



**The United Society for the Propagation of the Gospel
(known as Us)**

**Trustees' Report and Financial Statements for the year
ended 31 December 2012**

Registered charity number 234518

www.weareus.org.uk

THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL (known as Us)

(Incorporated under Royal Charter, 1701)

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THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL (known as Us)
REPORT OF THE TRUSTEES

The Trustees have pleasure in presenting their report for the year ended 31 December 2012. 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 Constitution

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.

New Supplemental Charter, change of name and amended Bye-Laws

During the year, Trustees agreed to petition the Privy Council Office (PCO) for a new Supplemental Charter which would retain the essential incorporation of the Society in the previous Charters, but most of the 'ancient' preamble, phrasing and administrative provisions would be replaced entirely with modern language. A reasonable number of recitals could set out the history from 1701, so that it is not lost.

This Supplemental Charter restates and replaces the provisions of the Original Charter and the three Supplemental Charters as amended and shall take effect accordingly with proposed objects as follows:

The objects of the Society are to advance the Christian religion in accordance with the principles and practices of the Anglican churches of Britain and Ireland amongst the churches of the Anglican Communion and the communities they serve, throughout the world, including through, but not limited to, the following means:

- (i) The relief of poverty;
- (ii) The promotion of good health;
- (iii) The advancement of education and the development of the capacity and skills of socially and economically disadvantaged members of such communities in such a way that they are better able to identify, and help meet their needs and to participate more fully in society;
- (iv) The training, development and other support of Church Leaders;
- (v) The provision of advocacy and working collaboratively with such churches and communities; and
- (vi) Any other means aimed at improving conditions of life and prospects for the future as the Trustees shall deem fit in accordance with the principles of the Christian religion as practised in the Anglican Communion; including acting in co-operation with Partners in order to achieve such charitable outcomes.

The Society is also changing its name to United Society to be known as "Us" as approved by Trustees in May 2012 and the new Supplemental Charter reflects the change of name.

The Bye-Laws are also being amended to ensure they are consistent with the new Supplemental Charter, and changes that might be worthwhile to make it more relevant.

This is an opportunity for the Society to simplify its governing documents, in to one document, easier to construe and set out in modern language. The PCO and Charity Commission (CC) have agreed in principle and are working with Trustees to ensure the Supplemental Charter and Bye-Laws are fit for purpose. The final drafts will be put before the Society's Council and Incorporated members during their respective meetings in June 2013 for formal approval.

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REPORT OF THE TRUSTEES

Trustees

The Trustees, the charity trustees of the Society who are elected by the Council, during 2012 and at the date of this report, are shown on page 3.

The search for new Trustees is carried out by the Recruitment Committee, having identified the areas of experience or knowledge required by the Trustees. A process of advertising and or direct approach to people 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, usually at the Society's Office and carried out by senior staff, learning about the roles of a Trustee and the processes of the Society. Trustees are given the opportunity to attend appropriate seminars and courses, and are provided with relevant articles and publications.

The only regular sub-committee of the Board of Trustees is the Finance and Audit Committee. In addition to those indicated on page 3, Mr Richard Barrett (Chair of the Finance and Audit Committee), Mr Roger Hird and Mr John Little serve.

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

General Secretary and Directors

The General Secretary and the Directors, who are responsible for the day-to-day management of the Society, during 2012 and, at the date of this report, are shown on page 3.

Trustees' responsibilities

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

In preparing those accounts, the Trustees are required to:

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

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

Risk Assessment

The major risks, to which the charity is exposed, were identified by Trustees and the possible impact of these risks is monitored and reviewed annually - the last time being in November 2012. Systems have been established to mitigate these risks and the Trustees continue to review both the risks and the effectiveness of the controls.

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PUBLIC BENEFIT

The Trustees confirm they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. Both from the Society's objectives, based on its foundation document of 1701, its history and current activities, the Society has always seen its role as part of God's mission, seeking to bring his reconciling love to all peoples and in all places. We believe the Christian faith is of benefit to individuals and society as a whole. As a church based charity with a wide range of international programmes and relationships, we aim to share this benefit with others. How we do this is explained throughout this Report.

OBJECTIVES AND ACTIVITIES

The principal object of the Society is to advance the Christian religion in accordance with the principles and practices of the Anglican churches of Britain and Ireland amongst the churches of the Anglican Communion and the communities they serve, throughout the world. As an arm of the Churches of Great Britain and Ireland, we offer churches, individuals and groups an opportunity to participate actively in God's mission. Our vision is simple, but profound: fullness of life for every person and in every community. We believe this is a challenge that can only be approached in an integrated and holistic way. We believe that we are all made in God's image and all able to respond to life's challenges and aspirations. By partnering with the churches of the Anglican Communion we work to fulfill God's mission - seeking a world reconciled, an end to poverty, and futures transformed by hope. The society supports churches as they become agents of transformational change in direct partnership with people and communities around the world. Our focus is to increase our and our partner churches' capacity to be key agents of transformational change in the lives of the people in the communities that they serve.

In 2012, the Society supported programmes in fourteen countries in Africa, Asia and Latin America and are exploring and designing partnership programmes in a further five countries. Our programmatic emphasis is to respond to the core mission and priorities of the Anglican Church through:

- Equipping leaders with the theological and practical skills that will enable wider participation in integral mission and development. This work aims to deepen ordinary people's sense of worth and self respect and enables them to be participants in vibrant, healthy and local communities
- Supporting empowering of communities to unlock potential and building on the use of existing skills and resources
- Strengthening our mutual capacity through processes which are strengths and response based and which stimulate church and community engagement. This includes the **Church and Community Mobilization Process (CCMP)**, which focuses church and community attention on enhancing wellbeing by using local skills and resources. Another process is '**Hands on health**' which is centered on helping mission hospitals and clinics develop an expanded vision of health. The focus is on supporting health institutions to connect even more closely with local communities in order to ensure households are empowered to take responsibility for their own health, and hospital services more closely respond to the actual needs of the people. Our programmes are designed to respond to the specific local contexts and identified priorities in each area. Sustainability of the church and its work is a key priority of our partners. Relationship and partnership is at the heart of our work and this includes our relationship with supporters and churches in the UK. We act in solidarity to be alongside the global church in crucial issues affecting communities in different parts of the world. The Society is currently addressing issues such as Gender Based Violence, HIV Stigma and Food Security.

THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL (known as Us)
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OBJECTIVES AND ACTIVITIES (continued)

Fundraising and Communications

During the year we worked to update and refresh our main communications with supporters and the general public, in accordance with our new identity as Us.

We redeveloped our supporter publication, Transmission, into a new magazine format. Our prayer diary - Pray with Us - was revised to include more reflections and articles from people in our partner churches. In November 2012 we launched a new website and new Twitter and Facebook pages. To date, we have three hundred followers on Facebook and one thousand, six hundred followers on Twitter.

Meanwhile we also continued to promote our work at events such as Greenbelt and our annual conference. We issued press releases, and provided church and individual worship resources through our Lent course - Forty Days of Peace, and at harvest and Advent. At these points in the church calendar we also requested prayer and financial support for our work.

