



Report and Financial Statements

For the year ended 30 April 2011

CHURCH PASTORAL AID SOCIETY
Athena Drive Tachbrook Park Warwick CV34 6NG

*A company limited by guarantee Registered in England no. 2673220
Registered office at the above address
Registered charity no. 1007820 (England & Wales) SC039082 (Scotland)*

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Report of the Trustees

CHURCH PASTORAL AID SOCIETY (CPAS)

Registered office Athena Drive, Tachbrook Park, Warwick CV34 6NG

Registered company number 2673220

Registered charity numbers 1007820 (England & Wales) SC039082 (Scotland)

Patron: Her Most Gracious Majesty The Queen

President: The Rt Rev Mike Hill

Vice-presidents

The Rt Rev Wallace Benn
The Rt Rev Peter Broadbent
The Rt Rev Graham Cray
The Rev Canon Anne Dyer
The Rt Rev James Newcome

Vice-presidents emeriti

The Rev Dr J R W Stott
(to 26 July 2011)

Vice-patrons

The Archbishop of Armagh
Lord MacKay of Clashfern
The Archbishop of York

Trustees during year to 30 April 2011 and at 27 September 2011

Mr Nick Burt
Mr Jeremy Clack *Treasurer*
The Rev Tim Crook (from 19/5/10)
The Rev Geoffrey Firth (from 19/5/10)
The Ven Peter Hancock *Chair* (to 7/7/10)

The Ven Alan Hawker
The Rev Andrea Irvine
The Ven Dr Gordon Kuhrt *Vice-chair*
The Rev Richard Moy
Mr Richard Owen

The Rev Andrew Porter (from 19/5/10)
Mrs Helen Simpson *Vice-Chair*
Mrs Rachel Westall (to 18/7/11)
The Ven Anthony Wells
The Rt Rev Paul Williams (from 9/9/10) *Chair*

Recruitment Group as at 27 September 2011

Miss Joan Botterill
The Rev Andrea Irvine

The Rev Canon Gary Jenkins *Chair*
The Ven Dr Gordon Kuhrt

The Rev John Risdon
The Ven Anthony Wells

Council of Reference as at 27 September 2011

The Rev Moira Astin *Vice Chair*
The Rev David Barnsley
Mrs Iona Birchall
Miss Joan Botterill
Mrs Jenny Bray
Dr Peter Brierley
Mr Peter Caldwell
Mr Martin Cavender
Canon Nigel Chetwood
The Rt Rev Ken Clarke
The Rev Sam Corley
The Rev Richard Espin Bradley
Miss Mavis Gibbons
The Rev Mike Goss
The Rev Andrew Grey

The Rev Canon Tudor Griffiths
The Rev Andy Grimwood
The Rev Paul Harcourt
Prof Glynn Harrison
The Rev Simon Heathfield
The Rev David Holloway
The Rev Canon Gary Jenkins
The Ven Daniel Kajumba
The Rev Canon George Kovoov
Mrs Elizabeth Langmead
The Rt Rev Alistair Magowan
The Rev Andrew McClellan
The Rev Brian Parfitt
Mrs Christine Penfold
Mr John Percival

The Rev Paul Perkin
The Rev Preb David Perryman
The Rev Andrew Petit
The Rev Dr Philip Plymington
Mrs Sue Richardson
The Rev John Risdon
Mr Dennis Sadler
Mr Ed Shaw
The Rt Rev Keith Sinclair *Chair*
The Rev Charlie Skrine
The Ven William Strange
The Rev Mike Talbot
The Rev Rod Thomas
The Rev Philip Venables
The Rev Stephen Wilcockson

General Director

The Rev John Dunnett

Management Team

The Rev John Coyne
Mr David Hart

The Rev James Lawrence
Mr Martyn Sargeant

Professional Advisers

Bankers

The Royal Bank of Scotland plc London City Office 62/63 Threadneedle Street London EC2R 8LA

Auditors

Hazlewoods LLP Staverton Court Staverton Cheltenham GL51 0UX

Solicitors

Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B3 2ES

Investment Advisers

CCLA Investment Management Ltd 80 Cheapside London EC2V 6DZ

Structure, Governance and Management

Constitution and Governance

CPAS was founded as an unincorporated charity in 1836 and was incorporated on 19 December 1991 as a company limited by guarantee, having no share capital. The company took over the operations of the Society on 1 April 1992, the assets being transferred by a Charity Commission scheme dated 25 March 1993. On 1 May 2010, CPAS merged with CYFA Pathfinder Ventures Ltd, an incorporated charity. In the event of a winding-up, each member is liable to contribute a sum not exceeding £10 towards the assets of the Society.

CPAS's governing document is its Articles of Association. The current Articles were adopted as from 12 October 2004 and amended at an Extraordinary General Meeting held on 1 October 2005 and further amended at the Annual General Meetings on 30 November 2006 and on 27 November 2007. At an Extraordinary General Meeting on 26 April 2010, the membership agreed further changes to the Articles in preparation for the merger with CPV Ltd, those changes becoming effective upon the merger on 1 May 2010. The Articles were subsequently further amended at the Annual General Meeting on 17 November 2010. The members of CPAS are the President, Vice-Presidents, Trustees and Council of Reference; as at 30 April 2011 there were 65 members (2010: 56) and as at 27 September 2011 there were 64 members.

There are normally up to twelve Trustees, the Articles permitting the co-option of up to a further four trustees. With the exception of any who are co-opted, the trustees are elected by the members on the basis of skills and experience, from recommendations made by a Recruitment Group established for the purpose of identifying suitable candidates. Under the provisions of the Companies Act 2006 the Trustees are the directors. Newly-elected Trustees receive a comprehensive information pack, and participate in a programme of briefing meetings. Trustees meet at least six times a year. All major decisions regarding strategy, policy and finance are the responsibility of the Trustees. The implementation of decisions of the Trustees is delegated to the staff.

A Council of Reference, representative of the Anglican parishes and churches that the Society is established to serve pursuant to its object, advises the Trustees as to the needs of the beneficiaries of the Society.

CPAS holds insurance to indemnify the Trustees against the consequences of any neglect or default on their part.

Operational Structure

- *General Director* – leads the organisation in delivery through the management team and promotes/represents CPAS externally.
- *Management team* – shapes and leads the organisation; leads, manages and develops staff; ensures delivery of agreed strategy; works with and supports trustees, enabling them in their role.
- *Operations team* – initiates, develops and maintains support services that facilitate the work of CPAS, particularly in the areas of finance, IT, facilities, communications, fundraising and human resources; overseeing and controlling financial matters.
- *Local and regional delivery team:*
 - Initiates and develops relationships with leaders in churches.
 - Implements training and courses that enable leadership development.
 - Informs the design and development of CPAS courses and programmes.
 - Facilitates the appointment and leadership development of incumbents.
- *Development team:*
 - Holds and develops corporate thinking on Christian leadership development.
 - Initiates and develops courses and programmes to develop leaders.
 - Delivers national courses and programmes in conjunction with the local and regional delivery team.
 - Has responsibility for specialist leadership development in key strategic areas.
- *Ventures and Falcon Camps:*
 - Co-ordinates and oversees annual Ventures and Falcon Camps programme.
 - Develops, implements and manages systems for supporting volunteers.
 - Promotes and markets Ventures and Falcon Camps.
 - Develops relationships with existing and potential overall leaders.

