

THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL

Trustees' Report and Financial Statements for the year ended 31 December 2006

Registered Charity: No.234518
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USPG 
living the gospel

THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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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	:	The Revd Roger Antell (from 1 July 2006) Ms Linda Ali (Vice Chair from 14 September 2006) The Rt Revd Mauricio Andrade The Revd Canon Christopher Atkinson * Mr Richard Barrett (from 1 July 2006) * Mrs Monica Bolley (from 1 July 2006) The Revd Canon Christopher Chivers Mr Roger Eastman * Mrs Yoshimi Gregory The Rt Revd Purely Lyngdoh (from 14 September 2006) The Revd Alan Moses (Chair-designate from 1 January 2006; Chair from 1 July 2006) The Revd Canon Huw Mosford Mr Delbert Sandiford 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)	
Address	:	Partnership House 157 Waterloo Road London SE1 8XA	
Charity Registration Number	:	234518	
Auditors	:	haysmacintyre Chartered Accountants Fairfax House 15 Fulwood Place London WC1V 6AY	
Solicitors	:	Royds RDW 2 Crane Court London EC4 2BL	
Principal Bankers	:	Barclays Bank Plc Charities Housing & Education Team Floor 28 1 Churchill Place London E14 5HP	
Investment Managers	:	CCLA Investment Management Ltd 80 Cheapside London EC2V 6DZ	Rathbone Investment Managers 159 New Bond Street London 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 2006. 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 2006 and at the date of this report, are shown on page 1. The following also served to 30 June 2006:-

Mr Roger Hird
Mrs Enid Powell
Mr Douglas Yates

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 the 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 Geoff Mihell, 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 2006 and, at the date of this report, are shown on page 1. During 2006, the following also served:-

The Revd Canon Dr Israel Selvanayagam, Principal of the United College of the Ascension
(to 31 July 2006)
Mrs Sarah Thompson, Campaigns and Communications Director (to 30 April 2006)
Mrs Susan Wheeler-Kiley, Human Resources Director (to 15 June 2006)

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 judgements 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 2006. 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 want to proclaim and share God's reconciling love in Christ among all peoples and in all places. We seek to be part of the Mission which belongs to the Triune God and is therefore holistic, enabling people to grow spiritually, to thrive physically and to have a voice in an unjust world. As an Anglican mission agency, we do this alongside churches and their communities around the world, providing the resources - people, money and ideas - that they define as necessary to meet local needs.

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 2006 the Society had three 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 sustain relationships with partner churches within Anglican Communion and maintain current level of resources exchange through funding, personnel and ideas, whilst seeking new ways of global solidarity, including Theological Education.

1. The International Relations Team has managed the Society's relationships with churches in over 60 countries worldwide.
 - (a) It has supported 79 mission companions from the UK serving with the Anglican and United Churches in 13 Provinces of the Communion.
 - (b) It has supported a further 6 personnel from other parts of the Communion in international service placements.
 - (c) It delivered almost £900,000 of support finance to overseas churches, in pursuit of their strategic priorities (including just over £300,000 in support of health programmes), and almost £800,000 of support for personnel worldwide.
 - (d) It managed the Festina Loan Scheme which allows almost £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. A major International Consultation was held in June 2006 in Birmingham, bringing together key leaders and decision makers from over 20 Anglican and United Church Provinces around the world. At this meeting shared decisions were taken about new funding strategies to be 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.
4. As a result of the Consultation major work was undertaken in the second half of 2006 to revise the Funding and Personnel policies of the Society. This work is ongoing within the reduced International Relations Team.
5. The recently appointed international Trustees play an increasingly important role in the Society's life, both by their regular advice during the year and attendance at key meetings during it.

B. To achieve economic viability by reinforcing campaigning approach and fundraising initiatives to defeat the deficit, as well as seeking to reduce expenditure.

A total of £883,512 was spent directly and indirectly on fundraising. This includes all salary and general costs.

1. Continuing the robust campaigns schedule

Following the success of the campaign strategy adopted in 2004, USPG continued with Lent, Harvest and Advent appeals to individuals and churches. This was supplemented by an additional appeal to individuals in the summer. The appeal stories were collected from our work around the world.

Segmented groups were mailed with appeal letters and resources aligned with the church calendar. These were enhanced with editorial in the Society's flagship publication, *Transmission*, as well as highlights in the quarterly prayer diary and the website.

The campaigns were advertised in *Transmission*, the Church Times, internet adwords, features in diocesan magazines and exhibitions like the Greenbelt festival.

Donations of £334,116 were received.

2. Additional fundraising initiatives

(a) Projects scheme.

The Projects scheme was reorganised as part of the staff restructure in April. It was to make it more manageable, with greater continuity. The scheme of nearly 50 Projects was rationalised into 13 combined Projects, with the minimum of change and disruption to existing supporters. This scheme continued to produce high levels of new and repeat donations.

As a result, donations of £646,260 were received.

(b) Mission Companions Programme (MCP).

As part of the reorganisation of the Projects scheme, the MCP was set up to offer churches in particular a route to support eight specific sets of mission companions overseas. Responsibility for the new programme came under the new post of External Funding & Trusts Officer. Existing and new supporters donated £65,027.

