

Report and Financial Statements

For the year ended 31 December 2017

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

**Company No 213142
Charity Registration No 249574**

Church Society

Financial statements for the year ended 31 December 2017

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Council members	The Revd N Atkinson (from 13 May 2017) The Revd Dr K Birkett Mr P M Cawson QC The Revd J A Cheeseman (until 15 April 2017) The Revd Dr A V Cinnamond The Revd Dr B Cooper (until 8 September 2017) The Revd P Darlington (Chairman) The Revd T M Edwards The Revd R W Farr The Revd (Sqn Ldr) G D Firth The Revd Dr J Hughes (from 13 May 2017) The Revd C R H Kilgour The Revd Dr M J Ovey (until 7 January 2017) The Revd M Print Mrs A Robbie Dr A Ruddick Mrs A Ruoff (until 13 May 2017) Mr A Seago (from 13 May 2017) The Revd M S Smith The Revd J C Taylor The Revd J A Telford The Revd Dr J Ward Dr J Woolford
Director	The Revd Dr Lee Gatiss
Charity number	249574
Company number	213142
Registered office	Hille Business Estate 132 St Albans Road Watford WD24 4AE
Auditors	Jacob Cavenagh & Skeet 5 Robin Hood Lane Sutton Surrey SM1 2SW
Principal address	Hille Business Estate 132 St Albans Road Watford WD24 4AE

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Bankers

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

Barclays Bank plc
62/64 High Street
Watford
WD17 2BT

Solicitors

Monro Wright & Wasbrough LLP
7-8 Great James Street
London
WC1N 3DF

Church Society

Trustees' and directors' report For the year ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

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 charity constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The overall purpose of the Society is to maintain the character of the Church of England as a reformed and national Church witnessing to and seeking to serve the entire nation for the benefit of all. In particular by:

- upholding the supremacy, sufficiency and authority of Scripture;
- equipping and encouraging parochial clergy and lay people in their ministries;
- supporting local churches;
- administering and holding funds and properties with local and national benefits;
- contending for the reformed worship and doctrine of the 39 Articles and Book of Common Prayer;
- uniting all 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, campaigning and administering trusts. Wherever possible this is done in consultation and co-operation with other groups and organisations. In carrying out activities the directors confirm that they have had due regard to the guidance issued by the Charity Commission relating to public benefit and believe that Church Society provides benefit to the public in a variety of ways. These are described in the sections under activities and achievements and under managed funds.

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 130 Livings, many of which are on a shared basis.

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

- supporting the training and education of ordinands and clergy;
- 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 and appoints some of the trustees for one Church, one Hall and a school. A further trust provides offices for the Society and accommodation for staff.

The operations of Church Society are controlled by a Council (the Trustees) of up to 20 people elected annually by the members of the Society. New trustees are provided with guidance on their responsibilities. 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.

Two full-time and one part-time member of staff were employed throughout the year, with an additional part time member from May onwards. Volunteers also assist in many areas and their efforts are much appreciated. The Society is an association of members who share a common vision and members do much of the work of the Society.

Activities and achievements

During the course of the year Church Society continued to be actively involved in fulfilling its primary objectives of promoting what the Queen's Coronation Oath refers to as "The true profession of the gospel... the Protestant Reformed religion" — which is the backbone of the Church of England and the established religion of the United Kingdom. This included supporting individuals, parishes, and other organisations working along these lines, and in challenging and opposing teaching and actions which run counter to this faith, both within the national church and society more widely.

The Society was involved with organising four conferences during the year. In January 2017, Church Society teamed up again with the Fellowship of Word & Spirit to run a residential conference called "Living in the Light of the Future." The main sessions were taken by Dr Paul Gardner (former lecturer at Oak Hill College and former archdeacon). In addition to the main sessions, Bible readings were led by Dr Simon Vibert (vice-principal at Wycliffe Hall) who expounded 1 John. There were also three dedicated seminars: 'Hope for the Millennial mindset' (understanding and reaching those born between 1985 and 2004); 'Hope for the broken' (thinking through pastoral counselling); and 'Hope for the church in controversy.' Bishop Wallace Benn led the latter with an insightful session reflecting on how evangelicals should view the current state of ministry within the Church of England, lessons from the Reformers, and the Bishops' recommendations regarding same-sex marriage. The aim was to foster a forum for debate, sharing ideas, and encouraging one another in contemporary Christian life and ministry. As well as providing good teaching, there was also plenty of time for interaction

Church Society

Trustees' and directors' report For the year ended 31 December 2017

and discussion, and a generous discount was offered for non-ordained members of Church Society to encourage them to attend.

Our second conference was the annual Church Society national day conference and AGM in June, at Oak Hill Theological College in London. Since 2017 was widely celebrated as the anniversary of Luther's posting of the 95 Theses in 1517 at the beginning of the Reformation, we took as our theme "Knowing God, Making Him Known: The Reformation and the Gospel." The main speakers were Dr Peter Adam, the former Principal of Ridley College, Melbourne, who spoke on Thomas Cranmer and evangelising the nation; and Dr Lee Gatiss, who spoke on Luther and the Freedom of a Christian. The Revd Dr Kirsty Birkett also spoke on Reformation epistemology as part of the weekend's events, and Lee Gatiss delivered a well-received "Call to Steadfastness" as part of the AGM.

In August, we again ran the annual Junior Anglican Evangelical Conference (JAEC) at Kings Park Conference Centre in Northampton. This conference, aimed at those considering Anglican vocations or in training/early years of ordained ministry, took as its theme "Reforming and Renewing the church: Anglican Reformations of the Past and Future" with a focus not just on the 500th anniversary of the Reformation but on today's "Reform and Renewal" agenda in the Church of England. Bishop Andrew Watson, Professor Michael Reeves, Dr Simon Vibert, and Dr Rob Munro all spoke, as well as the leaders of the New Wine network, Paul and Becky Harcourt. The new Associate Director of Church Society, Dr Ros Clarke, also gave a stimulating presentation on women's ministry and training in the church today. There were seminars on a variety of subjects from social media engagement to ecclesiastical establishment, from Lindsay Benn, John Simmons, John Percival, Dick Farr, Neill Harvey-Smith, and Stephen Trott. A growing number have attended this conference over the last few years, and there were bursaries and discounts on offer for non-ordained men and women under 30, for Society members, and for married couples. Delegates came from all over the country and from 7 different theological training institutions within the Church of England.

