

**Report and
Financial Statements**

For the year ended 31 December 2008

**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 2008

Contents

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

Trustees' and directors' report	1 - 4
Independent auditors' report	5
Statement of financial activities	6
Income and expenditure account	7
Balance sheet	8
Notes to the financial statements	9 - 22

Church Society

Financial statements for the year ended 31 December 2008

Council members

D R L Boyd
The Revd J A Cheeseman
Cllr T D Cox
J R Crabtree (Chairman from 18 June 2008)
The Revd G R Curry (Chairman until 18 June 2008)
M de Semlyen
P Gore
The Revd Dr J B Hall
The Revd A F Hogarth
F A Knaggs (until 13 May 2008)
The Revd R K Mody (from 13 May 2008)
The Revd D L Moore (from 13 May 2008)
The Revd Dr M J Ovey
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 2008

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 2008

The directors present their report and the financial statements for the year ended 31 December 2008

Charity's objectives

Church Society is a registered charity. Its objectives are set out in the Company's governing document, the 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. The Trust is 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 2 Proprietary Chapels (one in Germany) and an Independent Evangelical Church. It acts as holding trustees for a further Chapel and appoints Trustees for one Church and two schools. 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 year saw the serious divisions within the Anglican Communion deepen ever further. Whilst the presenting issue was the teaching regarding homosexual practice the underlying issue was the authority of Scripture and this surfaces in other issues such as the understanding of salvation, the attitude to other faiths and the divinity of Christ.

In the summer the Global Anglican Futures Conference (GAFCON) was held in Jerusalem and three members of the Society's council attended in various capacities. This was spearheaded by four of the largest Anglican provinces, from Africa, and the Province of the Southern Cone. Shortly afterwards the 2008 Lambeth Conference was held with over a fifth of the Bishops eligible to attend staying away. As a direct result in December organisations representing over 700 congregations established a new Province in North America.

Church Society

Trustees' and directors' report For the year ended 31 December 2008

In England the most disturbing fact has been the failure of many apparently evangelical Bishops to stand against false teaching though some Bishops have been very courageous. In the run up to GAFCON the Society circulated a paper by an American group (SPREAD) once again outlining the errors taught by the present Archbishop of Canterbury.

The debates over the possible consecration of Women Bishops continued during the year with a disturbing vote being passed by the General Synod in July. The Synod, led by the House of Bishops, rejected all attempts to make adequate provision for those who, because of the teaching of Scripture, could not accept the oversight of a Woman Bishop. The Synod voted to draft legislation that will begin a lengthy consideration in early 2009.

In all the above areas and many others the Society has sought to respond in the public arena setting out Biblical teaching, to publish material via its websites and written publications and to influence opinion both at General Synod and more broadly within the Church.

The Society plays a positive role in supporting and resourcing churches in their gospel work. The staff are also contacted regularly by churches with queries and much of the campaigning work done is to protect and promote ministry at the local level.

Church Society Trust is an associated company holding patronage rights in 113 parishes and an involvement in the appointment of ministers for four other chapels. The concern of the Trust Directors, who meet monthly, is to promote gospel ministry. The Directors are appointed annually by the Council of Church Society from among the members of the Trust. Further details are included in the Trust's own Annual Report and Accounts. During 2008 the Directors handled matters to do with 22 different vacancies. Due to the increasing suspension of presentation and patronage which is held jointly or by turns, not all such appointments are made by the Trust. Consideration was given to changes to 10 parishes.

The Society's Annual Conference was held in May on the subject of "The Danger of Evangelical Apostasy. The main speakers were Iain Murray, Jonathan Fletcher, Andrew Sach and Nick Tucker. The event was again much appreciated and the Annual General Meeting was held on the middle afternoon.

The Society continues to be actively engaged in supporting and resourcing members of the General Synod and also where possible providing material for use in Diocesan or Deanery Synods.

The Society's publishing work is intended to promote Biblical Christianity and address issues in both the Church and nation. Churchman is an international journal of theology and is edited by Professor Gerald Bray with much hard work being done by other members of the Board. Cross†Way is the members' magazine edited by the General Secretary. The main website (churchsociety.org) continued to be expanded with new material being added almost every working day. The news site (evangelicals.org) is updated regularly and was clearly appreciated by members and others.