(c) Trust applications and diocesan appeals.

Regular applications continued to be made to existing and new trusts during 2006. The staffing of this role changed following the reorganisation of the team in April 2006 so that new sources of donations could be explored, particularly income via Irish Aid and the Archdeaconry of Gibraltar. Donations of £191,335 were received through these initiatives.

3. General

The Society continues to receive gifts from churches, individuals, groups and schools, and from overseas, particularly from the USA, because of brand-awareness and established relationships that are maintained through systematic marketing initiatives including regular mailings, our quarterly newspaper *Transmission*, prayer diary, advertising, features in newspapers, exhibitions and events, and the website. In addition, a regional Church Relations team

continues to maintain relationships with new and existing supporters in the dioceses through visits, speaking engagements, and diocesan initiatives. We also claimed Gift Aid regularly. £846,094 was received in donations.

In addition, we committed time and resources to analysing the image and name of the Society in the 21st century in order to retain existing supporters whilst attracting new supporters. The fruits of this work will be the re-presentation of USPG in May 2007.

4. Reducing expenditure

In line with plans produced in 2005, expenditure on Fundraising, Communications and Church Relations was reduced by 22% in 2006 (a further 8% has been cut from 2007). This was achieved through cutting expenditure on non-essential items and through the loss of 8 posts and the subsequent enhancement of the field volunteers team, recruited as Associate Mission Advisors (AMAs).

C. To determine the Society's identity, objectives, and shape for 2007 and beyond, which includes deciding on aims, location, size and alliances, having researched changing cultures, constituencies and church realities.

As part of the strategic planning process over the last two years with the need to reduce expenditure and in order to reflect the changes in the life of the church, both within this country and in the Anglican Communion as a whole, it has been necessary to re-discover the role of the Society in the early 21st Century. This came at the time when the Society knew that, following CMS's decision to leave Partnership House for Oxford, the Society would either need to find offices for itself or work in alliance with another similar organisation. As a result of strategic thinking, conversations in consultations, the Society has produced a paper showing the theological basis upon which it works and the core activities that it will be carrying out over the next few years and these are highlighted elsewhere in this report.

It became clear in 2006 that there were a number of long-term possibilities for the Society to work in close association, either with another Christian mission agency or with part of the established church. There are currently some interesting possibilities, but they are likely to take up to another five years to become concrete. Consequently it adopted a policy when looking for accommodation that requires in the middle of 2007 to find a temporary solution and we are at the moment in the process of acquiring a four year lease for a building near London Bridge.

Part and parcel of the resolution of the Society re-identifying itself has been a re-presentation exercise which will go live in May 2007. As one of the reasons for this is obviously connected with increasing the income of the Society, this is also referred to in B. above.

Volunteers

The Society relies on the support and work of a wide range of volunteers, many unknown to us, bringing to the attention of clergy and congregations the importance of the Society's work. More specifically there are a number of more formal volunteers who assist, particularly in the following areas:-

As trustees and members of our Council and committees

Assisting paid staff throughout Britain and Ireland, seeking to increase and maintain the Society's support in the parishes of Anglican churches in Britain and Ireland. For this there are three volunteer roles which are being developed:

1. *Associate Mission Advisers*: In association with Regional Co-ordinators, these volunteers are engaged in the face to face representation of the Society in parishes. They are deployed within a diocese or an agreed area (archdeaconry or deanery etc.) within a diocese.
2. *Voluntary Speakers*: Deployed mostly on a Regional basis, these volunteers carry out speaking and preaching engagements on behalf of the Society.
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

In last year's review, we indicated that, in the period up to 2007, there would be major changes in order to ensure the future stability and viability of the Society. We report on the progress made during the year under the same three headings as last year:-

A. To sustain relationships with partner churches within the Anglican Communion.

Grant-making Policy and Activities

At the major International Consultation held in Birmingham in June 2006 a new funding policy was agreed. It allocates resources under three new 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 three themes of
 - (a) Leadership Formation (including Theological Education)
 - (b) Health, Education and Development
 - (c) 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. From 2010 it is anticipated that both the EPF and the EFF will merge into the "Common Provincial Fund", providing a single route for all nominations of funding from USPG.

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

B. Achieve economic viability.

Fundraising initiatives as detailed above achieved total donations of £2,177,600 towards the core budget as allocated through the International Relations team, a 7% increase on 2005 (these are included within the figure of £2,411,299 as disclosed in the SOFA on page 11). This was below the target of £2,291,000, an 11.5% increase on 2005.

Specific direct fundraising initiatives achieved notable successes. However, there has been a decline in traditional church and individual indirect donations to the Society. This maybe because of significant staff reductions and the decline in face to face contact between USPG and its donating churches in particular. There are also important external factors, including the decline in church attendance and the increase in the parish share.

Given the staff changes and reduced expenditure subsequent to the setting of the original donations target (as well as external factors), achieving 7% increase was a pleasing result.

USPG has continued to invest substantially in its fundraising initiatives for 2007 (£167,250) on direct expenditure, with the aim of generating new donors from existing segments and new ones (church schools, theological colleges and younger adults).

