

**Report and  
Financial Statements**

**For the year ended 31 December 2006**

**Church Society  
(A company limited by guarantee)**

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

**Company No 213142  
Charity Registration No 249574**

**Report and  
Financial Statements**

**For the year ended 31 December 2006**

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(A company limited by guarantee)**

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# Church Society

## Financial statements for the year ended 31 December 2006

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<b>Council members</b>	D R L Boyd The Revd T M Chapman The Revd J A Cheeseman J R Crabtree The Revd G R Curry (Chairman) T D Cox (appointed 23 May 2006) M J Fothergill P Gore The Revd Dr J B Hall The Revd A F Hogarth F A Knaggs The Revd Dr M J Ovey The Revd F Robson (died 27 November 2006) T J P Stevenson The Revd G Townsend 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 2006

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### 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 2006

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The directors present their report and the financial statements for the year ended 31 December 2006.

### 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 113 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 and one half-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 the year Church Society was actively involved in fulfilling its primary objectives of promoting the protestant reformed faith which is the backbone of the Church of England and the established religion of the United Kingdom, of supporting individuals, parishes and other organisations in similar vein, and in challenging and opposing teaching and actions which run counter to this faith.

The chief means by which the Society is itself engaged in promoting Biblical Christianity is through its publishing work which has been one of the mainstays. In 2006 we produced the 100th edition of Cross†Way representing 25 years, but this itself comes on the back of a long line of different titles dating back to the Protestant Magazine first published in February 1839. Churchman, the Society's theological journal, is now into its 120th volume. The former title is aimed at all members and is more topical. Churchman is more academic but contains a mix of topical material, not least the penetrating editorial by Professor Gerald Bray. We are grateful for all who contribute to the production of these two regular titles.

Despite the importance of the two written quarterlies our websites appear to have become the main channel for disseminating material. EVnews, with its associated website evangelicals.org, is our news channel with items being posted and newsletters sent out on a daily basis. We receive much positive comment on the usefulness of this site. Churchsociety.org is our main site and we try to post new material on this every day ranging from past and recent publications to comment, news items, analysis, clergy vacancies and information about the Society

# Church Society

## Trustees' and directors' report For the year ended 31 December 2006

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itself. The site now contains around 500 pages of information and 500 past articles and other documents. We also have an on-line store to which we added a range of talks on Audio CD during 2006.

Aside from printed material the General Secretary in particular regularly preaches on behalf of the Society and speaks at other events such as Diocesan evangelical groups.

In addition to publications our main means of supporting others in gospel ministry is through the work of Church Society Trust, our subsidiary company. Full details of the work of the Trust in 2006 are set out in its own annual report. The Council of Church Society appoint the Directors of the Trust annually from amongst the members of the Trust. During 2006 the Directors handled matters to do with 28 different vacancies amongst its 113 parishes and appointments had been made in 12 of these by the end of the year. However, in several instances the benefice is suspended (27 out of 113 at the end of the year) and sometimes the Trust is excluded from the process. In others there is joint patronage or a board and the Trust must work with others in presentation.

Consideration was given to changes to 16 parishes and schemes came into force in four of these, two involving the amalgamation of benefices.

The Society also acts as proprietor for three churches in England. In two of these (Gloucester Mariners and Lightbowne Evangelical) there was a vacancy at the end of the year and the matters relating to appointments and pastoral matters are all handled by the Trust. However, in relation to buildings, trusts and funds matters are handled by the Council of Church Society or the Finance Committee. These and other trust properties are a major part of our work and require considerable investment of time. The General Secretary visited Gloucester a total of 8 times during the year and meetings were also held in Ryde together with consideration of possible changes to the working of the St. James Trust.

The final proprietary chapel, Christ Church Düsseldorf, is owned by a German company, the Kirchengrundstücksgesellschaft mbH whose shareholders are the Directors of Church Society Trust. Again there was a vacancy during the year and we were delighted with the appointment of Stephen Seamer as the new Chaplain.