Financial Instruments

The financial instruments of CPAS comprise cash, liquid resources and various other items such as trade debtors, trade creditors etc, that arise directly from its operations. The main purpose of these financial instruments is to finance the operations of CPAS. The nature of these financial instruments means that they are not subject to price risk or liquidity risk.

In addition, CPAS has investments with the Central Board of Finance of the Church of England. These investments are subject to price risk arising on the underlying investment portfolio. The trustees review the performance of the investments against market returns to ensure that price risk exposure is kept to a minimum.

Risk Assessment

The Trustees carry out an annual review of the risks to CPAS. A separate, detailed assessment of the risks relating to Ventures and Falcon Camps is also reviewed annually. Although there are a number of ongoing, underlying risks to the activities of CPAS, at the time of writing, the principal risks are as follows:

- The impact of the economic downturn on donation income from both churches and individuals.
- Changing patterns of church giving.
- The continued transition into new ways of working and a clearly-defined focus on the development of Christian leaders in order to facilitate evangelism.
- The failure, following the implementation of the outcomes of a ministry review of Ventures, to reverse the gradual decline in numbers attending.
- The cost of managing the CPAS pension scheme, particularly with regard to funding the liabilities attached to accrued benefits.
- Negative publicity arising from the Trustees' proposals to restructure CPAS, reducing its staffing and ceasing a number of areas of work.
- Irreconcilable division within the Anglican church and/or evangelical constituency and CPAS being identified with one particular group.

The risk assessment details the actions, systems and procedures put in place by the Trustees to mitigate against and manage those risks.

Connected Organisations

Church Pastoral Aid Trust (registered company number 41145)

The Church Pastoral Aid Trust (CPAT) was incorporated on 12 May 1894. It acts solely for or under the direction of the Church Pastoral Aid Society. Certain investments and properties held in trust by the Society for other bodies remain registered in the name of the Trust. The Directors are appointed by the Trustees of CPAS. Directors as at 30 April 2011:

Miss Joan Botterill
The Rev Preb John Skinner

The Rev John Dunnett
The Rev Canon David Wheaton

The Rev John Ellison

Church Pastoral Aid Society Patronage Trust (registered company number 906861)

The Church Pastoral Aid Society Patronage Trust is an Association incorporated on 24 May 1967. Its object is to hold and administer the patronage of benefices, including in particular the appointment of clergy. Trustees as at 30 April 2011:

The Rev Canon Steve Allen *Chair*
The Rev Canon David Banting
The Rev Jackie Cray

The Rev Lesley Riley
The Rev Canon Gary Jenkins
Mr Ross Johnstone

The Rev Preb Nick McKinnel
Mrs Gill Morrison
Mrs Nadine Parkinson

The Rev Canon Andrew Dow
Mr John Truscott *Vice Chair*
The Rev Andrew Perry

Secretary: The Rev Canon John Alderman

Objectives and Activities

CPAS is an evangelical Anglican mission agency working mainly with local Anglican churches across the United Kingdom and Republic of Ireland. Its purpose and powers are outlined in the following extracts from its Articles:

'The objects for which the Society is established are:

- (i) Providing human and material Christian resources mainly to Anglican parishes, churches and groups throughout the world and in particular in England, Wales, Scotland and Ireland, in order to encourage and increase their effectiveness as worshipping communities committed to nurture, training, evangelism, growth and service and seeking to glorify God;
- (ii) Working under the supreme authority of Christian Scripture and in accordance with the Protestant and Evangelical doctrines and principles of the Church of England as set forth in the Book of Common Prayer and the Thirty-nine Articles of Religion read in conjunction with the Society's Basis of Faith as agreed from time to time; and
- (iii) Educating and nurturing young people in the Christian faith and in discipleship.

At the heart of CPAS's existence is its mission to enable churches to help every person, whatever their background or situation, hear and discover the good news of Jesus Christ. The organisation's vision, its way of seeing its mission achieved, seeks to see leadership at all levels in local churches developed, so that those churches will be much more effective at enabling local residents to engage with and participate in the life of the local church, coming to, and growing in personal faith. Ventures and Falcon Camps, as the residential youth ministry of CPAS, are a microcosm of this, where the leaders are enabled to work alongside children and young people.

CPAS's strategic objectives reflect its mission and vision statements. The Trustees review these annually and in doing so, have considered the Charity Commission's general guidance on public benefit and, in particular, its supplementary public guidance on the advancement of religion for public benefit.

The priorities for 2011/12 centre around ensuring a sustainable financial base for CPAS's work going forward, whilst focusing on the three key ministry areas of patronage, Ventures and Falcon Camps, and leadership development. This includes the launch of an associate programme to recruit and deploy up to 12 excellent reflective practitioners, who can represent CPAS and extend its capacity to develop leadership in local churches.

Staffing

The staff team has remained very stable throughout the year, with only one departure, Ceri Hewitt from the development team and no new appointments.

CPAS continues to be enormously grateful to those whose contributions in a voluntary capacity further enable the Society in the achievement of its objectives. This includes around 3,500 leaders on Ventures and Falcon Camps; those who enable the governance of CPAS through membership of the Council of Reference or other advisory bodies; and the many friends of CPAS who give of their time to write articles for publication, facilitate and teach on training events, and offer administrative and practical support to staff and at events. In addition, CPAS is reliant on parish representatives and others who promote and fundraise for CPAS through local churches. To all of these, the Trustees wish to express their grateful appreciation.

Achievements and Performance

CPAS carries out a wide range of activities in pursuance of its charitable aims. The Trustees consider that those activities, summarised below, provide benefit both for the members of the local churches CPAS serves and the residents of the communities in which those churches are located. The important role and potential of the church in its community has been underlined in the past year by the coalition government's pursuit of the 'Big Society' agenda.

Leadership development ministry in 2010/11 has been focused through the *Making Mission Possible* (MMP) initiative, launched in summer 2010. MMP had four main objectives:

- (1) To significantly increase the scale of ministry being carried out by CPAS through its staff and associates, and thus the impact being made in shaping mission-focused leadership in local churches.
- (2) To exponentially raise awareness of CPAS and its work.
- (3) Through the above, to generate new and revitalised financial support for CPAS.
- (4) To engender new, creative and dynamic ways of working across teams within CPAS.

The objective set early in 2010/11 was to ensure a presence over the course of MMP in each of the 43 English dioceses. By Easter 2011, training events had been held in every diocese except Sodor and Man. During this first phase of MMP (September 2010 to April 2011) there were 143 events covering 3,125 attendees (an average of 22 people per event). These included *Growing Leaders* training, *Leading Edge* days, vocations events and a number of one-off workshops/seminars for dioceses and colleges.

Feedback received from participants at events testifies to the quality of the development support CPAS has been able to offer during the year, and the potential impact that can be had in churches and, consequently, in the wider community. The *Leading Edge* format (small, 'master class' groups of 12 to 15 people meeting together for a day) has been particularly successful. More adhoc reports suggest that MMP has had a very positive effect in terms of raising CPAS's profile through events and associated advertising and marketing, and developing relationships, particularly with dioceses. Staff have worked on MMP in a project-based mode, drawing in skills from across the organisation and enabling more effective cross-team co-operation.