Volunteers

Staff, trustees and volunteers spoke at churches in Britain and Ireland to inform supporting churches about the difference their support has made, and continues to make. Our volunteers continue to play a key role in the life of the Society - as speakers and key links with parishes and dioceses. During 2012 we met with volunteers at regional workshops to update and inform them about our work. Our current army of forty-six volunteers continues to tirelessly and enthusiastically promote our work to dioceses and parishes across Britain and Ireland and enable us to maintain a regional presence.

ACHIEVEMENTS AND PERFORMANCE

Malawi

The Hands on Health Initiative links the four hospitals of St Martin's in Malindi, St Luke's in Malosa (Diocese of Upper Shire), St Anne's in Nkhotakota (Diocese of Lake Malawi), St Peter's in Likoma Island (Diocese of Northern Malawi) and their associated clinics and outstations (sixteen facilities in total). The initiative is increasing health facility sustainability, community engagement in health. In the first full year of the programme, fifty-four communities and thirty four thousand people participated in the programme working towards improvement of health. One hundred and thirty four staff from the health facilities participated and developed skills in community engagement. This has surpassed the year one target. Health issues showing early improvement are maternal health, malnutrition, sanitation and malaria.

The Society also supported the Malawi Anglican Council in its training of future priests at Leonard Kumungu Theological College. Support for ten students added stability to the teaching faculty, and strengthened its drive towards sustainability, and full accreditation of courses through the University of Malawi. The longer term driver in all our support for Theological Education is to encourage an integral approach to contextual education that equips future priests to become effective leaders, able to understand and work alongside both their worshipping congregations, and the wider communities they seek to serve.

Zambia

In partnership with and coordinated through the Zambian Anglican Council, the Society supported an integrated approach in community engagement and leadership through the implementation of CCMP and curriculum development for clergy and laity. These aim to strengthen leadership and respond to identified community issues such as improving maternal health and addressing Gender Based Violence.

In 2012, two parishes (urban and rural) in each of the five Zambian Anglican Dioceses were selected as CCMP sites. Twenty-five facilitators were chosen from the Dioceses including clergy and Diocesan coordinators to train as facilitators in their parishes and communities. The first training has been held and learning is being implemented in the 10 parishes. The church designed a framework curriculum for clergy and lay training to inform the delivery and access to information and training. This involved church leadership and key representatives from across the church including youth groups and the Mothers Union. This will be rolled out to all dioceses and relevant groups.

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ACHIEVEMENTS AND PERFORMANCE (continued)

Zimbabwe

The programme is concerned with combating HIV related stigma. Starting in the Diocese of Manicaland it expanded into the Diocese of Harare in partnership with Mothers Union in June 2012. The programme envisions and equips the church to engage their community in holistic transformation so that issues of shared concern are identified, prioritized and acted upon. Twenty parishes (urban and rural) in the Diocese of Manicaland and Harare participated. Fifty facilitators located in the parishes undertook the first year of skills training and put into practice what they learned in their parishes. These parishes and related communities support a combined population of 240,000. Projects implemented by parishes in the first year included ones relating to: food security; provision of school fees for vulnerable children; a community nursery school for 25 children; and community toilet and washing facilities. The Anglican Church of Zimbabwe facilitated the start of the HIV Stigma Index in June 2012, which measures HIV related stigma experienced by People Living with HIV. The Anglican Church has taken a lead role in ensuring that through its networks People Living with HIV will participate. The outcome will be nationally significant and will inform programme development, delivery and strategy in reducing HIV and related stigma and in service provision. Training has been provided for ninety-four theological students, priests and diocesan development workers to support mission priorities and effective community engagement.

Lesotho

In partnership with the Diocese of Lesotho and Hope Africa, the provincial social development arm of the Anglican Church of Southern Africa, the Society designed and agreed a new programme which will encourage primary health care revitalization, improve health and equip churches to engage their communities in holistic transformation. This will be strengthened through community engagement at St James' Hospital, two related health centres, and eight parishes in the highlands and lowlands of Lesotho and will benefit fourteen thousand people. Thirty people from St James' Hospital, related health centres, the church and the community have been identified as the local facilitation team and have started skills training and community engagement.

South Africa - Diocese of Zululand

In 2012, the Society, Hope Africa and the Diocese of Carlisle supported and expanded a food garden project implemented in six parishes. The produce of the food gardens supports orphans, vulnerable children and terminally ill people, and brings in income to support the gardens. Seventy-one households participated in the baseline study. One hundred and twenty-six people are participating in running the food gardens, including orphans, to produce potatoes, cabbage, onions, spinach and beetroot. Of the orphans participating five children who had dropped out of school have returned. The funds raised go back into running the gardens and providing school uniforms and fees for orphans. Twenty facilitators have been selected for CCMP training and four parishes running food gardens have been identified to run the CCMP process. The Diocese of Zululand is the first diocese to pilot the CCMP process in Southern Africa. The process will benefit twelve thousand people.

South Africa Grahamstown - College of the Transfiguration

The Society supported the College of Transfiguration's strategic plan for leadership development in Southern Africa and will link Diocesan training with the work of the seminary. This includes the delivery of training for clergy and laity in Southern Africa. The training is being delivered at the seminary in collaboration with Hope Africa and includes the delivery of modules for community development. Four modules were delivered and twelve final year students accessed the training.

Ghana

With match funding from ECHO International, the Society is supporting a programme in the Diocese of Wiawso which seeks to revitalise primary healthcare. The programme is located in three clinics serving a population of fifteen thousand. In 2012 one clinic has been rebuilt and refurbished. The identified health concerns through the programme are malaria, maternal health, HIV and sexually transmitted diseases. In 2012 as a result of this process, one health clinic's attendance rate has almost doubled from three hundred and fifty to six hundred people attending per month. Local ownership for each clinic has improved. Twenty-seven villages have participated through local facilitation teams made up of twenty churches, health clinics and community members.

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ACHIEVEMENTS AND PERFORMANCE (continued)

Tanzania

The Society is working closely with the Anglican Church of Tanzania to support rural communities in being healthy, both spiritually and physically. We are working alongside five mission hospitals and four health clinics in the provision of a range of community based services. These include prevention of Mother to Child Transmission, and immunization and prevention programmes serving combined catchment populations of up to 579,000. It has also focused on responding to challenges that impact on the quality of life including food security, education and income generation.

Other projects undertaken in Tanzania include one that works with children and those with disabilities to break down the stigma of disability and to provide rehabilitation, access to health services, and education. In 2012 the project supported fifty children (boys and girls), which is the maximum they can accommodate.

Philippine Independent Church (IFI)

A clear plan has been developed during 2012 in consultation with IFI for a programme aimed at providing transformational leadership development in keeping with the IFI's strategic planning process. The programme aims to strengthen the capacity of the bishops, mobilize the clergy to communicate more effectively with their congregations and to enable lay leaders to promote strong social witness. The plan moves to its implementation phase during 2013.