The Trust also held a meeting regarding vacancies and securing future gospel ministry which was both well attended and well received. It is anticipated that this will be repeated. Canon Michael Walters also spoke at the Society's fringe meeting at the York General synod on the subject of patronage prompted by legislation currently being considered by the Synod.

Of the other funds and properties managed by the Society as trustees two others were of particular note, the Paddock Wood Trust, which owns the Curate's house spent money on upgrading the property and there were loans given from the Walthamstow Trusts and care taken to ensure the maintenance of the Penrhyn Hall. Grants from other funds, in particular the Birchington Convalescent Benefit fund (which benefits children of poorer families recovering from illness), are delegated to the Finance Committee by the Council.

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.

To many people Church Society is best known for its work in challenging, that is rebuking false teaching and correcting wrong living (cf. 2 Tim 3.16). In 2006 sadly the chief problem confronting us again was the promotion of homosexual practice. On the back of legislation to recognise so-called "civil partnerships" have been attempts to impose the acceptance and promotion of this immorality on the population at large regardless of their own conscience. This took particular shape in the Sexual Orientation Regulations which were much discussed during the year. The Government has insisted that the regulations do not affect religious bodies, but this is only so in a very limited sense and they very definitely affect the rights of individuals. The fact that the Government has again chosen to promote immorality with draconian legislation illustrates the depths to which the nation has sunk. Moreover, the fact that the Church of England, and in particular the House of Bishops, has done so little to oppose this is also indicative of the state of the Church.

In the Anglican Communion consideration continued as to how to respond to those provinces which have embraced homosexual immorality either in ordained ministry or by services erroneously declaring God's approval. Work has continued amongst the Primates and other bodies of the Communion. A group was established to try to

## Church Society

### Trustees' and directors' report For the year ended 31 December 2006

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demarcate the boundaries of Anglican Orthodoxy and another finally began to hear complaints from parts of the communion where those promoting immorality have had to victimise and suppress those who hold to Biblical teaching. The Society used the avenues open to it to seek to bring some influence on all these events.

In the light of these things during the course of the year representatives of a number of Church of England organisations, prompted by Anglican Mainstream, met several times to consider a joint response. This resulted in a document entitled "A Covenant for the Church of England" which is an attempt to explain and a commitment to stand together with those who have felt compelled to take action in the face of the continued decline and corruption of the national church. It was sad that the fiercest criticism came from some 'evangelical' bishops and it is sobering to reflect that since 1967 when evangelicals committed themselves to working within the structures that Church of England membership (whether electoral roll, attendance or communicant) has fallen to only just over a half of what it was.

The problems of leadership within the Church were also confronted in other ways. The General Secretary gave evidence to the Senior Appointments Review Group and was again involved in discussions with the Prime Minister's and Archbishops' appointments secretaries. The criteria by which Bishops are chosen were addressed in these meetings including the fact that in the last 20 years and more no Diocesan, and only Suffragan, Bishops have been appointed from amongst conservative evangelicals. This point was also made in submissions in relation to Women Bishops on which subject the Society initiated the drawing up of a joint statement with Reform and the Fellowship of Word and Spirit and participated in a further statement initiated by The Third Province Movement. The Chairman and General Secretary also met separately with the two Bishops most involved in the process before the General Synod debate in July. Whilst the Synod voted to go ahead in drafting legislation it could not find a satisfactory set of proposals and has therefore passed this task to a drafting group thereby putting back the process by two or three more years.

In relation to ministry more generally the Society continued to monitor proposals in relation to clergy terms of service and their impact on patronage, freehold and property. The General Secretary attended a consultation for patrons and was actively involved in discussions and submissions with the Evangelical Patronage Consultative Council and the Patrons Consultative Group in these matters. Evangelical patronage has been fundamental to maintaining evangelical parishes and this could be threatened by the legislation. The General Secretary was also involved in a further discussion with the retiring Chief Executive of the Ministry Division.