The Directors of Church Society Trust are the shareholders of the Kirchengrundstücksgesellschaft mbH which owns the buildings and appoints the minister for Christ Church, Düsseldorf. The Trust is also represented on the Trustees of St. John's School in Blackpool.

The Council appoint the majority of the Trustees of St. James Ryde and the Society hold the buildings on behalf of the Trustees. The Council also appoint the Trustees of the Luckley Oakfield School Trust and one Council member is also a Governor. The Council are required by a High Court Order to approve the increase in the remuneration of the Director of the Llewelin Machine Company Ltd of Bristol.

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 Assistant). We are particularly grateful for the continuing weekly help of Geoff Cooper and the occasional help of Fanny Mak.

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).

Church Society

Trustees' and directors' report For the year ended 31 December 2008

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

Once again the Society has run a deficit for the year. In addition to this the fall in stock markets and property prices have affected all the funds administered by the Society and reduced the overall reserves. With the expectation that the financial outlook will get worse the Council transferred all its investments to deposits for the short-term. An appeal was also made to members to increase their giving in order to reduce the ongoing deficit. By the end of 2008 the reserves were £71,000 enough to cover only about 18 months of the anticipated deficit.

The Society also has shares in the Southsea Mortgage and Investment Company Ltd. that were given to the Society about 30 years ago. These are a useful source of income but only one payment was received during the year because of the overall financial climate. The shares are listed at a nominal value (£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 20 and 21 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 money 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 11. These will be seen to include such things as paying or contributing to salaries, evangelistic work, literature distribution, student grants, building maintenance and more.

In line with common practice the Society charges an administration fee 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 what was a mixture of Deposit, Investment, Equity and Property fund holdings. However, as noted above a decision was made to liquidate the longer term investments and to hold the funds on deposit for the time being. The capital value of the main funds fell by about 25% during the year.

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.

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

Church Society

Trustees' and directors' report For the year ended 31 December 2008

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

Mr J R Crabtree
Trustee

3 March 2009

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 2008 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet and the related notes set out on pages 6 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 9 and 10.

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 on page in the Statement of Trustees' Responsibilities on page 4.

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 2008 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
3 March 2009

Church Society

Statement of financial activities For the year ended 31 December 2008

	Notes	Un- restricted funds £	Restrict- ed funds £	Endow- ment funds £	2008 Total £	2007 Total £
Incoming resources						
Incoming resources from generated funds						
<i>Voluntary income:</i>						
Donations		52,805	308	-	53,113	40,852
Legacies		5,000	-	-	5,000	3,877
<i>Activities for generating funds:</i>						
Rent receivable		-	200	-	200	330
Fee and other income		16,638	-	-	16,638	14,967
<i>Investment income:</i>						
Investment income		3,657	43,046	4,983	51,686	49,585
		78,100	43,554	4,983	126,637	109,611
Incoming resources from charitable activities:						
Subscriptions and publications		14,691	-	-	14,691	16,443
Total incoming resources		92,791	43,554	4,983	141,328	126,054
Resources expended						
Costs of generating funds:						
Fundraising and publicity		2,920	-	-	2,920	190
Charitable activities:						
Distribution and grants	3	-	19,813	-	19,813	16,592
Other costs in furtherance of the charity's objectives		85,775	18,447	-	104,222	101,471
Governance costs						
		20,844	11,583	-	32,427	28,288
Total resources expended	4	109,539	49,843	-	159,382	146,541
Net incoming/(outgoing) resources before transfers		(16,748)	(6,289)	4,983	(18,054)	(20,487)
Transfers between funds		4,383	313	(4,696)	-	-
Transfer out of Ryde charity	24	-	-	-	-	(221,000)
Net incoming/(outgoing) resources for the year		(12,365)	(5,976)	287	(18,054)	(241,487)
Other recognised gains and losses						
Investments - unrealised gains		-	-	-	-	(16,501)
Investments – realised losses		(15,194)	(70,575)	(174,686)	(260,455)	-
Fixed assets – unrealised gains		-	-	-	-	175,000
Net movement in funds		(27,559)	(76,551)	(174,399)	(278,509)	(82,988)
Reconciliation of funds						
Balance at 1 January 2008 as originally stated		114,722	373,673	1,825,109	2,313,504	
Prior year adjustment	2	-	-	1,000	1,000	
Balance at 1 January 2008 as restated		114,722	373,673	1,826,109	2,314,504	2,397,492
Net movement in funds		(27,559)	(76,551)	(174,399)	(278,509)	(82,988)
Balances carried forward at 31 December 2008		87,163	297,122	1,651,710	2,035,995	2,314,504