This year's ReNew conference in Leeds, a joint venture between Church Society, Reform, and AMiE, was called "Gospel Advance." It involved a great deal of work behind the scenes in advance, liaising with the other organisations involved and planning a detailed and full programme of talks, coaching sessions, and regional planning and prayer groups. We remain convinced of the value of Anglican Evangelical ministry and are determined to advance it, so this September we considered together how each region advances the gospel, as we pursue our goal of pioneering, establishing, and securing healthy local Anglican churches. Our major theological theme at the conference was the Atonement, with Christopher Ash as the main speaker. Other contributors included Sam Allberry, George Crowder, Matthew Mason, Vaughan Roberts, Rob Scott, Glen Scrivener, Robin Weekes, and Paul Williams. We also heard from a number of churches where bold and innovative evangelistic initiatives are taking place, and in discussion together explored the biblical necessity of differentiation from false teaching, the limits of gospel fellowship, and how impaired fellowship could be expressed.

We aim to strengthen local churches in biblical faith and help shape the Church of England now and for the future, so resourcing evangelical ministry through publishing as well as conferences continues to be a major part of the work of the Society. This involves producing a regular diet of material in our quarterly theological journal *Churchman*, our members' magazine *Crossway*, the Church Society website, a regularly updated blog (including daily posts throughout Lent on the Thirty-nine Articles of Religion), videos and a brand new podcast on audio-visual channels SoundCloud and Vimeo, and social media platforms Twitter and Facebook. We also made regular contributions to the Church of England Newspaper, including a weekly column written by our Director expounding the set Bible readings in the Anglican Lectionary.

The Reformation anniversary was a great opportunity to be reminded of the key doctrines on which the Reformed Church of England was founded. On our website, for example, we published many great resources on this subject including a Reformation song, a Reformation-themed magazine, an audio book of J.C. Ryle's "What do we owe to the Reformation?", talks, podcasts, and blogposts, and a well-illustrated set of youth and children's teaching material for assemblies, Sunday schools, and "Light Parties" on Luther, Cranmer, and Tyndale and the truths for which they suffered and died.

The Society also published two new books during the year. The first was *Be Faithful: Remaining Steadfast in the Church of England Today* by Mike Ovey, Mark Pickles, and Lee Gatiss. This looked at how we can meet the theological and pastoral challenges of our day. Mike Ovey (who until his unexpected death in January 2017 had been Chairman of the editorial board of *Churchman* and a member of Church Society Council) explored how we can be faithful teachers in an age of confusion in the Church of England context. Mark Pickles urges us in his chapter to be faithful stewards in a fickle world, and Lee Gatiss unpacks what we can learn from the great evangelical bishop, J. C. Ryle, as we seek the reformation and renewal of the church in our days.

Second, we published a new expanded and improved edition of *Building for the Gospel: A Handbook for the Visionary and the Terrified* by Julia Cameron. This book will help those who have an inkling of dissatisfaction about the facilities or capacity in their church, and show them the way forward. It aims to help churches already launching into building projects, encourage those who are holding back, and give ideas to churches not yet thinking about possibilities. Several churches have bought these books in bulk as their PCCs and buildings committees have been thinking through their own needs and plans for the future.

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Our Director, the Revd Dr Lee Gatiss, also published two books. *Cornerstones of Salvation: Foundations and Debates in the Reformed Tradition* (Evangelical Press, 2017) is an in-depth look at key figures and debates in the history of the church including Martin Luther on free will, Edmund Grindal on preaching, John Owen on baptism, and John Wesley's doctrine of salvation. *90 Days in Genesis, Exodus, Psalms, and Galatians with Calvin, Luther, Bullinger, and Cranmer* (Good Book Company, 2017) is a more devotional book, with daily readings from the Reformers aimed at helping ordinary Christians read the Bible alongside these insightful expositors. Substantial discounts on these books were offered to Church Society members, and we also benefited from royalty payments on them. Dr Gatiss also published an article entitled "The Evangelistic Strategy of the Book of Common Prayer" in *Faith and Worship* 80 (Lent, 2017) as well as other articles and reviews in various publications through the year such as *Evangelicals Now*.

As well as playing a full part in meetings of the Church Society Council, Finance Committee, CS Trust Directors' meetings, and the Churchman editorial board, the Director represented the Society on the Church of England Evangelical Council (CEEC) and took part in a consultation on issues in human sexuality and the church under the auspices of the Evangelical Group on General Synod (EGGS). He helped in the drafting of a book (to be called *Glorify God in Your Body*) on issues in marriage and sexuality as part of a group working under CEEC auspices to resource the House of Bishops in their own work on these issues. He represented Church Society on the Councils of Reform, and Affinity, and was also a member of the Latimer Trust Theological Workgroup and the Bishop of Maidstone's advisory group. He also attended other events such as the Evangelical Ministry Assembly, and has continued a weekly video ministry, *Lee on the Lectionary* ([facebook.com/lectionarylee](https://www.facebook.com/lectionarylee)). In February he was invited by the Prime Minister to attend a reception at 10 Downing Street where she met with and addressed senior Christian leaders on freedom of speech and religion issues.