We aim to increase donations from individuals, trusts and diocesan appeals. We anticipate a reduction in donations from churches. We aim to continue to increase gift values to the Society. We aim to increase donations from 'other' groups, notably church schools.

We will be continuing to run the campaigns which have proved so successful, as well as enhancing our appeal to individuals in the summer with an appeal to churches too. We will be aiming to increase loyalty and thus gift values to the Society by including a promotion of the Projects scheme in this appeal. Our Harvest campaign will have a new resource (and appeal) specifically aimed at church primary schools.

This year we are also re-presenting USPG as USPG: Anglicans in World Mission. We aim through the extra publicity, advertising and brand-building strategies to increase overall donations and brand loyalty to USPG.

Our donations budget for 2007 was set at £2,450,000 in October 2006. However, in the light of the 2006 results, that has been reduced to £2,320,000.

C. To determine the Society's identity, objectives and shape for 2007 and beyond.

After an extensive exercise involving both Trustees and Staff, and considerable testing in the field, agreement was reached on a new name for the Society - USPG: Anglicans in World Mission - which reaffirms its clear Anglican ethos and identity and its continuing role as the means whereby Anglicans in Britain and Ireland can be in relationship with the other churches of the Anglican Communion. 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 is rooted in the kind of mutuality and partnership whereby people and ideas are shared in all directions. 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. The International Consultation confirmed that wherever possible these should be in the three priority areas of Leadership Formation and Theological Education, Health and Schooling, and Justice and Reconciliation.

The adoption of "Anglicans in World Mission" indicates the Society's continuing commitment to only work through church channels, and for our global partners to be always Anglican Provinces and Dioceses. It also embraces 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.

Despite the drastic cuts, for financial reasons, in the Church Relations Team we have sought to maintain and where possible build on our relationships with dioceses and their bishops in all four countries within Britain and Ireland. Publications, especially the quarterly *Transmission*, and the website, are increasingly vital for our communication with supporters.

A major change during the year was the closure of the United College of the Ascension in Birmingham, for reasons to do with cost, and the changing patterns in both the Mission Companion and the Scholarships Programmes. However, in continued partnership with the Methodist Church, we were able to open the Selly Oak Centre for Mission Studies within the Queens Foundation in Birmingham, and this now serves many of our training and mission study needs.

Also during the year we set about creating a new charity, USPG Ireland, to bring our activities there into line with Irish law, and to strengthen our presence and fund-raising potential throughout Ireland. USPG Ireland Limited, a company limited by guarantee, is being incorporated in Ireland in 2007. Its board, chaired by the Bishop of Limerick, will have a majority of Irish members, but will have one of USPG's Trustees on it.

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 2006, the Society reduced its expenditure to £5,503,745 a decrease over the previous year of £712,674. This represents reductions in most areas as costs were controlled to reduce the deficit. However the continuing expenditure was focussed in carrying out the current strategic objectives of the Society. Expenditure on its charitable activities which totals £4,522,664 was used to sustain relationships with partner churches within the Anglican Communion as explained under 'Objectives and Activities' above. The costs of generating funds, £883,512, were expended to try to ensure the future stability and economic viability of the Society. Incoming resources increased by £383,733 to £4,948,889. This was largely from increases both in legacies received and donations. This resulted in a deficit, or net outgoing resources, of £554,856 compared with a deficit the previous year of £1,651,263. This was slightly better than shown in the budget.

2006 was yet another good year for investment. In line with a general increase on the Stock Market, the Society's investments showed surpluses, both realised and unrealised, totalling £2,778,605.

Of the designated funds that total £1,930,573 the two most significant are those set aside for the purchase of fixed assets (£1,033,826) 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 three 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.

The Trustees engaged CCLA Investment Management Ltd as investment managers who operate 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.

During 2006 the Trustees appointed Independent Investment Review Ltd to undertake a review of its investment management arrangements. As a result of this review of which included a process involving nine reputable Investment Managers, in January 2007 Rathbones Investment Limited were appointed to manage the General Fund investments. They will adopt the same ethical policy.

In respect of the general fund investments the Trustees set an annual income target, currently £290,000 per annum, and in 2006, £268,789 was received (£214,863 from equities and bonds, and £53,926 from interest on CCLA deposit account). During the year the total return on the Fund was +12.46% compared with the WM CFS Universe benchmark of +11.73%. Over a five-year period, the return was +7.58% compared with the same benchmark of +7.97%.

Of the Endowment Funds totalling £23,975,235, £18,624,982 is invested in the CBF Investment Fund. During the year the total return on those funds was +14.28% compared with the same WM benchmark of +12.10%. Over a five-year period, the return was 7.7% compared with the same benchmark of 7.9%. A further £1,070,020 is invested in the CBF Fixed Interest Fund which had a total return of +5.5% over the 5 year period compared with the benchmark of +5.3%.

Investment properties are valued by the Trustees at ten times rental income. The rental income is set by tenancy agreements. The current policy, in line with professional advice received, is to maintain the property portfolio largely in one property. However with the lease expiring in 2008 this policy will be kept under review.

Reserves Policy

The unrestricted general funds (free reserves) at 31 December 2006, which stood at £6,017,255 before the deduction of the negative Pension Scheme Funds of £553,000, 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 will reach some conclusion in 2007. 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 and in line with their policy to build them up after the reductions three years ago.