The notes on pages 9 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 2008

	2008	2007
	£	£
Income		
Total income of continuing operations	136,345	121,861
Expenditure		
Total expenditure of continuing operations	159,382	142,741
Net expenditure for the year before transfers and investment asset disposals	<u>(23,037)</u>	<u>(20,880)</u>
Transfer from endowment fund	4,983	393
Net expenditure for the year before investment asset disposals	<u>(18,054)</u>	<u>(20,487)</u>
Deficit on disposal of investment assets	<u>(260,455)</u>	-
Net expenditure for the year	<u><u>(278,509)</u></u>	<u><u>(20,487)</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 2008

	<i>Notes</i>	<i>2008</i>		<i>2007</i>	
		£	£	£	£
Fixed assets					
Tangible fixed assets	6		1,052,146		1,054,863
Inalienable fixed assets	7		8,000		8,000
Fixed asset investments	8		<u>20,000</u>		<u>20,000</u>
			1,080,146		1,082,863
Current assets					
Stocks	9	5,325		4,740	
Debtors	10	3,838		3,688	
Investments	11	-		1,026,323	
Bank and short term deposits		<u>956,896</u>		<u>206,068</u>	
		966,059		1,240,819	
Creditors: amounts falling due within one year	12	<u>(10,210)</u>		<u>(9,178)</u>	
Net current assets			<u>955,849</u>		<u>1,231,641</u>
Total assets less current liabilities			<u>2,035,995</u>		<u>2,314,504</u>
Funds					
Endowment funds	13,17		1,651,710		1,826,109
Restricted funds	14,18		297,122		373,673
Unrestricted funds	15,19		<u>87,163</u>		<u>114,722</u>
	16		<u>2,035,995</u>		<u>2,314,504</u>

The notes on pages 9 to 22 form part of these financial statements.

The trustees approved the financial statements on 3 March 2009 and they were signed on their behalf by

Mr J R Crabtree
Chairman

Mr D R L Boyd
Chairman, Finance Committee

Church Society

Notes to the financial statements For the year ended 31 December 2008

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 2005), 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, inalienable 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 2008

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. Prior year adjustment

The prior year adjustment reflects the inclusion within the financial statements of a further inalienable and historic asset (Old Hill Hall) which had previously been omitted. The asset has been shown in the balance sheet at a notional amount of £1,000. (See note 7).

Church Society

Notes to the financial statements For the year ended 31 December 2008

3. Grants paid	2008	
	£	£
Amalgamated Ordination and Training Fund		
Scholarships	3,000	
Book grants	<u>658</u>	
		3,658
Birchington Convalescent Benefit Fund		
Grants (10 individuals)		2,000
Brighton Emmanuel Church		
Grants to churches	5,000	
Other grants	1,000	
Conference subsidy	<u>664</u>	
		6,664
Gloucester Mariners Housing Fund		
Expenses in relation to Chaplain	3,600	
Donations passed on	<u>77</u>	
		3,677
Leamington Spa, Christ Church		
Contribution to St Mark's, Leamington		600
Maidstone St Faith Parish Room		
Contribution to St Faith's, Maidstone		900
Paddock Wood Parochial Hall Trust		
Costs of Ashcroft Road property		1,819
		<u>19,318</u>
2007 comparative		<u>16,592</u>

Church Society

Notes to the financial statements For the year ended 31 December 2008

4. Total resources expended	<i>Distribution and grants</i> £	<i>Staff costs</i> £	<i>Depreciation</i> £	<i>Other costs</i> £	<i>Total 2008</i> £	<i>Total 2007</i> £
Fundraising and publicity	-	-	-	2,920	2,920	190
Activities in furtherance of charitable objectives:	19,318	49,122	2,174	53,421	124,035	118,063
Governance costs	-	13,183	543	18,701	32,427	28,288
	<u>19,318</u>	<u>62,305</u>	<u>2,717</u>	<u>75,042</u>	<u>159,382</u>	<u>146,541</u>