The Director preached, spoke, and lectured in various places over the year, including the Cornhill Training Course and Oak Hill College in London, the Affinity Theological Studies Conference in Northampton, the Jubilee Centre and Tyndale House in Cambridge, the Church of Ireland Theological Institute in Dublin and the Evangelical Fellowship of Ireland in Belfast, the Anglican Centre for Pastoral Studies in Santiago de Chile, a weekend away for Christ Church Düsseldorf, the Bible by the Beach convention in Eastbourne, the Convocation of Anglicans in North America (CANA) Synod in upstate New York USA, a conference for The Independent Schools Chaplains Association (TISCA), a special Reformation event at Edinburgh Theological Seminary, and a day on world mission organised by Crosslinks in Sheffield. He was privileged to preach at the funeral of our former Director, the Revd David Streater, and to preach and speak in many other places including Audley, Colchester, Wales, Athens, Tunbridge Wells, Chaddesden, and Selly Park — raising the profile of the Society across the Church of England and more widely.

During the year, we also appointed two new members of staff. First, Dr Ros Clarke has joined us as Associate Director in a part-time role, after a very competitive interview process which saw many people applying for this new post overseeing some of our digital and print media output. Ros has been particularly active in starting a new weekly Church Society podcast which has so far featured interviews with people such as Bishop Rod Thomas, the screenwriter and Synod member Jam Cary, charity workers, mission partners, ordinands and others as well as regular book reviews with CS Council member Amanda Robbie. We also advertised the post of Finance Assistant, and after many applications and several interviews, we appointed Sophie Barker to replace Jemima Sohn in November, when she left to take up a post at Oak Hill College.

Church Society Trust is an associated company holding patronage rights in around 130 parishes and an involvement in the appointment of ministers for four other chapels. The concern of the Trust Directors, who meet most months, is to promote gospel ministry. The Directors are appointed annually by the Council of Church Society from the members of the Trust. Further details are included in the Trust's own Annual Report and Accounts.

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 appoint the Trustees of the Luckley Oakfield School Trust. The Council appoint the majority of the Trustees of the Hollabury Mission Hall (in the parish of Poughill, Bude). The Council are required by a High Court Order to approve any annual increase in the remuneration of the Director of the Llewellyn 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 mailings. Many other individuals help in other and various ways to assist the work of the Society and Trust, and we are immensely grateful to the membership for their partnership and commitment to this work.

At the end of 2017, the Council of Reform decided that they wanted to re-focus their efforts, with the renewed aim to focus particularly on reaching the nation for Christ through the Church of England, aware that the Anglican Mission in England (AMIE) is now a going concern, concentrating on working outside the structures of the Church of England.

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Trustees' and directors' report For the year ended 31 December 2017

Given the size of the challenge and the need to focus resources, our Director, Lee Gatiss, proposed to Reform that since their aims were now very closely aligned to those of Church Society and the Fellowship of Word & Spirit, some form of merger would be appropriate to help combine our efforts for greater impact — at a time when our constituency needs unity and clear leadership. Hence on 19th February 2018, it was announced that the Church Society Council, the Reform Council, and the Trustees of the Fellowship of Word and Spirit have all agreed to pursue a merger (after discreetly consulting a wide group of members).

Bringing such bodies together requires a lot of hard work and much trust, but it is right for us to follow this course. In the Bible, the impact of sin always seems to be fragmentation and dispersal, but the fruit of the gospel and living under the rule of Christ is unity and gathering together. In the circumstances of the present Church of England, the once-in-a-generation coming together of these bodies will enable us to be more effective in speaking for and serving our community, as well as in the pioneering, establishing, and securing of healthy Church of England churches.

A detailed plan for a merger of some sort has begun to be worked out. The main impact for the Society is that both Reform and FWS have encouraged their members to join Church Society, which is a very positive development for us in terms of numbers, impact, and finance. Going forward, there will be much to work out in terms of how best to ensure we retain the valuable contribution of each group.

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 three funds which relate directly to the Society's own work. The General fund, which is unrestricted and the Beynon and Dean Wace Memorial funds which are permanent endowments.

In 2017 there was a new part time member of staff, along with investment in the fixed assets in the office to facilitate the on-going work. Overall the outcome for 2017 was a relatively small deficit in regards to unrestricted funds. Within the restricted and endowment funds a decrease in the property valuations due to the current economic climate resulted in a loss on investments, however within the restricted funds this was offset due to a legacy accounted for in last year's accounts for £500,000, now being valued at £610,000. At 31 December 2017 the total reserves under the control of the charity were £2,981,494. Of these reserves, £1,714,304 are held as endowment funds and £1,144,981 as restricted funds and therefore not available for the general purposes of the charity. £2,238,542 of the total reserves are held in tangible fixed assets or fixed asset investments. The remaining general reserves of £122,209 are within the stated policy of sufficient reserves to cover operations for three years ahead.

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 22 and 23 of the accounts. Several funds consist solely of freehold properties including churches, houses or halls. Because many of these are long-standing funds there are often issues that arise and the Society has been undertaking a gradual programme of clarifying the precise nature of each trust.

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.

The administration of these funds can be a significant burden, in particular where the trust deed has theological restrictions, which have to be assessed, and where properties are involved. The Council has taken steps to reduce this burden in particular by setting up two of the trusts as separate charities much as happened with Luckley Oakfield School forty years ago. There is a possibility of doing this for others. A list of the grants made from funds can be found on page 14. In line with common practice the Society charges an administration fee against managed funds. This is set at present at 1.5% on the balance of invested funds at the start of the year.

The Finance Committee continued to monitor the investment situation during the course of the year, with invested funds mainly with Ruffer LLP and CCLA Investment Management Limited. Financial decisions are the responsibility of the Council but the Finance Committee, which includes experience in a range of financial areas, advises them in this.

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Trustees' and directors' report For the year ended 31 December 2017

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.

The trustees consider that the principal risk facing the Society is a reduction in the income of the Society in the form of membership subscriptions, and donations and other giving. This is sought to be addressed by a regular review of the number of members and subscription levels and the level of donations, and by various initiatives designed to attract new members and to encourage giving to the Society, and the holding of significant reserves to cover deficiencies in any year.