In all these areas the Society seeks wherever possible to work with other bodies. This inevitably causes some tensions because whilst on some issues we may share common concerns on others there can be fundamental differences. We have sought to tread a careful line of co-operation without compromising our protestant reformed heritage. In addition to those bodies already mentioned the Society has worked with, in some way, the Free Church of England Evangelical Connexion, United Protestant Council and Church of England Evangelical Council. On social issues we were also greatly helped by the Christian Institute, Barnabas Fund and Lawyers Christian Fellowship.

The Society held a residential conference in May on the theme of 'The Gospel of Grace'. The outside speakers were Guy Prentiss Waters from Jackson Mississippi and Philip Eveson of London Theological Seminary.

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.

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, stuffing mailings and the compilation of the prayer diary.

The office staff are David Phillips (General Secretary) David Meager (Administrative Assistant) and Mike Locke (part-time Finance) but inevitably in a small organization everyone has to muck in on a range of tasks from writing articles to clearing out the drains.

# Church Society

## Trustees' and directors' report For the year ended 31 December 2006

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### 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 although the latter of these was a short-lived fund and will be fully utilized during the course of 2007. The Beynon and Dean Wace Memorial funds are permanent endowment and the Patronage fund has been classified as restricted. Over the previous 6 years the Society had attempted to set a budget which it knew it could meet for at least 3 years. For 2006 it had been agreed to increase expenditure with reserves available to pay for slightly less than 3 years expenditure but despite this we found that the reserves at the end of the year (£126,000) were only slightly down on the year, for which we give thanks to the Lord whilst praying that income would increase in order to facilitate the continuing level of work.

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 which has increased of late but they are listed in these accounts at a purely nominal figure (£20,000 – see note 8) because 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 description of each can be found on pages 21 and 22 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 12. 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. All invested funds are held with the Central Board of Finance in a mixture of Deposit, Investment and Property fund holdings. During the course of the year the amount held on deposit for most trusts was reduced by roughly a half with the money being invested where possible in the Property Fund, or in some instances in the new UK Equities fund or else in the Investment Fund

The capital value of the main funds rose by around 10%.

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.

### Statement on risks

The trustees confirm that they have given consideration to the major risks to which the charity is exposed and that systems have been designed and established to mitigate those risks.



# Church Society

## Trustees' and directors' report For the year ended 31 December 2006

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### 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.

In accordance with company law, as the company's directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the directors of the company, we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

### 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**

5 April 2007

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

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We have audited the financial statements of Church Society for the year ended 31 December 2006 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance sheet and the related notes set out on pages 7 to 22. These financial statements prepared under the historical cost convention as modified by the revaluation of certain assets and the accounting policies set out on pages 10 and 11.

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable 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

The responsibilities of the trustees (who are also the directors of Church Society for the purposes of company law) for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities on page 5.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Annual Report of the Trustees is consistent with the financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

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

## Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 December 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Annual Report of the Trustees is consistent with the financial statements.

Skingle Helps & Co

Chartered Accountants  
and Registered Auditors  
28 Southway  
Carshalton Beeches  
Surrey SM5 4HW

11 April 2007

# Church Society

## Statement of financial activities For the year ended 31 December 2006

	Notes	Un- restricted funds £	Restrict- ed funds £	Endow- ment funds £	2006 Total £	2005 Total £
<b>Incoming resources</b>						
<b><i>Incoming resources generated from funds</i></b>						
<i>Voluntary income:</i>						
Donations		43,675	196	-	43,871	39,675
Legacies		8,426	-	-	8,426	68,313
<i>Activities for generating funds:</i>						
Rent receivable		-	200	-	200	200
Fee and other income		13,841	-	-	13,841	19,576
<i>Investment income:</i>						
Investment income		7,767	36,771	4,381	48,919	49,301
		73,709	37,167	4,381	115,257	177,065
<b><i>Incoming resources from charitable activities:</i></b>						
Subscriptions and publications		16,239	-	-	16,239	16,531
<b>Total incoming resources</b>		89,948	37,167	4,381	131,496	193,596
<b>Resources expended</b>						
<b><i>Costs of generating funds:</i></b>						
Fundraising and publicity		161	-	-	161	470
<b><i>Charitable activities:</i></b>						
Distribution and grants	3	-	30,747	-	30,747	28,190
Other costs in furtherance of the charity's objectives		97,203	5,385	-	102,588	91,523
<b><i>Governance costs</i></b>						
		15,571	11,315	-	26,886	25,890
<b>Total resources expended</b>	4	112,935	47,447	-	160,382	146,073
Net incoming/(outgoing) resources before transfers						
		(22,987)	(10,280)	4,381	(28,886)	47,523
Transfers between funds						
		9,373	(4,992)	(4,381)	-	-
Net incoming/(outgoing) resources for the year						
		(13,614)	(15,272)	-	(28,886)	47,523
Other recognised gains and losses						
Investments - unrealised gains		8,463	22,141	75,976	106,580	90,632
<b>Net movement in funds</b>		(5,151)	6,869	75,976	77,694	223,155
Balance at 1 January 2006		139,689	370,211	1,808,898	2,318,798	2,095,643
<b>Net movement in funds</b>		(5,151)	6,869	75,976	77,694	223,155
<b>Balances carried forward at 31 December 2006</b>		134,538	377,080	1,884,874	2,396,492	2,318,798

