

THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL

Trustees' Report and Financial Statements for the year ended 31 December 2010

Registered Charity: No.234518
www.uspg.org.uk



THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL

Incorporated under Royal Charter, 1701

President	:	The Most Revd and Rt. Hon. Rowan Williams, Archbishop of Canterbury
Trustees	:	Lay Canon Linda Ali (Chair) The Most Revd Mauricio Andrade The Revd Roger Antell (Vice Chair) Mr Richard Barrett * The Revd Canon Richard Bartlett Dr Hannah Batson Mrs Monica Bolley * The Revd Alan Brookfield (appointed 1 July 2010) The Revd Canon Christopher Burke (appointed 1 July 2010) The Rt Revd Michael Burrows The Revd Canon Christopher Chivers Master Roger Eastman * (until 30 June, 2010) Mrs Yoshimi Gregory (until 30 June, 2010) The Rt Revd Purely Lyngdoh The Revd Dr John Perumbalath The Rt Revd Royden Screech The Rt Revd Joseph Seoka Mr Nigel Wildish * (appointed 1 July 2010)
		* Members of the Finance and Audit Committee
General Secretary	:	The Rt Revd Michael Doe
Directors	:	Revd Dr David Evans - Director - Health (appointed 1 September 2010) Mr Anthony MacKernan - Director for Donor Engagement (appointed 1 January 2011) Mrs Janette O'Neill – Chief Executive (appointed 1 May 2011) The Revd Canon Edgar Ruddock - Director – Leadership Development and Deputy General Secretary
Company Secretary	:	Mr Michael Hart (and Deputy General Secretary)
Address	:	Harling House, 47/51 Great Suffolk Street, London SE1 0BS
Charity Registration	:	234518
Auditors	:	haysmacintyre Chartered Accountants Fairfax House 15 Fulwood Place London WC1V 6AY
Solicitors	:	Royds LLP 65 Carter Lane London EC4V 5HF
Principal Bankers	:	Barclays Bank Plc Charities Housing & Education Team 1 Churchill Place London E14 5HP
Investment Managers	:	CCLA Investment Management Ltd Rathbone Investment Managers 80 Cheapside 159 New Bond Street London London EC2V 6DZ W1S 2UD
Property Advisors	:	Ingleby Trice 11 Old Jewry, London , EC2R 8DU

THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL

REPORT OF THE TRUSTEES

The Trustees have pleasure in presenting their report for the year ended 31 December 2010. This report is prepared in accordance with the Royal Charter, the Bye-Laws and the recommendations of the Statement of Recommended Practice - Accounting and Reporting by Charities, and complies with applicable law.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documentation and Contribution

The Society is governed by its Royal Charter of 16 June 1701 as amended by the Supplemental Charter of 6 April 1882, the Supplemental Charter of 22 August 1921, the Supplemental Charter of 21 June 1956, the Orders of Council of 22 December 1964 and 19 November 1996.

The United Society for the Propagation of the Gospel became a registered charity on 26 August 1964.

Trustees

The Trustees, the charity trustees of the Society who are elected by the Council, during 2010 and at the date of this report, are shown on page 1. Master Roger Eastman and Mrs Yoshimi Gregory also served until 30 June 2010.

The search for new Trustees is carried out by a Recruitment Committee, having identified the areas of experience or knowledge required by the Trustees. A process of advertising or direct approach to names suggested is adopted. The Recruitment Committee itself is elected by the Society's Council and chaired by one of its members who is not a Trustee. Once elected Trustees undergo a formal induction process of training, usually at the Society's Head Office and carried out by senior staff, learning about the roles of a Trustee and the processes of the Society. Trustees are given the opportunity to attend appropriate seminars and courses, and are provided with relevant articles and publications.

The only regular sub-committee of the Board is the Finance and Audit Committee. In addition to those indicated on page 1, Mr Roger Hird, Mr John Little and Mr Douglas Yates serve.

Council has a membership of up to 141 persons who reflect both the Society's standing in the structures of the church and the support it receives as a voluntary organisation.

General Secretary and Directors

The General Secretary and the Directors, who are responsible for the day-to-day management of the Society, during 2010 and, at the date of this report, are shown on page 1. In addition Mr Michael Hart served as Central Services Director and the Revd Elfed Hughes as Britain & Ireland Relations Team Director until 30 September, 2010

Trustees responsibilities

Each year the Trustees are responsible for preparing accounts which give a true and fair view of the state of affairs of the Society at the end of the financial year, and the income and expenditure of the Society for that period.

In preparing those accounts, the Trustees are required to:

- select suitable and applicable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the organisation will continue in operation.

The Trustees are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society, and enable it to ensure that the financial statements comply with charity legislation and the relevant governing instruments. They are responsible for safeguarding the Society's assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Public Benefit

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. Both from the Society's objectives, based on its foundation document of 1701, its history and current activities, the Society has always seen its role as part of God's mission, seeking to bring His reconciling love to all peoples and in all places. It believes that the Christian faith is of benefit both to individuals and society as a whole. As a mission agency with a wide range of programmes and international relationships it aims to share that benefit with others. How it does this is explained throughout this Report, but we would draw particular attention to the work of our International Relations Team as detailed in Section A below and our Grant-making Policy and Activities set on page 6.

Risk Assessment

The major risks to which the charity is exposed, were identified by Trustees in a Report originally accepted in January 2002. It is regularly monitored and reviewed annually – the last time being in November 2010. Systems have been established to mitigate those risks and the Trustees continue to review both the risks and the effectiveness of the controls.

OBJECTIVES AND ACTIVITIES

According to its Charter, the Society was set up "to promote the Glory of God by the Instruction of Our People in the Christian Religion".

As a Society in the 21st Century, we seek to be part of the Mission which belongs to the Triune of God, proclaiming and sharing God's reconciling love in Christ among all peoples and in all places. We enable Anglican and United churches in over 50 countries to do this in practical and life-changing ways. We work in direct partnership with them, helping to strengthen the church and build communities. We provide the resources - people, money and ideas - that they define as necessary to meet local needs in vital areas of work including healthcare, education, leadership training and action for social justice. We uphold a way of working which is rooted in the Grace of God, calling us to generosity, service, faithfulness, openness, listening, communion, hospitality and reconciliation.

Through most of 2010 the Society had four major objectives which are set out below, together with the significant strategies and activities carried out in pursuit of them during the year under review.

A. To strengthen our global partnerships on the 'Heirs Together' principle, sustaining and deepening relationships across the Anglican Communion, and developing the new patterns of decision taking and grant-making.

