

# **THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL**

## **Trustees' Report and Financial Statements for the year ended 31 December 2008**

Registered Charity: No.234518  
[www.uspg.org.uk](http://www.uspg.org.uk)



**THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**CONTENTS**

	Page
Trustees, Directors and Advisers	1
Report of the Trustees	2 – 9
Auditors' Report	10
Statement of Financial Activities	11
Balance Sheet	12
Cash Flow Statement	13
Notes to the Accounts	14 – 21

# **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 (appointed Chair 1 July 2009) The Most Revd Mauricio Andrade The Revd Roger Antell The Revd Canon Christopher Atkinson * (retired 30 June 2009) Mr Richard Barrett * The Revd Canon Richard Bartlett (appointed 1 July 2009) Dr Hannah Batson (appointed 1 July 2009) Mrs Monica Bolley * The Revd Canon Christopher Chivers Master Roger Eastman * Mrs Yoshimi Gregory The Rt Revd Purely Lyngdoh The Revd Alan Moses (retired as Chair and Trustee 30 June 2009) The Revd Canon Huw Mosford The Revd Dr John Perumbalath (appointed 1 July 2009) Mr Delbert Sandiford (retired 30 June 2009) The Rt Revd Royden Screech The Rt Revd Joseph Seoka  * Members of the Finance and Audit Committee
General Secretary	:	The Rt Revd Michael Doe
Directors	:	Mr Michael Hart FCA (Deputy General Secretary & Central Services Director) The Revd Canon Edgar Ruddock (Deputy General Secretary and International Relations Director) The Revd Elfed Hughes (Britain and Ireland Relations Director)
Address	:	200 Great Dover Street London SE1 4YB
Charity Registration Number	:	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 Floor 28 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 Kennard 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 2008. 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 2008 and at the date of this report, are shown on page 1.

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.

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, Mr Richard Stanley 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 (with their deputies) are responsible for the day-to-day management of the Society, during 2008 and, at the date of this report, are shown on page 1. During 2008 Mr Hamish Bruce and Ms Sarah Sharp also served until 31 January and 15 February respectively.

#### **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;
- 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.

## **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 2008. 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 21<sup>st</sup> 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.

During 2008 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 39 mission companions from the UK serving with the Anglican and United Churches in 13 Provinces of the Communion.
  - (b) It has supported a further 40 personnel from other parts of the Communion and in short-term international service placements.
  - (c) It delivered over £1,200,000 of support finance to overseas churches, in pursuit of their strategic priorities (including just over £250,000 in support of health programmes), and almost £700,000 of support for personnel worldwide.
  - (d) It managed the Festina Loan Scheme which allows over £1m 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 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 the previous year about new funding strategies that were implemented from January 2007. 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 £808,781 was spent directly and indirectly on fundraising. This includes all salary and general costs (including a proportion of Regional Desk Officers’ salary).

## 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 2008 Harvest Campaign was addressed to churches and church primary schools only after assessment of costs and returns of the individuals' appeal 2007. This was supplemented by fundraising initiatives of the Fiesta and Life Giving Gifts catalogue.

Segmented groups 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 in the Prayer Diary and on the website.

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

Donations of £173,321 were received.

## 2. Other fundraising initiatives.

### (a) Projects Scheme

The Projects Scheme was re-launched to all churches in Britain and Ireland during 2008, and additional staff (the "Link Officers") were recruited to support this Scheme. The new Scheme encompasses as many nominations from partners as can be written into a Project description (featured on an extended Projects section on the website) and for which information can be reasonably accessed. By the end of 2008, 85 such Projects were available to supporters.

### (b) Mission Companions Programme.

Three new Mission Companions were put in place during 2008, all of whom achieved the required level of fundraising support before going overseas. Initiatives (a) and (b) produced donations totalling £731,285

### (c) Trust applications and diocesan appeals.

Regular applications were made to trusts which had previously given grants, and to charitable trusts which were new to USPG. Donations of £49,162 were received from such applications towards budgeted expenditure.

In addition, £49,162 was raised towards budgeted expenditure from dioceses in England, Wales and Scotland. A further £296,842 was donated for the work of the world church outside the budgeted expenditure.

Total donations towards budget book £1,824,424  
Total earmarked donations £296,842

## 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 and the production of a newsletter aimed at this segment.

**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.**

Having last year clarified the distinctive work and identity of the Society, including its spiritual and theological base, we have continued working with others who share these principles in the Church of England, Church in Wales, the Episcopal Church of Scotland, and – together with USPG: Ireland – Church of Ireland. We have sought to raise our profile through increased contacts and information to Dioceses and Bishops, and through the use of the media. We have aimed to widen our networks and supporter-bases in Britain and Ireland through by accessing new constituencies.

During the year the Society has strengthened its links with the Anglican Communion Office and continued to build on its relationships with those parts of the Anglican Communion – all but six of the Provinces – where we have historically been allies and partners. We therefore played a significant part in the Lambeth Conference which took place in Canterbury in July.

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

It has become increasingly clear 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 21<sup>st</sup> Century. It has therefore been necessary to both redefine the Society’s “identity” – who we are and what we stand for – and to work on our “sustainability” so that we can continue to perform this role amidst all these changes.

This planning for a more sustainable future includes continuing to seek closer association with other organisations who share our values, and the possibility of sharing offices with one or more of them when we move from our current accommodation, which is anticipated during 2011.

**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**

It was in this year that the strategic planning of the previous three years, which was aimed at ensuring the future stability and viability of the Society, reached its climax as follows:-

**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 are largely fostered by the Regional Desk Officers, respectively of Africa, Asia, Latin America and the Caribbean, and (part-time) the Middle East. 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 is also enhanced by a wide range of overseas visitors who visit 200 Great Dover Street.