The notes on pages 10 to 22 form part of these financial statements.

All operations are continuing operations.

## Church Society

### Income and expenditure account For the year ended 31 December 2006

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	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Income</b>		
Total income of continuing operations	127,115	189,262
<b>Expenditure</b>		
Total expenditure of continuing operations	160,382	146,073
<b>Net income/(expenditure) for the year before transfers and investment asset disposals</b>	<b>(33,267)</b>	<b>43,189</b>
Transfer from endowment fund	4,381	4,334
Net income/(expenditure) for the year before investment asset disposals	(28,886)	47,523
Surplus on disposal of investment assets	-	-
<b>Net income/(expenditure) for the year</b>	<b>(28,886)</b>	<b>47,523</b>

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 2006

	<i>Notes</i>	<i>2006</i>		<i>2005</i>	
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	6		1,097,368		1,097,117
Inalienable fixed assets	7		8,000		8,000
Fixed asset investments	8		<u>20,000</u>		<u>20,000</u>
			1,125,368		1,125,117
<b>Current assets</b>					
Stocks	9	4,251		4,600	
Debtors	10	5,837		4,801	
Investments	11	992,120		752,340	
Bank and short term deposits		<u>278,910</u>		<u>443,011</u>	
		1,281,118		1,204,752	
<b>Creditors: amounts falling due within one year</b>	12	<u>(9,994)</u>		<u>(11,071)</u>	
<b>Net current assets</b>			<u>1,271,124</u>		<u>1,193,681</u>
<b>Total assets less current liabilities</b>			<u>2,396,492</u>		<u>2,318,798</u>
<b>Funds</b>					
Endowment funds	13,17		1,884,874		1,808,898
Restricted funds	14,18		377,080		370,211
Unrestricted fund	15,19		<u>134,538</u>		<u>139,689</u>
	16		<u>2,396,492</u>		<u>2,318,798</u>

The notes on pages 10 to 22 form part of these financial statements.

The trustees approved the financial statements on 6 March 2007 and they were signed on their behalf by

The Reverend G R Curry  
Chairman

Mr P Gore  
Honorary Treasurer

# Church Society

## Notes to the financial statements For the year ended 31 December 2006

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### 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
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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 2006

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### 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 2006

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3. Grants paid	2006	
	£	£
<b>Amalgamated Ordination and Training Fund</b>		
Scholarships	2,666	
Book grants	<u>1,038</u>	
		3,704
<b>Birchington Convalescent Benefit Fund</b>		
Grants (9 individuals)		1,800
<b>Brighton Emmanuel Church</b>		
Grants to churches	6,000	
Other grants	<u>1,509</u>	
		7,509
<b>Düsseldorf Chaplaincy Fund</b>		
Travel costs	115	
Advertising and interview costs	<u>85</u>	
		200
<b>Gloucester Mariners Housing Fund</b>		
Expenses in relation to Chaplain	3,425	
Donations passed on	<u>77</u>	
		3,502
<b>Leamington Spa, Christ Church</b>		
Contribution to St Mark's, Leamington		600
<b>Maidstone St Faith Parish Room</b>		
Contribution to St Faith's, Maidstone		3,600
<b>Paddock Wood Parochial Hall Trust</b>		
Costs of Aschcroft Road property		6,326
<b>Publications Fund</b>		
Publications		1,506
<b>Walthamstow, Penrhyn Hall</b>		
Expenditure on hall		1,000
<b>Walthamstow, St John</b>		
Grant payment		<u>1,000</u>
		<u>30,747</u>
2005 comparative		<u>28,190</u>