1. The International Relations Team has managed the Society's relationships with churches in over 60 countries worldwide.
 - (a) It has supported 32 mission companions from the UK and 6 mission personnel from other parts of the Communion, who are serving with Anglican and United Churches in 12 Provinces of the Communion.
 - (b) It has supported a further 296 personnel from different parts of the Communion in training and 44 in short-term international service placements.
 - (c) It delivered over £1.7m of financial support to overseas churches, in pursuit of their strategic priorities (including over £305,000 in support of health programmes), and £720,000 of support for training and personnel worldwide.
 - (d) It managed the Festina Loan Scheme which allows just under £1,000,000 to circulate in support of capacity building and development programmes worldwide, usually in the form of low-interest loans of up to £50,000.
 - (e) Amidst the pressures and divisions currently being experienced around the Communion, it has sought to be an agency of listening, bringing people together, and of creative dialogue.

2. Regular visits by Desk Officers and other members of the International Relations Team to Partner Churches around the world. These visits provided opportunity for
 - (a) strengthening personal relationships with key leaders
 - (b) engaging in Synods and Councils of Provincial Churches at which key policy and strategy decisions are made
 - (c) explaining policies of the Society, particularly in relation to new financial procedures placing more choice in the hands of partners, and requiring new forms of monitoring and evaluation.
3. Shared decisions taken at a major International Consultation held in November 2008 about new funding strategies were implemented. This was a major step forward in the Society's strategy of encouraging the devolution of decision-making, and the mutual ownership of responsibility for the work of the Society around the world.

B. To increase our income from fundraising, through sustaining and growing our relationships with dioceses and parishes, encouraging our individual supporters and seeking new ones, and exploring new constituencies for potential support.

A total of £763,397 was spent directly and indirectly on fundraising. This includes all salary and general costs (including a proportion of Regional Desk Officers' salaries).

1. Continuing a robust campaigns schedule.

Following the success of the campaign strategy adopted in 2004, USPG continued with Lent and Advent appeals to individuals and churches. The 2010 Harvest campaign was marketed to churches and church primary schools. This was supplemented by fundraising initiatives of a Life-giving gifts catalogue and the Fiesta resource.

Segmented appeals were mailed with appeal letters and resources aligned with the church calendar. These were enhanced with editorial in the Society's quarterly newspaper Transmission as well as some Diocesan newspapers and websites.

The Campaigns were advertised in Transmission, the Church Times, the Church of England Newspaper, internet adwords, and some Diocesan newspapers.

Donations of £153,143 were received.

2. Other fundraising initiatives.

- (a) Projects Scheme.

The Project Scheme has continued to be marketed, using the website, printed resources and presentation by regional staff and volunteers. As many nominations from partners which could be turned into a Project description, and about which regular news could be featured, were promoted.

- (b) Mission Companions Programme.

Further fundraising efforts were made to increase giving from supporting churches, or gain further support through furlough speaking engagements planned with Mission Companions.

Initiatives (a) and (b) produced donations totaling £611,747

- (c) Trust applications and diocesan appeals.

Applications were made both to trusts which had previously awarded grants, and to charitable trusts which were new to USPG. Donations of £75,805 were received from such applications towards budgeted expenditure. Additionally £30,500 was raised towards budgeted expenditure from appeals held in dioceses in England and Wales. A further £101,873 was donated for the work of the world church outside the budgeted expenditure. This includes £12,326 from the final stage of Archbishops' Zimbabwe Appeal which the society administered on their behalf.

Total donations towards budget book £1,666,444

Total earmarked donations £101,873

3. General

The Society continues to receive gifts from churches, individuals, groups and schools, and some from overseas, including the Diocese of Europe, because of existing relationships, awareness-building and systematic marketing initiatives which include: regular mailings, the quarterly editions of Transmission and the Prayer Diary, the website, advertising, features in newspapers, promotion at events and exhibitions. In addition there is a planned engagement with parishes and dioceses through contact via the Regional staff and team of volunteers. Relationships are maintained with existing supporters and initiatives taken to contact potential new supporters through visits, speaking engagements, and other initiatives at deanery or diocesan level. Gift Aid is claimed regularly.

Particular attention was given to developing relationships with theological colleges and courses (with the aim of raising awareness with future church leadership), with presentations at various of the colleges.

C. To play a clearer and more significant role in God's mission, with and on behalf of the Anglican Churches in Britain and Ireland, and throughout the Anglican Communion.

The clear identity and distinctiveness of way of working of the Society has been at the forefront in relationships with the Church of England, Church in Wales, Scottish Episcopal Church, and (through USPG Ireland) with the Church of Ireland. The use of networking with church leaders and other significant contacts, and the use of all types of media, including a greater concentration on e-media have been used to promote the Society.

D. To establish the future strategy of the Society and to seek to ensure its financial stability.

The Senior Management and Trustees have continued their work on the future of the Society, aware that the changes in the life of the church, both within this country and in the Anglican Communion as a whole, and the more general cultural shifts in British and Irish society as they particularly effect donor's expectations, require the Society to re-discover its role in the early 21st Century. This culminated in the report "Building a Sustainable Future" in March 2010, which reaffirmed the Society's "identity" as a church-to-church agency engaged in God's holistic mission and began the creation of a new strategy based on "sustainability" for both our worldwide partners and also the Society itself.

Volunteers

The Society continues to rely on the support and work of a wide range of volunteers who recognise and appreciate the importance of the Society's work and bring it to the attention of clergy and congregations. There are also a number of more formal volunteers who assist, particularly in the following areas:-

- As trustees and members of our Council, committees and advisory groups.
- Assisting paid staff throughout Britain and Ireland, seeking to maintain and increase the Society's support in dioceses and parishes. For this purpose, three volunteer roles and appropriate recruitment and training for these roles have been developed:
 1. Associate Mission Advisers: In association with Regional Co-ordinators, these volunteers engage in the face to face representation of the Society in parishes. They are deployed within a diocese or an agreed area within a diocese.
 2. Voluntary Speakers: These volunteers carry out speaking and preaching engagements on behalf of the Society, generally on a regional basis.
 3. Church Links: As local church volunteers, their role is to receive mailings from the Society and to maintain and build awareness within the local church or parish.

ACHIEVEMENTS AND PERFORMANCE

Following the strategic review carried out by the trustees, aimed at ensuring the future stability and viability of the Society, 2010 saw both the continuation of previous work - described here in sections A, B & C – and the beginning of a new strategy, set out in section D.

A. To strengthen our global partnerships on the 'Heirs Together' principle, sustaining and deepening relationships across the Anglican Communion, and developing the new patterns of decision taking and grant-making.

