

Church Society

Notes to the financial statements For the year ended 31 December 2005

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.

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Notes to the financial statements For the year ended 31 December 2005

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 2005

3. Grants paid	2005	
	£	£
Amalgamated Ordination and Training Fund		
Scholarships	2,500	
Book grants	713	
Conference subsidy	500	
	<hr/>	3,713
Birchington Convalescent Benefit Fund		
Grants (9 individuals)	1,800	
Books	19	
	<hr/>	1,819
Brighton Emmanuel Church		
Grants to churches	2,601	
Other grants	1,472	
	<hr/>	4,073
Düsseldorf Chaplaincy Fund		
Travel costs	147	
Advertising and interview costs	532	
	<hr/>	679
Gloucester Mariners Hall Fund		337
Gloucester Mariners Housing Fund		
Expenses in relation to Chaplain		4,450
Leamington Spa, Christ Church		
Contribution to St Mark's, Leamington		600
Maidstone St Faith Parish Room		
Contribution to St Faith's, Maidstone		3,600
Paddock Wood Parochial Hall Trust		
Costs of Aschcroft Road and Commercial Road properties		4,986
Publications Fund		
Publications		514
Ryde Ecclesiastical Charity		
Payments on behalf of St James Trust		3,419
		<hr/>
		28,190
		<hr/>
2004 comparative		19,555
		<hr/>

Church Society

Notes to the financial statements For the year ended 31 December 2005

4. Total resources expended	<i>Distribution and grants</i> £	<i>Staff costs</i> £	<i>Depreciation</i> £	<i>Other costs</i> £	<i>Total 2005</i> £	<i>Total 2004</i> £
Fundraising and publicity	-	-	-	470	470	571
Activities in furtherance of charitable objectives:						
Direct charitable	28,190	37,946	1,777	51,800	119,713	104,322
Management and administration	-	9,486	443	15,961	25,890	22,948
	<u>28,190</u>	<u>47,432</u>	<u>2,220</u>	<u>68,231</u>	<u>146,073</u>	<u>127,841</u>

Other costs	2005 £	2004 £
Fundraising and publicity	470	571
Establishment and property	18,270	16,013
Publications	20,750	15,971
Meetings and conferences	10,378	10,688
Other staff costs	2,099	2,150
Professional and management fees	11,195	8,262
Auditors' remuneration	3,350	3,175
Miscellaneous	1,719	8,053
	<u>68,231</u>	<u>64,883</u>

Staff costs	2005 £	2004 £
Wages and salaries	37,969	33,684
Social security costs	2,883	2,596
Pension costs	6,580	5,728
	<u>47,432</u>	<u>42,008</u>

The average number of persons employed by the charitable company during the year was 2.3 (2004: 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 2005, 14 Council Members claimed reimbursement of travelling expenses totalling £4,942 (2004: £8,622).

Church Society

Notes to the financial statements For the year ended 31 December 2005

6. Tangible fixed assets

	<i>Freehold property</i>	<i>Fixtures fittings and equipment</i>	<i>Total</i>
	£	£	£
Cost or valuation			
As at 1 January 2005	1,010,000	21,913	1,031,913
Additions	-	1,012	1,012
Disposals	-	-	-
Revaluation	85,000	-	85,000
As at 31 December 2005	1,095,000	22,925	1,117,925
Accumulated depreciation			
As at 1 January 2005	-	18,588	18,588
Provision for the year	-	2,220	2,220
Eliminated on disposals	-	-	-
As at 31 December 2005	-	20,808	20,808
Net book value			
As at 31 December 2005	1,095,000	2,117	1,097,117
As at 31 December 2004	1,010,000	3,325	1,013,325

Valuations of freehold property

Dean Wace House, Watford – valued in November 1999 by Rumball Sedgwick Chartered Surveyors at a value of £350,000 (historic cost plus cost of improvements £375,892). Value updated as at 31 December 2005 by the directors to £600,000.

29 Mayfield Road, Ryde, IOW – valued at £165,000 on 26 July 2002 by Tolfrey & Associates, Surveyors (historic cost £92,000). Value updated as at 31 December 2005 by the directors to £220,000.

Ashcroft Road, Paddock Wood – valued in 1996 by Ecclesiastical Insurance Group at £80,000 (historic cost £12,561). Value updated as at 31 December 2005 by the directors to £250,000.

Commercial Road, Paddock Wood – valued in November 1995 by Ibbett Mosely Chartered Surveyors at a value of £3,000 (historic cost £nil). Value updated as at 31 December 2005 by the directors to £25,000.

Church Society

Notes to the financial statements For the year ended 31 December 2005

7. Inalienable and historic assets

2005
£
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

8. Fixed assets investments

2005
£

Cost or valuation

Valuation at 1 January 2005

20,000

Revaluation

-

Market valuation at 31 December 2005

20,000

Historic cost

2,430

Analysis of investments

2005
£

2004
£

Düsseldorf KGG

-

-

Southsea Mortgage and Investment Company Limited

20,000

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.

