



THE CHURCHES CONSERVATION TRUST

**ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

*Presented to Parliament Pursuant to Section 44(12)  
of the Pastoral Measure 1983*

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**CHAIRMAN'S INTRODUCTION**

I am delighted to have become Chairman of the Trust at a time when there is so much interest in the role historic churches can play in modern-day society – and so much opportunity for The Churches Conservation Trust to help show the way. I believe that the Trust has a crucial part to play in working out how we can all, working together, put historic parish churches back at the heart of community life. The Trust, with its estate of 340 wonderful buildings and with its strong relationships with volunteers and communities around them, is in a unique position to innovate and demonstrate how new approaches to the conservation and community use of our magnificent churches can ensure their survival and relevance in the twenty-first century. Working with our partners in the Church, government and the voluntary and community sectors, we want to be at the cutting-edge of thinking about community life and regeneration and show how it is possible to adapt even Grade I or II\* historic churches to meet the needs and demands of today's communities.

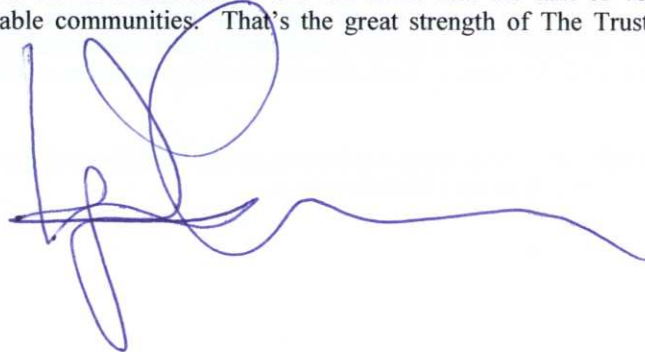
I believe that important historic churches, which are so often iconic community buildings, can and should be adapted to meet community needs where that need has been demonstrated and where the church, as a much loved and geographically central building, is the right place to be meeting those needs. The Trust wants to show how new uses can be introduced without harm to the historic fabric, indeed (dare I say), even enhancing the look and feel of a previously neglected interior.

I think it can be done without losing the special feel of the building as a church. The Trust's buildings are consecrated and it is very important to us that they continue to tell the story of, and are occasionally used for, the purpose for which they were built. Our visitors tell us that the most important thing about a Trust church is the opportunity to find a quiet, beautiful space where spirituality is present, in the midst of frantically busy ordinary lives. We are not going to lose that specialness, which is such a feature of CCT churches. In fact even with some of the most radical transformations in urban churches where the future could only be secured through major change, we will always restore the sanctuary and, through reopening the building, bring back a place where Christian worship takes place. Bristol St Paul's, where aerial theatre specialists Circomedia are flourishing, is the best example of where we have done this so far.

Bolton All Souls is our next great challenge and the most important project for us this year. This great Paley and Austin church was under real threat through disuse and vandalism: even with the protection of CCT ownership we will never be able to afford huge long term repair bills without a new use in place. The enthusiasm of the local, predominantly Asian, community to put this building back at the heart of local life and the fantastic support of local, regional and national partners means that our joint project to adapt the building for their use has a real chance of raising the major sums required. If we are successful, the insertion of a carefully designed three-storey 'pod' will provide the facilities and space needed, while restoration of the historic fabric around it and of the choir at the east end, will mean that the vital history and purpose of this great centre of nineteenth century milltown life is once again secured.

All Souls will provide practical evidence of national importance to show that it is possible, indeed right, to invest in transforming and saving some of England's large urban historic churches which might otherwise be seen as expensive drains on the limited resources of Church, Government and conservation bodies. Many other of the churches in our care, often in small ways and in both rural and urban areas, are also showing that historic churches cannot be written off as anachronisms but can make real the talk of volunteering, environmental improvement and sustainable communities. That's the great strength of The Trust: that we demonstrate by doing.

Loyd Grossman  
Chairman



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## **CONSTITUTION**

The Churches Conservation Trust ('The Trust') is registered as a charity (number 258612) and its governing document is the Pastoral Measure 1983, as amended. Its main object – defined principally in Section 44 (4) – is the preservation, in the interests of the nation and of the Church of England, of redundant churches and parts of churches of historic and archaeological interest or architectural quality vested in the Trust, together with their contents so vested.