The essential relationships held within the International Relations Team were largely fostered by the Regional Desk Officers, respectively of Africa, Asia, Latin America and the Caribbean. With regular e-mail contact and a number of personnel visits, also carried out by the International Relations Director and the General Secretary, the relationships can be maintained at an up-to-date and high level. This was also enhanced by a wide range of overseas visitors who visited our London office.

The Mission Personnel programmes and EEPs provided a range of opportunities for those wishing to serve overseas.

Grant-making Policy and Activities

At the major International Consultation held in Birmingham in June 2006 a new funding policy was agreed. It was revised at the successor consultation held in November 2008. Resources were allocated under three headings:

1. **The Common Provincial Fund (CPF).** A “share” of the CPF was allocated to each participating Province of the Communion, and the Provincial Church was invited to nominate how that share would be used, by reference to programmes designed by the church to deliver its own strategic objectives. In this way, USPG’s grant-making policy was defined at supporting the local church in the delivery of its own objectives, within the globally agreed four themes of
 - (a) Leadership Formation (including Theological Education)
 - (b) Health
 - (c) Education and Development
 - (d) Reconciliation and Justice.

The CPF incorporates all funding formerly itemised in the Annual Budget Book, namely Long and Short Term Development, Special issues, Training for Mission, Education, and Healthcare.

2. **The Extra-Provincial Fund (EPF).** Between 2007 and 2010 this funding supported
 - (a) the “Mission Companion” Programme, which facilitates the appointment of mission personnel around the world.
 - (b) The “Exchanging Places” Programme which facilitates the exchange of long-term mission personnel appointments between churches around the Communion.
 - (c) The “Training and Experience Programme which offers scholarship for programmes that support the strategic objectives of the local church.
 - (d) A small “unallocated” fund which represents about 3.5% of the total grants made that allows for urgent and short-term small requests to be brought by Partners to the Society (these are considered at a quarterly funding meeting of the International Relations Team).
3. **The European Focus Fund (EFF).** This fund denotes programmes that serve the global church, but with a focus on the relationships formed between the world church and the churches in Britain, Ireland, and continental Europe. It includes funding formally allocated under the headings
 - (a) Experience Exchange
 - (b) Come Over and Help Us
 - (c) Expanding Horizons
 - (d) Mission Initiatives in Europe

All nominations for funding are scrutinised by the Regional Desk Officer, then brought to the Team Officers Meeting for evaluation and decision, before becoming part of the Annual Budget of the Society.

The details of the grants to the top 50 institutions made by the Society are set out in note 16 to the Accounts.

B. To increase our income from fundraising, through sustaining and growing our relationships with dioceses and parishes, encouraging our current individual supporters and seeking new ones, and exploring new constituencies for potential support.

Fundraising initiatives as detailed above achieved total donations of £1,666,444 towards the core budget as allocated through the International Relations Team. These are included within the figure of £1,867,919 as disclosed on the SOFA, page 11. This was below the original target of £1.9m and represents a 7% decrease on 2009.

Specific fundraising initiatives achieved notable successes. However, there has been a decline in both the numbers of churches and individuals donating to the Society. This is partly as a result of the financial pressure on individual churches, which itself comes from both declining congregations but also through increases in parish share of quota.

The original donations budget for 2010 was subsequently revised to £1.8m in the light of an observable trend in decline.

C. To play a clearer and more significant role in God's mission, with and on behalf of the Anglican Churches in Britain and Ireland, and throughout the Anglican Communion.

Our adoption of the extended name "Anglicans in World Mission" in 2007 re-affirmed our clear Anglican ethos and identity and our continuing role as the means whereby Anglicans in Britain and Ireland can be in relationship with the other churches of the Anglican Communion. It also embraced an understanding of Anglicanism which sees mission as holistic, which believes in generosity and reconciliation, and which is committed to the unity and diversity of the Anglican Communion. During 2010 we continued to present and publicise this clearer identity, and to make our activities better known to supporters and potential donors. This included the work of the regional co-ordinators in the Church Relations Team, the quarterly publication of Transmission and the Prayer Diary, and extending the use of the website and e-communications.

Internationally, the Society has continued to develop patterns of decision taking and grant-making which will sustain and enrich these relationships in the spirit of the 'Heirs Together' process. This kind of mutuality and partnership is rooted in the idea of "Mission from everywhere to everywhere". However, given the economic imbalances within the Communion, the Society has continued its policy of raising funds in Britain and Ireland so that funding, personnel and scholarships can be made available to those Provinces which request such help. An International Consultation in 2008 which brought together all our major partners reaffirmed these principles, including the four priority areas of Leadership Formation and Theological Education, Health, Development including Education, and Justice, Reconciliation and the Environment.

The Advocacy Group continued to follow up a number of issues raised by Partners, especially the plight of the Palestinians in the Holy land and the effects of mining companies in the Philippines.

The Society carried out its commitment to a second triennium of support for the Selly Oak Centre for Mission Studies within the Queens Foundation in Birmingham. This partnership with the Methodist Church provides training and study opportunities for our own personnel programmes as well as a commitment to Mission Studies in general.

We continued to work with USPG Ireland, a separate charity which was incorporated in the Republic of Ireland as a company limited by guarantee in 2007. The Board of Directors has a majority of Irish members, but the USPG General Secretary and one of the USPG Trustees listed on page 1 also served on the Board.

D. To establish the future strategy of the Society and to seek to ensure its financial stability.

In March 2010 the trustees accepted a new Strategic Plan, "Building a Sustainable Future", aimed at maximising the support which the Society gives to partner churches around the world by reducing domestic costs and developing more longer-term capacity building projects. The main components were to

1. stay in relationship with all its historic partner Provinces around the world, including the Caribbean and Latin America, but to limit funding programmes to Africa and Asia.
2. focus on two areas of work, supporting Programmes developed by African and Asian Provinces which will build up their own capacity rather than staying dependent on external sources:
 - a) 'Growing the Church' will be concerned with the life and work of the church, and especially leadership formation including theological education,
 - b) 'Working for Health' will develop the delivery of health care, through the church, in ways more appropriate to present needs;
3. reduce its expenditure in Britain by cutting the number of staff in London;
4. replace the already much-reduced regional team with staff to support the growing number of volunteer Associate Mission Advisers in each diocese;
5. continue to resource supporters who want to give to USPG, either generally or in connection with aspects of the Programme ("Projects") which partners nominate.