Plans for the Future

The Trustees see the following priorities for this next period:

1. To strengthen our global partnerships on the 'Heirs Together' principle, by developing the new patterns of decision taking and grant-making.
2. 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.
3. To clarify and publicise the distinctive work and identity of the Society including its spiritual and theological base, working with others who share these principles, so that we may 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.
4. To establish the future strategy of the Society, including possible working alliances and long-term accommodation requirements and, as far as is possible, ensure its financial stability.

Of particular significance in 2007 will be

- the launch of USPG Ireland (April);
- the public re-presentation of the Society, including its new name (May);
- the move to new offices (June)
- the first Annual Conference (July)
- the residential meetings of the International Finance Group and the Trustees (September), and the planning for the next International Consultation (2008);
- participation in the preparations for the next Lambeth Conference (2008).

Resources

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

2006 was a difficult and busy year in the life of the Society. Much has been achieved, and there is still much to do. As we write the preparations for the move to 200 Great Dover Street are gathering pace, and therefore we pay tribute to the staff for all their valued and continuing contributions in all that they do.

Linda Ali
Vice Chairman of Trustees

10 May 2007

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF
THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL
FOR THE YEAR ENDED 31 DECEMBER 2006

We have audited the financial statements of The United Society for the Propagation of the Gospel for the year ended 31 December 2006 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 2006 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.

haysmacintyre
Chartered Accountants
Registered Auditors

10 MAY 2007

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 2006

	Note	Unrestricted Funds		Restricted Income Funds	Endowment Funds	TOTAL 2006	TOTAL 2005
		General	Designated				
		£	£				
Incoming Resources							
Incoming Resources from Generated Funds							
Donations	12	1,390,711	-	1,020,588	-	2,411,299	2,409,447
Legacies received		571,712	-	221,179	-	792,891	419,203
Investment income	13	383,250	459	991,298	-	1,375,007	1,396,396
Activities for generating funds							
Hire of facilities, courses and similar income	14	199,949				199,949	340,110
Other Income							
Net gain on disposal of tangible fixed assets		169,743	-	-	-	169,743	-
Total Incoming Resources		2,715,365	459	2,233,065	-	4,948,889	4,565,156
Resources expended							
Cost of Generating Funds	15	748,338	-	135,174	-	883,512	986,029
Charitable Activities							
Funding programme costs		368,702	187,365	1,182,737	-	1,738,804	2,010,525
Mission companion costs		821,982	16,642	498,500	-	1,337,124	1,419,582
Mission education and training costs		1,275,039	37,938	133,759	-	1,446,736	1,688,417
Governance Costs		97,570	-	-	-	97,570	111,867
Total Resources expended		3,311,631	241,945	1,950,169	-	5,503,745	6,216,419
Net incoming/(outgoing) resources before transfers							
		(596,266)	(241,486)	282,896	-	(554,856)	(1,651,263)
Transfers to restricted funds	8&9	(70,687)	-	216,014	(145,327)	-	-
Transfers between other funds	7&9	303,442	(187,115)	-	(116,327)	-	-
Net (outgoing)/incoming resources		(363,511)	(428,601)	498,910	(261,654)	(554,856)	(1,651,263)
Gains/(losses) on investment assets		841,751	-	25,476	1,911,378	2,778,605	4,001,591
Actuarial loss on pension schemes		675,000				675,000	(912,000)
Net Movement In Funds		1,153,240	(428,601)	524,386	1,649,724	2,898,749	1,438,328
Fund balances brought forward as previously stated		4,311,015	2,359,174	3,962,691	22,325,511	32,958,391	31,534,040
Prior year adjustment - Adoption of FRS17 "Retirement Benefits"							(13,977)
Fund balances brought forward as restated							31,520,063
Fund balances carried forward		5,464,255	1,930,573	4,487,077	23,975,235	35,857,140	32,958,391

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.

	Note	2006	2005
		£	£
<u>FIXED ASSETS</u>			
Tangible Fixed Assets	2	1,033,826	1,217,964
Investments	3	33,726,729	31,714,012
		34,760,555	32,931,976
<u>CURRENT ASSETS</u>			
Loans and Debtors	4	1,138,015	1,191,512
Cash and Short Term Deposits		2,423,152	2,088,242
		3,561,167	3,279,754
<u>LIABILITIES:</u> Amounts falling due within one year			
Overseas Dioceses		545,350	683,667
Creditors and Provisions	5	1,366,232	1,460,672
		1,911,582	2,144,339
<u>NET CURRENT ASSETS</u>			
		1,649,585	1,135,415
<u>LIABILITIES:</u> Amounts falling due after one year			
Net Pension Scheme Liabilities		553,000	1,109,000
<u>TOTAL ASSETS</u>			
	10	35,857,140	32,958,391
<u>FUNDS OF THE SOCIETY</u>			
Unrestricted Funds:			
General	6	6,017,255	5,420,015
Pension Schemes		(553,000)	(1,109,000)
Designated	7	1,930,573	2,359,174
		7,394,828	6,670,189
Restricted Income Funds	8	4,487,077	3,962,691
Endowment Funds:			
Expendable	9	5,756,190	5,500,274
Permanent		18,219,045	16,825,237
		23,975,235	22,325,511
<u>TOTAL FUNDS</u>			
	10	35,857,140	32,958,391