It has been a challenging year for Ventures and Falcon Camps, with increased competition for suitable sites and the economic climate meaning holidays are very price sensitive. Despite efforts to sustain bookings, including a new style brochure, the promotional DVD and social media advertising initiatives, the number of members fell by 7% compared with 2009/10. The table below summarises this information:

	2010-11		2009-10		Change %
	Holidays	Members	Holidays	Members	
Explorers (8-11 years)	13	659	13	614	7
Pathfinders (11-14 years)	31	1,481	32	1,661	(11)
CYFA (14-18 years)	41	2,060	44	2,251	(8)
TOTAL VENTURES	85	4,200	89	4,526	(7)
Falcon Camps	23	526	26	536	(2)
TOTAL VENTURES/FALCON CAMPS	108	4,726	115	5,062	(7)
Number of leaders	3,532		3,711		

Despite these challenges, the appointment of the Ventures Development Manager in March 2010 has resulted in some positive new initiatives, including development of specialist Ventures (worship, football and overseas social action), and new relationships with partner organisations, as well as a range of new promotional materials and increased presence at youth events.

The important role of patronage has been underlined during the year, with continued demand for support for both clergy seeking a new role and churches looking to make appointments. CPAS was involved in 36 appointments (2009/10: 53) in churches ranging from a large church with over 700 members to a small rural benefice, from Lancaster in the north to rural Devon in the south-west. The number of clergy on the Evangelical Patronage Consultative Council's register remained static at around 80. Diocesan cuts in clergy numbers resulting in an increasing number of benefices where patronage is shared or diluted continue to increase the complexity of patronage work.

Activities beyond the strategic plan

CPAS has undertaken a range of other activities during the year that sit outside the scope of the strategic plan but contribute to its achievement by shaping, developing and enabling the organisation:

Investors in People:	CPAS was accredited as an Investor in People in autumn 2010, following a successful inspection, which included interviews and group sessions with over half the staff. The assessor's report was very positive but also identified some areas for further work over the coming years, particularly in relation to developing a culture of gratitude/appreciation and reviewing the appraisal system.
Communications/fundraising:	2010/11 was a challenging year, with donation income, particularly from churches, under severe pressure. An initiative to generate new support from churches with which CPAS has an existing relationship has shown some initial fruit but will need further work over the coming years. One encouraging sign is that the number of major donors remained steady despite a decline in the number of church donors overall. Individual donations were also down, primarily due to the general economic situation, although there were still a significant number of new donors during the year and major donors remained steady. Efforts to raise CPAS's profile during the year were focused on the advertising, both web and printed, for the MMP initiative.
CPAS/CPV integration:	Following the merger on 1 May 2010, work has been undertaken during the year to merge systems and practices. This has primarily focused on financial management arrangements, particularly merging the general ledger systems.

Achievements and performance in Scotland

CPAS is registered as a cross-border charity with the Office of the Scottish Charity Regulator (SC039082). It maintains a permanent representative (currently in Dunbar) who works across Scotland, as well as in the North of England.

Work has continued to develop relationships with dioceses and churches across Scotland, building on the good foundations laid in 2009/10, following the appointment of Chris Kellock. Highlights during the year have included developing practical partnerships with several Scottish Episcopal dioceses, especially through the *Leading Edge* project. There has also been a series of events through the Presbytery of Hamilton (Church of Scotland) where they have utilised CPAS in their developing leadership thread through *Leading Edge* and other events. This progress has come primarily as a result of developing links at both a local and diocesan level.

Post year-end event: despite the progress made in Scotland over the past two years, the trustees' decisions to change the staffing structure (see Plans for the year to 30 April 2012, below) mean CPAS will no longer be represented on a permanent basis in Scotland. Although CPAS will still be involved with churches and dioceses in Scotland, this will be managed centrally from the main headquarters. The cross-border charity will therefore be closed in the coming year.

Financial Review

Investments

The objects include the following investment powers:

'To invest the monies of the Society not immediately required for its purpose in or upon such investments, securities or property as may be thought fit, subject nevertheless to such conditions (if any) and such consents (if any) as may for the time being be imposed or required by law.'

CPAS's investments are held in Collective Investment Scheme Units of the CBF Church of England Investment Fund, the income from which is used for the Society's ministries. Ethical considerations form an integral part of the management of these funds. No specific investment objectives are set but results are monitored against market returns. Investment Units achieved an income yield of 4.3%.

Fixed Assets

The Society's fixed assets include the following:

- premises in Warwick housing CPAS's offices
- office and other equipment necessary to fulfil the Society's ministries
- five freehold properties held to house some staff members who have joined CPAS following service in tied accommodation
- land bequeathed to the Society currently held as tenanted farmland.

Reserves

CPAS holds reserves to fund its working capital and to cover fluctuations in levels of incoming resources needed to maintain the Society's normal operations in the short term. During the year general and designated funds (excluding fixed assets) increased

from £2,570,000 to £2,750,000. This figure includes an unrealised gain in the value of general fund investments of £158,000. Part of these funds are held on deposit, giving an effective hedge against fluctuations in the stock market.

In 2004 the Trustees agreed that a proportion of these funds should be expended over a period of eight to ten years. This includes funding a budgeted deficit for the year included.

The Trustees do not believe it is necessary to hold additional reserves for use in the event of serious unforeseen circumstances necessitating curtailment of the Society's operations, as in such circumstances sufficient funds, currently employed in fixed assets as well as in investments, would be released automatically to cover redundancy and other closure costs.

All Funds

The results for the year showed an overall gain of £282,000 as compared with a loss of £543,000 in 2010, before revaluation of investments and actuarial gains and losses on the defined benefit pension scheme. Excluding profit on sale of properties and transfer of net assets from CPV Ltd, the deficit was £594,000 as compared with £716,000 in 2010.

Unrestricted Funds

The loss of £615,000 (excluding profit on sale of properties, transfer of net assets from CPV Ltd and before other recognised gains or losses) compares with a loss in 2010 of £708,000. Donations from churches were £25,000 less than in 2010 and from individuals £92,000 more. Donations from Leaders amounted to £548,000 for the year. Receipts from legacies were £69,000 less than in 2010. CPAS continues to rely heavily on the generous voluntary giving of supporters, without which its ministry would not be sustainable, and the Society expresses its gratitude to all who have made donations or included CPAS in their Will during the year. Expenditure amounted to £3,450,000 for the year.

Restricted Funds

The combined totals for the restricted funds resulted in a gain of £21,000 (excluding transfer of net assets from CPV Ltd and before other recognised gains or losses), as compared with the loss of £8,000 in 2010. Donations of £154,000 were received during the year. Expenditure amounted to £302,000 for the year. Each of these funds carried forward surpluses which will support commitments for the training and grant-making programmes currently under way.

Commitments

Financial projections indicate that the Society's general fund reserves are adequate for it to continue in operation for the foreseeable future. The realisable value of assets is believed to be adequate to meet liabilities in the event of a major curtailment of activities or of liquidation. Information concerning pension contributions and other commitments is contained in notes 1 and 5.

Defined benefit pension scheme surplus

At 30 April 2011 the surplus arising on the Society's defined benefit pension scheme amounted to £411,000. No asset is recognised in the financial statements at 30 April 2011 as there is no agreement for the surplus to be recovered by reduced future contributions or for a refund from the scheme at 30 April 2011.