Practical steps to implement this new way of working included

1. Making all staff redundant, and inviting applications for up to 25 new posts geared to the delivery and resourcing of the new strategy
2. Appointing a new Senior Management team, to be led by a new Chief Executive from 2011, with Directors for Health, Developing Leadership, and Donor Engagement
3. Establishing consultations with partner Provinces for the creation of new, capacity-building programmes in the two activity areas
4. Preparing a new strategy for communications and raising funds from individual donors, parishes, and external sources, and revising the Project Scheme
5. Making arrangements for moving to a smaller office in central London

Towards the end of the year the Senior Management Group finalised work on a Five Year Strategy which was then agreed by the trustees in early 2011. The basis of the Society is now defined as “USPG exists to support the churches of the Anglican Communion as they engage in God’s holistic mission. We are a major Anglican mission agency, focussed on sustaining relationships between churches, and supporting our partners in growing the Church’s capacity for mission, particularly through leadership development and health work.”

This leads to our four primary objectives:

1. To sustain relationships with our historic partners in over 30 Provinces and United Churches of the Anglican Communion.
2. To establish 18 capacity-building Programmes in 12 designated Provinces.
3. To secure income streams for each of these 18 Programmes.
4. To encourage supporters to learn about, give to, pray for, and experience God’s global mission and church.

Consultation is now in process with the twelve Provinces where funding for Programmes in either Health or Leadership Development will be available. Work is also being done to secure income for this funding, not least through support from churches and individuals in Britain and Ireland.

FINANCIAL REVIEW

The financial statements in the form required by the Charities Act 1993 and conforming to the Statement of Recommended Practice (SORP) are on pages 11 to 21. From the Statement of Financial Activities (SOFA) on page 11 it can be seen that, in 2010, the Society slightly reduced its expenditure to £5,006,466, a net reduction over the previous year of £178,101. Expenditure on its charitable activities which totals £4,119,592 was used to sustain relationships with partner churches within the Anglican Communion as explained under ‘Objectives and Activities’ above. The costs of generating funds, £763,397 were expended to try to ensure the future stability and economic viability of the Society. Incoming resources decreased by £128,117 to £4,209,310.

The resulting deficit or net outgoing resources of £797,156 compares with a deficit the previous year of £847,140 and was largely in line with the budget.

During the year the capital of the UMCA Property Reserve of £9,300,000, £3.1m was invested in the Charities Property Fund, and the balance invested with CCLA in a range of investments, in accordance with professional advice received.

2010 was a more stable year for investment with signs of a recovery having a more beneficial effect on world markets and the global economy in general, with a continuing rise in the Stock Market. The Society’s investments showed significant increases both realised and unrealised, totalling £1,835,916 as shown in the SOFA.

Of the designated funds that total £1,679,683 the two most significant are those set aside for the purchase of fixed assets (£809,390) and the provision of capital for the Festina Loan Scheme, including the guarantee for Festina Loan Holders (£764,126). The pension payable fund of £82,767 will be used up over the next two years.

Investment Powers, Policy and Performance

Under the Supplemental Charter of 21 June 1956 as amended by the Order in Council dated 19 November 1996, the Trustees have full and unrestricted powers of investment in respect of the general funds of the Society and the Endowment funds are invested according to the requirement of individual funds. All investments held by the Society have been acquired in accordance with the powers available to the Trustees.

Rathbones Investment Limited continue to manage the general funds of the Society. CCLA Investment Management Ltd continue to manage all Trust investments through their range of pooled funds, within the following policy:-

“to enhance, in so far as is reasonable, with the avoidance of undue risk, the real value of capital and income of the Portfolio and to provide a reasonable level of current income.”

USPG has adopted the ethical investment policy of the Church of England, as recommended by the Church’s Ethical Investment Advisory Group, which is adhered to by both the CCLA and Rathbones.

In respect of the general fund investments the Trustees set an annual income target, currently £290,000 per annum, and in 2010, £248,150 was received (£244,905 from equities and bonds, and £3,145 from interest on deposit accounts). The total return on the Funds managed by Rathbones was 12.0% compared with its Comparator – Composite benchmark of 12.5%.

Of the Endowment Funds totalling £27,567,458, £20,572,985 is invested in the CBF Investment Fund. During the year the total return on those funds was 12.9% compared with its Comparator – Composite benchmark of 14.4%. A further £5,268,423 is in a range of COIF funds, £1,346,736 is invested in the CBF Fixed Interest Fund and £379,314 remains on deposit

Reserves Policy

The unrestricted general funds (free reserves) at 31 December 2010, which stood at £3,655,357 before the deduction of the negative Pension Scheme Funds of £587,000, are necessary for a number of purposes. The current Reserves Policy anticipates their level should represent at least a year’s budgeted expenditure, necessary to provide cash flow, to act as a counter-balance to the volatility in income and to finance the recent developments from strategic planning which have recently been agreed. In the changing circumstances, the Trustees are reviewing their Reserves Policy and believe that the current level of reserves equal to 14 months budgeted expenditure, excluding those grants payable in the following year, is satisfactory.

Resources

The assets of the charity are sufficient to meet the obligations of the charity on a fund by fund basis.

These are not easy times, least of all for the church around the world which we seek to support. We therefore pay tribute to all those who work for the Society in any capacity, and in particular to our loyal and dedicated staff on whom we place much reliance, now recently re-located to new premises in Southwark

Linda Ali
Chair of Trustees

10 May 2011

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF
THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL
FOR THE YEAR ENDED 31 DECEMBER 2010**

We have audited the financial statements of The United Society for the Propagation of the Gospel for the year ended 31 December 2010 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the Charity's trustees 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 charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on pages 2 and 3), the trustees are responsible for the preparation of financial statements which give a true and fair view. We have been appointed as auditor under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2010 and of its incoming resources and application of resources, 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 Charities Act 1993.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