Approved by the Trustees on 10 May 2007

Trustee

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 2006

	<u>2006</u>	<u>2005</u>
	£	£
Net (outgoing) resources from Society's activities	(2,107,212)	(2,892,287)
Returns on investment	1,371,007	1,380,396
Capital expenditure and financial investment	1,053,670	1,311,377
	317,465	(200,514)
Financing	17,445	15,555
<u>Increase/(decrease) in cash</u>	334,910	(184,959)
Notes to the Cashflow Statement		
1. Reconciliation of net (outgoing) resources to cashflow from Society's activities		
Net (outgoing) resources for the year	(554,856)	(1,651,263)
Returns on investment	(1,375,007)	(1,396,396)
Gain on disposal of tangible fixed assets	(169,743)	0
Depreciation	66,099	78,168
Pension Scheme movements	123,000	(8,000)
(Increase)/decrease in debtors	19,552	58,905
Decrease in liabilities	(216,257)	26,299
	(2,107,212)	(2,892,287)
2. Returns on investment		
Investment properties	371,784	372,500
Investments quoted on a recognised UK Stock Exchange	268,789	284,028
Central Board of Finance of the Church of England	651,679	639,656
Interest receivable	78,755	84,212
	1,371,007	1,380,396
3. Capital expenditure and financial investment		
Purchase of tangible fixed assets	(8,065)	(16,356)
Proceeds of sale of tangible fixed assets	295,847	0
Purchase of investments	(1,941,827)	(1,080,024)
Proceeds from sale of investments	2,707,715	2,407,757
	1,053,670	1,311,377
4. Financing		
Decrease/(increase) in Festina loan debtors	33,945	19,156
Decrease in Festina loan creditors	(16,500)	(3,601)
	17,445	15,555
5. Analysis of changes in cash		
Cash at 1 January	2,088,242	2,273,201
Cashflow	334,910	(184,959)
Cash and short term deposits at 31 December	2,423,152	2,088,242
6. Reconciliation of net cash flow to movement in net funds		
Decrease in cash in period	334,910	(184,959)
(Decrease)/increase in Festina loan debtors	(33,945)	(19,156)
Decrease in Festina loan creditors	16,500	3,601
	317,465	(200,514)
Net funds at 1 January	2,788,944	2,989,458
Net funds at 31 December	3,106,409	2,788,944

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. Following the adoption of SORP 2005, the presentation of certain income and expenditure items have changed. Comparative amounts have accordingly been restated. 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
Motor vehicles	-	25% on the written-down value
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 SSAP 24 and the transitional 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

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Office Equipment £	Motor Vehicles £	Total £
Cost:					
Balance at 1 January 2006	129,840	1,797,037	288,493	16,766	2,232,136
Additions	-	-	8,065	-	8,065
Disposals	(129,840)	-	(221,874)	(16,766)	(368,480)
Balance at 31 December 2006	-	1,797,037	74,684	-	1,871,721
Depreciation:					
Balance at 1 January 2006	15,582	739,341	249,162	10,087	1,014,172
Charge for year	-	51,162	14,937	-	66,099
Disposals	(15,582)	-	(216,707)	(10,087)	(242,376)
Balance at 31 December 2006	-	790,503	47,392	-	837,895
Net Book Value at 31 December 2006	-	1,006,534	27,292	-	1,033,826
Net Book Value at 31 December 2005	114,258	1,057,696	39,331	6,679	1,217,964

The leasehold land and buildings, which are all subject to short term leases, have a net book value of £1,006,534 (2005: £1,057,696).

3. Investments

	Unrestricted Funds £	Restricted Funds £	Expendable £	Endowment Funds Permanent £	Total Funds £
Market Value at 1 January 2006	8,782,656	605,847	5,500,274	16,825,235	31,714,012
Acquisitions	1,610,091	-	-	331,736	1,941,827
Disposals	(1,899,777)	(109,253)	(258,518)	(137,790)	(2,405,338)
Net gains on revaluations	745,319	16,611	514,434	1,199,864	2,476,228
Market Value at 31 December 2006	9,238,289	513,205	5,756,190	18,219,045	33,726,729
Investment properties	-	-	-	3,659,983	3,659,983
Listed investments:	9,238,289	513,205	5,756,190	14,559,062	30,066,746
Total Investments at 31 December 2006	9,238,289	513,205	5,756,190	18,219,045	33,726,729

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. Investment properties are valued by the governors at ten times the rental income for the financial year.

The cost of investments at 31 December 2006 was £11,410,088 (2005: £11,189,512).

4. Loans and Debtors

	2006 £	2005 £
Festina loan balances	907,883	941,828
Other debtors	185,574	210,533
Prepayments and accrued income	44,558	39,151
	1,138,015	1,191,512

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 £650,000

Festina loan balances due after one year amounted to £860,066.