9. Stocks

2005
£

2004
£

Publications

4,600

5,324

Church Society

Notes to the financial statements For the year ended 31 December 2005

10. Debtors	2005	2004
	£	£
Amount owed by Church Society Trust	1	1
Other debtors	2,579	3,861
Prepayments	721	647
Other debtors due after more than one year	1,500	2,500
	<u>4,801</u>	<u>7,009</u>

11. Current asset investments	2005
	£
Cost or valuation	
Valuation at 1 January 2005	601,708
Purchases	60,000
Disposals	-
Revaluation	90,632
Market value at 31 December 2005	<u>752,340</u>
Historic cost	
At 31 December 2005	<u>355,500</u>
At 31 December 2004	<u>295,500</u>

Analysis of investments

As at 31 December 2005, 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 2005

12. Creditors: amounts falling due within one year	2005 £	2004 £
Other creditors	1,258	3,498
Deferred income	2,836	2,030
Accruals	6,977	3,125
	11,071	8,653

13. Endowment funds	<i>Balance 1 January 2005 £</i>	<i>Movement in funds Incoming resources £</i>	<i>Gains/ (losses) and transfers £</i>	<i>Balance 31 December 2005 £</i>
Permanent endowment funds				
E A Beynon Fund	97,507	4,334	6,204	108,045
Birchington Convalescent Benefit Fund	56,936	-	6,311	63,247
Brighton Emmanuel	177,774	-	17,485	195,259
Gloucester Mariners Church	1,000	-	-	1,000
Gloucester Mariners Hall	1,000	-	-	1,000
Hollabury Mission Hall, Poughill, Cornwall	1,000	-	-	1,000
Leamington Spa, Christchurch	54,748	-	6,079	60,827
Lightbowne Evangelical Church, Manchester	1,000	-	-	1,000
Maidstone, St Faith Parish Room	125,668	-	12,148	137,816
Ryde, St James	201,000	-	20,000	221,000
St Andrews, Montserrat	1,000	-	-	1,000
Southfields Scout Hut	1,000	-	-	1,000
Walthamstow, Penrhyn Hall Trust	1,000	-	-	1,000
	720,633	4,334	68,227	793,194
Dean Wace Memorial	567,378	-	51,932	619,310
	1,288,011	4,334	120,159	1,412,504
Expendable endowment funds				
Düsseldorf Chaplaincy	4,931	-	468	5,399
Gloucester Mariners Residence Fund	106,086	-	9,909	115,995
Paddock Wood Parochial Church Hall Trust	260,000	-	15,000	275,000
	1,659,028	4,334	145,536	1,808,898

Church Society

Notes to the financial statements For the year ended 31 December 2005

14. Movement on restricted funds

	<i>Movement in funds</i>			<i>Balance 31 December 2005</i>
	<i>Balance 1 January 2005</i>	<i>Incoming resources</i>	<i>Gains/ (losses) and transfers</i>	
	£	£	£	£
Amalgamated Ordination and Training Fund	181,043	7,915	10,079	199,037
Birchington Convalescent Benefit Fund	1,194	2,250	(2,419)	1,025
Brighton Emmanuel Trust	7,727	8,177	(6,321)	9,583
Dean Wace Memorial	2,662	812	-	3,474
Düsseldorf	567	209	(727)	49
Gloucester, Mariners Hall	318	69	(336)	51
Gloucester Mariners Residence Fund	7,338	4,975	(5,577)	6,736
Hove, Holy Trinity	4,367	198	(35)	4,530
Leamington Spa, Christchurch	47,308	4,293	(1,843)	49,758
Maidstone, St Faith Parish Room	3,115	5,718	(4,885)	3,948
Paddock Wood Parochial Church Hall Trust	21,959	8,654	(5,202)	25,411
Patronage Fund	18,698	1,048	(3,377)	16,369
Publications	9,678	412	(514)	9,576
Ryde Ecclesiastical Charity	25,838	943	(973)	25,808
Walthamstow, Penrhyn Hall Trust	3,951	171	(36)	4,086
Walthamstow, St John	10,615	266	(111)	10,770
	346,378	46,110	(22,277)	370,211

15. Movement on unrestricted funds

	<i>Movement in funds</i>			<i>Balance 31 December 2005</i>
	<i>Balance 1 January 2005</i>	<i>Incoming resources</i>	<i>Gains/ (losses) and transfers</i>	
	£	£	£	£
General fund	63,447	140,469	(146,178)	57,738
Legacies fund	-	1,684	65,473	67,157
Anniversary fund	26,790	999	(12,995)	14,794
	90,237	143,152	(93,700)	139,689

Church Society

Notes to the financial statements For the year ended 31 December 2005

16. 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	2,117	-	1,103,000	1,105,117
Fixed asset investments	20,000	-	-	20,000
Current asset investments	65,474	164,028	522,838	752,340
Other current assets	62,452	206,900	183,060	452,412
Current liabilities	(10,354)	(717)	-	(11,071)
	<u>139,689</u>	<u>370,211</u>	<u>1,808,898</u>	<u>2,318,798</u>