haysmacintyre
Chartered Accountants
Registered Auditors

Fairfax House
15 Fulwood Place
London WC1V 6AY

10 May, 2011

THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Unrestricted Funds		Restricted Income Funds	Endowment Funds	TOTAL 2010	TOTAL 2009
		General	Designated				
		£	£				
<u>Incoming Resources</u>							
Incoming Resources from Generated Funds							
Donations	12	1,113,117	-	752,302	2,500	1,867,919	2,562,656
Legacies received		473,702	-	547,757	-	1,021,459	507,183
Investment income	14	357,619	10,490	922,470	-	1,290,579	1,228,062
Activities for generating funds							
Hire of facilities, courses and similar income	15	29,353	-	-	-	29,353	39,426
Other Income							
Net gain on disposal of tangible fixed assets		-	-	-	-	-	100
Foreign exchange gain/loss		-	-	-	-	-	-
Total Incoming Resources		1,973,791	10,490	2,222,529	2,500	4,209,310	4,337,427
<u>Resources expended</u>							
Cost of Generating Funds	16	622,206	-	141,191	-	763,397	817,424
Charitable Activities							
Funding programme costs		855,519	18,500	1,281,060	-	2,155,079	2,291,664
Mission companion costs		458,044	-	290,252	-	748,296	788,416
Mission education and training costs		1,039,099	-	177,118	-	1,216,217	1,169,328
Governance Costs		114,371	-	9,106	-	123,477	117,735
Total Resources expended		3,089,239	18,500	1,898,727	-	5,006,466	5,184,567
<u>Net incoming/(outgoing) resources before transfers</u>							
		(1,115,448)	(8,010)	323,802	2,500	(797,156)	(847,140)
Transfers	8&9	76,087	(63,244)	27,157	(40,000)	-	-
						-	-
Net (outgoing)/incoming resources		(1,039,361)	(71,254)	350,959	(37,500)	(797,156)	(847,140)
Gains/(losses) on investment assets		717,123	-	-	1,118,793	1,835,916	3,003,763
Actuarial (loss)/gain on pension schemes	19	34,000	-	-	-	34,000	(2,373,000)
Net Movement In Funds		(288,238)	(71,254)	350,959	1,081,293	1,072,760	(216,377)
Fund balances brought forward		3,356,595	1,750,937	4,752,919	26,486,165	36,346,616	36,562,993
Fund balances carried forward		3,068,357	1,679,683	5,103,878	27,567,458	37,419,376	36,346,616

The notes on pages 14 to 25 form part of these accounts.

The statement of financial activities includes all gains and losses recognised in the year.
All incoming resources and resources expended derive from continuing activities.

THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL

CASHFLOW STATEMENT AT 31 DECEMBER 2010

	<u>2010</u>	<u>2009</u>
	£	£
Net (outgoing) resources from Society's activities	(2,162,931)	(2,129,190)
Returns on investment	1,290,579	1,228,062
Capital expenditure and financial investment	526,379	145,449
	(345,973)	(755,679)
Financing	61,818	124,255
	(284,155)	(631,424)
(Decrease) in cash		
Notes to the Cashflow Statement		
1. Reconciliation of net (outgoing) resources to cashflow from Society's activities		
Net (outgoing) resources for the year	(797,156)	(847,140)
Returns on investment	(1,290,579)	(1,228,062)
Gain on disposal of tangible fixed assets	0	(100)
Depreciation	64,031	64,030
Pension Scheme movements	(251,000)	(281,000)
(Increase)/decrease in debtors	37,340	48,166
Decrease/(increase) in liabilities	74,433	114,916
	(2,162,931)	(2,129,190)
2. Returns on investment		
Investments quoted on a recognised UK Stock Exchange	244,905	261,958
Central Board of Finance of the Church of England	809,083	794,573
Interest receivable	236,591	171,531
	1,290,579	1,228,061
3. Capital expenditure and financial investment		
Purchase of tangible fixed assets	(908)	(10,615)
Proceeds of sale of tangible fixed assets	0	100
Purchase of investments	(1,172,665)	(2,381,649)
Proceeds from sale of investments	1,699,952	2,537,613
	526,379	145,449
4. Financing		
Decrease/(increase) in Festina loan debtors	57,518	159,255
Decrease in Festina loan creditors	4,300	(35,000)
	61,818	124,255
5. Analysis of changes in cash		
Cash at 1 January	2,144,136	2,775,560
Cashflow	(284,155)	(631,424)
Cash and short term deposits at 31 December	1,859,981	2,144,136
6. Reconciliation of net cash flow to movement in net funds		
Decrease in cash in period	(284,155)	(631,424)
(Decrease)/increase in Festina loan debtors	(57,518)	(159,255)
Decrease in Festina loan creditors	(4,300)	35,000
	(345,973)	(755,679)
Net funds at 1 January	2,755,693	3,511,372
Net funds at 31 December	2,409,720	2,755,693

THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010

1 Accounting Policies

The financial statements have been prepared in accordance with Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005), and with applicable accounting standards. The particular accounting policies are described below:-

(a) Basis of Accounting

The accounts have been prepared under the historical cost basis of accounting as modified to include fixed assets investments at market value.

(b) Donation, Legacies and Fundraising Income

These are recognised in the accounts when received or when the Society becomes legally entitled to them and they can be reasonably measured. Income received for general purposes of the Charity are included as unrestricted funds. Income for activities restricted by the wishes of the donor or the terms of the particular trust deed are taken to restricted income funds. Income required to be retained as capital in accordance with the donor's wishes are accounted for as endowments - permanent or expendable according to the nature of the restriction.

(c) Investment Income

Investment income is accounted for as it accrues. Investment income to be spent in accordance with the particular terms of a trust is included in restricted income funds

(d) Resources Expended

Resources expended are accounted for on an accruals basis. Support costs which cannot be directly apportioned are allocated between cost categories on the basis of the Trustee's estimate of the time spent on the relevant functions.

Cost of generating funds comprise expenditure incurred by the Society in appealing for donations.

Costs of charitable activities consists of all expenditure directly relating to the objects of the Society together with an allocation of support costs.

Funding programme costs - Grants payable mainly to institutions of the world church are accrued when approved by the Trustees and notified to the beneficiaries. Other payments are accounted for as they are paid.

These represent investment income that has been spent in accordance with the particular terms of a trust. Missionary companion costs represent allowances and other costs of missionaries overseas.

Mission education and training costs represents the costs of mission advisors who are involved in educating the community as to the Society's purpose and activities.

Governance costs comprise expenditure on management and compliance with constitutional and statutory requirements together with an allocation of support costs.

(e) Fixed Assets Investments

Investment properties are included in investments and are stated at Trustees' valuation of ten times the current annual rent. Other investments are stated at market value. Gains (or losses) are reflected in the Statement of Financial Activities in the year in which they occur.

THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010

(f) Depreciation of Tangible Fixed Assets

General minor office equipment is charged to resources expended in the year that the expenditure is incurred.

Fixed assets are depreciated when brought into use at the following rates:-

Property held on short lease	-	Over the remaining period of the lease
Major office and computer equipment	-	20% on cost

(g) Pensions

The Society operates and contributes to two defined benefit schemes, the Home Staff Retirement Benefit Scheme and the Overseas Staff Retirement Scheme. The amounts included within the Statement of Financial Activities and Balance Sheet are in accordance with the requirements of Financial Reporting Standard 17: Retirement Benefits ("FRS17").

(h) Fund accounting

Details of the nature and purpose of each fund is set out in notes 7 to 9.