5. Creditors and Provisions

	2006 £	2005 £
Grants Payable	832,180	913,500
Loans received from Festina Scheme holders	224,626	241,126
Pension Schemes	10,918	17,068
Taxation and Social Security	30,703	43,435
Other creditors and accruals	267,805	245,543
	1,366,232	1,460,672

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:

	2006 £	2005 £
To finance any large increase in pensions payable	82,767	82,767
Commitments to guarantee loans from Festina Loan holders	241,126	244,726
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	47,434	269,379
Amount reflecting the finance tied up in tangible fixed assets	1,033,826	1,217,964
Amount to finance ecumenical studies	0	2,954
Other	2,420	1,984

8. Restricted Income Funds

	Balance at 1 Jan 2006 £	Incoming Resources £	Outgoing Resources £	Transfers £	Investment Gains/losses £	Balance at 31 Dec 2006 £
General restricted funds	307,133	125,783	(535,140)	614,774	-	512,550
Medical funds	617,229	134,134	(67,912)	25,495	25,359	734,305
Educational funds	357,970	5,504	(41,260)	52,525	-	374,739
Legacies and donations received towards:						
- Central Africa/Tanzania	404,382	372,420	(289,644)	-	-	487,158
- East Asia	916,575	202,522	(306,434)	20,132	-	832,795
- Latin America and the Caribbean	57,260	106,993	(120,225)	-	-	44,028
- Southern & West Africa and Indian Ocean	9,619	134,552	(156,414)	62,177	-	49,934
- South Asia and Middle East	109,358	129,250	(110,120)	-	-	128,488
Festina loans	420,979	11,919	0	-	-	432,898
Trust income balances						
- General restricted funds	689,931	844,664	(267,914)	(501,686)	117	765,112
- Medical funds	68,616	51,605	(19,106)	(26,921)	-	74,194
- Educational funds	3,203	52,912	-	(52,912)	-	3,203
Other funds	436	60,807	(36,000)	22,430	-	47,673
	<u>3,962,691</u>	<u>2,233,065</u>	<u>(1,950,169)</u>	<u>216,014</u>	<u>25,476</u>	<u>4,487,077</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 £224,626 (2005: £241,126) 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).

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 fulfills the purposes of the trusts.

9. Endowment Funds

	Balance at 1 Jan 2006 £	Incoming Resources £	Outgoing Resources £	Transfers £	Investment Gains/losses £	Balance at 31 Dec 2006 £
Permanent Endowment Funds						
General restricted funds	15,158,362	-	-	853	1,235,216	16,394,431
Medical restricted funds	1,233,964	-	-	-	114,522	1,348,486
Educational restricted funds	432,911	-	-	-	43,217	476,128
	<u>16,825,237</u>	<u>-</u>	<u>-</u>	<u>853</u>	<u>1,392,955</u>	<u>18,219,045</u>
Expendable Endowment Funds						
General restricted funds	3,873,445	-	-	(146,180)	366,608	4,093,873
Medical restricted funds	183,210	-	-	-	16,571	199,781
Educational restricted funds	1,145,179	-	-	-	119,210	1,264,389
General unrestricted	298,440	-	-	(116,327)	16,034	198,147
	<u>5,500,274</u>	<u>-</u>	<u>-</u>	<u>(262,507)</u>	<u>518,423</u>	<u>5,756,190</u>
Total Endowment Funds	<u>22,325,511</u>	<u>-</u>	<u>-</u>	<u>(261,654)</u>	<u>1,911,378</u>	<u>23,975,235</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.

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 Funds

	Tangible Fixed Assets £	Investments £	Net Current Assets £	Pension Scheme Liabilities	Total £
Unrestricted Funds:					
General Funds	-	9,238,289	(3,221,034)	(553,000)	5,464,255
Designated Funds	1,033,826	-	896,747	-	1,930,573
Restricted Funds	-	513,205	3,973,872	-	4,487,077
Expendable Endowment	-	5,756,190	-	-	5,756,190
Permanent Endowment	-	18,219,045	-	-	18,219,045
	<u>1,033,826</u>	<u>33,726,729</u>	<u>1,649,585</u>	<u>(553,000)</u>	<u>35,857,140</u>

11. Capital Commitments

The Trustees have authorised annual expenditure of up to £22,250 for the purchase of office equipment and the development of information technology. At 31 December 2006 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.

13. Investment Income

	2006 £	2005 £
Investment properties	371,784	372,500
Investments quoted on a recognised UK Stock Exchange	268,789	284,028
Central Board of Finance of the Church of England	651,679	639,656
Interest receivable	78,755	84,212
Net interest on pension scheme assets	4,000	16,000
	<u>1,375,007</u>	<u>1,396,396</u>

14. Hire of facilities, courses and similar income

	2006 £	2005 £
The United College of the Ascension - course and activity fees	77,533	73,336
Rent receivable	100,421	217,479
Other	21,995	49,295
	<u>199,949</u>	<u>340,110</u>