Plans for the year to 30 April 2012

During 2010/11, much of the Trustees' work has focused on ensuring a sustainable financial base for CPAS for the future. Although Trustees had agreed funding from reserves following the strategic review in 2007/8, the combination of the pension deficit, changing patterns of church giving and the economic downturn meant the financial position was becoming unsustainable. The Trustees therefore set the objective of achieving a breakeven position within two years. On a more positive note, the Trustees recognised opportunities in changing modes of working, for example through technology and recruiting associates.

In order to move towards a sustainable budgetary position, the trustees have agreed a number of key actions, to be implemented during 2011/12:

- Closure of the CPAS defined benefit pension scheme and the introduction of new pension arrangements (for non-clergy staff) through the Church Workers' Pension Fund (a hybrid defined contribution scheme).
- Disposal of the Tachbrook Park office building (by sale or lease) in order to secure more appropriately-sized office space.
- Reduction in staffing numbers within a sustainable framework for the future.
- Launch of a new associate programme, releasing incumbents and others to work one day per week for CPAS.

In addition to this overarching structural work, priorities in the three key ministry areas will be as follows:

Ventures and Falcon Camps:

- Introduction of two new posts – VFC Manager and VFC Principal, with responsibility for volunteer support and day-to-day management vested in the former, in order that the latter can have a greater focus on promoting Ventures and Falcon Camps externally and building relationships with key leaders and potential leaders.
- Continued implementation of the *Bigger, Better, Deeper* strategy for Ventures to reverse the decline in bookings, develop the breadth and quality of the programme on offer, and enhance the ways in which CPAS supports the leadership of its 3,500 volunteers.

Patronage:

- Ensure a smooth handover between the outgoing Patronage Secretary and the new appointee.
- Review ways of working to identify efficiencies and improved ways of working going forward.
- Develop the synergy between patronage and other parts of CPAS's work.

Leadership development:

- Launch of a new mentoring resource for churches and dioceses in autumn 2011.
- Recruit, equip and release up to 12 new associates.
- Build on the work of MMP to further develop relationships with dioceses in particular, and continue to offer leadership development (e.g. *Leading Edge*).
- Maintain key existing ministries, such as Growing Leaders, You and Ministry and Arrow.

As part of their review work, the Trustees have provisionally revised the CPAS strategy, focusing it into four key areas:

A. To make disciples of young people and develop leadership potential through Ventures and Falcon Camps:

- Growing the ministry so more children and young people can meet Jesus.
- Enhancing the ministry, so CPAS has a reputation as the best provider of Christian residential holidays.
- Developing the leaders, so CPAS's development, care and support is recognised as the benchmark.

B. To resource churches in developing missional leaders through:

- Growing Leaders.
- You and Ministry.
- Mentoring leaders.
- Developing VFC leaders.

C. To develop key local church leaders as missional leaders through:

- Leading Edge.
- Arrow.
- NB: other areas in which CPAS might be able to offer support include a new ten week course to support leadership development through dioceses, self-supporting ministers, over 40s, and in association with Lead Academy.

D. To take a national lead in furthering missional leadership through our patronage work:

- Making appointments.
- Supporting vacancies.
- Leading the Evangelical Patronage Consultative Committee.
- Hosting a national conference for patronage incumbents (to be confirmed).

Statement of the Directors' Responsibilities

Directors' responsibilities in relation to the financial statements

The directors (being the Trustees of the Society) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Society will continue in business (see below).

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for ensuring that the assets are properly applied in accordance with charity law.

The Trustees confirm that these financial statements comply with these requirements.

Statement of disclosure to the auditors

So far as the directors are aware, there is no relevant audit information of which the auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information

Going concern

The Society is almost entirely dependent on voluntary income to finance its continued operations. Financial projections, based on the best judgements of the staff and Trustees in relation to likely income and anticipated changes, indicate that the Society's resources are adequate for it to continue in operation for the foreseeable future. Accordingly the going concern basis continues to be adopted in preparing financial statements.

Auditors

A resolution will be proposed at the Annual General Meeting that Hazlewoods LLP be reappointed as auditors for the coming year.

This report has been prepared in accordance with the small companies' regime under the Companies Act 2006.

The Right Reverend Paul Williams
Chair, on behalf of the Directors

27 September 2011

Independent Auditors' Report to the Trustees and Members of Church Pastoral Aid Society

We have audited the financial statements of the Church Pastoral Aid Society for the year ended 30 April 2011 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 for the charitable company's Trustees and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's Trustees and members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's Trustees and members 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 Directors' Responsibilities, the Trustees' (who are also directors of the Church Pastoral Aid Society for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts.

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 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 charitable company'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 charitable company's affairs as at 30 April 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies exemption in preparing the Report of the Trustees.

Julian Gaskell (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor
Hazlewoods LLP is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.

27 September 2011
Staverton, Cheltenham

Statement of Financial Activities for the year to 30 April 2011

	Notes	2011			2010
		Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
		£000	£000	£000	£000
INCOME AND EXPENDITURE ACCOUNT					
INCOMING RESOURCES					
<i>Incoming resources from generated funds</i>					
Voluntary income		1,567	198	1,765	1,038
Investment income		132	10	142	135
Incoming resources from charitable activities		1,136	115	1,251	267
Other incoming resources: profit on sale of properties		123	0	123	173
Other incoming resources: transfer of the net assets from CPV Ltd		<u>552</u>	<u>201</u>	<u>753</u>	<u>0</u>
Total Incoming Resources		<u>3,510</u>	<u>524</u>	<u>4,034</u>	<u>1,613</u>
RESOURCES EXPENDED					
Charitable activities		3,154	288	3,442	1,899
Governance costs		139	3	142	144
Costs of generating funds		<u>157</u>	<u>11</u>	<u>168</u>	<u>113</u>
Total Resources Expended		<u>3,450</u>	<u>302</u>	<u>3,752</u>	<u>2,156</u>
NET INCOME / (EXPENDITURE) FOR THE YEAR before other recognised gains/(losses)					
		60	222	282	(543)
Other recognised gains / (losses)					
Revaluation of investments	7	158	29	187	525
Actuarial gains / (losses) on defined benefit pension scheme	5	<u>(213)</u>	<u>0</u>	<u>(213)</u>	<u>(179)</u>
NET MOVEMENT IN FUNDS	10	5	251	256	(197)
Total funds brought forward		<u>5,761</u>	<u>497</u>	<u>6,258</u>	<u>6,455</u>
TOTAL FUNDS CARRIED FORWARD		<u>5,766</u>	<u>748</u>	<u>6,514</u>	<u>6,258</u>

Restricted funds include £203,000 representing permanent endowment funds (note 10).

All gains and losses recognised in the year are included above.

All the activities of the Society are continuing activities, and there were no acquisitions in the year.