Other costs

	<i>2008</i> £	<i>2007</i> £
Fundraising and publicity	2,920	190
Establishment and property	17,382	14,582
Publications	19,734	17,760
Meetings and conferences	12,153	11,246
Other staff costs	1,180	1,532
Professional and management fees	9,792	9,852
Auditors' remuneration – audit services	3,940	3,728
Miscellaneous	7,941	8,715
	<u>75,042</u>	<u>67,605</u>

Staff costs

	<i>2008</i> £	<i>2007</i> £
Wages and salaries	49,742	47,976
Social security costs	3,668	3,546
Pension costs (see note 21)	8,895	8,571
	<u>62,305</u>	<u>60,093</u>

The average number of persons employed by the charitable company during the year was 2.5 (2007: 2.5). No employee earned more than £60,000.

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 2008, 14 Council Members claimed reimbursement of travelling expenses totalling £4,167 (2007: £5,401).

The charitable company does not have indemnity insurance to protect it from loss arising from neglect or defaults of its trustees, employees or agents or to indemnify the trustees or officers against the consequences of any neglect or default on their part.

Church Society

Notes to the financial statements For the year ended 31 December 2008

6. Tangible fixed assets

	<i>Freehold property</i>	<i>Fixtures fittings and equipment</i>	<i>Total</i>
	£	£	£
Cost or valuation			
As at 1 January 2008	1,050,000	30,359	1,080,359
Additions	-	-	-
Disposals	-	-	-
Revaluation	-	-	-
As at 31 December 2008	<u>1,050,000</u>	<u>30,359</u>	<u>1,080,359</u>
Accumulated depreciation			
As at 1 January 2008	-	25,496	25,496
Provision for the year	-	2,717	2,717
Eliminated on disposals	-	-	-
As at 31 December 2008	<u>-</u>	<u>28,213</u>	<u>28,213</u>
Net book value			
As at 31 December 2008	<u>1,050,000</u>	<u>2,146</u>	<u>1,052,146</u>
As at 31 December 2007	<u>1,050,000</u>	<u>4,863</u>	<u>1,054,863</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 2007 and confirmed as at 31 December 2008 by the directors to £750,000.

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 2007 and confirmed as at 31 December 2008 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 2007 and confirmed as at 31 December 2008 by the directors to £275,000.

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 2007 and confirmed as at 31 December 2008 by the directors to £25,000.

Church Society

Notes to the financial statements For the year ended 31 December 2008

7. Inalienable fixed assets	2008 £	2007 £
	8,000	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
Gloucester Mariners Church
Gloucester Mariners Hall
Hollabury Mission Hall, Poughill
St Andrews, Montserrat
Southfields Scout Hut
Old Hill Hall

8. Fixed assets investments	2008 £	
Cost or valuation		
Valuation at 1 January 2008	20,000	
Revaluation	-	
	<u>20,000</u>	
Market valuation at 31 December 2008	20,000	
	<u>2,430</u>	
Historic cost		
	<u>2,430</u>	
Analysis of investments	2008 £	2007 £
Southsea Mortgage and Investment Company Limited	20,000	20,000
	<u>20,000</u>	<u>20,000</u>

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

9. Stocks	2008 £	2007 £
Publications	5,325	4,740

Church Society

Notes to the financial statements For the year ended 31 December 2008

10. Debtors	2008	2007
	£	£
Amount owed by Church Society Trust	-	-
Other debtors	-	2,289
Prepayments	3,142	1,399
Other debtors due after more than one year	696	-
	<u>3,838</u>	<u>3,688</u>

11. Current asset investments	2008
	£
Cost or valuation	
Valuation at 1 January 2008	1,026,323
Purchases	-
Disposals	(1,026,323)
Revaluation	-
Market value at 31 December 2008	<u>-</u>
Historic cost	
At 31 December 2008	<u>-</u>
At 31 December 2007	<u>847,670</u>

Church Society

Notes to the financial statements For the year ended 31 December 2008

12. Creditors: amounts falling due within one year	2008 £	2007 £
Other creditors	1,591	1,598
Deferred income	530	600
Accruals	8,089	6,980
	10,210	9,178