The Long-term personnel programmes and EEPs provide 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. It allocates resources under three headings:

1. **The Common Provincial Fund (CPF).** A “share” of the CPF is allocated to each participating Province of the Communion, and the Provincial Church is invited to nominate how that share is used, by reference to programmes designed by the church to deliver its own strategic objectives. In this way, USPG’s grant-making policy is 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 2007-09 this funding supports
  - (a) the “Mission Personnel” programme, which supports the placement of mission companions around the world, at the request of local churches.
  - (b) the “Training and Experience” Programme, which offers scholarships for programmes that support the strategic objectives of the local church.
  - (c) The Exchanging Places Programme which encourages long and short-term personnel placements between churches around the Communion.
  - (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). In 2006 that actual percentage was 4%.
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, in collaboration with the International Relations Team Advisory Group, 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 an 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 £1,862,424 towards the core budget as allocated through the International Relations Team, a 7% decrease on 2007 (these are included within the figure of £ 2,159,225 as disclosed on the SOFA, page 11). This was below the original target of £ 2m, a similar figure to that received in 2007.

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 may be a result of the financial pressure on individual churches, partly through declining congregations but also through increases in parish share of quota.

The re-launch of the Projects Scheme during the course of 2008 is designed to market the Society’s work in a way which links the donor to a particular piece of work, much as the Mission Companions Programme links the donor to a person and their work. Work has also continued in addressing the new segments of theological colleges, church schools and younger adults. Work also continued in increasing donations from trusts and diocesan appeals.

The donations budget for 2008 was revised to £1.9 million in the light of an observable trend in decline. This target was nearly reached with the end result reaching just over £1.6million.

**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 2008 we have sought 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 who make up 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 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 has committed itself 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 have 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 Bishop of Cashel & Ossory replaced the Bishop of Limerick in the chair. The Board of Directors has a majority of Irish members, but the others include the USPG General Secretary and one of the USPG Trustees listed on page 1.

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

In its efforts to develop a new strategy to re-establish the distinctive identity and financial sustainability of the Society, much work has been done for the shorter- and longer-term recognizing the changes in "donor culture", the Projects Scheme has been re-launched so that every possible piece of work which one of our partners has nominated for support can be adopted by a parish or individual for their financial giving. We have also explored other avenues of funding support which, while outside our usual channels, would not compromise our relationships with partners.

In the longer-term, we have embarked on two review projects. The first, a Priority-based Budgeting Exercise, is looking at all our multifarious activities, their value and their cost. The second is a more wide-ranging exploration of how the Society might be reshaped so that we can continue to play our distinctive role in God's mission but in a way which is financially viable.

**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 2008, the Society reduced its expenditure to £5,006,079 a net decrease over the previous year of £34,039. This represents reductions in a number of areas as costs were controlled to reduce the deficit and as a result of the move from Partnership House, but offset by the net costs borne by closing down Partnership House and moving to new premises. The continuing expenditure was focussed in carrying out the current strategic objectives of the Society. Expenditure on its charitable activities which totals £4,084,698 was used to sustain relationships with partner churches within the Anglican Communion as explained under 'Objectives and Activities' above. The costs of generating funds, £808,781 were expended to try to ensure the future stability and economic viability of the Society. Incoming resources decreased by £567,480 to £5,218,048. This was largely due to the figure for 2007 including one exceptional donation.

The resulting surplus or net incoming resources of £211,969 compares with a deficit the previous year of £744,410 and was slightly better than shown in the budget.

The capital of the UMCA Property Reserve increased the previous year by £5.63m to £9.35m is still held on medium-term deposit pending longer-term decisions regarding property investment.

2008 was an even more volatile year for investment than 2007 where the results of the credit crunch continued to have devastating effects on world markets and the global economy in general with a dramatic fall on the Stock Market. The Society's investments showed substantial losses, both realised and unrealised, totalling £8,439,933 as shown in the SOFA.

Of the designated funds that total £1,794,223 the two most significant are those set aside for the purchase of fixed assets (£925,928) 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 £280,000 per annum, and in 2008, £374,071 was received (£269,580 from equities and bonds, and £101,499 from interest on deposit accounts). The total return on the Funds managed by Rathbones was -30.1% compared with the WM CFS Universe benchmark of -20.1%.

Of the Endowment Funds totalling £25,207,163, £14,239,038 is invested in the CBF Investment Fund. During the year the total return on those funds was -21.9% compared with its Comparator – Composite benchmark of -22.8%. A further £1,088,112 is invested in the CBF Fixed Interest Fund which had a total return of +9.4% compared with WM Co. CFS Universe benchmark of +6.1%.

Investment properties are valued by the Trustees at ten times rental income. The rental income is set by tenancy agreements. The net proceeds of 35 Great Peter Street are currently held on deposit awaiting a long-term strategy to be agreed.

### **Proceeds of sale of 35 Great Peter Street and deposit with Kaupthing Singer & Friedlander**

Following the sale of 35 Great Peter Street in October 2007 the net proceeds of 35 Great Peter Street have been held on deposit with a variety of financial institutions awaiting a long-term strategy to be agreed. One of the institutions selected for deposit of funds was Kaupthing Singer & Friedlander (“KSF”) a UK-based banking subsidiary of Kaupthing Bank in Iceland, KSF which was regulated by the Financial Services Authority (“FSA”) in the UK had consistently offered one of the most competitive fixed-term deposit rates for charities over the last few years.