Balance Sheet as at 30 April 2011

	<i>Notes</i>	2011 £000	2010 £000
FIXED ASSETS			
Tangible fixed assets	6	3,016	3,191
Investments (unlisted)	7	<u>2,913</u>	<u>2,983</u>
Total Fixed Assets		5,929	6,174
CURRENT ASSETS			
Stock		43	28
Debtors	8	228	121
Deposits repayable on demand		437	7
Cash at bank and in hand		<u>336</u>	<u>87</u>
Total Current Assets		1,044	243
CURRENT LIABILITIES			
Creditors falling due within 1 year	9	459	159
Net Current Assets		<u>585</u>	<u>84</u>
NET ASSETS BEFORE PENSION ASSET/(LIABILITY)		6,514	6,258
Defined benefit pension scheme asset/(liability)	5	<u>0</u>	<u>0</u>
NET ASSETS INCLUDING PENSION ASSET/(LIABILITY)		6,514	6,258
FUNDS			
Permanent endowment fund	10	203	190
Restricted funds		545	307
Unrestricted funds:			
Designated fund		573	0
General fund		5,193	5,761
Pension reserve	5	<u>0</u>	<u>0</u>
		<u>5,766</u>	<u>5,761</u>
TOTAL FUNDS		6,514	6,258

Signed on behalf of the Trustees on 27 September 2011

The Right Reverend Paul Williams

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

Basis of preparation

The financial statements are presented in accordance with the requirements of the *Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005)* (SORP), issued by the Charity Commission in 2005, applicable accounting standards, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments, adopting the policies set out below.

CPAS is a company limited by guarantee. The Trustees of CPAS are directors for the purposes of the Companies Act 2006 and are trustees within the meaning of the Charities Acts (see page 3 for full list).

Incoming resources

Donations represent amounts received during the year, together with any associated tax refund. Legacies are credited to the statement of financial activities in the year in which they are received or, if earlier, the year in which the Society is notified of its legal entitlement and where the monetary value can be measured with adequate reliability.

Ventures and Falcon camp fees are recognised in the statement of financial activities as the activities take place during the year. Camp fees received in relation to activities taking place after the end of year are deferred and are included in deferred income (note 9).

Income due from both investments and deposits but not received during the year is included in the statement of financial activities. Investments are stated at market value at the balance sheet date. Monies placed in deposit funds are classified as short term deposits as they are repayable on demand.

Grants receivable for specific purposes are credited to the statement of financial activities in the year to which they relate as soon as conditions for receipt have been met. Unspent balances are carried forward to subsequent years within restricted funds. Grants for immediate financial support, or received against costs previously incurred, are recognised immediately in the statement of financial activities. Voluntary income is shown gross before deduction of fundraising expenditure.

Resources expended

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the Society to the expenditure. All expenditure is accounted for on an accruals basis and is classified under headings that aggregate all costs related to the category. Support costs attributable to more than one activity are apportioned on the basis of expenditure relating directly to those activities. Any expenditure relating to activities taking place after the end of year are deferred and are included in prepayments (note 8).

Governance costs comprise legal fees, audit fees and charges for audit advice, servicing of trustees and other governance bodies, bank charges, and overheads and staff costs apportioned on the basis of time expended on governance work.

Costs of generating voluntary income comprise costs of fundraising mailings, consultancy fees, and staff costs apportioned on the basis of time expended on fundraising activities.

The Society makes no donations for charitable purposes outside the scope of its own work, neither are any donations made for any political purpose.

Assets

Fixed assets are capitalised if they are valued at more than £1,000 and are included at cost.

Depreciation is charged to write off the cost less the estimated residual value of fixed assets on a straight line basis over the periods of time shown below, commencing in the year of acquisition:

- | | |
|---|-----------------|
| • freehold property - Tachbrook Park, Warwick: | |
| land | no depreciation |
| building | 50 years |
| • staff houses (see below) | no depreciation |
| • mechanical/electrical equipment and building fixtures | 20 years |
| • furniture etc Tachbrook Park offices | 10 years |
| • computer equipment | 3 years |
| • other equipment | 5 years |

Depreciation is not provided on staff or shared equity houses. The Trustees consider that the residual value is not materially different from the carrying value shown in the financial statements, and consequently any depreciation charge would be immaterial.

Investments are included at market value. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Stocks are stated at the lower of cost and net realisable value.

Funds

The following types of fund are available for use by the Trustees or Board:

- permanent endowment fund, the income only being available for the general purposes of the Society
- restricted funds, being applied solely for the purpose of the fund
- designated funds, being applied for the purpose of the fund at the Trustees' discretion.
- general funds, available for the general purposes of the Society.

Pensions

Staff who are ordained Church of England clergy are included in the Church of England Funded Pensions Scheme administered by the Church of England Pensions Board. No funding liability currently arises for the Society in respect of them. Financial Reporting Standard (FRS) 17 requires the employer to account for pension costs on the basis of contributions actually payable to the scheme during the year (see note 5 – *pensions*).

For other staff the Society operates a funded, defined benefit pension scheme (see note 5 – *pensions*). Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years and updated to reflect current conditions at each balance sheet date. The assets are measured at fair value with liabilities measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A net pension surplus is recognised as an asset in the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the Trustees have agreed a refund from the scheme at the balance sheet date. A net pension deficit is recognised as a liability to the extent that the Society has a legal or constructive obligation to settle the liability. The amounts charged to the statement of financial activities in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within the statement of financial activities. Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in other recognised gains and losses within the statement of financial activities.

Any contributions to an employee's personal pension scheme in place of contributions to its own scheme are treated as expenditure when paid (see note 5 – *pensions*).

Operating leases

The cost of operating leases is charged in the statement of financial activities on a straight line basis over the lease term.

2 Incoming resources

	2011			2010		
	Unrestricted funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Total Funds £000
Incoming resources from generated funds:						
Voluntary income						
Donations – Churches	506	32	538	531	2	533
– Individuals	418	86	504	326	1	327
– Leaders	548	36	584	0	0	0
Legacies	44	43	87	113	44	157
Grants – Mabledon Charity	51	1	52	21	0	21
– Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>1,567</u>	<u>198</u>	<u>1,765</u>	<u>991</u>	<u>47</u>	<u>1,038</u>
Investment income and interest:						
Central Board of Finance Investments - note 7	116	10	126	127	6	133
Central Board of Finance Deposits	2	0	2	1	0	1
Bank and other interest	2	0	2	1	0	1
Net return on pension - note 5	<u>12</u>	<u>0</u>	<u>12</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>132</u>	<u>10</u>	<u>142</u>	<u>129</u>	<u>6</u>	<u>135</u>
Incoming resources from charitable activities:						
Publications	26	0	26	41	1	42
Training events	49	75	124	39	60	99
Subscriptions and affiliations	32	0	32	30	0	30
Ventures and Falcon camps	932	40	972	0	0	0
Rent from land & properties	89	0	89	87	0	87
Miscellaneous	<u>8</u>	<u>0</u>	<u>8</u>	<u>9</u>	<u>0</u>	<u>9</u>
	<u>1,136</u>	<u>115</u>	<u>1,251</u>	<u>206</u>	<u>61</u>	<u>267</u>
Other incoming resources:						
Profit on sale of properties	123	0	123	173	0	173
Transfer of net assets from CPV Ltd – note 12	<u>552</u>	<u>201</u>	<u>753</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>675</u>	<u>201</u>	<u>876</u>	<u>173</u>	<u>0</u>	<u>173</u>
Total incoming resources	3,510	524	4,034	1,499	114	1,613

As at 30 April 2011 the Society had been notified of two residuary legacies with an estimated value of £50,000, which have not been included in the financial statements due to uncertainty as to the amount receivable (2010: no residuary legacy).