2. Tangible Fixed Assets

THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010

	Leasehold Land and Buildings £	Office Equipment £	Total £
Cost:			
Balance at 1 January 2010	1,797,037	115,016	1,912,053
Additions	-	908	908
Balance at 31 December 2010	<u>1,797,037</u>	<u>115,924</u>	<u>1,912,961</u>
Depreciation:			
Balance at 1 January 2010	943,991	95,549	1,039,540
Charge for year	51,164	12,867	64,031
Balance at 31 December 2010	<u>995,155</u>	<u>108,416</u>	<u>1,103,571</u>
Net Book Value at 31 December 2010	<u>801,882</u>	<u>7,508</u>	<u>809,390</u>
Net Book Value at 31 December 2009	<u>853,046</u>	<u>19,467</u>	<u>872,513</u>

The leasehold land and buildings, which are all subject to short term leases, have a net book value of £801,883(2009: £853,046).

3. Investments

	Unrestricted Funds £	Restricted Funds £	Endowment Funds Expendable £	Endowment Funds Permanent £	Total Funds £
Market Value at 1 January 2010	8,317,887	475,355	4,918,891	21,567,274	35,279,407
Acquisitions	1,170,165	-	-	2,500	1,172,665
Disposals	(1,670,054)	-	(40,000)	-	(1,710,054)
Net gains on revaluations	727,225	0	335,670	783,123	1,846,018
Market Value at 31 December 2010	<u>8,545,223</u>	<u>475,355</u>	<u>5,214,561</u>	<u>22,352,897</u>	<u>36,588,036</u>
Investment properties	-	-	-	54,948	54,948
Listed investments:	8,545,223	475,355	5,214,561	22,297,949	36,533,088
Total Investments at 31 December 2009	<u>8,545,223</u>	<u>475,355</u>	<u>5,214,561</u>	<u>22,352,897</u>	<u>36,588,036</u>

The cost of investments at 31 December 2010 was £21,088,625 (2009: £21,671,178).

4. Loans and Debtors

	2010 £	2009 £
THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL		
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010		
Festina loan balances	742,165	799,683
Other debtors	82,844	81,172
Prepayments and accrued income	65,395	104,407
	<u>890,404</u>	<u>985,262</u>

At the year end the Society was due a number of legacies. The amount of these legacies could not be accurately quantified. A reasonable estimate of the amount due would be £600,000.

Festina loan balances due after one year amounted to £642,000.

5. Creditors and Provisions

	2010 £	2009 £
Grants Payable	1,221,850	830,031
Loans received from Festina Scheme holders	192,426	188,126
Pension Schemes	8,457	13,630
Taxation and Social Security	23,993	33,404
Other creditors and accruals	98,361	137,780
	<u>1,545,087</u>	<u>1,202,971</u>

6. Unrestricted Funds

General funds are funds where both the capital and income can be spent at the discretion of the Trustees in furtherance of the objects of the Society.

7 Designated Funds

Designated funds are unrestricted funds which have already been designated by the Trustees for particular purposes. These include the following:

	2010 £	2009 £
To finance any large increase in pensions payable	82,767	82,767
Commitments to guarantee loans from Festina Loan holders	241,126	241,126
To finance the Society's loan from general funds to the Festina Loan Scheme	523,000	523,000
Amount provided for strategic planning of discrete short term projects	(2)	(2)
Amount reflecting the finance tied up in tangible fixed assets	809,390	872,513
Other	23,402	31,033
	<u>1,679,683</u>	<u>1,750,437</u>

THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL

8. Restricted Income Funds

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010

	Balance at 1 Jan 2010 £	Incoming Resources £	Outgoing Resources £	Transfers £	Investment Gains/losses £	Balance at 31 Dec 2010 £
General restricted funds	1,047,265	62,997	(375,055)	332,487	-	1,067,694
Medical funds	817,372	50,551	(76,974)	71,559	-	862,508
Educational funds	13,782	760	(74,592)	67,366	-	7,316
Legacies and donations received towards:						
- Africa	526,603	814,224	(372,892)	-	-	967,935
- Asia	477,446	100,781	(258,937)	-	-	319,290
- Latin America and the Carribean	60,147	67,452	(100,334)	-	-	27,265
- Middle East	8,716	31,367	(35,322)	-	-	4,761
- Other areas	33,078	73,905	(61,169)	-	-	45,814
Festina loans	451,969	14,951	0	-	-	466,920
Trust income balances						
- General restricted funds	985,286	774,463	(357,906)	(366,540)	-	1,035,303
- Medical funds	93,355	64,856	(26,013)	(33,189)	-	99,009
- Educational funds	2,636	68,098	(320)	(67,778)	-	2,636
Archbishops' Zimbabwe Appeal	103,769	12,326	(51,209)	-	-	64,886
Other Appeals	29,751	1,475	(1,000)	-	-	30,226
Other funds	101,744	84,323	(107,004)	23,252	-	102,315
	<u>4,752,919</u>	<u>2,222,529</u>	<u>(1,898,727)</u>	<u>27,157</u>	<u>0</u>	<u>5,103,878</u>

General, medical and educational funds

These funds are analysed in accordance with the purpose specified by the donor or the terms of the particular trust. These funds also usually have restrictions as to the areas of the world where the income should be spent.

Legacies and donations

This fund represents legacies and donations received which have to be spent on specific purposes. They have been analysed in accordance with the area of the world where the donor wishes the money to be spent.

Festina Loans

This fund provides unsecured loans at low interest rates to overseas dioceses for capital projects. The loans are repaid in sterling over an agreed period not exceeding 10 years. This scheme is also supported by loans totalling £192,426 (2008: £188,126) made by external loanholders on an interest free basis. The Society has guaranteed repayment of these loans and provides further support to the scheme through a loan from the Society's unrestricted fund of £523,000 (See note 7).

Appeals

This fund represents specific appeals to provide relief in certain areas usually following natural disasters or other unfortunate events.

8. Restricted Income Funds (Continued).**THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL**Trust income balances**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010**

These represent income earned on trust investments which has to be spent on specific purposes. Transfers are made to this fund from expendable endowment funds when the capital of these are applied as income. Transfers are made to other restricted funds whose expenditure fulfills the purposes of the trusts.