17. 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	-	87,551	20,494	108,045
Birchington Convalescent Benefit Fund	-	46,835	16,412	63,247
Brighton Emmanuel	-	143,242	52,017	195,259
Gloucester Mariners Church	1,000	-	-	1,000
Gloucester Mariners Hall	1,000	-	-	1,000
Hollabury Mission Hall, Poughill, Cornwall	1,000	-	-	1,000
Leamington Spa, Christchurch	-	45,115	15,712	60,827
Lightbowne Evangelical Church, Manchester	1,000	-	-	1,000
Maidstone, St Faith Parish Room	-	100,853	36,963	137,816
Ryde, St James	221,000	-	-	221,000
St Andrews, Montserrat	1,000	-	-	1,000
Southfields Scout Hut	1,000	-	-	1,000
Walthamstow, Penrhyn Hall Trust	1,000	-	-	1,000
	<u>228,000</u>	<u>423,596</u>	<u>141,598</u>	<u>793,194</u>
Dean Wace Memorial	<u>600,000</u>	<u>14,332</u>	<u>4,978</u>	<u>619,310</u>
	<u>828,000</u>	<u>437,928</u>	<u>146,576</u>	<u>1,412,504</u>
Expendable endowment funds				
Düsseldorf Chaplaincy	-	3,477	1,922	5,399
Gloucester Mariners Residence Fund	-	81,433	34,562	115,995
Paddock Wood Parochial Church Hall Trust	275,000	-	-	275,000
	<u>1,103,000</u>	<u>522,838</u>	<u>183,060</u>	<u>1,808,898</u>

Church Society

Notes to the financial statements For the year ended 31 December 2005

18. Net assets held by restricted funds

	<i>Invest- ments</i>	<i>Other net current assets</i>	<i>Total</i>
	£	£	£
Amalgamated Ordination and Training Fund	143,969	55,068	199,037
Birchington Convalescent Benefit Fund	-	1,025	1,025
Brighton Emmanuel Trust	-	9,583	9,583
Dean Wace Memorial	-	3,474	3,474
Düsseldorf	-	49	49
Gloucester, Mariners Hall	-	51	51
Gloucester Mariners Residence Fund	-	6,736	6,736
Hove, Holy Trinity	-	4,530	4,530
Leamington Spa, Christchurch	-	49,758	49,758
Maidstone, St Faith Parish Room	-	3,948	3,948
Paddock Wood Parochial Church Hall Trust	-	25,411	25,411
Patronage Fund	-	16,369	16,369
Publications	-	9,576	9,576
Ryde Ecclesiastical Charity	20,059	5,749	25,808
Walthamstow, Penrhyn Hall Trust	-	4,086	4,086
Walthamstow, St John	-	10,770	10,770
	<u>164,028</u>	<u>206,183</u>	<u>370,211</u>

19. Net assets held by unrestricted funds

	<i>Fixed assets</i>	<i>Invest- ments</i>	<i>Other net current assets</i>	<i>Total</i>
	£	£	£	£
General fund	2,117	20,000	35,621	57,738
Legacies fund	-	65,474	1,683	67,157
Anniversary fund	-	-	14,794	14,794
	<u>2,117</u>	<u>85,474</u>	<u>52,098</u>	<u>139,689</u>

Church Society

Notes to the financial statements For the year ended 31 December 2005

20. Purpose of funds

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

Church Society

Notes to the financial statements For the year ended 31 December 2005

20. 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	Lightbourne Evangelical Church, Manchester Gloucester Mariners Hall, Hollabury Mission Hall, Poughill, Cornwall, St Andrews, Montserrat, Southfields Scout Hut.

21. Pension Schemes

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

The Church of England Funded Pensions Scheme is a defined benefit scheme but 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 latest valuation of the scheme was carried out as at 31 December 2003. This revealed a shortfall of £91 million, with assets of £196 million and a funding target of £287 million, assessed using the following assumptions:

- Investment return 6.8%pa
- Increase in pensionable stipends 3.8%pa
- Pension increases 3.8%pa

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9(b) of FRS 17 requires the Church Society to account for pension costs on the basis of contributions actually payable to the Scheme in the year. Following the results of the valuation, the Church Society contribution rate increased from 29.5% to 33.8% of pensionable stipends with effect from 1st April 2005, resulting in defined benefit contributions of £5,699 (2004: £4,984).

Additionally, during the year defined contribution pension costs of £881 (2004: £744) were paid on behalf of 2 (2004: 1) employees to the Church of England Defined Contribution Scheme section of the Church Workers Pension Fund.

22. Capital commitments and contingent liabilities

The charitable company had no material capital commitments nor contingent liabilities at 31 December 2005 (2004: £nil).