Episcopal Church in the Philippines (ECP)

2012 was a year of important transition in the area of joint programmatic development in the life of the Episcopal Church in the Philippines and its partnership with Us. Some continuity support continued as per previous agreements for work to be sustained in the three-year commitment 2010 - 2012, which included support for the national Christian Education programmes and social ministries and development work. We embarked on developing an integrated Church and Community Mobilization Process, supporting further joint and creative collaboration between the Christian Education Department diocesan initiatives and those of the Development and Social Ministries. Us is unique among the partners belonging to the ECP in terms of its full support of an integrated approach to ensure that both inform each other: that development does not become separated from the mission of the church, and the mission of the church informs the character and nature of the type of development that takes place - church-based and people-centred, moving towards self-reliance and nurturing a mind shift change called ABCD - Asset-based Community Development.

Church of Ceylon/Diocese of Colombo

The Society supported the Christian Education Department of the Diocese of Colombo, the Peace and Reconciliation Desk of the Diocese of Colombo, modest support of their lay training programme and support for the Estate Community Development Mission (ECDM) of the Diocese of Colombo. Support for a PhD candidate as part of the faculty development of the Theological College of Lanka has continued. All this takes place in a context where the nation is still wrestling with the traumas of their post-war situation, a nation which is becoming increasingly controlled in terms of civil liberties while the government refuses to acknowledge crimes against its own people both during and after the war.

Church of Bangladesh

An exchange visit took place in December 2012 with a group of six from the Church of Bangladesh, along with two Us staff, being exposed to the outworking of a Church and Community Mobilization Process which has been taking place in Cambodia over the last 3½ years. The six were carefully chosen to reflect the two dioceses, the episcopate, clergy, youth, women, the three main ethnic people groups within the church and the Church of Bangladesh Social Development Programme. This was a hugely important mutual exchange and learning visit the fruits of which will continue to be nurtured in 2013.

Church of North India

Through consultation at a national level with the General Secretary and the revived and reordered national Synodical Board of Health Services, a hospital in Sarenga, West Bengal (Diocese of Durgapore) was agreed as the focus for a *Hands on Health* initiative. This was in response to a call from the General Secretary for the whole church and partners to take seriously the dire situation of many mission hospitals in the CNI and for a revitalization of their mission. 2013 will see further development of this initiative at Sarenga Christian Hospital which has started well with a lot of energy and enthusiasm from all sides.

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ACHIEVEMENTS AND PERFORMANCE (continued)

Church of South India

Our work in 2012 centred on maintaining agreed joint scholarship commitments to 2012 which has supported a PhD student in India as well as theological training for Dalit students in Kerala. We also supported lay and clergy training seminars at a national, regional and diocesan level to develop the capacity of serving church workers including presbyters, order of sisterhood, Sunday school, camp teachers and internal missionary evangelists.

Church of Myanmar

The Society saw a deeper engagement with the Church of the Province of Myanmar, through its House of Bishops and Provincial Development Department in the area of supporting the vital community health work of each of the six dioceses. To this end, a joint exposure visit took place in September 2012 between the House of Bishops and the two heads of the Provincial Development at the Comprehensive Rural Health Project in Jamkhed, Maharashtra State, and North India. The exposure to a comprehensive and community-based preventative approach to health, including empowerment of women and young people, initiatives to lessen the negative impact of caste-based discrimination, advocacy and access to government benefits, services and provision, training and support in improvement of livelihoods, was an important learning experience for the joint group. The strengthening of trust, friendship shared vision and working cooperation was a further important aspect of the exposure in India for the whole group from Myanmar. It is worth adding here that hearing about our inspiring initiative - an exposure visit with the purpose of shared learning for the bishops from Myanmar in the context of another country in Asia - led to the Australian Board of Mission arranging for them to visit the Episcopal Church in the Philippines.

Church of Pakistan

A Consultation took place in April 2012, at a successful meeting in Lahore involving most dioceses, and including women's and young people's representatives. The aim was to work for the transformation of the Church of Pakistan and its witness in the world, through strengthening leadership by developing effective training at every level and encouraging self-reliance and sustainability at national and local level. The programme will separately address clergy and lay training needs. The first major training workshop took place in June 2012, and included a day for forward planning. Delegates from the dioceses came together for training, and then returned to deliver it locally. This was the first time dioceses have seriously attempted to work together strategically.

Diocese of Jerusalem and the Middle East

The Society supported St Luke's Hospital, Nablus by contributing towards the maintenance of a scanner. A pilgrimage was also organized to the Holy Land in November-Dec. This was the third pilgrimage we organized to the Holy Land to help raise awareness of the plight of the Palestinian people among church-goers in Britain and Ireland. This approach to advocacy is that much encouraged by the Diocese of Jerusalem and the Middle East.

Latin America

During 2012, the Society continued to support outreach and development work in the City of God favela in Rio de Janeiro. This notorious former slum area is undergoing major community transformation, and the Anglican Church is playing a key role, alongside other partners, in strengthening leadership and community pride. We also honoured our commitment to fund the final year of our three year funding cycle and will now engage with these provinces in new ways through the Global Network Programme.

Emergency relief

In times of disaster people look to the church for practical and emotional support. The Society responds rapidly to emergencies through the provision of a small grant of up to £2k, which churches can apply for in cases of natural disaster. This token gesture of solidarity is a significant contribution that enables Anglican churches to provide an immediate response in areas impacted by disaster. During 2012, funds helped to support communities in Ghana, Pakistan and Philippines following floods; Indian Ocean following a Cyclone; and in Jamaica following Hurricane Sandy.

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ACHIEVEMENTS AND PERFORMANCE (continued)

Formal launch of our new name

The formal launch of our new name took place in November 2012 with approximately 200 guests attending a service at St Margaret's Church, Westminster Abbey. The Revd Dr Sam Wells of St Martin-in-the-Fields gave the Sermon and music was provided by Puhakama (Zimbabwean choir). The Blessing was followed by a reception at Church House, where guest speakers included the Most Revd Rowan Williams, the Archbishop of Canterbury, the Most Revd Albert Chama (Archbishop of CPCA) and the Revd Andrew Devadason (Church of Ceylon). The Revd Canon Chris Chivers, Chair of Trustees, was Master of Ceremonies and Janette O'Neill, the General Secretary and CEO gave an inspiring speech about the role of the church, and the bright future for the Society. Everyone who attended said what a wonderful evening it was, full of hope, solidarity and celebration.

Below are comments from two of our supporters:

'I thought you all did a magnificent job and were a blessing to us at a time we might have been losing faith in the church.'

'I just wanted to say a big thank you for a wonderful evening. If Us were a church, I would be transferring my allegiance today.'

The name USPG - United Society for the Propagation of the Gospel - was derived from a name dating from 1701. However it became clear this eighteenth-century name was not connecting with people in the twenty-first century. The name USPG no longer represented our work in partnership with churches across the globe, working together with local communities to help them tackle the challenges they face. Our new name is rooted in the gospel. It is a reminder that God's love is for all of us - Jesus' promise of a full life is for every person in every community (see John 10:10).