On 8 October 2008 KSF was put into Administration with a commitment from HM Treasury and the Financial Services Compensation Scheme (“FSCS”) to protect in full all retail depositors. At this date the Society had £6,200,000 deposited with KSF. This amount is included in the Society's Balance Sheet at 31 December 2008 and 2007 deposited within the investments of £32,431,608 (2007 £40,618,517)

In guidance issued on 10 October 2008 The Charity Commission defined retail depositors eligible for full compensation as "a body corporate (which includes a company, industrial and provident society, Royal Charter body and statutory corporation) which has two or more of the following:

- a. £6.5 million or less turnover
- b. £3.26million or less balance sheet total;
- c. 50 or less employees

Furthermore the FSCS has since confirmed eligible claimants are those organisations falling within the definition of small companies under the provision of section 247 of the Companies Act 1985, namely those fulfilling two of the following three criteria:

- a. It has a turnover of not more than £5.6 million;
- b. It has a balance sheet total of not more than £2.8million;
- c. It has not more than 50 employees

The Trustees believe that as the Society clearly meets the criteria at a and c under both definitions above it falls to be treated as a retail depositor and therefore to be compensated in full. Based on this the Society has lodged a claim with the FSCS for full recovery of the monies deposited with KSF. The Trustees believe that the full deposit with KSF will be returned to the Society in due course once the FSCS have completed their internal assessment of the Society's claim.

At the same time the Society is recognised as a creditor of the Company in administration. In July 2009 the Society received £1,240,000 as the first tranche of compensation from the Administrator.

### **Reserves Policy**

The unrestricted general funds (free reserves) at 31 December 2008, which stood at £3,329,144 before the addition of the positive Pension Scheme Funds of £1,220,000, 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 15 months budgeted expenditure, excluding those grants payable in the following year, is satisfactory.

### **Plans for the Future**

Against an increasingly difficult global financial background the Society wishes to build on the recent work to confirm its identity and ethos to secure its long-term future. Its current strategic planning involves elements of priority-based budgeting, investigating different ways in which the Society might operate both within the churches in Britain and Ireland and in its relationships throughout the Anglican Communion and looking for additional sources of income.

During 2009 the Society is pleased to be administering the Archbishops' Appeal for Zimbabwe, launched on Ash Wednesday.

### **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.

At the end of June we lost three trustees who have each played a significant role in the governance of the Society, and in other ways, for many years. Chris Atkinson and Delbert Sandiford have both served for six years, the maximum allowed under the Bye-laws; Chris much involved in the Society's financial affairs and Delbert in its advocacy role and both will be much missed. Alan Moses, having served since 1999, also retired having played a most significant role in the Society's affairs in different capacities over many years.

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF  
THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL  
FOR THE YEAR ENDED 31 DECEMBER 2008**

We have audited the financial statements of The United Society for the Propagation of the Gospel for the year ended 31 December 2008 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with the regulations made under the Charities Act 1993. 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 auditor's 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 and 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 described in the Statement of Trustees' Responsibilities the charity's trustees are responsible for preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

We have been appointed as auditors 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 the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other Trustees' Report and consider the implications for our report if we become aware of any apparent mis-statements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 December 2008 and of its incoming resources and application of resources in the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

**Emphasis of Matter.**

In forming our Opinion on the Financial Statements, which is not Qualified, we have considered the adequacy of the disclosures made in Note 3. to the Financial Statements concerning the possible outcome of a Compensation Claim from the Financial Services Compensation Scheme for £6,200,000. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

haysmacintyre, Chartered Accountants  
Registered Auditors  
8 October 2009

Fairfax House  
15 Fulwood Place  
London WC1V 6AY

**THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL**  
**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	Unrestricted Funds		Restricted Income Funds	Endowment Funds	TOTAL 2008	TOTAL 2007
		General	Designated				
		£	£				
<b><u>Incoming Resources</u></b>							
Incoming Resources from Generated Funds							
Donations	12	1,085,532	-	1,073,693	-	2,159,225	3,157,262
Legacies received		1,132,035	-	194,783	-	1,326,818	1,074,395
Investment income	14	523,899	10,111	1,153,707	-	1,687,717	1,508,987
Activities for generating funds						-	
Hire of facilities, courses and similar income	15	44,288	-	-	-	44,288	38,947
Other Income							
Net gain on disposal of tangible fixed assets		-	-	-	-	-	-
Foreign exchange gain/loss		-	-	-	-	-	5,937
<b>Total Incoming Resources</b>		<b>2,785,754</b>	<b>10,111</b>	<b>2,422,183</b>	<b>-</b>	<b>5,218,048</b>	<b>5,785,528</b>
<b><u>Resources expended</u></b>							
Cost of Generating Funds	16	712,680	-	96,101	-	808,781	842,539
Charitable Activities							
Funding programme costs		771,603	-	1,186,316	5,000	1,962,919	1,970,206
Mission companion costs		616,967	-	354,063	-	971,030	994,693
Mission education and training costs		892,802	-	257,947	-	1,150,749	1,123,588
Governance Costs		112,600	-	-	-	112,600	110,092
<b>Total Resources expended</b>		<b>3,106,652</b>	<b>-</b>	<b>1,894,427</b>	<b>5,000</b>	<b>5,006,079</b>	<b>5,041,118</b>
<b><u>Net incoming/(outgoing) resources before transfers</u></b>		<b>(320,898)</b>	<b>10,111</b>	<b>527,756</b>	<b>(5,000)</b>	<b>211,969</b>	<b>744,410</b>
Transfers to restricted funds	8&9	12,794	-	(12,794)	-	-	-
Transfers between other funds	7&9	59,442	(59,442)	-	-	-	-
<b><u>Net (outgoing)/incoming resources</u></b>		<b>(248,662)</b>	<b>(49,331)</b>	<b>514,962</b>	<b>(5,000)</b>	<b>211,969</b>	<b>744,410</b>
Gains/(losses) on investment assets		(3,452,273)	-	(45,779)	(4,941,881)	(8,439,933)	6,529,407
Actuarial gain on pension schemes	19	1,620,000	-	-	-	1,620,000	40,000
<b><u>Net Movement In Funds</u></b>		<b>(2,080,935)</b>	<b>(49,331)</b>	<b>469,183</b>	<b>(4,946,881)</b>	<b>(6,607,964)</b>	<b>7,313,817</b>
Fund balances brought forward		6,630,079	1,843,554	4,543,280	30,154,044	43,170,957	35,857,140
<b>Fund balances carried forward</b>		<b>4,549,144</b>	<b>1,794,223</b>	<b>5,012,463</b>	<b>25,207,163</b>	<b>36,562,993</b>	<b>43,170,957</b>