13. Endowment funds	<i>Movement in funds</i>			<i>Balance</i>
	<i>Balance 1</i>	<i>Incoming</i>	<i>Gains/</i>	<i>31</i>
	<i>January</i>	<i>resources</i>	<i>(losses)</i>	<i>December</i>
	<i>2008</i>		<i>and</i>	<i>2008</i>
	£	£	<i>transfers</i>	£
			£	
Permanent endowment funds				
E A Beynon Fund	117,718	4,983	(31,366)	91,335
Birchington Convalescent Benefit Fund	68,366	-	(15,197)	53,169
Brighton Emmanuel	212,785	-	(48,014)	164,771
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	68,135	-	(14,768)	53,367
Lightbowne Evangelical Church, Manchester	1,000	-	-	1,000
Maidstone, St Faith Parish Room	149,880	-	(32,958)	116,922
Old Hill Hall	1,000	-	-	1,000
St Andrews, Montserrat	1,000	-	-	1,000
Southfields Scout Hut	1,000	-	-	1,000
Walthamstow, Penrhyn Hall Trust	1,000	-	-	1,000
	624,884	4,983	(142,303)	487,564
Dean Wace Memorial	767,482	-	(4,613)	762,869
	1,392,366	4,983	(146,916)	1,250,433
Expendable endowment funds				
Düsseldorf Chaplaincy	5,857	-	(1,193)	4,664
Gloucester Mariners Residence Fund	126,282	-	(26,235)	100,047
Paddock Wood Parochial Church Hall Trust	301,604	-	(5,038)	296,566
	1,826,109	4,983	(179,382)	1,651,710

Church Society

Notes to the financial statements For the year ended 31 December 2008

14. Movement on restricted funds

	<i>Balance 1 January 2008</i>	<i>Movement in funds</i>		<i>Balance 31 December 2008</i>
	<i>£</i>	<i>Incoming resources</i>	<i>Gains/ (losses) and transfers</i>	<i>£</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Amalgamated Ordination and Training Fund	214,088	8,876	(61,749)	161,215
Birchington Convalescent Benefit Fund	425	2,801	(2,018)	1,208
Brighton Emmanuel Trust	4,889	9,317	(10,307)	3,899
Dean Wace Memorial	5,276	886	-	6,162
Düsseldorf	189	231	(217)	203
Gloucester, Mariners Hall	174	5	-	179
Gloucester Mariners Residence Fund	6,355	5,541	(8,753)	3,143
Hove, Holy Trinity	4,773	196	(878)	4,091
Leamington Spa, Christchurch	53,992	5,345	(9,299)	50,038
Maidstone, St Faith Parish Room	5,127	6,788	(9,071)	2,844
Paddock Wood Parochial Church Hall Trust	19,250	985	(1,506)	18,729
Patronage Fund	7,614	367	(3,562)	4,419
Publications	8,251	569	(3,679)	5,141
Ryde Ecclesiastical Charity	29,638	1,061	(7,426)	23,273
Walthamstow, Penrhyn Hall Trust	3,370	179	(31)	3,518
Walthamstow, St John	10,262	407	(1,609)	9,060
	<u>373,673</u>	<u>43,554</u>	<u>(120,105)</u>	<u>297,122</u>

15. Movement on unrestricted funds

	<i>Balance 1 January 2008</i>	<i>Movement in funds</i>		<i>Balance 31 December 2008</i>
	<i>£</i>	<i>Incoming resources</i>	<i>Gains/ (losses) and transfers</i>	<i>£</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
General fund	35,297	90,237	(70,542)	54,992
Legacies fund	79,425	2,554	(49,808)	32,171
	<u>114,722</u>	<u>92,791</u>	<u>(120,350)</u>	<u>87,163</u>

Church Society

Notes to the financial statements For the year ended 31 December 2008

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	2,146	-	1,058,000	1,060,146
Fixed asset investments	20,000	-	-	20,000
Current asset investments	-	-	-	-
Other current assets	75,227	297,122	593,710	966,059
Current liabilities	(10,210)	-	-	(10,210)
	<u>87,163</u>	<u>297,122</u>	<u>1,651,710</u>	<u>2,035,995</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	-	-	91,335	91,335
Birchington Convalescent Benefit Fund	-	-	53,169	53,169
Brighton Emmanuel	-	-	164,771	164,771
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	-	-	53,367	53,367
Lightbowne Evangelical Church, Manchester	1,000	-	-	1,000
Maidstone, St Faith Parish Room	-	-	116,922	116,922
Old Hill Hall	1,000	-	-	1,000
St Andrews, Montserrat	1,000	-	-	1,000
Southfields Scout Hut	1,000	-	-	1,000
Walthamstow, Penrhyn Hall Trust	1,000	-	-	1,000
	<u>8,000</u>	<u>-</u>	<u>479,564</u>	<u>487,564</u>
Dean Wace Memorial	<u>750,000</u>	<u>-</u>	<u>12,869</u>	<u>762,869</u>
	<u>758,000</u>	<u>-</u>	<u>492,433</u>	<u>1,250,433</u>
Expendable endowment funds				
Düsseldorf Chaplaincy	-	-	4,664	4,664
Gloucester Mariners Residence Fund	-	-	100,047	100,047
Paddock Wood Parochial Church Hall Trust	300,000	-	(3,434)	296,566
	<u>1,058,000</u>	<u>-</u>	<u>593,710</u>	<u>1,651,710</u>