Another significant risk is that of the loss of key personnel and staff. This is sought to be addressed by seeking to ensure that suitably committed and motivated personnel and staff are employed, that they are sufficiently supported in their roles, and that we have systems in place to recruit new staff in the event of departures or resignations.

Statement of trustees'/directors' responsibilities

The trustees (who are also the directors of Church Society for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 and other irregularities.

Statement as to disclosure of information to auditors

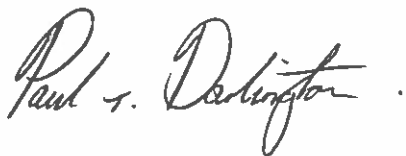
So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

Jacob, Cavenagh and Skeet 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 15 of the Companies Act 2006, relating to small entities.

Approved by the Trustees
and signed on their behalf by



Revd P Darlington
Trustee
13 March 2018

Independent auditor's report to the members on the audited financial statements of Church Society

Opinion

We have audited the financial statements of Church Society (the 'charity') for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Balance Sheet and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees' Report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Independent auditor's report to the members on the audited financial statements of Church Society

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included with the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 4, the trustees' (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and regulations made under that Act. 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Haffenden MA(Cantab) FCA
for and on behalf of Jacob Cavenagh & Skeet
Statutory Auditor
Chartered Accountants

5 Robin Hood Lane
Sutton
Surrey
SM1 2SW

Dated: ...23...MARCH 2018

Church Society
Statement of financial activities
For the year ended 31 December 2017

	Notes	Unrestricted funds	Restricted funds	Endowment funds	2017 Total	Unrestricted funds	Restricted funds	Endowment funds	2016 Total
		£	£	£	£	£	£	£	£
Income from:									
<i>Donations and legacies</i>		83,612	111,514	-	195,126	64,866	506,150	-	571,016
<i>Other trading activities:</i>									
Rent receivable		-	250	-	250	-	150	-	150
Fees and other income		5,982	-	-	5,982	732	-	-	732
<i>Investments</i>	2	46,729	45,836	118	92,683	43,314	39,387	-	82,701
<i>Charitable activities</i>									
Subscriptions, publications and conferences		19,852	4,064	-	23,916	19,145	3,753	-	22,898
Total income		156,175	161,664	118	317,957	128,057	549,440	-	677,497
Expenditure on:									
<i>Raising funds:</i>									
Fundraising and publicity		350	-	-	350	246	-	-	246
Rental property costs		-	5,039	-	5,039	5,954	5,156	-	11,110
<i>Charitable activities:</i>									
Grant funding of activities	3	-	26,065	-	26,065	-	43,062	-	43,062
Activities undertaken directly		144,385	18,893	1,000	164,278	128,268	10,625	-	138,893
Support costs		36,553	-	-	36,553	19,989	-	-	19,989
Total expenditure		181,288	49,997	1,000	232,285	154,457	58,843	-	213,300
Net gains/(losses) on investments		1,205	(9,222)	(13,453)	(21,470)	(2,951)	1,387	62,238	60,674
Net (expenditure)/income		(23,908)	102,445	(14,335)	64,202	(29,351)	491,984	62,238	524,871
Gross transfers between funds		29,780	(29,780)	-	-	26,613	243,387	(270,000)	-
Net movement in funds		5,872	72,665	(14,335)	64,202	(2,738)	735,371	(207,762)	524,871
Reconciliation of funds									
Balance at 1 January 2017 as previously stated		139,337	1,072,316	1,728,639	2,940,292	119,075	336,945	1,936,401	2,392,421
Prior year adjustment	20	(23,000)	-	-	(23,000)	-	-	-	-
Balance at 1 January 2017 as restated		116,337	1,072,316	1,728,639	2,917,292	119,075	336,945	1,936,401	2,392,421
Balances carried forward at 31 December 2017		122,209	1,144,981	1,714,304	2,981,494	116,337	1,072,316	1,728,639	2,917,292

The notes on pages 11 to 25 form part of these financial statements.

All operations are continuing operations.

Church Society
Summary Income and expenditure account
For the year ended 31 December 2017

	2017	2016
	£	£
Income	225,274	594,796
Gains/(losses) on investments	(21,470)	60,674
Interest and investment income	92,683	82,701
Gross income in the reporting period	296,487	738,171
Expenditure	229,761	212,334
Depreciation	2,524	966
Total expenditure in the reporting period	232,285	213,300
Net income for the year	64,202	524,871

Statement of Comprehensive income
For the year ended 31 December 2017

	2017	2016
	£	£
Net income for the year	64,202	524,871
Other comprehensive income		
Revaluation of tangible fixed assets	-	-
Total comprehensive income for the year	64,202	524,871

Church Society
Balance Sheet
As at 31 December 2017

	<i>Note</i>	<i>2017</i>		<i>2016</i>	
		£	£	£	£
Fixed assets					
Tangible assets	7		13,485		9,266
Investments	8		<u>2,225,057</u>		<u>2,246,520</u>
			2,238,542		2,255,786
Current assets					
Stocks	9	10,777		10,958	
Debtors	10	633,890		523,215	
Cash at bank and in hand		<u>144,014</u>		<u>168,465</u>	
		788,681		702,638	
Creditors: amounts falling due within one year					
	11	<u>(21,729)</u>		<u>(18,132)</u>	
Net current assets			766,952		684,506
Total assets less current liabilities			<u>3,005,494</u>		<u>2,940,292</u>
Provision for liabilities	20		(24,000)		(23,000)
Net assets			<u><u>2,981,494</u></u>		<u><u>2,917,292</u></u>
Funds					
Endowment funds	12		1,714,304		1,728,639
Restricted funds	13		1,144,981		1,072,316
Unrestricted funds	14		122,209		116,337
			<u><u>2,981,494</u></u>		<u><u>2,917,292</u></u>

Included in the fund balances above are revaluation reserves of £276,695 in Endowment funds and £184,805 in Restricted funds.