The notes on pages 14 to 21 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

BALANCE SHEET AT 31 DECEMBER 2008

	Note	2008	2007
		£	£
<b><u>FIXED ASSETS</u></b>			
Tangible Fixed Assets	2	925,928	985,242
Investments	3	32,431,608	40,618,571
		<u>33,357,536</u>	<u>41,603,813</u>
<b><u>CURRENT ASSETS</u></b>			
Loans and Debtors	4	1,192,683	2,250,808
Cash and Short Term Deposits		2,775,560	1,702,048
		<u>3,968,243</u>	<u>3,952,856</u>
<b><u>LIABILITIES:</u> Amounts falling due within one year</b>			
Overseas Dioceses		731,449	670,645
Creditors and Provisions	5	1,251,337	1,266,067
		<u>1,982,786</u>	<u>1,936,712</u>
<b><u>NET CURRENT ASSETS</u></b>			
		1,985,457	2,016,144
<b><u>LIABILITIES:</u> Amounts falling due after one year</b>			
Net Pension Scheme Assets/(Liabilities)	18	1,220,000	(449,000)
<b><u>TOTAL ASSETS</u></b>			
	10	<u>36,562,993</u>	<u>43,170,957</u>
<b><u>FUNDS OF THE SOCIETY</u></b>			
Unrestricted Funds:			
General	6	3,329,144	7,079,079
Pension Schemes	18	1,220,000	(449,000)
Designated	7	1,794,223	1,843,554
		<u>6,343,367</u>	<u>8,473,633</u>
Restricted Income Funds	8	5,012,463	4,543,280
Endowment Funds:			
Expendable	9	4,556,540	6,018,741
Permanent		20,650,623	24,135,303
		<u>25,207,163</u>	<u>30,154,044</u>
<b><u>TOTAL FUNDS</u></b>			
	10	<u>36,562,993</u>	<u>43,170,957</u>

Approved by the Trustees on 8 October 2009

\_\_\_\_\_  
Richard Barrett Trustee

\_\_\_\_\_  
Linda Ali Trustee

The notes on pages 14 to 21 form part of these accounts

**THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL**

**CASHFLOW STATEMENT AT 31 DECEMBER 2008**

	<u>2008</u>	<u>2007</u>
	£	£
Net (outgoing) resources from Society's activities	(383,899)	(1,736,720)
Returns on investment	1,687,717	1,482,987
Capital expenditure and financial investment	(260,793)	(384,329)
	1,043,025	(638,062)
Financing	30,487	(83,042)
<b>Increase/(decrease) in cash</b>	<b>1,073,512</b>	<b>(721,104)</b>
<b>Notes to the Cashflow Statement</b>		
<b>1. Reconciliation of net (outgoing) resources to cashflow from Society's activities</b>		
Net (outgoing) resources for the year	211,969	744,410
Returns on investment	(1,687,717)	(1,508,987)
Gain on disposal of tangible fixed assets	0	0
Depreciation	67,137	70,478
Pension Scheme movements	(49,000)	(38,000)
(Increase)/decrease in debtors	1,027,138	(1,030,751)
Decrease/(increase) in liabilities	46,574	26,130
	(383,899)	(1,736,720)
<b>2. Returns on investment</b>		
Investments quoted on a recognised UK Stock Exchange	336,511	276,061
Central Board of Finance of the Church of England	793,983	708,515
Interest receivable	557,224	498,411
	1,687,717	1,482,987
<b>3. Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(7,823)	(21,894)
Proceeds of sale of tangible fixed assets	0	0
Purchase of investments	(1,058,325)	(13,903,644)
Proceeds from sale of investments	805,355	13,541,209
	(260,793)	(384,329)
<b>4. Financing</b>		
Decrease/(increase) in Festina loan debtors	30,987	(82,042)
Decrease in Festina loan creditors	(500)	(1,000)
	30,487	(83,042)
<b>5. Analysis of changes in cash</b>		
Cash at 1 January	1,702,048	2,423,152
Cashflow	1,073,512	(721,104)
Cash and short term deposits at 31 December	2,775,560	1,702,048
<b>6. Reconciliation of net cash flow to movement in net funds</b>		
Decrease in cash in period	1,073,512	(721,104)
(Decrease)/increase in Festina loan debtors	(30,987)	82,042
Decrease in Festina loan creditors	500	1,000
	1,043,025	(638,062)
Net funds at 1 January	2,468,347	3,106,409
Net funds at 31 December	3,511,372	2,468,347

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.