9. Endowment Funds

	Balance at 1 Jan 2010 £	Incoming Resources £	Outgoing Resources £	Transfers £	Investment Gains/losses £	Balance at 31 Dec 2010 £
Permanent Endowment Funds						
General restricted funds	19,819,016	2,500	-	-	665,086	20,486,602
Medical restricted funds	1,137,914	-	-	-	76,158	1,214,072
Educational restricted funds	399,019	-	-	-	27,936	426,955
General unrestricted	211,325	-	-	-	13,943	225,268
	21,567,274	2,500	-	-	783,123	22,352,897
Expendable Endowment Funds						
General restricted funds	3,440,293	-	-	-	238,220	3,678,513
Medical restricted funds	253,998	-	-	(40,000)	11,128	225,126
Educational restricted funds	1,055,163	-	-	-	75,875	1,131,038
General unrestricted	169,437	-	-	-	10,447	179,884
	4,918,891	-	-	(40,000)	335,670	5,214,561
Total Endowment Funds	26,486,165	2,500	-	(40,000)	1,118,793	27,567,458

Permanent Endowment funds are funds where the capital must be retained and only the income used in accordance with the terms of a trust or the wishes of the donor. These have been analysed above in accordance with how the income generated from the funds is to be spent.

Expendable Endowment funds are funds where the capital must be retained and only the income used in accordance with the terms of a trust, until such times as the Trustees elect in accordance with the terms of the trust to apply the capital as income. This is shown by way of a transfer from the endowment funds to the restricted or unrestricted funds.

General restricted endowment funds represent trusts restricted to certain areas and countries around the world for purposes other than medical and educational.

Medical restricted endowment funds represent trusts restricted to certain areas and countries around the world for medical purposes only.

Educational restricted endowment funds represent trusts restricted to certain areas and countries around the world for educational purposes only.

General unrestricted endowment funds represent trusts with no restrictions where the capital must be retained and only the income used, until such times as the Trustees elect in accordance with the terms of the trust to apply the capital as income.

THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010

10. Analysis of Net Assets by Funds

	Tangible Fixed Assets £	Investments £	Net Current Assets £	Pension Scheme Assets £	Total £
Unrestricted Funds:					
General Funds	-	8,545,223	(4,889,866)	(587,000)	3,068,357
Designated Funds	809,390	-	870,293	-	1,679,683
Restricted Funds	-	475,355	4,628,523	-	5,103,878
Expendable Endowment	-	5,214,561	-	-	5,214,561
Permanent Endowment	-	22,352,897	-	-	22,352,897
	<u>809,390</u>	<u>36,588,036</u>	<u>608,950</u>	<u>(587,000)</u>	<u>37,419,376</u>

11. Capital Commitments

There were no capital commitments at 31 December 2010.

Since the year end, the Charity has entered into a new 10 year lease for its offices at Harling House 47-51 Gt Suffolk Street SE1 0BS

12. Donations

Donations are received from the church within the Britain and Ireland, mainly from Parochial Church Councils and from other charitable trusts and individuals.

13. USPG Ireland

USPG Ireland was set up and incorporated in the Republic of Ireland to raise funds for the Society in Ireland. The Society has control of the voting rights of the company. The figures of USPG Ireland have not been consolidated within the Society's figures due to immateriality.

14. Investment Income

	<u>THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL</u>	
	2010 £	2009 £
Investments quoted on a recognised UK Stock Exchange	244,905	261,958
Central Board of Finance of the Church of England	809,083	794,573
Interest receivable	236,591	121,531
Net interest on pension scheme assets	-	50,000
	1,290,579	1,228,062

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010

15. Hire of facilities, courses and similar income

	2010 £	2009 £
Rent receivable	10,674	24,571
Other	18,679	14,855
	29,353	39,426

16. Resources Expended

	Staff Costs £	Depreciation £	Grants £	Other Costs £	2010 £	2009 £
Cost of generating funds						
Fundraising costs	490,244	-	-	28,607	518,850	589,591
- Direct costs						
- Allocated support costs	82,644	3,217	-	116,205	202,066	193,593
Investment management fees	-	-	-	42,481	42,481	34,239
	572,888	3,217	-	187,292	763,397	817,423
Charitable expenditure						
supporting churches world wide:						
Funding Programme						
Direct costs	53,226	-	1,452,157	422,605	1,927,988	2,073,534
Allocated support costs	101,949	3,217	-	121,926	227,091	218,130
Mission companion costs						
Direct costs	54,819	-	305,666	78,639	439,125	483,204
Allocated support costs	184,029	3,217	-	121,926	309,171	305,212
Mission education and training costs						
Direct costs	339,883	-	333,665	238,681	912,229	876,428
Allocated support costs	123,856	54,380	-	125,752	303,988	292,900
Governance costs						
Direct costs	-	-	-	76,120	76,120	66,092
Allocated support costs	41,727	-	-	5,629	47,357	51,643
Total Resources Expended	1,472,376	64,031	2,091,488	1,378,571	5,006,466	5,184,566

17. Grants

Name of Province/Diocese/Institution	Number of Grants	Leadership Formation	Medical/Ed'n Reserves	Contingencies and Emergencies	Earmarked Gifts	Mission Companion	Training & Exp	Total 2010			
THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL											
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010											
		£	£	£	£	£	£	£			
Tanga	8	5,412	31,385	1,018				37,815			
Lesotho	3		25,375					30,592			
SW Tanganyika	6	2,300	12,650	2,000			3,217	30,483			
CNI	8			27,600	1,000			28,600			
Upper Shire	5	3,500	19,000	3,970				26,470			
Kushtia	5		24,600					24,600			
Manicaland	3	2,680	13,735	7,500			600	24,515			
Central Africa Province	4	18,000					4,180	24,180			
Ruvuma	1		24,100					24,100			
Tanzania Province	7	14,000	1,000					18,975			
Church of South India	6	15,575		3,250			1,464	20,289			
West Africa Province	3			16,500			643	19,143			
Church of North India	1	17,600						17,600			
Ambatoharanana	1	16,000						16,000			
Eastern Zambia	4		14,190	800			69	15,059			
Belize	6	2,500		7,000			4,213	14,713			
Myitkyina	5	3,450		10,500				13,950			
Swaziland	2	12,650					1,088	13,738			
Mandalay	21	3,500	4,500	5,000	712			13,712			
Hpa-an	22	2,700	4,200	6,600	212			13,712			
Toungoo	4	2,637	4,746	6,329				13,712			
Sittwe	16	3,300	4,500	4,800	1,112			13,712			
Yangon	4	7,500	4,000	2,200				13,700			
Uruguay	4	3,306		4,000			38	13,183			
Church of Pakistan	4	5,000		2,000			5,000	13,150			
NE Caribbean & Aruba	2	3,000					9,584	12,584			
Southern Cone	4	1,750		8,060			1,000	12,191			
Philippines Province	2			11,730				11,730			
Kumasi	4		10,981				500	11,481			
Lake Malawi	3	1,990	7,447	1,990				11,427			
Jerusalem	2		3,386				7,800	11,186			
Masasi	3	1,200	7,900		1,000			10,100			
Zanzibar	4			3,800			3,230	7,030			
Madagascar	1			8,995				8,995			
Zululand	2			2,400			6,500	8,900			
Southern Highlands	3		3,500	4,000			1,388	8,888			
Curitiba	2			8,549				8,549			
Ethiopia Episc Area	3	6,965					1,000	8,505			
Egypt	2		5,400	2,700				8,100			
IO Province	2	4,000					4,000	8,000			
Rio	2	3,000					5,000	8,000			
Dhaka	3		7,500				338	7,838			
South Western Brazil	3			7,800				7,800			
Fianarantsoa	3		4,700	2,000			1,000	7,700			
Northern Malawi	3	3,880	3,550	250				7,680			
Church of Bangladesh	2	2,000		5,400				7,400			
Cape Coast	4	2,600	2,000	2,300			350	7,250			
Colombo	3	930		2,944				7,174			
Kurunagala	2	5,664					1,000	6,664			
Lebombo (Mozambique)	2		4,500				2,000	6,500			
Total of largest 50 Diocese/Institutional Grants	219	178,589	248,845	183,985	20,150	9,000	10,000	66,803	-	-	717,372
Other Province/Diocese/institutional Grants	134	199,595	157,642	151,046	20,801	1,200	3,000	5,488	-	-	538,906
Non institutional Grants:											
- Grants for the support of Mission Companion's	85	-	72,000	133,425	-	-	-	-	305,666	-	511,091
- Training and experience	12	-	-	118,043	-	-	-	-	-	206,076	324,119
Total of all Grants	450	378,184	478,487	586,499	40,951	10,200	13,000	72,291	305,666	206,076	2,091,488