CPAS aims to make its publications and training events available to as many churches and individuals as possible. Amounts charged for these resources (above) do not, therefore, include full staff costs.

3 Analysis of Total Resources Expended

	2011			2010		
	Unrestricted funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Total funds £000
<i>Charitable activities:</i>						
Children and youth	34	23	57	34	39	73
Leadership	743	9	752	772	12	784
Parish support	798	0	798	824	0	824
<i>Resourcing activities</i>						
Publications	47	0	47	83	0	83
Training events	50	66	116	64	57	121
Ventures and Falcon camps	1,482	180	1,662	0	0	0
Grants paid						
Ministers in training	0	10	10	0	14	14
	<u>3,154</u>	<u>288</u>	<u>3,442</u>	<u>1,777</u>	<u>122</u>	<u>1,899</u>
<i>Governance costs:</i>						
Legal fees	4	0	4	6	0	6
Audit fee	18	0	18	14	0	14
Trustees	4	0	4	8	0	8
Bank charges and interest payable	8	0	8	4	0	4
Other costs	105	3	108	112	0	112
	<u>139</u>	<u>3</u>	<u>142</u>	<u>144</u>	<u>0</u>	<u>144</u>
<i>Cost of generating funds:</i>						
Fundraising costs	11	1	12	20	0	20
Advertising	23	0	23	14	0	14
Exhibitions	6	0	6	5	0	5
Ventures & Falcon Brochures	22	1	23	0	0	0
Promotional DVD, leaflets & gifts	30	0	30	2	0	2
Other	65	9	74	72	0	72
	<u>157</u>	<u>11</u>	<u>168</u>	<u>113</u>	<u>0</u>	<u>113</u>
Total resources expended	3,450	302	3,752	2,034	122	2,156

Staff costs: see note 4 for details of staff costs included in total resources expended.

Charitable activities

Grants: Ministers in training grants are made to individuals and are of amounts not exceeding £900. Support costs for the award of grants are included in the total for leadership.

Subsidies are granted to assist individuals to attend *Ventures and Falcon Camps* and to contribute to the general costs of running *Falcon Camps*. During the year subsidies, totalling £44,000 (2010: £nil) were granted in respect of *Ventures*, and £13,000 (2010: £nil) in respect of *Falcon Camps*, each of the amounts not exceeding £100.

Support costs

Support costs are allocated in proportion to the total known costs for each area of ministry, with the exception of *Ventures and Falcon Camps*, which do not have support costs. Charitable activities include support costs of £630,000 (2010: £776,000) in respect of head office costs including salaries, equipment costs and building costs.

Governance costs – directors' emoluments and transactions

No director received any emoluments nor payment (2010: nil) in respect of the production of promotional materials supplied to the Charity. No other director had an interest in transactions, contracts or other arrangements with the Charity. Travel expenses totalling £4,000 (2010:£4,000) were reimbursed to 12 directors (2010:13); these amounts are included in *Trustees* above.

Other costs

£16,000 (2010: £17,000) in respect of operating lease costs for office equipment is included in *Support costs* above.
£37,000 (2010: £35,000) in respect of operating lease costs for motor vehicles is included in *Charitable Activities costs* above.

4 Staff Numbers and Costs

Average staff numbers (full time equivalent)	2011	2010
Charitable activities	39	33
Governance	1	1
Cost of generating funds	<u>2</u>	<u>1</u>
	42	35

	2011	2010
	£000	£000
Costs of employment of staff		
Salaries	1,138	982
National Insurance contributions	88	74
Pension costs (see notes 1 and 5 – <i>pensions</i>)	199	74
Staff housing	46	39
Other	<u>24</u>	<u>17</u>
	<u>1,495</u>	<u>1,186</u>

No employee received emoluments in excess of £60,000.

5 Pensions (see note 1)

Church of England Funded Pensions Scheme

CPAS participates in the Church of England Funded Pensions Scheme. Contributions (up to an agreed threshold) in respect of clergy staff employed by the Society are paid for by the Archbishops' Council of the Church of England.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the Society is unable to identify its share of the underlying assets and liabilities – each employer in that scheme pays a common contribution rate. The latest valuation of the Scheme was carried out as at 31 December 2009. This revealed a shortfall of £262,000,000, with assets of £605,000,000 and technical provisions of £867,000,000, assessed using the following assumptions: investment returns 4.4% on gilts and 5.9% on equities, increase in pensionable stipends will increase by the rate of Retail Price Index (RPI), pension increases at the rate of change in the RPI up to 5%. The unfunded shortfall will result in future payments by participating employers.

For schemes such as the Church of England Funded Pensions Schemes, FRS 17 requires CPAS to account for pension costs on the basis of contributions actually payable to the Scheme in the year. The expense recognised in the Statement of Financial Activities, which is equal to the contributions due for the year, amounted to £nil (2010: £nil).

CPAS Pension and Life Assurance Scheme

The defined benefit scheme operated by the Society for its non-clergy staff is funded by contributions to a managed fund contract issued by Guardian Pensions Management Ltd, part of AEGON UK group. The contributions to this scheme are determined with the advice of the scheme actuary (employed by Aegon Trustee Solutions) on the basis of triennial valuations.

The most recent actuarial valuation was conducted as at 1 August 2008 using the following main assumptions: valuation rate of interest 7.8% per annum (4.3% post retirement), and salary increases 5.8% per annum. The report was received in March 2009.

The statutory estimate of solvency, which allows for the cost of winding-up the scheme, indicated a solvency level of 88%. In the event of the scheme being wound up, this would enable the Pension Protection Fund benefits to be met in full and 58% of residual benefits.

The valuation showed that the regular contribution rate required was 25.3% of salaries.

For the purposes of Financial Reporting Standard 17 (FRS 17) Retirement Benefits, a valuation has been performed as at 30 April 2011. This valuation assesses scheme liabilities by considering corporate debt yields, whereas the actuarial valuation is based on equity returns. The scheme's liabilities as stated below should not be taken as an indication of the results of the valuation carried out on behalf of the scheme trustees for funding purposes. The information required by FRS 17 is as follows:

Principal actuarial assumptions:	2011	2010
	%	%
Inflation assumption - RPI	3.4	3.7
Inflation assumption - CPI	2.9	n/a
Rate of salary increase	4.2	4.5
Rate of increase of pensions in payment (accrued between 6/4/1997 and 5/4/2005)	3.4	3.7
Rate of increase of pensions in payment (accrued after 5/4/2005)	2.4	2.5
Deferred pension revaluation (accrual before 6/4/2009)	2.9	3.7
Deferred pension revaluation (accrual after 6/4/2009)	2.5	2.5
Discount rate	5.3	5.5
Mortality	S1PMA/S1PFA year of birth tables for males/females, CMI's 2010 model, with a 1.25% long term rate of improvement.	PNMA00/PNFA00 year of birth tables for males/females, long cohort projection with a 1% minimum improvement.
Commutation of pension	25% capitalised value of members pension	Inland Revenue Maximum
Age differences (males – females)	3 years	3 years
Explicit withdrawal assumption	No	No

In July 2010, the Government announced the intention to move to using the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI) as the inflation measure for determining the minimum pension increases to be applied to the statutory index-linked features of retirement benefits. The Society's Trustees have concluded that there was no obligation to provide for increases for deferred pension revaluation and post 5 April 2005 rate of increase in pension in payment linked to RPI and consequently those assumptions, for the purposes of FRS17 at 30 April 2011, have been revised to link to CPI. This change gave rise to a reduction in scheme liabilities which as a change in assumption has been accounted for as part of the actuarial gain on the present value of the

defined benefit obligation. The actuarial gain on the present value of the defined benefit obligation arising from the change in actuarial assumptions, including the effect of the change from RPI to CPI, amounted to £420,000.