As explained on page 4, the formal process of changing the name is currently in progress in consultation with the Privy Council Office and the Charity Commission.

FUTURE PLANS

Throughout our 311 year history, the Society has sought to work through the churches to transform the world. It has sought to be a servant, challenger and advocate to and for the church. The Society values relationships with its partners and is distinguished by its abiding commitment to walk with them through good and bad times.

We are committed to partnership. At the core of our relationships with our partners is a common identity as children of God committed to His mission in the world and a commitment to learning together from our mutual involvement in integral mission at all levels, local, national and international.

For 2013 we will focus our energies on the following corporate objectives:

1) Launch a new programme for parishes in Britain and Ireland

We recognize the main motivation for our supporters and churches within Britain and Ireland is a belief in mission and in playing a part in fulfilling God's mission beyond geographically specific areas (Provinces, Dioceses, National). Our life is enriched by our global networks and we are committed to nurturing and growing our relationships with the Anglican Churches of the whole Communion. In light of this we propose to launch a new programme in the UK that will stimulate parishes, either as a whole, or as the different groups who identify themselves as a community within the parish - women, retired people, youth, young parents etc, to examine how they are using their gifts (assets, strengths) to respond to issues that challenge their own or wider community. We will develop a dynamic, inspirational resource to stimulate supporting churches to engage in practical expressions of faith in action. In so doing, we will help individuals and churches gain insight and a connection with the wider mission of the church working with poor and vulnerable communities, both here and overseas. During 2013 we will design and scope the programme and run a pilot in five parishes.

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FUTURE PLANS (continued)

2) Invest in the World Church

If we are to make significant investments in the UK in order to maintain our focus and vision, it is necessary to make similar efforts in the future of World Church partnerships. The Festina loan scheme has long been a much appreciated facility by our partners. We have conducted a review and an expansion of the scheme is recommended. Traditionally the scheme has enabled Provinces to develop city sites. The pace of the global economy has now really priced out of this market as land prices in capital cities across Africa and Asia mean that hundreds of thousands, if not millions, of dollars are needed to develop these sites into commercial properties that will bring in an income stream for many years. The opportunities for the Church can now be found in smaller towns and market areas where the infrastructure is beginning to improve. This market segment has the benefit of not only providing income for the church but also providing facilities much needed by the community - meeting halls, guest houses, office buildings etc. The Festina portfolio should be able to accommodate a range of loans rather than the standard £50,000 presently available. Initial discussions have been held with Trinity Wall Street Parish in New York which is also involved in this area to see if we can dovetail our requirements and possibly see improved outcomes.

3) Full programme integration

For many of our partners, the Growing the Church and Community Engagement strands of our work represents two sides of the same coin. A full integration of the two strands under a single International Programme structure will enable a more effective use of resources and provide efficient support to overseas partners. We will use the Zambia programme as an early example of integration during 2013 from which we can learn with our partner, the Anglican Church in Zambia and aim at achieving full integration of all our programmes by the end 2014.

4) Invest in key areas of programme development, monitoring and evaluation

In order to provide efficient and effective support to our partners and demonstrate our performance to supporters, as well as learn lessons, we will develop our staff in planning, monitoring and evaluation (PME) skills. We will also develop a robust, simple and accessible means of capturing, interrogating and interpreting data collected from partners about programmes.

5) Continue to build a sustainable future

We recognize that sustainability into the future is about more than receiving money from supporters. It is about cherishing relationships with our supporters who continue to be incredibly generous through volunteering, being a link person at a church, prayer support, as well as financial giving. We will continue to nurture these relationships and value them. We will continue to provide a conduit through which people and churches are able to express their sense of calling to mission and share God's sustenance as heirs together.

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FINANCE REVIEW

Business review

The Economic activity in the UK and the world economies has yet to show any strong indications of recovering. This invariably has a knock on effect on peoples' disposable Income from which donations are made. Trustees, recognising this fact approved a modest budget seeking to consolidate direct charitable expenditure in order to maximise returns while controlling the overhead expenditure budget. This strategy yielded positive results with the year ending with a surplus of £86k against a budgeted deficit of £500k.

Income

Our supporters (individuals and churches) gave us donations of £1.39m in 2012. Though this was 12% down on the 2011 figure of £1.58m, we recognise the difficult economic climate we are in and are genuinely grateful to all our faithful supporters who continue to support us with their prayers, time and money.

The erratic nature of legacy Income makes year on year comparatives meaningless as depicted in 2011, when we received legacy income of £1.1m with £438k coming from one generous supporter. This year, Trustees planned the budget using a rolling average figure of £650k based on previous years' legacy Income. This seems to be a realistic estimate as 2012 legacy Income was £639k, £11k short of the rolling average. We are grateful to the faithful departed who remembered us in their will - may they rest in peace and rise in glory.

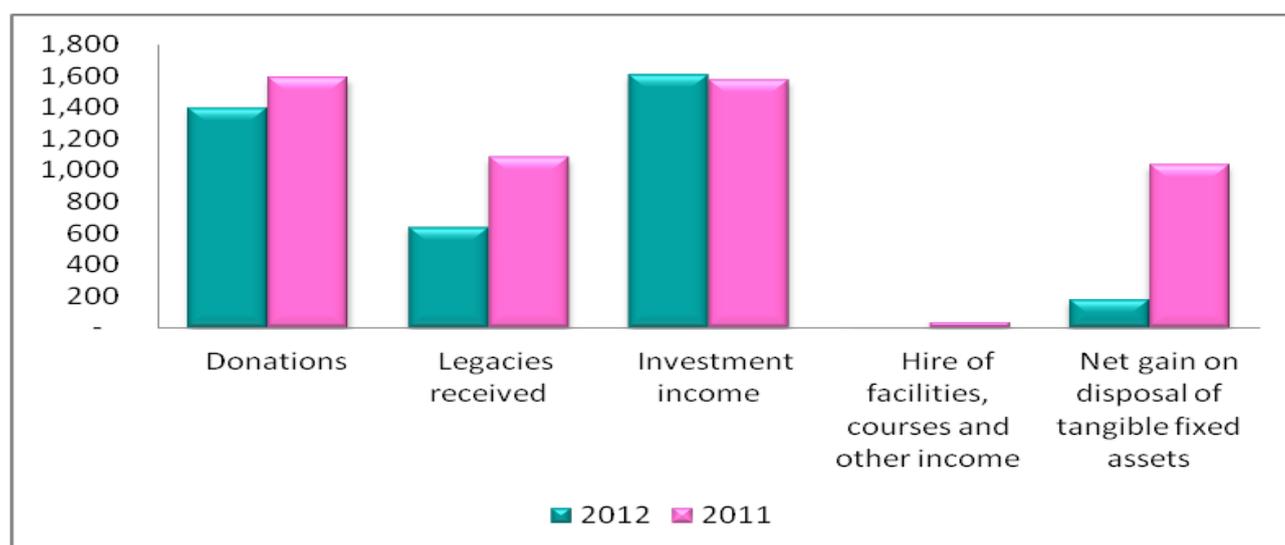
The investment markets made headway during the year with the FTSE All-Share Index recording a return of 12.3% and the FTSE 100 index recording a return of 8.2% at the year end. This performance gave us a growth of about 2% on investment income return with dividends and interest totalling £1.61m against £1.57m received in 2011.