(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:-

Freehold property and property held on long lease	-	2% per annum on cost
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**

	Leasehold Land and Buildings £	Office Equipment £	Total £
<b>Cost:</b>			
Balance at 1 January 2008	1,797,037	96,578	1,893,615
Additions	-	7,823	7,823
Balance at 31 December 2008	<u>1,797,037</u>	<u>104,401</u>	<u>1,901,438</u>
<b>Depreciation:</b>			
Balance at 1 January 2008	841,665	66,708	908,373
Charge for year	51,163	15,974	67,137
Balance at 31 December 2008	<u>892,828</u>	<u>82,682</u>	<u>975,510</u>
<b>Net Book Value at 31 December 2008</b>	<u>904,209</u>	<u>21,719</u>	<u>925,928</u>
<b>Net Book Value at 31 December 2007</b>	<u>955,372</u>	<u>29,870</u>	<u>985,242</u>

The leasehold land and buildings, which are all subject to short term leases, have a net book value of £904,209 (2007: £955,373).

**3. Investments**

	Unrestricted Funds £	Restricted Funds £	Expendable £	Endowment Funds Permanent £	Total Funds £
Market Value at 1 January 2008	9,946,933	517,593	6,018,741	24,135,304	40,618,571
Acquisitions	907,825	150,500	-	0	1,058,325
Disposals	(1,152,910)	(13,500)	(5,000)	-	(1,171,410)
Net gains on revaluations	(3,086,214)	(45,782)	(1,457,201)	(3,484,681)	(8,073,878)
Market Value at 31 December 2008	<u>6,615,634</u>	<u>608,811</u>	<u>4,556,540</u>	<u>20,650,623</u>	<u>32,431,608</u>
Investment properties	-	-	-	36,773	36,773
Listed investments:	6,615,634	608,811	4,556,540	20,613,850	32,394,835
Total Investments at 31 December 2008	<u>6,615,634</u>	<u>608,811</u>	<u>4,556,540</u>	<u>20,650,623</u>	<u>32,431,608</u>

Listed investments are quoted on a recognised UK stock exchange, or are held in investment funds with the Central Board of Finance of the Church of England, where their values are calculated by reference to investments on a recognised stock exchange.

Included in Permanent Endowment Funds is £6,200,000 deposited with Kaupthing Singer & Friedlander ("KSF"). On 8 October 2008 KSF was put into Administration with a commitment from HM Treasury and the Financial Services Compensation Scheme ("FSCS") to protect in full all retail deposits.

In guidance issued on 10 October 2008 The Charity Commission defined retail depositors eligible for full compensation as "a body corporate (which includes a company, industrial and provident society, Royal Charter body and statutory corporation) which has two or more of the following:

- a) £6.5 million or less turnover
- b) £3.26 million or less balance sheet total
- c) 50 or less employees

Furthermore the FSCS has since confirmed eligible claimants are those organisations falling within the definition of small companies under the provision of Section 247 of the Companies Act 1985, namely those fulfilling two of the following three criteria:

- a) it has a turnover of not more than £5.6 million;
- b) it has a balance sheet total of not more than £2.8 million;
- c) and It has not more than 50 employees

The Trustees believe that as the Society meets the criteria to be treated as a Retail Depositor and those of a Small Company it will receive full compensation. Based on this the Society has lodged a claim with FSCS for full recovery of the monies deposited with KSF. The Trustees are confident that the full deposit with KSF will be returned to the Society in due course once the FSCS have completed their internal assessment of the Society's claim.

At the same time the Society is recognised as a creditor of KSF in administration. In July 2009 the Society received £1,240,000 as the first tranche of compensation from the Administrator.

The cost of investments at 31 December 2008 was £21,915,456 (2007: £21,783,456).

**4. Loans and Debtors**

	2008 £	2007 £
Festina loan balances	958,938	989,925
Other debtors	153,152	1,205,643
Prepayments and accrued income	80,593	55,240
	<u>1,192,683</u>	<u>2,250,808</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 £210,000.

Festina loan balances due after one year amounted to £891,791.

**5. Creditors and Provisions**

	2008	2007
	£	£
Grants Payable	829,585	830,700
Loans received from Festina Scheme holders	223,126	223,626
Pension Schemes	14,189	3,294
Taxation and Social Security	31,082	30,842
Other creditors and accruals	153,355	177,605
	<u>1,251,337</u>	<u>1,266,067</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:

	2008	2007
	£	£
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	925,928	985,242
Amount to finance ecumenical studies	0	0
Other	21,404	11,421
	<u>1,794,223</u>	<u>1,843,554</u>

**8. Restricted Income Funds**

	Balance at 1 Jan 2008	Incoming Resources	Outgoing Resources	Transfers	Investment Gains/losses	Balance at 31 Dec 2008
	£	£	£	£	£	£
General restricted funds	844,546	49,632	(208,285)	520,603	-	1,206,496
Medical funds	797,984	99,307	(101,377)	31,274	(45,779)	781,409
Educational funds	310,371	5,783	(208,721)	63,614	-	171,047
Legacies and donations received towards:						
- Africa	472,422	548,105	(327,788)	-	-	692,759
- Asia	685,857	204,105	(288,204)	-	-	601,758
- Latin America and the Caribbean	40,748	109,160	(149,460)	-	-	448
- Middle East	11,068	35,954	(29,684)	-	-	17,338
- Other areas	872	24,196	(29,448)	-	-	(4,380)
Festina loans	439,056	0	0	-	-	439,056
Trust income balances						
- General restricted funds	787,590	975,724	(362,726)	(557,758)	-	842,830
- Medical funds	80,344	67,520	(27,304)	(33,008)	-	87,552
- Educational funds	3,203	64,162	(710)	(64,018)	-	2,637
Appeals	0	158,832	(96,150)	-	-	62,682
Other funds	69,219	73,185	(64,590)	26,499	-	104,313
	<u>4,543,280</u>	<u>2,415,665</u>	<u>(1,894,427)</u>	<u>(12,794)</u>	<u>(45,779)</u>	<u>5,005,945</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 £223,126 (2007: £223,626) 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)**

Trust income balances

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 fulfils the purposes of the trusts.