# Church Society

## Notes to the financial statements For the year ended 31 December 2006

4. Total resources expended	<i>Distribution and grants</i>	<i>Staff costs</i>	<i>Depreciation</i>	<i>Other costs</i>	<i>Total 2006</i>	<i>Total 2005</i>
	£	£	£	£	£	£
Fundraising and publicity	-	-	-	161	161	470
Activities in furtherance of charitable objectives:	30,747	46,255	1,950	54,383	133,335	119,713
Governance costs	-	11,564	487	14,835	26,886	25,890
	<u>30,747</u>	<u>57,819</u>	<u>2,437</u>	<u>69,379</u>	<u>160,382</u>	<u>146,073</u>

### Other costs

	<b>2006</b>	<b>2005</b>
	£	£
Fundraising and publicity	161	470
Establishment and property	15,288	18,270
Publications	19,182	20,750
Meetings and conferences	13,990	10,378
Other staff costs	1,496	2,099
Professional and management fees	10,895	11,195
Auditors' remuneration – audit services	3,520	3,350
Miscellaneous	4,847	1,719
	<u>69,379</u>	<u>68,231</u>

### Staff costs

	<b>2006</b>	<b>2005</b>
	£	£
Wages and salaries	46,727	37,969
Social security costs	3,497	2,883
Pension costs (see note 21)	7,595	6,580
	<u>57,819</u>	<u>47,432</u>

The average number of persons employed by the charitable company during the year was 2.5 (2005: 2.1). 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 2006, 16 Council Members claimed reimbursement of travelling expenses totalling £7,052 (2005: £4,942).

# Church Society

## Notes to the financial statements For the year ended 31 December 2006

### 6. Tangible fixed assets

	<i>Freehold property</i>	<i>Fixtures fittings and equipment</i>	<i>Total</i>
	£	£	£
<b>Cost or valuation</b>			
As at 1 January 2006	1,095,000	22,925	1,117,925
Additions	-	2,688	2,688
Disposals	-	-	-
Revaluation	-	-	-
As at 31 December 2006	<u>1,095,000</u>	<u>25,613</u>	<u>1,120,613</u>
<b>Accumulated depreciation</b>			
As at 1 January 2006	-	20,808	20,808
Provision for the year	-	2,437	2,437
Eliminated on disposals	-	-	-
As at 31 December 2006	<u>-</u>	<u>23,245</u>	<u>23,245</u>
<b>Net book value</b>			
As at 31 December 2006	<u>1,095,000</u>	<u>2,368</u>	<u>1,097,368</u>
As at 31 December 2005	<u>1,095,000</u>	<u>2,117</u>	<u>1,097,117</u>

#### 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 2006

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### 7. Inalienable and historic assets

2006  
£  
8,000

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

Lightbowne Evangelical Church  
Penrhyn 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

2006  
£

#### Cost or valuation

Valuation at 1 January 2006  
Revaluation

20,000  
-

Market valuation at 31 December 2006

20,000

#### Historic cost

2,430

#### Analysis of investments

Düsseldorf KGG  
Southsea Mortgage and Investment Company Limited

2006 £	2005 £
-	-
20,000	20,000
<u>20,000</u>	<u>20,000</u>

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

### 9. Stocks

Publications

2006 £	2005 £
4,251	4,600

# Church Society

## Notes to the financial statements For the year ended 31 December 2006

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<b>10. Debtors</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Amount owed by Church Society Trust	-	1
Other debtors	4,677	2,579
Prepayments	660	721
Other debtors due after more than one year	500	1,500
	<u>5,837</u>	<u>4,801</u>