There was a residual income of £175k in the year resulting from over provisions made during the sale of the United College of Ascension in 2011.

Total income for 2012 was therefore £3.8m compared to £5.3m received in 2011. Like for like income without the gains made on the sale of the College dropped by 14%. (2012:£3.6m) (2011:£4.2m)

The diagram below compares our income across the various streams between 2012 and 2011. Apart from investment income which saw a 2% growth in 2012, donations and legacies dropped 12% and 41% respectively.

Comparing 2012 Income to 2011 Income (£'000)



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FINANCE REVIEW (continued)

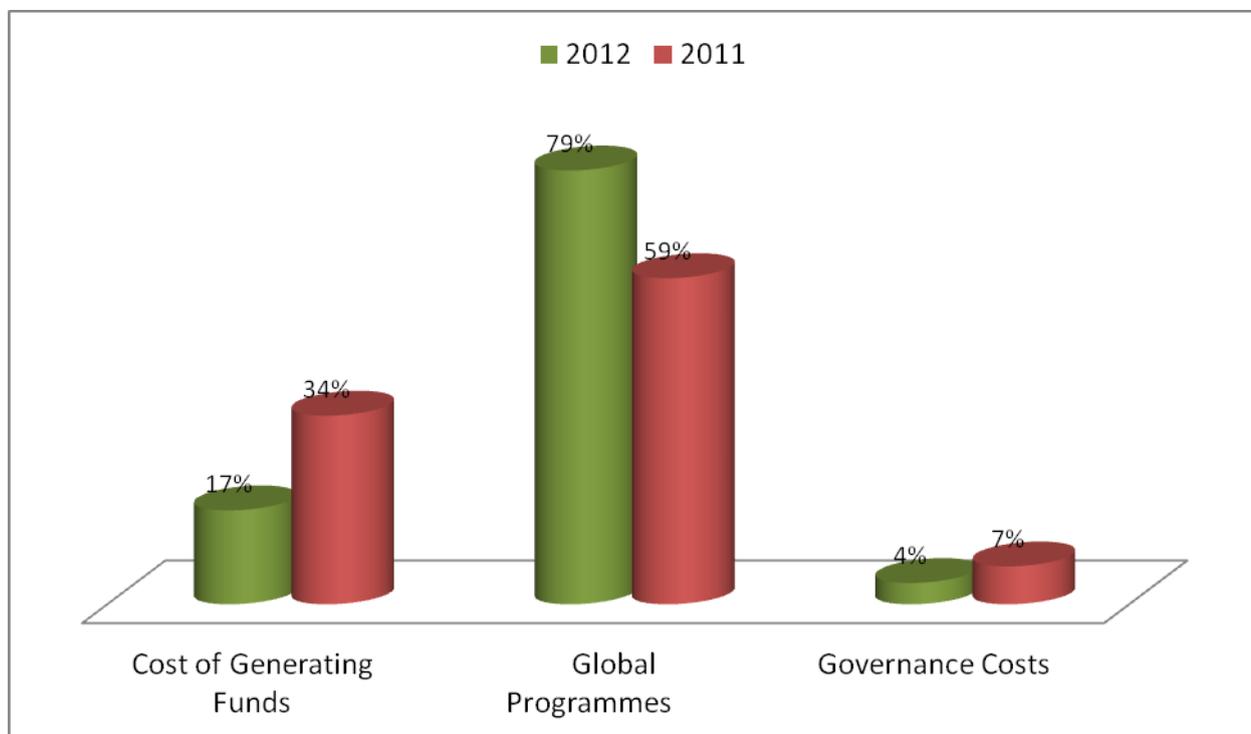
Resources expended

We are ever mindful of the need to ensure a greater portion of our expenditure goes towards our principal *Missio Dei* of supporting churches and partners across the Anglican Communion. During 2012, we spent £2.9m representing 79% of resources spent on global programmes, an increase on the 59% of resources spent in 2011 (£1.4m).

The costs of generating funds has hitherto constituted about 34% of resources spent as the costs of developing and distributing worship materials such as prayer diaries, Lent and Advent courses were classified under this heading. These have now been appropriately apportioned under mission education and worship thus leaving the true cost of fundraising under the "costs of generating funds" heading. Fundraising costs constituted 18% of resources spent in the year in line with many UK charities.

Our governance costs which includes the costs of organizing the annual conference, council meetings, Trustees' meetings and legal fees were £144k (2011:£172k). This represents 4% of resources spent compared to 7% of resources spent in 2011. Trustees normally claim for out of pocket expenses and these amounted to £9k in 2012(2011:£9.5k).

How our resources were spent in 2012 compared to 2011



Outturn

The prudent strategic plan approved by Trustees yielded fruit with net incoming resources of £86k. In line with the performances on the markets, gains of £2.5m were made on investment assets before adjusting for actuarial losses of £1.8m on Pension Scheme assets. These adjustments resulted in a net movement of £688k on funds.

Increase in funds

The balance sheet reserves remain strong with total reserves increasing from £38.1m in 2011 to £38.8m in 2012 as a result of the above adjustments. Our liquidity has improved with a current ratio of 3.8:1, an improvement on the 2011 ratio of 3.1:1. This reflects the stringent and effective cash-flow management strategies put in place by Trustees to maintain the Society's liquidity.

THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL (known as Us)
REPORT OF THE TRUSTEES

The Financial Control Environment

The Society prepares a budget each year which is approved by Trustees at their November meeting prior to the start of the financial year. A quarterly forecast review together with management accounts and cash flow statement is produced highlighting any concerns there may be. These reports go to the Finance and Audit Committee and the entire Board of Trustees.

The Finance and Audit Committee meets four times a year, the following is a summary of their terms of reference:

- a) Scrutinize the budget and assist the Board in their discussions to approve it.
- b) Monitor financial performance (including income generation) throughout the year.
- c) Scrutinize the charity's risk management strategy and recommend an appropriate risk strategy.
- d) Review the charity's investment policy and, if appropriate, make recommendations for changes.
- e) Monitor the Society's property and other assets and, if necessary, recommend appropriate action.
- f) Benchmark the Society's performance against that of similar organizations in all functions.
- g) Review the effectiveness of the financial management systems and procedures.
- h) Monitor compliance with external requirements e.g. financial reporting, data protection.
- i) Review the external auditors' performance and make recommendations to the Board.
- j) Review policy and procedures in respect of the internal financial controls.
- k) Consider salary and benefit reviews for all staff and advise the Senior Management Group.

The Society's finances are subjected to an independent audit each year to ensure we are being good stewards of the resources entrusted to our care. These audit processes adds value to the internal control processes and the management of the financial accounts.

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 Ltd manages the general funds of the Society. CCLA Investment Management Ltd continues to manage about 90% of trust investments through their range of pooled funds and The Charities Property Fund manages about 10% of trust investments.