15. Resources Expended

	Staff Costs £	Depreciation £	Grants £	Other Costs £	2006 £	2005 £
Cost of generating funds						
Fundraising costs - Direct costs	520,197	-	-	120,465	640,662	822,424
- Allocated support costs	125,755	3,734	-	90,363	219,852	142,892
Investment management fees	-	-	-	22,998	22,998	20,713
	<u>645,952</u>	<u>3,734</u>	<u>-</u>	<u>233,826</u>	<u>883,512</u>	<u>986,029</u>
Charitable expenditure supporting churches world wide:						
Funding Programme						
Direct costs	100,480	-	967,988	412,518	1,480,986	1,820,970
Allocated support costs	149,446	3,734	-	104,637	257,818	189,555
Mission companion costs						
Direct costs	53,284	-	663,773	250,281	967,338	1,110,078
Allocated support costs	261,415	3,734	-	104,637	369,786	309,503
Mission education and training costs						
Direct costs	497,147	0	202,048	342,860	1,042,055	1,380,114
Allocated support costs	192,548	54,896	-	157,237	404,681	308,303
Governance costs						
Direct costs	0	-	-	49,878	49,878	55,430
Allocated support costs	39,502	-	-	8,190	47,692	56,437
Total Resources Expended	<u>1,939,774</u>	<u>66,099</u>	<u>1,833,809</u>	<u>1,664,064</u>	<u>5,503,745</u>	<u>6,216,419</u>

Analysis of Mission Companion Costs - other direct costs:

	2006 £	2005 £
Missionary employers pension contributions	232,117	214,685
Other Costs	18,164	24,287
	<u>250,281</u>	<u>238,972</u>

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

	2006 £	2005 £
Editorial costs	31,099	45,725
Mission Advisers reimbursed expenses	33,867	49,751
Total running costs of The United College of the Ascension less contributions from Methodist Church	126,571	212,113
Other Costs	151,323	191,265
	<u>342,860</u>	<u>498,854</u>

Analysis of Support Costs - other costs:

	2006 £	2005 £
Computer maintenance and service costs	55,007	61,174
Library Services costs	32,035	32,851
Photocopier, printing and stationery	26,035	51,723
Postage and telephone	158,009	136,573
Partnership House Occupancy costs	8,280	(40,447)
Recruitment costs and staff training	40,331	40,131
Other costs	145,368	167,592
	465,064	449,597

Allocated as follows:

	2006 £	2005 £
Fundraising costs	90,363	89,822
Funding Programme	104,637	95,959
Mission companion costs	104,637	96,122
Mission education and training costs	157,237	154,624
Governance costs	8,190	13,070
	465,064	449,597

Analysis of Governance other costs

	2006 £	2005 £
Council meetings and Trustees' expenses	19,594	24,497
Auditors remuneration: Audit	18,400	17,700
Other services	11,884	13,233
	49,878	55,430

No Trustee received any remuneration or other benefits during the year. Resources expended include overseas travel costs and reimbursed travel expenses of £3,597 (2005: £3,729) and paid to 14 (2005: 8) Trustees.