The notes on pages 11 to 25 form part of these financial statements.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved by the Board of Trustees on 13 March 2018 and were signed on its behalf by:



Revd P. T. Darlington
 Chairman

Company No. 213142

Church Society

Notes to the financial statements For the year ended 31 December 2017

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 Companies Act 2006 and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS102)) and Financial Reporting Standard 102 (FRS 102). The financial statements are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments. The accounts are all prepared in sterling, rounded to the nearest pound.

Church Society meets the definition of a public benefit entity under FRS 102. It is a company limited by guarantee, incorporated in England with registered office at Hille Business Estate, 132 St Albans Road, Watford, WD24 4AE.

The trustees consider that there are no material uncertainties about the Society's ability to continue as a going concern.

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 properties. 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.

1.4 Investments

Investments are included at fair value at the balance sheet date.

Realised gains and losses on investments are calculated as the difference between sales proceeds and market value at the start of the year, or subsequent cost, and are charged or credited to the statement of financial activities in the year of disposal.

Unrealised gains and losses represent the movement in market value during the year and are charged or credited to the statement of financial activities based on the market value at the year end.

1.5 Investment Properties

Investment properties are included at the trustees estimate of fair value at the balance sheet date.

Church Society

Notes to the financial statements For the year ended 31 December 2017

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or effective stock where appropriate.

1.7 Debtors

Prepayments are included at the amount prepaid and debtors are included at the settlement amount due.

1.8 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.9 Financial instruments

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.10 Income

Donations and legacies are accounted for once the charity has entitlement to the income, it is probable the income will be received and the amount of income receivable can be reliably measured.

Investment income

Dividends, interest and rental income are recognised gross when the charity has entitlement to the income.

Charitable activities and other trading activities

Income from these sources is recognised when the charity has entitlement to the income. If subscriptions are received in advance of the period to which they relate they are deferred to the next period.

1.11 Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer term liabilities. Expenditure includes VAT which cannot be recovered, and is reported as part of the expenditure to which it relates.

Raising funds

These comprise the costs associated with attracting voluntary income and maintaining investment properties.

Charitable expenditure

Charitable expenditure comprises those costs incurred by the Society in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those of an indirect nature necessary to support them. They also include governance costs which comprise costs associated with meeting the constitutional and statutory requirements of the Charity and include the audit fees and costs linked to the strategic management of the Charity.

Grants

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

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.

1.12 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.

Church Society

Notes to the financial statements For the year ended 31 December 2017

1.13 Pension costs

Defined benefit scheme – This is a multi-employer scheme and the pension costs charged in the financial statements represent the contribution payable by the charity in the year.

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

1.14 Taxation

The charity is exempt from corporation tax on its charitable activities.

2. Investment Income

	2017	2016
	£	£
Investment properties	64,603	66,723
Common investment funds	28,051	15,540
Cash deposits	<u>29</u>	<u>438</u>
	<u>92,683</u>	<u>82,701</u>

Church Society
Notes to the financial statements
For the year ended 31 December 2017

3 Grants paid	2017	
	£	£
Amalgamated Ordination and Training Fund		
Scholarships	2,500	
Book grants	<u>489</u>	
		2,989
Brighton Emmanuel Church		
Grants to churches	<u>-</u>	
		-
Dusseldorf		
Grant to Christ Church	<u>-</u>	
		-
Gloucester Mariners Housing Fund		
Contribution to Gloucester Mariners Church	<u>450</u>	
		450
Maldstone St Faith Parish Room		
Contribution to St Faith's, Maldstone	<u>250</u>	
		250
Paddock Wood Parochial Hall Trust		
Contribution to Paddock Wood Church	<u>22,376</u>	
		22,376
Publications Fund		
Costs of Evangelical Publications	<u>-</u>	
		-
Ryde Ecclesiastical Charity		
Costs of Ryde Trustees	<u>-</u>	
		-
Toon Fund		
Costs of annual lecture	<u>-</u>	
		-
Walthamstow Penrhyn Hall		
Costs of Walthamstow Trustees	<u>-</u>	
		-
Walthamstow St John's		
Grant to St John's	<u>-</u>	
		-
		<u>26,065</u>
2016 comparative		<u>43,062</u>
4 Operating leases		
	2017	2016
	£	£
The charity is committed to the following payments under operating leases:		
Not later than one year	5,700	11,400
Later than one year and not later than five years	<u>-</u>	<u>19,350</u>
	<u>5,700</u>	<u>30,750</u>
Lease payments charged to expenditure in the year	<u>11,400</u>	<u>11,400</u>

Church Society
Notes to the financial statements
For the year ended 31 December 2017

5 Charitable activities

	<i>Staff costs</i>	<i>Depreciation</i>	<i>Other costs</i>	<i>Total</i>	<i>Total</i>
	£	£	£	2017	2016
	£	£	£	£	£
Grant funding of activities	-	-	26,065	26,065	43,062
Activities undertaken directly	52,021	2,524	109,733	164,278	138,893
Support costs	24,218	-	12,335	36,553	19,989
	<u>76,239</u>	<u>2,524</u>	<u>148,133</u>	<u>226,896</u>	<u>201,944</u>

Other costs - Activities undertaken directly

	<i>2017</i>	<i>2016</i>
	£	£
Establishment and property	28,821	26,901
Publications	28,279	21,545
Meetings and conferences	13,883	10,538
Professional and management fees	-	2,145
Other staff costs	24,628	23,550
Miscellaneous	14,122	4,391
	<u>109,733</u>	<u>89,070</u>

Other costs - Support costs

	<i>2017</i>	<i>2016</i>
	£	£
Professional and management fees	3,562	13
<i>Governance costs</i>		
Meetings and conferences	4,403	3,364
Auditors' remuneration – audit services	4,370	4,390
	<u>12,335</u>	<u>7,767</u>

Staff costs

	<i>2017</i>	<i>2016</i>
	£	£
Wages and salaries	62,660	54,291
Social security costs	1,557	1,034
Pension costs (see note 20)	12,022	5,754
	<u>76,239</u>	<u>61,079</u>

The average number of persons employed by the charitable company during the year was 4 (2016:2.5). No employee earned more than £60,000.