Church Society

Notes to the financial statements For the year ended 31 December 2008

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	-	161,215	161,215
Birchington Convalescent Benefit Fund	-	1,208	1,208
Brighton Emmanuel Trust	-	3,899	3,899
Dean Wace Memorial	-	6,162	6,162
Düsseldorf	-	203	203
Gloucester, Mariners Hall	-	179	179
Gloucester Mariners Residence Fund	-	3,143	3,143
Hove, Holy Trinity	-	4,091	4,091
Leamington Spa, Christchurch	-	50,038	50,038
Maidstone, St Faith Parish Room	-	2,844	2,844
Paddock Wood Parochial Church Hall Trust	-	18,729	18,729
Patronage Fund	-	4,419	4,419
Publications	-	5,141	5,141
Ryde Ecclesiastical Charity	-	23,273	23,273
Walthamstow, Penrhyn Hall Trust	-	3,518	3,518
Walthamstow, St John	-	9,060	9,060
	-	<u>297,122</u>	<u>297,122</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	2,146	20,000	32,846	54,992
Legacies fund	-	-	32,171	32,171
	<u>2,146</u>	<u>20,000</u>	<u>65,017</u>	<u>87,163</u>

Church Society

Notes to the financial statements For the year ended 31 December 2008

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.
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.

Church Society

Notes to the financial statements For the year ended 31 December 2008

20. Purpose of funds (continued)

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

21. Pension Schemes

The Church Society participates in the Church of England Funded Pensions Scheme and employs one 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 Church Society is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate. A valuation of the Scheme was carried out as at 31 December 2006. This revealed a shortfall of £141 million, with assets of £468 million and a funding target of £609 million, assessed using the following assumptions:

- An investment strategy of: a nil allocation to gilts for the next 10 years, increasing linearly to reach 30% after 20 years; and the balance of the assets in equities;
- Investment returns of 4.25% pa on gilts and 5.75% pa on equities;
- RPI inflation of 3.1% pa (and pension increases consistent with this); Increase in pensionable stipends 4.6% pa; and
- Post-retirement mortality in accordance with the PA00 tables, adjusted so that members are assumed to be two years younger than they actually are, with allowance for future improvements according to the "medium cohort" projections, and subject to a minimum annual improvement in mortality rates of 1% for males and 0.5% for females.

For schemes such as the Church of England Funded Pension Scheme, paragraph 9(b) of FRS 17 requires 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, and some agreed changes to benefits, Church Society contribution rate decreased from 39.8% to 39.7% of pensionable stipends with effect from 1 April 2008.

During the year contributions to the Church of England Funded Pensions Scheme totalled £7,529 (2007: £7,349).

Additionally, during the year defined contribution pension costs of £1,366 (2007: £1,222) were paid on behalf of 2 (2007: 2) employees to the Church of England Defined Contribution Scheme section of the Church Workers Pension Fund.

Church Society

Notes to the financial statements For the year ended 31 December 2008

22. Capital commitments and contingent liabilities

The charitable company had no material capital commitments nor contingent liabilities at 31 December 2008. (2007: £nil).

23. Luckley-Oakfield School Trust

The Council of Church Society appoints the Trustees of the Luckley-Oakfield School Trust which owns a school near Woking. In the event of the Trust being wound up the assets would revert to Church Society for educational purposes.

24. The Ryde Trust

During the year to 31 December 2007, the Ryde Trust was transferred to a separate Trustee body with the Society remaining as holding trustee for the buildings. Church Society Council appoints three of the Trustees and the Church Council of St. James Ryde the remaining two.