The Finance Programmes assist the churches the Society relates to, in funding their strategic needs.

The Education and Development grants help to enhance knowledge and skills to develop leadership and grow capacity.

Health grants are to assist the work of identified hospitals, clinics and primary health care programmes.

Justice and reconciliation grants are to help address local issues of injustice and ecological and other projects identified by churches.

Contingencies and Emergencies grants are given on occasion by a case-by-case basis, usually a one-off payment.

Marriott grants are to assist towards the building of new Churches and the building of Hospitals, Schools, Colleges Worldwide by our partners.

Training and experience grants are to provide scholarships for academic courses/studies and to help equip church members for leadership.

Earmarked gifts are grants received from donors by the Society for specific purposes.

Overseas Dioceses for Mission Companion are grants given to overseas diocese for allowances paid to mission companions employed by the diocese. These allowances are usually paid direct into diocesan bank accounts.

17. Grants (Continued)

THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 £	2009 £
Grants due at 1 January 2010	(830,031)	(829,585)
Grants paid in year	1,699,669	2,241,612
Grants surrender	0	0
Grants due at 31 December 2010	1,221,850	830,031
	<u>2,091,488</u>	<u>2,242,058</u>

18. Staff Costs

	2010 £	2009 £
Salaries	1,257,291	1,208,984
Social security costs	101,814	105,527
Pension costs	113,271	182,139
	<u>1,472,376</u>	<u>1,496,650</u>

The average number of employees in the year was 37
 Salary costs includes £90k paid to staff made redundant as a result of a restructuring exercise. Average number of staff since the year end is 41
 No employee earned more than £60,000 during the year. 23

19. Pension Scheme Arrangements

Financial Reporting Standard 17 (FRS 17) requires disclosure of the charity's assets and liabilities of the USPG Overseas and Home Pension Scheme, both of which are defined benefits scheme. carried out as at:

A qualified independent actuary has made the valuations based on the following assumptions:

	2010 %	2009 %	2008 %
Price increases	3.50	3.50	2.75
Salary increases	4.00	4.00	3.25
Pension increases - RPI	3.30	3.30	2.75
Pension increases - CPI	2.80	-	-
Discount rate	5.40	5.70	6.50
Expected rate of return on assets:	6.00	6.00	6.00

Post retirement mortality assumption: 95% of the PCxA00 series tables with the long cohort projection subject to a minimum annual rate of improvement of 1.5% per annum for males.

On the basis of these assumptions the actuary values the funds' as follows:-

	2010 £	2009 £	2008 £
Fair value of the schemes' assets	7,068,000	6,206,000	6,528,000
Present value of the schemes' liabilities	7,655,000	7,078,000	5,308,000
	<u>(587,000)</u>	<u>(872,000)</u>	<u>1,220,000</u>
Balance Sheet asset(liability)	(587,000)	(872,000)	1,220,000

Analysis of amounts recognised in the SOFA:

	2010 £	2009 £
Current service cost	172,000	126,000
Past service cost	0	0
Interest on scheme liabilities	406,000	323,000
Expected return on assets	(383,000)	(373,000)
(Gains)/losses on settlements or curtailments	(100,000)	0
	95,000	76,000
	2010 £	2009 £
Reconciliation of assets and liabilities		
Fair value of assets at the beginning of the year	6,206,000	6,528,000
Expected return on assets	383,000	373,000
Employer contributions	346,000	357,000
Contributions by scheme participants	25,000	29,000
Benefits paid	(24,000)	(1,002,000)
Change due to settlements or curtailments	0	0
Actuarial gain/(loss) on assets	132,000	(79,000)
	7,068,000	6,206,000
Scheme liabilities at the beginning of the year	7,078,000	5,308,000
Current service cost	172,000	126,000
Contributions by scheme participants	25,000	29,000
Past service cost	0	0
Interest cost	406,000	323,000
Benefits paid	(24,000)	(1,002,000)
Change due to settlements or curtailments	(100,000)	0
Actuarial loss/(gain)	98,000	2,294,000
	7,655,000	7,078,000

Summary of prior year amounts

Period to	2010	2009	2008	2007	2006
Present value of Defined Benefit Obligation	£(7,655,000)	£(7,078,000)	£(5,308,000)	£(6,722,000)	£(6,308,000)
Scheme Assets	£7,068,000	£6,206,000	£6,528,000	6,273,000	£5,755,000
Surplus(Deficit)	£(587,000)	£(872,000)	£1,220,000	£(449,000)	£(553,000)
Experience gains and (losses) on Scheme liabilities**	£(61,000)	£(424,000)	£59,000	£(88,000)	£119,000
Changes in assumptions used to value Scheme liabilities	£(159,000)	£(1,870,000)	£1,711,000	£(16,000)	£359,000
Experience adjustments on Scheme assets	£132,000	£(79,000)	£(150,000)	£144,000	£197,000

** Does not include allowance for changes in assumptions