<b>11. Current asset investments</b>	<b>2006</b>
	<b>£</b>
<b>Cost or valuation</b>	
Valuation at 1 January 2006	752,340
Purchases	133,200
Disposals	-
Revaluation	106,580
	<u>992,120</u>
Market value at 31 December 2006	<u>992,120</u>
<b>Historic cost</b>	
At 31 December 2006	<u>488,700</u>
At 31 December 2005	<u>355,500</u>

### Analysis of investments

As at 31 December 2006, 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 2006

<b>12. Creditors: amounts falling due within one year</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Other creditors	1,181	1,258
Deferred income	2,431	2,836
Accruals	6,382	6,977
	<hr/>	<hr/>
	9,994	11,071
	<hr/>	<hr/>

<b>13. Endowment funds</b>	<b>Movement in funds</b>			
	<b>Balance 1</b>	<b>Incoming</b>	<b>Gains/</b>	<b>Balance</b>
	<b>January</b>	<b>resources</b>	<b>(losses)</b>	<b>31</b>
	<b>2006</b>		<b>and</b>	<b>December</b>
	<b>£</b>	<b>£</b>	<b>transfers</b>	<b>2006</b>
			<b>£</b>	<b>£</b>
<b>Permanent endowment funds</b>				
E A Beynon Fund	108,045	4,381	7,392	119,818
Birchington Convalescent Benefit Fund	63,247	-	6,123	69,370
Brighton Emmanuel	195,259	-	20,835	216,094
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	60,827	-	7,808	68,635
Lightbowne Evangelical Church, Manchester	1,000	-	-	1,000
Maidstone, St Faith Parish Room	137,816	-	14,947	152,763
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
	<hr/>			<hr/>
	793,194	4,381	57,105	854,680
Dean Wace Memorial	619,310	-	1,668	620,978
	<hr/>			<hr/>
	1,412,504	4,381	58,773	1,475,658
<b>Expendable endowment funds</b>				
Düsseldorf Chaplaincy	5,399	-	362	5,761
Gloucester Mariners Residence Fund	115,995	-	11,262	127,257
Paddock Wood Parochial Church Hall Trust	275,000	-	1,198	276,198
	<hr/>			<hr/>
	1,808,898	4,381	71,595	1,884,874
	<hr/>			<hr/>

# Church Society

## Notes to the financial statements For the year ended 31 December 2006

### 14. Movement on restricted funds

	<i>Balance 1 January 2006</i>	<i>Movement in funds</i>		<i>Balance 31 December 2006</i>
	<i>£</i>	<i>Incoming resources</i>	<i>Gains/ (losses) and transfers</i>	<i>£</i>
Amalgamated Ordination and Training Fund	199,037	7,704	11,309	218,050
Birchington Convalescent Benefit Fund	1,025	1,930	(2,436)	519
Brighton Emmanuel Trust	9,583	8,212	(10,549)	7,246
Dean Wace Memorial	3,474	851	-	4,325
Düsseldorf	49	204	(248)	5
Gloucester, Mariners Hall	51	1	(13)	39
Gloucester Mariners Residence Fund	6,736	4,910	(6,489)	5,157
Hove, Holy Trinity	4,530	205	(36)	4,699
Leamington Spa, Christchurch	49,758	4,180	(2,825)	51,113
Maidstone, St Faith Parish Room	3,948	5,769	(5,042)	4,675
Paddock Wood Parochial Church Hall Trust	25,411	636	(6,647)	19,400
Patronage Fund	16,369	749	(5,410)	11,708
Publications	9,576	418	(1,506)	8,488
Ryde Ecclesiastical Charity	25,808	918	1,744	28,470
Walthamstow, Penrhyn Hall Trust	4,086	193	(1,037)	3,242
Walthamstow, St John	10,770	287	(1,113)	9,944
	<u>370,211</u>	<u>37,167</u>	<u>(30,298)</u>	<u>377,080</u>