**9. Endowment Funds**

	Balance at 1 Jan 2008 £	Incoming Resources £	Outgoing Resources £	Transfers £	Investment Gains/losses £	Balance at 31 Dec 2008 £
<b>Permanent Endowment Funds</b>						
General restricted funds	22,013,589	-	-	-	(2,977,303)	19,036,286
Medical restricted funds	1,378,750	-	-	-	(326,624)	1,052,126
Educational restricted funds	487,587	-	-	-	(121,128)	366,459
General unrestricted	255,377	-	-	-	(59,625)	195,752
	<u>24,135,303</u>	-	-	-	<u>(3,484,680)</u>	<u>20,650,623</u>
<b>Expendable Endowment Funds:</b>						
General restricted funds	4,221,378	-	-	-	(1,034,707)	3,186,671
Medical restricted funds	299,155	-	(5,000)	-	(47,571)	246,584
Educational restricted funds	1,296,059	-	-	-	(330,915)	965,144
General unrestricted	202,149	-	-	-	(44,008)	158,141
	<u>6,018,741</u>	-	<u>(5,000)</u>	0	<u>(1,457,201)</u>	<u>4,556,540</u>
<b>Total Endowment Funds</b>	<u>30,154,044</u>	-	<u>(5,000)</u>	0	<u>(4,941,881)</u>	<u>25,207,163</u>

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.

**10. Analysis of Net Assets by Fund:**

	Tangible Fixed Assets £	Investments £	Net Current Assets £	Pension Scheme Assets £	Total £
<b>Unrestricted Funds:</b>					
General Funds	-	6,615,634	(3,286,490)	1,220,000	4,549,144
Designated Funds	925,928	-	868,295	-	1,794,223
<b>Restricted Funds</b>	-	608,811	4,403,652	-	5,012,463
Expendable Endowment	-	4,556,540	-	-	4,556,540
Permanent Endowment	-	20,650,623	-	-	20,650,623
	<u>925,928</u>	<u>32,431,608</u>	<u>1,985,457</u>	<u>1,220,000</u>	<u>36,562,993</u>

**11. Capital Commitments**

The Trustees have authorised annual expenditure of up to £8,700 for the purchase of office equipment and the development of information technology. At 31 December 2007 no orders had been placed for equipment.

**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. The figure for 2007 includes an exceptional amount of £800,000 being the sum received from the Order of St Elizabeth of Hungary following its closure last year.

**13. USP G Ireland**

During the year, USP G 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 new company. The figures of USP G Ireland have not been consolidated within the Society's figures due to immateriality.

**14. Investment Income**

	2008 £	2007 £
Investments quoted on a recognised UK Stock Exchange	336,511	276,061
Central Board of Finance of the Church of England	793,983	708,515
Interest receivable	557,224	498,411
Net interest on pension scheme assets	0	26,000
	<u>1,687,717</u>	<u>1,508,987</u>

**15. Hire of facilities, courses and similar income**

	2008 £	2007 £
Rent receivable	24,321	15,616
Other	19,967	23,331
	<u>44,288</u>	<u>38,947</u>

**16. Resources Expended**

	Staff Costs £	Depreciation £	Grants £	Other Costs £	2008 £	2007 £
<b>Cost of generating funds</b>						
Fundraising costs - Direct costs	491,354	-	-	51,238	542,592	609,995
- Allocated support costs	65,280	3,994	-	146,403	215,677	197,726
Investment management fees	-	-	-	50,512	50,512	34,818
	<u>556,634</u>	<u>3,994</u>	<u>-</u>	<u>248,154</u>	<u>808,781</u>	<u>842,539</u>
<b>Charitable expenditure supporting churches world wide:</b>						
<b>Funding Programme</b>						
Direct costs	90,641	-	1,206,913	422,238	1,719,792	1,751,364
Allocated support costs	85,019	3,994	-	154,115	243,127	218,842
<b>Mission companion costs</b>						
Direct costs	43,214	-	425,241	177,386	645,841	674,560
Allocated support costs	167,080	3,994	-	154,115	325,189	320,133
<b>Mission education and training costs</b>						
Direct costs	334,872	-	266,560	232,329	833,761	774,348
Allocated support costs	106,098	55,156	-	155,734	316,988	349,240
<b>Governance costs</b>						
Direct costs	0	-	-	67,309	67,309	59,215
Allocated support costs	39,994	-	-	5,298	45,291	50,877
<b>Total Resources Expended</b>	<u>1,423,551</u>	<u>67,137</u>	<u>1,898,714</u>	<u>1,616,677</u>	<u>5,006,079</u>	<u>5,041,118</u>

**Analysis of Mission Companion Costs - other direct costs:**

	2008 £	2007 £
Mission Companion employers pension contributions	139,969	168,112
Other Costs	37,417	15,247
	<u>177,386</u>	<u>183,358</u>