The Society 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 the CCLA, Rathbones and The Charities Property Fund.

At December 2012, total market value of funds managed by Rathbones was £8.5m (2011:£7.9m). The Trustees set an annual income target of £265k (2011:£246k) for the year and actual dividends and interest received was £267k, an over achievement of £2k.

From the Endowment Funds, we received a total income of £1.28m (2011:£1.18m) out of which £466k (2011:£487k) came from property investments. The values of the funds at the year-end were as follows:

Fund	Value at 31st Dec 2012(£'000)	Value at 31st Dec 2011(£'000)
CCLA Pooled Funds	25,636	23,679
The Charities Property Fund	3,033	3,136
Investment Property	300	300
Total Funds	28,969	27,115

THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL (known as Us)
REPORT OF THE TRUSTEES

Reserves policy

The Society is committed to retaining a level of unrestricted reserves (free reserves) to enable it to cope with any financial pressures throughout the year.

The reserves policy anticipates the level of reserves should represent at least a year's budgeted expenditure currently £4.4m. This is necessary to provide cash flow, to act as a counter-balance to the volatility in income and to finance any investments in fixed assets and strategic developments.

Unrestricted funds (free reserves) at 31 December 2012 were £5.9m (2011:£6m) out of which £1.4m is designated by Trustees to finance fixed assets, commitments and the loan from the Society to the Festina Loan Scheme and to finance any large increases in pensions payable. Current reserves represent at least 16 months operational costs (2011:18 months).

Trustees review the reserve policy every six months to ensure the Society has sufficient reserves to meet its core obligations. Trustees are happy to report that the current level of reserves is in compliance with the policy.

Consolidation of sub-trusts

We have been working with the Charity Commission to find a way to appropriately consolidate the 301 sub-trusts on our books. This aims to free more funds for our mission and significantly reduce administration time and costs. Two resolutions have subsequently been prepared by our Solicitor and approved by the Charity Commission to bring this into effect.

Eighty-two small trusts with annual income less than £1k or capital investments of less than £10k will be wound up with the proceeds paid out to current beneficiaries and removed from the register of trusts.

The remaining 219 trusts will be consolidated into one of the following new funds:

1. Africa Fund
2. Central Africa Fund
3. East Asia Fund
4. South Asia Fund
5. Latin America and the Caribbean Fund
6. Health Fund
7. Educational Fund

For the vast majority of beneficiaries there will be no change in terms of the benefits paid out from the trust income annually.

The final phase of the work relates to justifying and explaining the reasons for each of the trusts being consolidated and this is expected to be completed by the end of 2013.

Christopher Chivers

Chair of Trustees
16th May 2013

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF
THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL (Known as Us)
FOR THE YEAR ENDED 31 DECEMBER 2012**

We have audited the financial statements of The United Society for the Propagation of the Gospel for the year ended 31 December 2012 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Charity's trustees and members, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 5), the trustees are responsible for the preparation of financial statements which give a true and fair view. We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial; and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2012 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

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

haysmacintyre
Chartered Accountants and Registered Auditors
haysmacintyre

Fairfax House
15 Fulwood Place
London WC1V 6AY

16th May, 2013

haysmacintyre are eligible to act as auditors in terms of section 1212 of the Companies Act 2006

**THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL(Known as Us)
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	Unrestricted Funds		Restricted Income Funds	Endowment Funds	TOTAL 2012	TOTAL 2011
		General	Designated				
		£ '000	£ '000				
<u>Incoming Resources</u>							
Incoming Resources from Generated Funds							
Donations	11	1,074	-	320	-	1,394	1,588
Legacies received		599	-	40	-	639	1,081
Investment income	12	429	-	1,177	-	1,606	1,575
Activities for generating funds							
Hire of facilities and courses	13	2	-	-	-	2	36
Other Income							
Net gain on disposal of tangible fixed assets	4 & 13	175	-	-	-	175	1,033
Total Incoming Resources		2,279	-	1,537	-	3,816	5,312
<u>Resources expended</u>							
Cost of Generating Funds	16	412	-	246	-	658	858
Charitable Activities							
Global Programmes		624	-	2,304	-	2,928	1,482
Governance Costs		86	-	58	-	144	172
Total Resources expended		1,122	-	2,608	-	3,730	2,513
<u>Net incoming/(outgoing) resources before transfers</u>		1,157	-	(1,071)	-	86	2,798
Transfers between funds	8 & 9	28	(15)	(13)	-	-	-
<u>Net (outgoing)/incoming resources</u>		1,185	(15)	(1,084)	-	86	2,798
FUNDS OF THE SOCIETY							
Gains/(losses) on investment assets		620	-	-	1,854	2,474	(1,436)
Actuarial (loss)/gain on pension schemes	19	(1,872)	-	-	-	(1,872)	(638)
<u>Net Movement In Funds</u>		(68)	(15)	(1,084)	1,854	688	724
Fund balances brought forward		4,603	1,419	5,482	26,640	38,143	37,419
Fund balances carried forward		4,535	1,404	4,398	28,494	38,831	38,143

The notes on pages 20 to 30 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(Known as Us)

Balance Sheet at 31 December 2012

	Note	2012	2011
		£ '000	£ '000
<u>FIXED ASSETS</u>			
Tangible Fixed Assets	2	28	22
Investments	3	37,496	35,094
		<u>37,524</u>	<u>35,117</u>
<u>NON CURRENT ASSETS</u>			
Loan and Debtors due after 1 year	4	1,480	1,800
<u>CURRENT ASSETS</u>			
Loans and Debtors due less than 1 year	4	587	1,142
Cash and Short Term Deposits		2,998	2,215
		<u>3,585</u>	<u>3,357</u>
<u>LIABILITIES:</u> Amounts falling due within one year			
Overseas Dioceses		431	599
Creditors and Provisions	5	508	489
		<u>938</u>	<u>1,088</u>
<u>NET CURRENT ASSETS</u>			
		2,646	2,268
<u>LIABILITIES:</u> Amounts falling due after one year			
Net Pension Scheme Liabilities	19	(2,819)	(1,042)
<u>TOTAL ASSETS</u>			
	10	<u>38,831</u>	<u>38,143</u>
<u>FUNDS OF THE SOCIETY</u>			
Unrestricted Funds:			
General	6	7,354	5,645
Pension Schemes	19	(2,819)	(1,042)
Designated	7	1,404	1,419
		<u>5,939</u>	<u>6,022</u>
Restricted Income Funds	8	4,398	5,482
Endowment Funds:			
Expendable	9	5,405	4,937
Permanent		23,089	21,703
		<u>28,494</u>	<u>26,640</u>
<u>TOTAL FUNDS</u>			
	10	<u>38,831</u>	<u>38,143</u>

Approved by the Trustees on 16th May and signed on their behalf by :