The amounts recognised in the balance sheet are as follows:	2011	2010
	£000	£000
Present value of the defined benefit obligation	(6,132)	(5,989)
Fair value of scheme assets	<u>6,543</u>	<u>5,999</u>
Surplus /(deficit)	<u>411</u>	<u>10</u>
Amounts in the balance sheet:		
Liabilities	0	0
Assets	411	10
Less: assets not recognised	<u>(411)</u>	<u>(10)</u>
Net asset/(liability)	<u>0</u>	<u>0</u>

The amounts recognised in the Statement of Financial Activities are as follows:	2011	2010
	£000	£000
Included in total resources expended:		
Current service cost	(220)	(130)
Included in investment income and interest (2010: in total resources expended)		
Interest on obligation	(336)	(321)
Expected return on scheme assets	<u>348</u>	<u>283</u>
Net finance income/(cost)	<u>12</u>	<u>(38)</u>
Total	<u>(208)</u>	<u>(168)</u>

The actual return on scheme assets for the year ended 30 April 2011 amounted to a gain of £409,000 (2010: gain of £957,000)

The actuarial gain/(loss) for the year included within "Other recognised gains/(losses)" in the Statement of Financial Activities comprised:

	2011	2010
	£000	£000
Actuarial gain/(loss)	188	(169)
Asset not recognised	<u>(401)</u>	<u>(10)</u>
	<u>(213)</u>	<u>(179)</u>

The cumulative actuarial loss to 30 April 2011 included in "Other recognised gains/ (losses)" amounts to £1,308,000

Changes in the present value of the defined benefit obligation are as follows:	2011	2010
	£000	£000
Present value of obligation at start of year	5,989	4,491
Interest cost	336	321
Current service cost	220	130
Benefits paid	(138)	(30)
Charges paid	(31)	(27)
Actuarial (gain)/loss	<u>(244)</u>	<u>1,104</u>
Present value of obligation at end of year	<u>6,132</u>	<u>5,989</u>

Changes in the fair value of the scheme's assets are as follows:	2011	2010
	£000	£000
Fair value of scheme assets at the beginning of year	5,999	4,485
Expected return on scheme assets	348	283
Contributions	421	353
Benefits paid	(138)	(30)
Charges paid	(31)	(27)
Actuarial gain/(loss)	<u>(56)</u>	<u>935</u>
Fair value of scheme assets at end of year	<u>6,543</u>	<u>5,999</u>

The scheme assets, with the exception of annuities, are invested in insurance policies with companies belonging to the AEGON UK group. Payments to insured pensioners are secured by way of annuities set up in the name of the pension scheme trustees. The pension scheme trustees have no right to the underlying assets supporting these annuities but do have a right to the annuities held and are consequently viewed as an asset of the scheme which matches the corresponding pensioner liabilities. The analysis of the underlying categories of investments in these insurance policies together with the annuities, as a percentage of the total scheme assets, and the assumed rate of return (ROR) for each category, is shown below. The value of Additional Voluntary Contribution (AVC) policies is not included.

	2011 % of total scheme assets	2011 Assumed ROR %	2010 % of total scheme assets	2010 Assumed ROR %
Equities	42	8.1	45	8.3
Corporate Bonds	18	5.3	9	5.5
Gilts	11	4.2	17	4.5
Cash/other	7	0.5	3	0.5
Annuities	22	5.3	26	5.5

The basis for the assumed ROR for each of the above is as follows:

Equities – the yield on 20 year fixed interest gilts plus allowance for the Equity Risk Premium.

Corporate Bonds – the yield available on AA rated corporate bonds which is represented by the yield on the iBoxx £ Corporate AA> 15 years Index.

Gilts – the yield derived from the FTSE UK 20-year Gilts Index.

Cash – the Royal Bank of Scotland's Base Rate.

Annuities – annuities are measured by reference to the annuity liability to pensioners discounted using the Corporate Bonds rate. The assumed ROR above therefore represents this discount rate.

Contributions for CPAS for the year ending 30 April 2012 are estimated to be £233,000; this includes an additional payment of £182,000 in order to reduce the pension scheme deficit highlighted from the actuarial valuation as at 1 August 2008. The defined benefit pension scheme will be closed to all new entrants and future accrual will cease with effect from 1 August 2011.

Amounts for the current and previous four years are as follows:

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Defined benefit obligation	(6,132)	(5,989)	(4,491)	(4,008)	(4,018)
Scheme assets	6,543	5,999	4,485	5,000	3,604
Surplus/(deficit)	411	10	(6)	992	(414)
Experience adjustments on scheme liabilities	(216)	297	(31)	(246)	(49)
Experience adjustments on scheme assets	61	674	(908)	(258)	(74)

The defined benefit obligation and scheme assets for 2010, 2009 and 2008 have been restated to include the effect of annuities. This has resulted in both the defined benefit obligation and scheme assets being increased by £1,582,000 for 2010, £1,310,000 for 2009 and £877,000 for 2008. Amounts for 2007 have not been restated.

During the year the Society made no contributions to any employee's personal pension scheme (2010: nil) (see note 1 – pensions).

6 Fixed Assets

	Land and property bequests £000	Warwick premises land £000	Warwick premises building £000	Staff houses freehold £000	Office and other equipment £000	Total £000
Cost or valuation						
At 1 May 2010	4	640	1,420	1,714	364	4,142
Transfer from CPV Ltd	0	0	0	0	34	34
Additions	0	0	0	0	0	0
Disposals	0	0	0	(97)	(30)	(127)
At 30 April 2011	4	640	1,420	1,617	368	4,049
Depreciation						
At 1 May 2010	0	0	693	0	258	951
Transfer from CPV Ltd	0	0	0	0	34	34
Charge for year	0	0	40	0	38	78
Disposals	0	0	0	0	(30)	(30)
At 30 April 2011	0	0	733	0	300	1,033
Written down value						
At 1 May 2010	4	640	727	1,714	106	3,191
At 30 April 2011	4	640	687	1,617	68	3,016

Land and property bequests

Included within Land and Property Bequests is 22 acres of land in Devon, held as tenanted farmland.

Warwick premises

Leases of parts of the Warwick premises were granted to J F W Deacon's Mabledon Charity on 20 August 1990 and 2 April 1992, both for 125 years, for premiums totalling £395,000. The premiums were based on independent professional valuations and have been applied to reduce the book value of the property. 'Mabledon' owns the leasehold of the entire conference facilities at Warwick,

which are available for the use of evangelical church societies and similar bodies. A lease of a further part of the Warwick premises was granted to the Colonial and Continental Church Society, known as the Intercontinental Church Society (ICS), registered charity no 241111, on 1 March 1998 for a 20 year period for use as its administrative headquarters. No premium was received in respect of this lease; rents received are included in rental income from land and properties (see note 2).