6 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 2017, 17 Council Members claimed reimbursement of travelling expenses totalling £4,441 (2016: £6,400). The total value of donations without conditions received from trustees was £5,461 (2016: £664).

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.

The total employee benefits of the key management personnel of the charity were £59,105 (2016: £57,607 revised)

As at 31 December 2017 a loan was outstanding between the Church Society and a member of the key management personnel of £1,300.

Church Society
Notes to the financial statements
For the year ended 31 December 2017

7 Tangible fixed assets	<i>Freehold property – held for charitable purposes</i>	<i>Fixtures fittings and equipment</i>	<i>Total</i>
	£	£	£
Cost or valuation			
As at 1 January 2017	8,000	13,461	21,461
Additions	-	7,743	7,743
Disposals	(1,000)	(4,473)	(5,473)
Revaluation	-	-	-
As at 31 December 2017	<u>7,000</u>	<u>16,731</u>	<u>23,731</u>
Accumulated depreciation			
As at 1 January 2017	-	12,195	12,195
Provision for the year	-	2,524	2,524
Eliminated on disposals	-	(4,473)	(4,473)
As at 31 December 2017	<u>-</u>	<u>10,246</u>	<u>10,246</u>
Net book value			
As at 31 December 2017	<u>7,000</u>	<u>6,485</u>	<u>13,485</u>
As at 31 December 2016	<u>8,000</u>	<u>1,266</u>	<u>9,266</u>

The following properties have all been shown in the balance sheet at a notional amount of £1,000. In each case, the property is an asset of an endowment fund and its sale is subject to significant restrictions or is not permitted under any circumstances.

Not inalienable – expendable endowment

Lightbowne Evangelical Church

Gloucester Mariners Hall

St Andrews, Montserrat

Wigan St Catharine, Recreation Ground

Not inalienable – permanent endowment

Gloucester Mariners Church

Inalienable – permanent endowment

Penrhyn Hall, Walthamstow

Old Hill Hall

In 2016 the Southfields Scout Hut endowment fund was transferred to another charity.

Church Society
Notes to the financial statements
For the year ended 31 December 2017

8 Fixed asset investments	<i>Freehold property – Commercial Road, Paddock Wood</i>	<i>Flat in Trevithick House</i>	<i>Flat in Lulworth House</i>	<i>Stourbridge Grove House</i>	<i>Listed Investments</i>	<i>Total</i>
	£	£	£	£	£	£
Cost or valuation						
Valuation at 1 January 2017	25,000	390,000	450,000	475,000	906,520	2,246,520
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Revaluation	-	(40,000)	(12,500)	-	31,037	(21,463)
Market valuation at 31 December 2017	<u>25,000</u>	<u>350,000</u>	<u>437,500</u>	<u>475,000</u>	<u>937,557</u>	<u>2,225,057</u>
Historic cost	<u>-</u>	<u>193,560</u>	<u>234,553</u>	<u>473,327</u>	<u>865,069</u>	<u>1,766,509</u>

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 2017 by the directors to £25,000.

The flat in Trevithick house was bought in 2010 at a cost of £193,560, as a joint investment between four funds. It's valuation of £390,000 at the beginning of the year has decreased based on a professional valuation obtained through letting agents as at 31 December 2017 to £350,000. All costs and income are shared equally. The flat is leasehold property.

The flat in Lulworth house was bought in 2012 at a cost of £234,553 as a joint investment between four funds. Its valuation of £450,000 at the beginning of the year has decreased based on a professional valuation obtained through letting agents as at 31 December 2017 to £437,500. All costs and income are shared proportionally to the amount invested from each fund. The flat is leasehold property.

The house in Stourbridge Grove was bought in 2015 at a cost of £431,575 as an investment of the Dean Wace Memorial Fund. An additional £41,752 was spent on refurbishment. Its value stayed the same based on a professional valuation obtained through letting agents as at 31 December 2017.

Listed investments are investments placed with Ruffer LLP and CCLA Investment Management Limited.

9 Stocks	2017	2016
	£	£
Publications for resale	<u>10,777</u>	<u>10,958</u>
10 Debtors	2017	2016
	£	£
Prepayments	6,008	4,652
Other debtors	<u>627,882</u>	<u>518,563</u>
	<u>633,890</u>	<u>523,215</u>
11 Creditors: amounts falling due within one year	2017	2016
	£	£
Other creditors	-	9,792
Deferred income	4,099	1,614
Accruals	<u>17,630</u>	<u>6,726</u>
	<u>21,729</u>	<u>18,132</u>

Church Society
Notes to the financial statements
For the year ended 31 December 2017

12 Endowment funds

	<i>Movement in funds</i>					<i>Balance 31 December 2017</i>
	<i>Balance 1 January 2017</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers</i>	<i>Gains/ (losses) on revaluation</i>	
	£	£	£	£	£	£
Permanent endowment funds						
E A Beynon Fund	176,414	-	-	-	(11,188)	165,226
Birchington Convalescent Benefit Fund	65,347	-	-	-	723	66,070
Brighton Emmanuel	311,797	-	-	-	(14,019)	297,778
Dean Wace Memorial	823,662	118	-	-	21,842	845,622
Gloucester Mariners Church	1,000	-	-	-	-	1,000
Leamington Spa, Christchurch	61,943	-	-	-	602	62,545
Maldstone, St Faith Parish Room	209,617	-	-	-	(11,872)	197,745
Old Hill Hall	1,000	-	-	-	-	1,000
Walthamstow, Penrhyn Hall Trust	1,000	-	-	-	-	1,000
	<u>1,651,780</u>	<u>118</u>	<u>-</u>	<u>-</u>	<u>(13,912)</u>	<u>1,637,986</u>
Expendable endowment funds						
Lightbowne Evangelical Church, Manchester	1,000	-	-	-	-	1,000
Gloucester Mariners Hall	1,000	-	-	-	-	1,000
St Andrews, Montserrat	1,000	-	-	-	-	1,000
Southfields Scout Hut	1,000	-	(1,000)	-	-	-
Düsseldorf Chaplaincy Gloucester Mariners Residence	44,069	-	-	-	459	44,528
Paddock Wood Parochial Church Hall Trust	25,000	-	-	-	-	25,000
Wigan Recreation Ground	1,000	-	-	-	-	1,000
	<u>76,859</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>459</u>	<u>76,318</u>
	<u>1,728,639</u>	<u>118</u>	<u>(1,000)</u>	<u>-</u>	<u>(13,453)</u>	<u>1,714,304</u>