**Analysis of Mission Education and Training Costs - other direct costs:**

	2008 £	2007 £
Editorial costs	35,478	35,748
Regional Co-ordinators reimbursed expenses	19,211	21,170
Total closure/running costs of The United College of the Ascension	78,097	85,904
Other Costs	99,543	104,471
	<u>232,329</u>	<u>247,293</u>

**Analysis of Support Costs - other costs:**

	2008 £	2007 £
Computer maintenance and service costs	37,802	47,400
Photocopier, printing and stationery	24,358	40,442
Postage and telephone	98,725	140,005
Partnership House and Great Dover occupancy costs	265,815	116,212
Re-organisation and Representation costs	8,544	176,183
Recruitment costs and staff training	19,837	5,046
Storage	45,437	36,893
International Consultation	23,190	14,251
Lamberth Conference	18,477	-
Other costs	73,480	82,509
	<u>615,665</u>	<u>658,941</u>

Allocated as follows:

Fundraising costs	146,403	152,363
Funding Programme	154,115	155,699
Mission companion costs	154,115	155,699
Mission education and training costs	155,734	190,602
Governance costs	5,298	4,578
	<u>615,665</u>	<u>658,941</u>

**Analysis of Governance other costs**

	2008 £	2007 £
Council meetings and Trustees' expenses	31,177	24,555
Auditors remuneration: Audit	19,722	19,387
Other services	16,411	15,273
	<u>67,309</u>	<u>59,215</u>

No Trustee received any remuneration or other benefits during the year. Resources expended include overseas travel costs and reimbursed travel expenses of £2,987 (2007: £4,636) and paid to 9 (2007: 10) Trustees.

**17. Grants**

Name of Province/Diocese/Institution	Number of Grants	Leadership Formation inc. Theological Education	Health, Education & Development	Justice & reconciliation, Advocacy and Marriott	Contingencies and Emergencies, Medical and Legacies	Earmarked Gifts	Overseas Dioceses for Mission Companion	Training and Experience	Total 2008	Total 2007
			£	£	£	£	£	£	£	£
Church of the Province of Myanmar	9	19,551	58,512	-	4,213	30,404	8,887	-	121,567	41,100
Harare	20	1,080	-	-	-	53,432	4,667	-	59,179	1,133
Tanga	9	1,814	40,500	-	-	7,309	256	-	49,879	49,938
Church of North India	2	21,297	21,296	-	-	-	-	-	42,593	75,999
South West Tanganyika	9	1,800	13,150	100	10,000	-	13,409	-	38,459	22,643
Church of Pakistan	1	33,489	1,500	-	-	-	-	-	34,989	16,989
Central Zimbabwe	5	1,700	4,000	13,250	-	-	15,337	-	34,287	9,079
Anglican Church of Tanzania	6	14,975	-	3,000	-	-	14,747	-	32,722	20,632
Church of South India	3	30,414	-	-	-	500	150	-	31,064	26,736
Lesotho	3	-	25,375	-	-	3,444	1,000	-	29,819	27,963
Upper Shire	5	2,950	23,270	3,587	-	-	-	-	29,807	49,044
Church of the Province of Central Africa	5	17,000	-	-	-	3,820	3,989	-	24,809	20,663
Ruvuma	4	2,100	22,000	-	200	-	-	-	24,300	27,946
Jamaica and Cayman Islands	3	-	-	5,000	-	-	18,731	-	23,731	27,718
Kushita - Church of Bangladesh	5	-	23,660	-	-	-	-	-	23,660	14,301
Eastern Zambia	4	1,680	14,200	-	-	6,024	-	-	21,904	21,217
Manicaland	9	2,680	14,235	-	-	3,847	297	-	21,059	20,456
IACSA - Anglican Diocese of Uruguay	7	3,335	12,750	1,810	-	-	-	-	17,895	4,000
Lake Malawi	3	3,980	9,000	-	-	4,532	-	-	17,512	16,765
Egypt	7	-	7,800	9,490	-	-	-	-	17,290	22,416
Church of the Province of West Africa	2	15,600	1,200	-	-	-	-	-	16,800	16,800
Church of the Province of the West Indies	3	8,750	-	-	-	-	7,759	-	16,509	27,829
IACSA - Anglican Diocese of Peru	3	2,000	-	-	-	-	14,105	-	16,105	3,000
Ambatoharanana	1	16,000	-	-	-	-	-	-	16,000	16,000
Episcopal Church in the Philippines (ECP)	6	7,344	1,000	4,768	-	-	-	-	13,112	11,727
Curitiba	4	2,300	6,242	4,200	-	-	-	-	12,742	8,000
Swaziland	5	12,650	-	-	-	-	21	-	12,671	3,150
Ethiopia	5	6,698	5,765	-	-	-	-	-	12,463	8,000
Northern Malawi	5	3,880	5,050	-	-	3,412	-	-	12,342	16,048
Namibia	3	6,374	3,000	-	-	1,000	-	-	10,374	3,000
Masasi	5	1,700	8,400	-	-	-	-	-	10,100	12,617
Waiwso	1	-	-	-	-	10,000	-	-	10,000	-
Anglican Province of the Southern Cone of America	4	4,000	5,810	-	-	-	-	-	9,810	21,650
Masvingo	2	1,680	-	-	-	8,000	-	-	9,680	6,680
CPWI - Anglican Diocese of Belize	4	2,000	-	3,000	1,000	3,994	-	-	9,994	17,801
IEAB - Anglican Diocese of Brasilia	6	2,000	4,382	800	2,000	-	-	-	9,182	10,500
Madagascar	1	-	8,995	-	-	-	-	-	8,995	8,995
Dhaka - Church of Bangladesh	6	-	7,500	-	-	-	1,425	-	8,925	13,711
Southern Highlands	6	4,000	3,500	-	-	-	885	-	8,385	8,806
Church of Bangladesh	3	2,911	5,400	-	-	-	-	-	8,311	21,022
Episcopal Anglican Church of Brazil	4	8,300	-	-	-	-	-	-	8,300	27,673
Church of the Province of Indian Ocean	2	8,000	-	-	-	-	125	-	8,125	13,515
Kumasi	3	-	8,100	-	-	-	-	-	8,100	12,926
IACSA - Anglican Diocese of Chile	5	1,500	-	2,000	-	-	4,396	-	7,896	3,694
Southern Malawi	3	4,100	500	-	-	3,152	-	-	7,752	5,000
Nasik	1	-	-	-	-	-	7,372	-	7,372	5,028
Windward Islands	3	-	5,000	-	-	-	2,062	-	7,062	-
Port Elizabeth	2	-	7,000	-	-	-	-	-	7,000	3,282
Cape Coast	2	2,600	4,300	-	-	-	-	-	6,900	8,900
Anglican Church in Southern Africa	4	4,867	1,930	-	-	-	-	-	6,797	21,650
<b>Total of largest 50 Diocese/Institutional Grants</b>	<b>223</b>	<b>289,099</b>	<b>384,322</b>	<b>55,218</b>	<b>152,076</b>	<b>123,014</b>	<b>0</b>	<b>0</b>	<b>1,003,729</b>	<b>853,742</b>
<b>Other Province/Diocese/Institutional Grants</b>	<b>135</b>	<b>79,672</b>	<b>82,629</b>	<b>21,487</b>	<b>3,437</b>	<b>15,824</b>	<b>-</b>	<b>-</b>	<b>203,184</b>	<b>388,125</b>
<b>Non institutional Grants:</b>										
- Grants for the support of Mission Companion's	51	-	-	-	-	-	425,240	-	425,240	446,742
- Training and experience	390	-	-	-	-	-	-	266,561	266,561	226,035
<b>Total of all Grants</b>	<b>799</b>	<b>368,771</b>	<b>466,951</b>	<b>76,705</b>	<b>155,513</b>	<b>138,838</b>	<b>425,240</b>	<b>266,561</b>	<b>1,898,714</b>	<b>1,914,644</b>