7 Investments (unlisted)

	2011	2010
	£000	£000
Market value at 1 May 2010	2,983	3,108
Transfer from CPV Ltd	93	0
Disposal	(350)	(650)
Net Investment Gains/(Losses)	<u>187</u>	<u>525</u>
Market value at 30 April 2011	<u>2,913</u>	<u>2,983</u>
Cost at 30 April 2011	<u>2,246</u>	<u>2,438</u>

These United Kingdom investments, comprising the Collective Investment Scheme Units of the CBF Church of England Investment Fund administered by CCLA Investment Management Ltd, are primarily held to provide a return where monies are not required immediately for the charity's activities.

8 Debtors

	2011	2010
	£000	£000
Debtors falling due within one year:		
Trade debtors	14	9
Due from subsidiary – note 12	0	21
Other debtors	2	5
Prepayments	149	52
Accrued income	<u>63</u>	<u>34</u>
	<u>228</u>	<u>121</u>

9 Creditors

	2011	2010
	£000	£000
Creditors falling due within 1 year:		
Trade creditors	109	69
Tax and National Insurance	42	42
Accruals	46	39
Deferred income	<u>262</u>	<u>9</u>
	<u>459</u>	<u>159</u>

Included within the deferred income is £245,000 (2010: £nil) in relation to camp fees received for activities taking place after the end of the year.

10 Funds

	<i>Balance 1 May 2010</i>	<i>Other gains / (losses)</i>	<i>Incoming resources</i>	<i>Outgoing resources</i>	<i>Balance 30 April 2011</i>	<i>Represented by</i>		<i>Net current assets £000</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>Invest- ments</i>	<i>Fixed assets</i>	
Permanent Endowment fund	190	13	0	0	203	203	0	0
Restricted fund								
Augmentation	21	1	1	0	23	16	0	7
Ministers in Training	115	0	48	(10)	153	0	0	153
Bishop Stratton	17	1	0	0	18	18	0	0
LCEAS	117	8	0	0	125	119	0	6
Arrow	14	0	77	(75)	16	0	0	16
Children Matter	23	0	3	(24)	2	0	0	2
Falcon Camp	<u>0</u>	<u>6</u>	<u>395</u>	<u>(193)</u>	<u>208</u>	<u>100</u>	<u>0</u>	<u>108</u>
	307	16	524	(302)	545	253	0	292
Designated fund								
Ventures	0	0	2,167	(1,594)	573	0	0	573
General fund	5,761	(55)	1,343	(1,856)	5,193	2,457	3,016	(280)
Total funds	<u>6,258</u>	<u>(26)</u>	<u>4,034</u>	<u>(3,752)</u>	<u>6,514</u>	<u>2,913</u>	<u>3,016</u>	<u>585</u>

Net current assets include £437,000 of monies invested on short term deposit (2010: £7,000).

Permanent Endowment fund: the income from this fund is available for general purposes.

Restricted funds

Augmentation fund: this exists for the purpose of increasing the value of poor benefices in evangelical patronage (per CPAS's 1926 annual report).

Ministers in Training fund: this fund comprises donations and legacies received for the purpose of providing assistance to those in training for the ordained or licensed ministry.

Bishop Stratton and LCEAS (London Clerical Education Aid Society) funds: these funds are available for similar purposes to the Ministers in Training fund (see above).

Arrow: donations received and not yet expended in respect of the Arrow Leadership Programme, which offers high-quality, in-depth training to younger church leaders and potential leaders.

Children Matter: the balance of donations and expenditure for the project, addressing the decline in children's church attendance.

Falcon Camp: this assists young people with the costs of attending Falcon Camps and provides funds for the general running costs of the camps; it includes individual donations, the proceeds of sale of property at Pooley Bridge, Cumbria and interest received.

Designated fund

Ventures: comprises monies allocated to the fund by the Trustees from general fund reserves together with donations made to the fund; its purpose is to grant subsidies to assist young people with the costs of attending Ventures and also to provide funds for the general running costs of Ventures.

General fund: funds which are not subject to external restrictions or internally determined designations.

11 Future commitments

Operating leases (see note 1 – operating leases)

Commitments for payments during the next year in respect of rentals under the terms of operating leases for motor vehicles and office equipment were, at 30 April 2011:

under leases expiring:	within next year	from 1 to 2 years	from 2 to 5 years	in more than 5 years	total
	<u>£5,000</u>	<u>£38,000</u>	<u>£4,000</u>	nil	<u>£47,000</u>

Capital commitments

As at 30 April 2011 the Society had no outstanding capital commitments (2010: Nil).

Other commitments

The Society had no material legally binding commitments except as shown above and those arising under staff contracts of employment and other obligations in the normal course of business.

12 Related Parties

CYFA Pathfinder Ventures Ltd (CPV Ltd)

With effect from 1 May 2010 the trustees of both CPAS and CPV Ltd agreed to transfer all assets, liabilities and activities of CPV Ltd to CPAS, this transfer is reflected in these accounts.

Analysis of net assets transferred:

Investments at market value	£ 93,000
Debtors	£150,000
Deposits repayable on demand	£430,000
Cash at bank	£329,000
Creditors falling due within 1 year	<u>(£249,000)</u>
Net assets transferred	£753,000

CPAS' trustees held the majority of voting rights in the shares of CPV Ltd and consequently CPV Ltd was included within consolidated financial statements of CPAS up to 30 April 2010 as subsidiary undertaking. Following the transfer, CPV Ltd was subsequently dissolved. At 30 April 2010 an amount of £21,000 was due to CPAS and during the year ended 30 April 2010 CPV Ltd reimbursed salary, accommodation and other expenses totalling £281,000 to CPAS.

Church Pastoral Aid Trust

Certain non-operational properties of the Society remain registered in the name of Church Pastoral Aid Trust (CPAT), a company limited by guarantee, which acts solely for or under the direction of the Church Pastoral Aid Society (see page 5 – *Report of the Trustees*).

CPAT acts as trustee for customers of CPAS by holding monies in respect of overseas Ventures in accordance with the Package Travel, Package Holidays and Package Tours Regulations 1992. As at 30 April 2011 £1,000 (2010: £1,000) of these monies was separately deposited with the Royal Bank of Scotland and is not included in these financial statements.

J F W Deacon's Mabledon Charity

This charity is administered by Church Pastoral Aid Trust as trustee acting under the direction of the Society. It provides grants and assistance for training, conferences, study leave, rest and special needs to evangelical church societies and to individuals engaged in similar work. Its figures are not consolidated in these financial statements. It made grants to the Society totalling £52,000 in the year to 30 April 2011 (2010: £21,000).

As at 30 April 2011 no balance was due to CPAS from J F W Deacon's Mabledon Charity (2010: nil).

Other trusts

The Society administers a number of separate trusts purely as trustee without any legal right over their assets or income. Accordingly their figures are not consolidated with those of the Society as to do so would be inappropriate and misleading. Appointments of clergy to Church of England livings on behalf of certain of these trusts are administered by the Society through its Board of Patronage Trust (see page 5 – *Report of the Trustees*). Administration charges receivable from connected charities amounted to £10,000 in the year to 30 April 2011 (2010: £12,000).