Church Society
Notes to the financial statements
For the year ended 31 December 2017

13 Movement on restricted funds

	<i>Movement in funds</i>					<i>Balance 31 December 2017</i>
	<i>Balance 1 January 2017</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers</i>	<i>Gains/ (losses) on revaluation</i>	
	£	£	£	£	£	
Amalg. Ord. and Training Fund	783,024	122,350	(4,858)	(12,355)	(14,061)	874,100
Birchington Convalescent Fund	(297)	1,133	-	(980)	-	(144)
Brighton Emmanuel Trust	5,658	13,116	(2,929)	(7,677)	-	8,168
Düsseldorf	537	-	-	(42)	-	495
Gloucester, Mariners Hall	228	-	-	-	-	228
Gloucester Mariners Residence Fund	1,272	869	(486)	(661)	-	994
JAEC	156	5,414	(8,677)	3,107	-	-
Leamington Spa, Christchurch Fund	1,074	944	-	(929)	-	1,089
Maidstone, St Faith Parish Room Fund	3,699	8,691	(1,585)	(6,144)	-	4,661
Paddock Wood Parochial Church Hall Trust Fund	231,792	8,628	(22,376)	(3,477)	3,958	218,525
Publications	179	-	-	-	-	179
Ryde Ecclesiastical Charity	26,097	206	-	(391)	132	26,044
Toon Fund	9,157	14	(9,086)	(85)	-	-
Walthamstow, Penrhyn Hall Trust fund	5,764	177	-	(86)	445	6,300
Walthamstow, St John Fund	3,976	122	-	(60)	304	4,342
	<u>1,072,316</u>	<u>161,664</u>	<u>(49,997)</u>	<u>(29,780)</u>	<u>(9,222)</u>	<u>1,144,981</u>

14 Movement on unrestricted funds

	<i>Movement in funds</i>					<i>Balance 31 December 2017</i>
	<i>Balance 1 January 2017</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers</i>	<i>Gains/ (losses) on revaluation</i>	
	£	£	£	£	£	
General Fund	116,337	152,326	(181,288)	29,780	1,205	118,360
Dean Wace Income	-	3,849	-	-	-	3,849
	<u>116,337</u>	<u>156,175</u>	<u>(181,288)</u>	<u>29,780</u>	<u>1,205</u>	<u>122,209</u>

15 Net assets held by funds

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Endowment funds</i>	<i>Total funds</i>
	£	£	£	£
Tangible fixed assets	6,485	-	7,000	13,485
Fixed asset investments	68,254	506,513	1,650,290	2,225,057
Net current assets	71,470	638,468	57,014	766,952
Provision	(24,000)	-	-	(24,000)
	<u>122,209</u>	<u>1,144,981</u>	<u>1,714,304</u>	<u>2,981,494</u>

Church Society
Notes to the financial statements
For the year ended 31 December 2017

16 Net assets held by endowment funds

	<i>Tangible Fixed assets</i>	<i>Fixed Asset Investments</i>	<i>Net Current assets</i>	<i>Total</i>
	£	£	£	£
Permanent endowment funds				
E A Beynon Fund	-	161,035	4,191	165,226
Birchington Convalescent Benefit Fund	-	62,898	3,172	66,070
Brighton Emmanuel	-	290,630	7,148	297,778
Dean Wace Memorial	-	825,395	20,227	845,622
Gloucester Mariners Church	1,000	-	-	1,000
Leamington Spa, Christchurch	-	52,411	10,134	62,545
Maidstone, St Faith Parish Room	-	192,983	4,762	197,745
Old Hill Hall	1,000	-	-	1,000
Walthamstow, Penrhyn Hall Trust	1,000	-	-	1,000
	<u>3,000</u>	<u>1,585,352</u>	<u>49,634</u>	<u>1,637,986</u>
Expendable endowment funds				
Lightbowne Evangelical Church, Manchester	1,000	-	-	1,000
Gloucester Mariners Hall	1,000	-	-	1,000
St Andrews, Montserrat	1,000	-	-	1,000
Southfields Scout Hut	-	-	-	-
Düsseldorf Chaplaincy	-	-	2,790	2,790
Gloucester Mariners Residence	-	39,938	4,590	44,528
Paddock Wood Parochial Church Hall Trust	-	25,000	-	25,000
Wigan Recreation Ground	1,000	-	-	1,000
	<u>4,000</u>	<u>64,938</u>	<u>7,380</u>	<u>76,318</u>
	<u>7,000</u>	<u>1,650,290</u>	<u>57,014</u>	<u>1,714,304</u>
Original cost	7,000	1,301,876	57,014	1,365,890
Revaluations	-	348,414	-	348,414
	<u>7,000</u>	<u>1,650,290</u>	<u>57,014</u>	<u>1,714,304</u>

Church Society
Notes to the financial statements
For the year ended 31 December 2017