Christopher Chivers

Chair of Trustees

Richard Bartlett

Vice Chair of Trustees

The notes on pages 20 - 30 form part of these accounts

THE UNITED SOCIETY FOR THE PROPAGATION OF THE GOSPEL (Known as Us)
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 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. Incomes 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 costs categories on the basis of the Trustee's estimate of the time spent on the relevant functions. Cost of generating funds comprises expenditure incurred by the Society in appealing for donations. Costs of charitable activities consist of all expenditure directly relating to the objects of the Society together with an allocation of support costs.
- e) International programmes costs: From 2012, the two strands of our work, Growing the church and Community Engagement/Health have been merged into one strand referred to as International Programmes. The costs of these programmes are approved by Trustees as part of the overall budget of the Society on an annual basis and then formalised through a Memorandum of understanding (MoU) with partners across the Anglican Communion.
- f) Governance costs: This comprises expenditure on management and compliance with constitutional and statutory requirements together with an allocation of support costs.
- g) Fixed Assets Investments: Investment properties are included in investments and are stated at Trustees' valuation based on similar properties being sold in the area. 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.
- h) 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: - Major office and computer equipment 20% on cost
- i) Pensions: The Society operates and contributes to two defined benefit schemes and one workplace pension scheme. The amounts included within the Statement of Financial activities and Balance Sheet is in accordance with the requirements of Financial Reporting Standard 17: Retirement Benefits ("FRS17").
- j) Fund accounting: Details of the nature and purpose of each fund is set out in notes 7 to 9.
- k) ((i) Cash Flow Statement The Trustees have taken advantage of the exemptions available in Financial Reporting Standard 1 ("FRS1") not to prepare a cash flow statement.

2. Tangible Fixed Assets

	Office Equipment £'000	Total £'000
Cost:		
Balance at 1 January 2012	144	144
Additions	14	14
Disposal	(116)	(116)
Balance at 31 December 2012	<u>42</u>	<u>42</u>
Depreciation:		
Balance at 1 January 2012	122	122
Charge for the year	8	8
On Disposal	(116)	(116)
Balance at 31 December 2012	<u>14</u>	<u>14</u>
Net Book Value at 31 December 2012	<u>28</u>	<u>28</u>
Net Book Value at 31 December 2011	<u>22</u>	<u>22</u>

3. Investments

	Unrestricted Funds £'000	Restricted Funds £'000	Expendable £'000	Endowment Funds Permanent £'000	Total Funds £'000
Market Value at 1 January 2012	7,979	475	4,937	21,703	35,094
Acquisitions	939	0	0	0	939
Disposals	(1,012)	0	0	0	(1,012)
Net gains(loss) on revaluations	620	0	468	1,386	2,474
Market Value at 31 December 2012	<u>8,527</u>	<u>475</u>	<u>5,405</u>	<u>23,089</u>	<u>37,496</u>
Investment properties	0	0	0	300	300
Listed investments	8,527	475	5,405	22,789	37,196
Total Investments at 31 December 2012	<u>8,527</u>	<u>475</u>	<u>5,405</u>	<u>23,089</u>	<u>37,496</u>

The cost of investments at 31 December 2012 was £21,009,607 (2011: £20,776,120).

4. Loans and Debtors

	2012 £'000	2011 £'000
Loans and debtors due after 1 year		
Balance of the sale proceeds of UCA payable at £120k per annum until 2021	1,080	1,200
Festina loan balances	400	600
	<u>1,480</u>	<u>1,800</u>

The Society's lease hold interest in United College of the Ascension in Birmingham was sold to Al Mahdi Institute in 2011.

Loans and debtors due less than 1 year

Festina loan balances	146	29
Other debtors	187	905
Prepayments and accrued income	253	208
	<u>587</u>	<u>1,142</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 £250,000.

5. Creditors and Provisions

	2012 £'000	2011 £'000
Loans received from Festina Scheme holders	172	192
Pension Schemes	33	5
Taxation and Social Security	23	21
Other creditors and accruals	280	271
	<u>508</u>	<u>489</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 been designated by the Trustees for particular purposes. The trustees regard their responsibility for maintaining the pension schemes as a priority of their resources, and in so doing have this year designated £564,000 to mitigate future risk caused by the increasing pressures on such schemes. The designated funds include the following:

	2012 £'000	2011 £'000
To finance any large increase in pensions payable and future liabilities	647	647
Commitments to guarantee loans from Festina Loan holders	207	227
To finance the Society's loan from general funds to the Festina Loan Scheme	523	523
Amount reflecting the finance tied up in tangible fixed assets	28	22
	<u>1,404</u>	<u>1,419</u>

8. Restricted Income Funds

	Balance at 1 Jan 2012 £'000	Incoming Resources £'000	Outgoing Resources £'000	Transfers £'000	Investment Gains/losses £'000	Balance at 31 Dec 2012 £'000
General restricted funds	1,497	246	(1,488)	572		827
Medical funds	597		(517)	33		113
Educational funds	69		(108)	68		29
Legacies and donations received towards:						
- Africa	1,015	16	(0)			1,031
- Asia	254		(6)			247
- Latin America and the Carriibbean	66		(32)			35
- Middle East	29		(0)	(8)		21
- Other areas	38	28				65
Festina loans	445	4	(15)			434
Trust income balances						
- General restricted funds	1,240	1,167	(378)	(702)		1,328
- Medical funds						0
- Educational funds						0
Archbishops' Zimbabwe Appeal	17					17
Other Appeals	39		(12)			27
Other funds	175	75	(51)	24		223
	<u>5,482</u>	<u>1,537</u>	<u>(2,608)</u>	<u>(13)</u>	<u>0</u>	<u>4,398</u>

General restricted, 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 £171,926 (2011: £191,926) made by external loanholders on an interest free basis of which £20,000 was repaid in 2012. 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).

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.

Appeals

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

Conduit Funds

These are unfettered funds channelled through the Society to beneficiaries within the world church.

9. Endowment Funds

	Balance at 1 Jan 2012 £'000	Incoming Resources £'000	Outgoing Resources £'000	Transfers £'000	Investment Gains/losses £'000	Balance at 31 Dec 2012 £'000
Permanent Endowment Funds						
General restricted funds	19,931				1,221	21,152
Medical restricted funds	1,154				106	1,260
Educational restricted funds	404				39	443
General unrestricted	214				19	234
	<u>21,703</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,386</u>	<u>23,088</u>
Expendable Endowment Funds						
General restricted funds	3,483				332	3,815
Medical restricted funds	216				16	232
Educational restricted funds	1,066				106	1,172
General unrestricted	172				15	187
	<u>4,937</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>469</u>	<u>5,406</u>
Total Endowment Funds	<u>26,640</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,854</u>	<u>28,494</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 Funds

	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Pension Scheme Assets £'000	Total £'000
Unrestricted Funds:					
General Funds		8,527	(1,173)	(2,819)	4,535
Designated Funds	28		1,377		1,404
Restricted Funds		475	3,922		4,398
Expendable Endowment		5,405			5,405
Permanent Endowment		23,089			23,089
	28	37,496	4,126	(2,819)	38,831

11. Donations

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

12. Investment Income

	2012 £'000	2011 £'000
Investments quoted on a recognised UK Stock Exchange	276	246
Common Investment Funds	1,294	1,182
Interest receivable	36	146
	<u>1,606</u>	<u>1,574</u>

13. Other income

	2012 £'000	2011 £'000
Net gain on disposal of Tangible Fixed Assets	175	1,033
Other	2	36
	<u>177</u>	<u>1,069</u>

14. Capital Commitments

There were no capital commitments at 31 December 2012.