16. Grants

Name of Province/Diocese/Institution	Number of Grants	Education, Training and Development	Healthcare	Advocacy, Safeguard Creation and Marriott	Contingencies and Emergencies	Earmarked Gifts	Overseas Dioceses for Missionaries	Training and Experience	Total 2006	Total 2005
Tanga	9	£ 8,100	£ 45,129	£ 500	£ -	£ 1,000	£ -	£ -	£ 54,729	£ 60,251
Church of South India	8	21,000	200	1,500	16,900	1,892	-	-	41,492	91,123
Church of the Province of Myanmar	7	27,500	-	-	-	13,600	-	-	41,100	90,425
South West Tanganyika	14	2,100	15,068	500	-	21,464	-	-	39,132	38,226
Upper Shire	5	6,930	25,350	250	-	-	-	-	32,530	13,450
Lesotho	3	-	26,600	-	-	5,000	-	-	31,600	41,833
The Anglican Church in Southern Africa	12	21,350	-	-	-	10,050	-	-	31,400	30,625
Ruvuma	7	3,100	25,641	1,000	-	140	-	-	29,881	34,363
Church of the Province of Central Africa	13	20,000	-	-	-	6,741	-	-	26,741	38,602
Church of Bangladesh	5	21,000	-	4,000	-	-	-	-	25,000	29,000
Manicaland	19	3,180	18,028	500	2,340	308	-	-	24,356	24,198
Church of North India	10	17,000	2,000	201	2,000	2,827	-	-	24,028	38,795
Episcopal Anglican Church of Brazil	11	23,815	-	-	-	187	-	-	24,002	30,156
Anglican Province of the Southern Cone of the Am	8	21,250	-	-	1,000	1,368	-	-	23,618	58,254
N. E. Caribbean & Aruba	17	2,000	-	-	-	21,359	-	-	23,359	25,674
Church of the Province of the West Indies	16	21,250	-	-	-	128	-	-	21,378	25,613
Anglican Church of Tanzania	9	21,000	-	-	-	-	-	-	21,000	50,965
Lake Malawi	4	4,180	16,285	-	-	-	-	-	20,445	17,797
Church of the Province of West Africa	9	20,050	-	-	-	-	-	-	20,050	23,506
Eastern Zambia	9	1,680	17,006	600	-	36	-	-	19,322	28,368
Ambatoharanana	1	17,000	-	-	-	-	-	-	17,000	17,000
Masasi	11	3,600	9,100	500	-	2,758	-	-	15,958	15,993
Southern Highlands	12	4,400	4,000	5,000	-	2,132	-	-	15,532	10,976
Church of the Province of Indian Ocean	5	15,500	-	-	-	-	-	-	15,500	20,050
Kushtia	6	1,900	13,100	-	-	-	-	-	15,000	14,850
Central Zimbabwe	9	2,180	3,700	500	-	7,526	-	-	13,906	7,863
Northern Malawi	9	4,980	6,116	250	1,000	529	-	-	12,875	11,619
Mandalay	5	5,250	7,430	-	-	-	-	-	12,680	9,675
Umzimvubu	3	-	-	10,000	-	2,550	-	-	12,550	10,000
Episcopal Church in the Philippines	4	8,300	4,000	-	-	26	-	-	12,326	20,500
Colombo	4	9,000	200	-	1,500	-	-	-	10,700	5,500
Delhi	7	10,000	275	-	-	165	-	-	10,440	11,479
Peshawar	7	2,700	3,200	4,000	-	500	-	-	10,400	17,500
Jerusalem	10	7,000	-	2,500	-	545	-	-	10,045	9,500
Myitkyina	4	5,750	4,250	-	-	-	-	-	10,000	10,000
Yangon	4	5,600	4,250	-	-	-	-	-	9,850	10,000
Madagascar	1	9,500	-	-	-	-	-	-	9,500	9,500
Sittwe	4	5,000	4,250	-	-	-	-	-	9,250	9,250
Toungoo	4	4,950	4,250	-	-	-	-	-	9,200	9,200
Chile	5	1,500	-	-	-	7,467	-	-	8,967	23,069
Kumasi	4	-	8,900	-	-	-	-	-	8,900	16,400
Raiwind	4	3,700	5,200	-	-	-	-	-	8,900	11,175
Southern Malawi	8	4,680	3,282	500	-	50	-	-	8,512	62,413
Belize	5	3,600	-	4,000	-	-	-	-	7,600	9,556
Hpa - an	5	3,250	4,250	-	-	-	-	-	7,500	8,500
Cape Coast	2	2,800	4,300	-	-	-	-	-	7,100	9,300
Dornakal	2	4,000	3,000	-	-	-	-	-	7,000	7,000
Central Zambia	8	2,880	3,200	800	-	-	-	-	6,880	21,200
Angola	2	1,700	5,000	-	-	-	-	-	6,700	2,000
Church of Pakistan	6	6,500	-	-	-	-	-	-	6,500	26,500
Total of largest 50 Diocese/Institutional Grants	356	423,705	296,540	37,101	24,740	110,348	0	0	892,434	1,218,792
Other Province/Diocese/institutional Grants	197	143,330	44,830	36,966	-	10,428	-	-	235,554	253,051
Non institutional Grants:										
- Grants for the support of missionaries	79	-	-	-	-	-	523,705	-	523,705	604,702
- Training and experience	373	-	-	-	-	-	-	182,116	182,116	176,554
Total of all Grants	1005	567,035	341,370	74,067	24,740	120,776	523,705	182,116	1,833,809	2,253,099

The Development grants (long and short term) are to assist the churches the Society relates to, in funding development of their dioceses and provinces. The Education and Training (for Mission) grants help to enhance knowledge and skills in theological education and administration.

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

Advocacy and safeguard creation 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 Missionaries are allowances paid to missionaries for their work overseas. These allowances are usually paid direct into the missionaries' bank accounts.

16. Grants (Continued)

	2006 £	2005 £
Grants due at 1 January 2006	(913,500)	(1,001,675)
Grants paid in year	1,915,129	2,391,274
Grants surrender	0	(50,000)
Grants due at 31 December 2006	832,180	913,500
	<u>1,833,809</u>	<u>2,253,099</u>

17. Staff Costs

	2006 £	2005 £
Salaries	1,549,974	1,744,563
Social security costs	111,848	137,316
Pension costs	277,952	157,249
	<u>1,939,774</u>	<u>2,039,128</u>

The average number of employees in the year was 64 82

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

18. 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. The last full actuarial valuation of the schemes were carried out as at:
 Home Scheme 31 March 2004
 Overseas Scheme 31 March 2005

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

	2006 %	2005 %	2004 %
Price increases	3.00	3.00	2.75
Salary increases	3.50	3.50	3.25
Pension increases	3.00	3.00	2.75
Discount rate	5.00	4.75	5.25

Expected rate of return on assets: 6.00 6.00 6.00

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

	2006 £	2005 £	2004 £
Fair value of the schemes' assets	5,755,000	5,446,000	4,862,000
Present value of the schemes' liabilities	6,308,000	6,555,000	5,083,000
Net (deficit)/surplus of schemes	<u>(553,000)</u>	<u>(1,109,000)</u>	<u>(221,000)</u>

Analysis of amount that would be charged to SOFA:

	2006 £	2005 £
Current service cost	374,000	350,000
past service cost	86,000	0
	<u>460,000</u>	<u>350,000</u>

Analysis of amount credited to other finance costs:

	2006 £	2005 £
Expected return on assets	321,000	301,000
Interest on scheme liabilities	<u>(317,000)</u>	<u>(285,000)</u>
	4,000	16,000