17 Net assets held by restricted funds

	<i>Tangible Fixed assets</i>	<i>Fixed Asset Investments</i>	<i>Net Current assets</i>	<i>Total</i>
	£	£	£	£
Amalg. Ord. and Training Fund	-	261,740	612,360	874,100
Birchington Convalescent Fund	-	-	(144)	(144)
Brighton Emmanuel Trust	-	-	8,168	8,168
Düsseldorf	-	-	495	495
Gloucester, Mariners Hall	-	-	228	228
Gloucester Mariners Residence Fund	-	-	994	994
JAEC	-	-	-	-
Leamington Spa, Christchurch Fund	-	-	1,089	1,089
Maidstone, St Faith Parish Room Fund	-	-	4,661	4,661
Paddock Wood Parochial Church Hall Trust Fund	-	224,263	(5,738)	218,525
Publications	-	-	179	179
Ryde Ecclesiastical Charity	-	11,460	14,584	26,044
Toon Fund	-	-	-	-
Walthamstow, Penrhyn Hall Trust fund	-	5,377	923	6,300
Walthamstow, St John Fund	-	3,673	869	4,342
	-	506,513	638,468	1,144,981
Original cost	-	190,911	45,869	236,780
Revaluations	-	315,602	592,599	908,201
	-	506,513	638,468	1,144,981

18 Net assets held by unrestricted funds

	<i>Tangible Fixed assets</i>	<i>Fixed Asset Investments</i>	<i>Net Current assets</i>	<i>Provision</i>	<i>Total</i>
	£	£	£	£	£
General fund	6,485	68,254	67,621	(24,000)	118,360
Dean Wace Income	-	-	3,849	-	3,849
	6,485	68,254	71,470	(24,000)	122,209

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19. 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.
Dean Wace Memorial Fund	To provide land and buildings for Church Society and income 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 Residence	To provide a residence for the chaplain of the Mariner's Chapel or to provide for the general work of the Mariners Chapel.
JAEC fund	To provide for the holding of the annual Junior Anglican Evangelical Conference that the Society took over responsibility for organising in 2014.
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	Subject to the appointment of a vicar within 10 years of the sale of the Parish Room and to such vicar maintaining and carrying on a protestant reformed tradition, to provide funds for the Church and otherwise for the general purposes of Church Society.
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.
Ryde Ecclesiastical Charity	To further the religious and other charitable work of the Church of England in the Ecclesiastical Parish of Ryde.
Toon Fund (The Peter Toon Lecture Fund)	A fund, created by an initial donation of £10,000 from Mrs Vita A.S. Toon, to promote, defend, expound, and apply the Reformed Anglican faith so ably and eloquently proclaimed by the Revd Dr Peter Toon (1939-2009), in particular through the maintenance of the annual Peter Toon Lecture. This fund has now been transferred to another charity.
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.

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Notes to the financial statements For the year ended 31 December 2017

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, Old Hill Hall, St Catharine's Recreation Ground, Wigan.

20. Pension Schemes

Church Society participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of Church Society and other participating employers.

(a) The Church Workers Pension Fund (CWPF)

Church Society participates in the Pension Builder Scheme section of CWPF for lay staff. The Pension Builder Scheme is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable (2017: £1,688, 2016: £1,423).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2013. This revealed, on the ongoing assumptions used, a surplus of £0.5m. There is no requirement for deficit payments at the current time.

Pension Builder 2014 will be valued in relation to the lump sum payable to members at normal pension age. There are no annual pension benefits. Pension Builder 2014 commenced in February 2014 so the first full valuation of that section will be carried out at the next CWPF valuation date, 31 December 2016.

(b) The Church of England Funded Pension Scheme (CEFPS)

Church Society participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2017: £6,334, 2016: £6,231), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £10,334 for 2017 (2016: £8,231).

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A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2015. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- An investment strategy of:
- for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030; and
- a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns equivalent to 2.6% p.a. on gilts and 4.6% p.a. on return-seeking assets;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections with a long term annual rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	January 2016 to December 2017	January 2018 to December 2025
Deficit repair contributions	14.1%	11.9%

As at December 2015, the deficit recovery contributions under the recovery plan in force at that time were 14.1% of pensionable stipends until December 2025. As at December 2016 and December 2017 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

	2017	2016
Balance sheet liability at 1 January	23,000	28,000
Deficit contribution paid	(3,000)	(3,000)
Interest cost (recognised in SoFA)	0	1,000
Remaining change to the balance sheet liability* (recognised in SoFA)	4,000	(3,000)
Balance sheet liability at 31 December	24,000	23,000

* Comprises change in agreed deficit recovery plan, and change in discount rate and assumptions between year-ends.

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This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	December 2017	December 2016	December 2015
Discount rate	1.4% pa	1.5% pa	2.5% pa
Price inflation	3.0% pa	3.1% pa	2.4% pa
Increase to total pensionable payroll	1.5% pa	1.6% pa	0.9% pa

The legal structure of the scheme is such that if another Responsible Body fails, Church Society could become responsible for paying a share of that Responsible Body's pension liabilities.

(c) Prior year adjustment

The liability in respect of the deficit contributions payable under the deficit recovery plan had not previously been recognised in the accounts. Accounting standards require such liabilities to be included. A prior year adjustment has therefore been made to recognise the liability. The net effect on the previously reported net assets is a reduction of £23,000.

21. Capital commitments and contingent liabilities

The charitable company had no material capital commitments or contingent liabilities at 31 December 2017. (2016: £nil).

The Society is in discussion with HM Revenue & Customs about the tax treatment of certain aspects of its remuneration arrangements. The outcome of those discussions will determine whether the Society has any additional liability in respect of its employment arrangements which have not been provided for in these financial statements. The magnitude of any possible liability cannot be determined at this time, but the Society expects to be able to fund any possible liability from its ongoing resources.

22. Luckley-Oakfield School Trust

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

23. Ryde, St James

The Council of Church Society appoints three of the five trustees of the Ryde, St James Trust. The Trust owns the Church and a house in Ryde, Isle of Wight, which are held by Church Society on their behalf.

24. Hollabury Mission Hall Trust

The Council of Church Society appoints three of the five trustees of the Hollabury Mission Hall Trust. The Trust owns the Hollabury Mission Hall, Poughill, Bude, which is held by Church Society on their behalf.