15. USPG Ireland

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

16. Resources Expended

	Grant Expenditure £'000	Other Direct Expenditure £'000	Staff costs £'000	Support Cost £'000	2012 £'000	2011 £'000
Cost of Generating Funds						
Fundraising		271	208	132	611	816
Investment Management		47			47	42
Charitable Activities						
International Programmes	1,823	0	734	372	2,928	1,483
Governance Costs		63	50	32	144	172
Total Resources expended	1,823	380	992	535	3,730	2,513

Analysis of Support Costs - other costs:

	2012 £'000	2011 £'000
Pension - Overseas Scheme	187	196
Accommodation & Facilities	151	160
UCA Closure Costs	15	147
Relocation Costs	0	132
Distribution - Postage	54	60
Redundancy	0	53
Pensions - Home Staff Scheme	18	45
Staff & Volunteers Expenses	42	33
Archives	26	29
Telephones	21	16
Finance - Bank Charges	14	14
Depreciation	8	13
Recruitment Cost	13	10
IT Support	32	
Professional Fees	35	
Office Costs	16	7
FRS 17 Adjustments	(95)	(183)
	535	732

	As a % of staff time spent on each activity area	2012 £'000	2011 £'000
Allocated as follows:			
Cost of Generating Funds			
Fundraising	21%	132	320
Charitable Activities			
International Programmes	74%	372	366
Governance Costs	5%	32	46
Total Support Costs		535	732
Council meetings and Trustees' expenses		41	39
Auditors remuneration:		22	22
Audit		2	10
Other services		1	7
Other costs			
Governance - Direct Expenditure		65	78

No Trustee received any remuneration or other benefits during the year. Resources expended include overseas travel costs and reimbursed travel expenses of £9,139 (2011: £9,539) and paid to 8 (2011: 6) Trustees.

17. Staff Costs

	2012 £'000	2011 £'000
Salaries	830	850
Social security costs	80	80
Pension costs	82	58
	992	987
The average number of employees in the year was	23	23
No employee earned more than £60,000 during the year.	-	-

18. Programmes Funding	International	Emergency		2012	2011
	Programmes	Response	Earmarked Gifts		
West Africa & Indian Ocean	£'000	£'000	£'000	£'000	£'000
Anglican Church of Tanzania	273		13	286	213
Church for the Province of West Africa	86	3		89	44
Church for the Province of Indian Ocean	24	2	0	26	20
	382	5	13	400	278
Central & Southern Africa					
Church for the Province of Central Africa	426		15	441	237
Anglican Church of Southern Africa	90		2	92	133
	516	0	17	533	370
Asia					
Church of South India	14		1	15	20
Church of North India	10			10	26
Pakistan	11	2		13	23
Myanmar	46		25	71	79
Bangladesh	9			9	42
Korea	5			5	11
Japan	0		1	1	12
Ceylon	8			8	
Phillipines ECP & IFI	46	3		49	
	148	5	27	180	213
Latin America and Caribbean					
Igreja Episcopal church of Brazil	52		4	57	108
Southern Cone of America	84			84	64
West Indies	22	2	14	38	62
	158	2	18	178	234
Others					
Selly Oak Centre for Mission Studies (SOCMS)	81			81	120
Training Experience (TEP)	20			20	24
Trusts payments and Others	396			396	465
Development of Programmes for Britain & Ireland	12			12	0
Global Networks	13			13	0
Experience Exchange Programme	9			9	0
	532	0	0	532	610
Total funding	1,736	12	75	1,823	1,705

Our Programmes assist partners in the world church to respond to their strategic needs and help enhance knowledge, skills and leadership capacity.

These includes programmes in Community engagement & Health programmes identified through the Church and Community Mobilisation Programmes (CCMP).

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

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

19. Pension Scheme Arrangements

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

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

	2012	2011
	%	%
Discount rate	4.10	4.70
Inflation assumption (RPI)	3.00	3.00
Salary increases and unit rate increases	3.50	3.50
Statutory increases to deferred pensions(CPI)	2.50	2.20
Increases to pensions in payment :		
- RPI to a max of 5% (Home Scheme)	2.90	2.90
- RPI to a max of 2.5% (Home Scheme)	2.30	2.30
- CPI to a max of 5% (Overseas Scheme)	2.40	2.10
Revaluation in deferment (CPI)	2.50	2.20
Salary Increases	3.50	3.50
Post retirement mortality assumption(same for both years) :	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.	
Tax free cash	No allowance has been made for members to take tax free cash	
	2012	2011
	£'000	£'000
Fair value of the schemes' assets	7,200	6,831
Present value of the schemes' obligations	10,019	7,873
Surplus/(Deficit)*	<u>(2,819)</u>	<u>(1,042)</u>
Balance Sheet asset(liability)	<u>(2,819)</u>	<u>(1,042)</u>
Analysis of amounts recognised in the SOFA:	2012	2011
	£'000	£'000
Current service cost	112	132
Past service cost	0	0
Interest on scheme liabilities	371	400
Expected return on assets	(379)	(414)
(Gains)/losses on settlements or curtailments	<u>0</u>	<u>(48)</u>
	<u>104</u>	<u>70</u>

19. Pension Scheme Arrangements (continued)

	2012	2011
	£'000	£'000
Reconciliation of assets and defined benefit obligation		
The changes in the assets over the period was :		
Fair value of assets at the beginning of the year	6,831	7,068
Expected return on assets	379	414
Employer contributions	199	253
Contributions by scheme participants	11	13
Benefits paid	(82)	(613)
Actuarial gain/(loss) on assets	(138)	(304)
Fair value of assets at the end of the year	<u>7,200</u>	<u>6,831</u>
Scheme liabilities at the beginning of the year	7,873	7,655
Current service cost	112	132
Contributions by scheme participants	11	13
Interest cost	371	400
Benefits paid	(82)	(613)
Change due to settlements or curtailments	0	(48)
Actuarial loss/(gain)	1,734	334
Scheme liabilities at the end of the year	<u>10,019</u>	<u>7,873</u>

Summary of prior year amounts

Period to	2012	2011	2010	2009	2008
	£'000	£'000	£'000	£'000	£'000
Present value of Defined Benefit Obligation	(10,019)	(7,873)	(7,655)	(7,078)	(5,308)
Scheme Assets	7,200	6,831	7,068	6,206	6,528
Deficit	(2,819)	(1,042)	(587)	(872)	1,220
Experience gains and (losses) on Scheme liabilities**	(51)	(29)	(61)	(424)	59
Changes in assumptions used to value Scheme liabilities	(1,638)	(305)	(159)	(1,870)	1,711
Experience adjustments on Scheme assets	(138)	(304)	132	(80)	(150)

** Does not include allowance for changes in assumptions