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)**

	2008 £	2007 £
Grants due at 1 January 2008	(830,700)	(832,180)
Grants paid in year	1,934,080	1,916,124
Grants surrendered	(34,251)	0
Grants due at 31 December 2008	829,585	830,700
	<u>1,898,714</u>	<u>1,914,644</u>

**18. Staff Costs**

	2008 £	2007 £
Salaries	1,144,297	1,141,157
Social security costs	97,474	97,170
Pension costs	181,780	96,337
	<u>1,423,551</u>	<u>1,334,664</u>

The average number of employees in the year was

41      46

No employee earned more than £60,000 during the year.

**19. Pension Scheme Arrangement:**

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:

	2008 %	2007 %	2006 %
Price increases	2.75	3.25	3.00
Salary increases	3.25	3.75	3.50
Pension increases	2.75	3.25	3.00
Discount rate	6.50	5.75	5.00
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:-

	2008 £	2007 £	2006 £
Fair value of the schemes' assets	6,528,000	6,273,000	5,755,000
Present value of the schemes' liabilities	5,308,000	6,722,000	6,308,000
Net surplus/(deficit) of schemes'	<u>1,220,000</u>	<u>(449,000)</u>	<u>(553,000)</u>

Analysis of amounts recognised in the SOFA:

	2008 £	2007 £
Current service cost		(200,000)
past service cost		0
Interest on scheme liabilities		(392,000)
Expected return on assets		377,000
		<u>(215,000)</u>

Reconciliation of assets and liabilities

	2008 £	2007 £
Fair value of assets at the beginning of the year	6,273,000	5,755,000
Expected return on assets	377,000	346,000
Employer contributions	264,000	250,000
Contributions by scheme participants	31,000	29,000
Benefits paid	(267,000)	(251,000)
Actuarial gain/(loss) on assets	(150,000)	144,000
Fair value of assets at the end of the year	<u>6,528,000</u>	<u>172,000</u>

Scheme liabilities at the beginning of the year

	2008 £	2007 £
Current service cost	200,000	203,000
Contributions by scheme participants	31,000	29,000
Past service cost	0	9,000
Interest cost	392,000	320,000
Benefits paid	(267,000)	(251,000)
Actuarial (gain)/loss	(1,770,000)	104,000
Scheme liabilities at the end of the year	<u>5,308,000</u>	<u>182,000</u>

History of experience gains and losses:

	2008	2007	2006	2005	2004
The actual return on assets less the expected return	£150,000	£144,000	£(197,000)	£(41,000)	£(144,000)
As a percentage of the scheme assets at 31 December 2008	2%	2%	3%	1%	3%
Net experience gains/(loss) arising on the scheme liabilities	£59,000	£(88,000)	£119,000	£152,000	nil
As a percentage of the scheme liabilities at 31 December 2008	1%	1%	2%	2%	-
Total actuarial gains/(losses)	£1,620,000	£40,000	£675,000	£912,000	£(221,000)
As a percentage of the scheme liabilities at 31 December 2008	30%	1%	11%	14%	4%

Agreed future rates of contributions from 1 January 2008 are:

	Overseas Scheme	Home Scheme
Employees'	Nil	4%
Employer's	28.2%	14%