### 15. Movement on unrestricted funds

	<i>Balance 1 January 2006</i>	<i>Movement in funds</i>		<i>Balance 31 December 2006</i>
	<i>£</i>	<i>Incoming resources</i>	<i>Gains/ (losses) and transfers</i>	<i>£</i>
General fund	57,738	87,108	(90,836)	54,010
Legacies fund	67,157	2,367	8,734	78,258
Anniversary fund	14,794	473	(12,997)	2,270
	<u>139,689</u>	<u>89,948</u>	<u>(95,099)</u>	<u>134,538</u>

# Church Society

## Notes to the financial statements For the year ended 31 December 2006

### 16. Net assets held by funds

	<i>Un- restricted funds</i>	<i>Restricted funds</i>	<i>Endow- ment funds</i>	<i>Total funds</i>
	£	£	£	£
Tangible fixed assets	2,368	-	1,103,000	1,105,368
Fixed asset investments	20,000	-	-	20,000
Current asset investments	73,936	228,299	689,885	992,120
Other current assets	48,228	148,781	91,989	288,998
Current liabilities	(9,994)	-	-	(9,994)
	<u>134,538</u>	<u>377,080</u>	<u>1,884,874</u>	<u>2,396,492</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>
	£	£	£	£
<b>Permanent endowment funds</b>				
E A Beynon Fund	-	104,324	15,494	119,818
Birchington Convalescent Benefit Fund	-	62,958	6,412	69,370
Brighton Emmanuel	-	188,076	28,018	216,094
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	-	71,858	(3,223)	68,635
Lightbowne Evangelical Church, Manchester	1,000	-	-	1,000
Maidstone, St Faith Parish Room	-	132,800	19,963	152,763
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>560,016</u>	<u>66,664</u>	<u>854,680</u>
Dean Wace Memorial	<u>600,000</u>	<u>18,201</u>	<u>2,777</u>	<u>620,978</u>
	<u>828,000</u>	<u>578,217</u>	<u>69,441</u>	<u>1,475,658</u>
<b>Expendable endowment funds</b>				
Düsseldorf Chaplaincy	-	3,840	1,921	5,761
Gloucester Mariners Residence Fund	-	91,630	35,627	127,257
Paddock Wood Parochial Church Hall Trust	275,000	16,198	(15,000)	276,198
	<u>1,103,000</u>	<u>689,885</u>	<u>91,989</u>	<u>1,884,874</u>

# Church Society

## Notes to the financial statements For the year ended 31 December 2006

### 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	184,021	34,029	218,050
Birchington Convalescent Benefit Fund	-	519	519
Brighton Emmanuel Trust	-	7,246	7,246
Dean Wace Memorial	-	4,325	4,325
Düsseldorf	-	5	5
Gloucester, Mariners Hall	-	39	39
Gloucester Mariners Residence Fund	11,065	(5,908)	5,157
Hove, Holy Trinity	-	4,699	4,699
Leamington Spa, Christchurch	11,065	40,048	51,113
Maidstone, St Faith Parish Room	-	4,675	4,675
Paddock Wood Parochial Church Hall Trust	-	19,400	19,400
Patronage Fund	-	11,708	11,708
Publications	-	8,488	8,488
Ryde Ecclesiastical Charity	22,148	6,322	28,470
Walthamstow, Penrhyn Hall Trust	-	3,242	3,242
Walthamstow, St John	-	9,944	9,944
	<u>228,299</u>	<u>148,781</u>	<u>377,080</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	2,368	20,000	31,642	54,010
Legacies fund	-	73,936	4,322	78,258
Anniversary fund	-	-	2,270	2,270
	<u>2,368</u>	<u>93,936</u>	<u>38,234</u>	<u>134,538</u>



# Church Society

## Notes to the financial statements For the year ended 31 December 2006

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### 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 2006

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### 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, Penrhyn 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.

### 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 1 April 2005, resulting in defined benefit contributions of £6,060 (2005: £5,699).

Additionally, during the year defined contribution pension costs of £1,535 (2005: £881) were paid on behalf of 2 (2005: 2) 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 2006. (2005: £nil).