## **OBJECTIVES AND ACTIVITIES**

The Trust believes that the conservation of its churches is best achieved through, wherever possible, engaging the support and involvement of the public and the communities in which they are located. To this end, in April 2006, the Trustees adopted the four strategic objectives:

1. To **conserve** the buildings in our care;
2. To encourage and enable community **use** of those buildings;
3. To **devolve** responsibility, management and ownership where appropriate and practicable; and
4. To **resource** what we do through partnerships, volunteering and innovative approaches.

In this report, the Trust's activities are reviewed according to these four objectives and the analysis of costs in the financial statements mirrors that approach.

The Trust runs a wide range of projects across its estate in order to further its strategic objectives. It manages an ongoing programme of conservation, repair and maintenance of all 340 buildings in its estate and of new vestings – additional churches at risk – coming to the Trust during the year. Appropriate adaptation of some of its churches for community use through the insertion of facilities such as toilets and heating are an increasing feature of its work. The Trust also runs a range of projects to support and promote community, arts, cultural and educational use, tourism and the local management or in some cases leasing of its buildings. In order to sustain the Trust and its churches into the future, other projects aim to increase external funding, volunteering, partnerships and local involvement.

## **GOVERNANCE**

The Trust is governed by a board of ten Trustees including the Chairman. The Trustees are appointed by Her Majesty the Queen on the advice of the Archbishops of Canterbury and York, submitted through the Prime Minister.

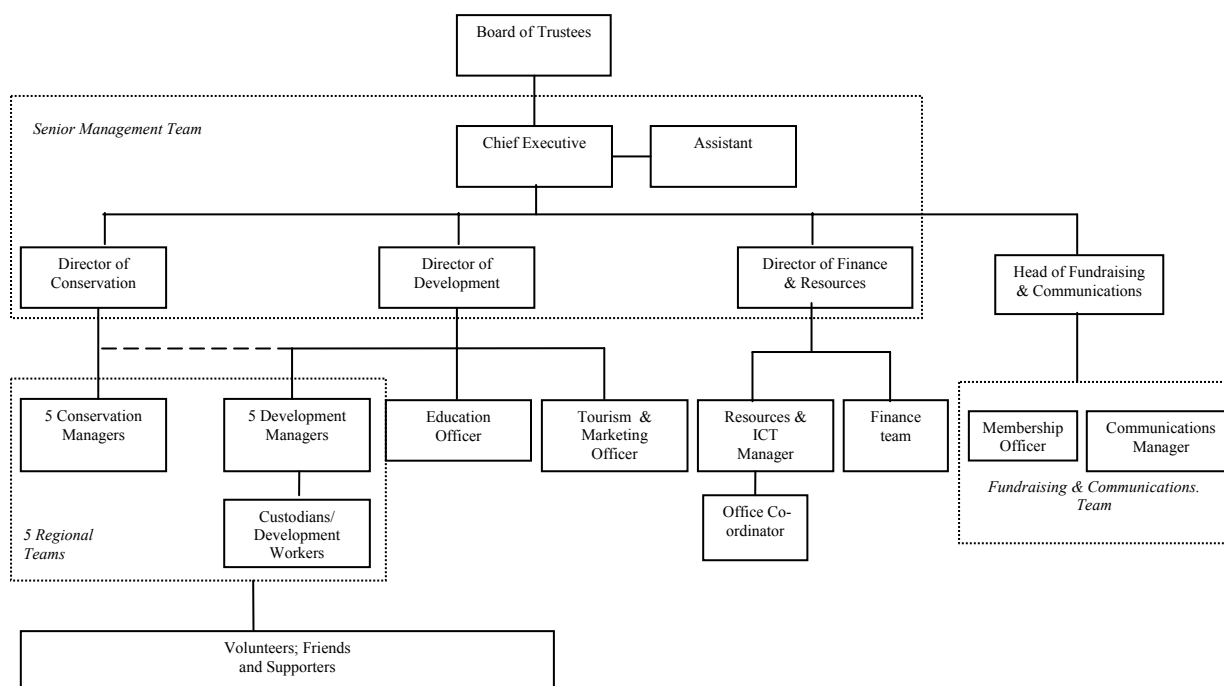
During the year the implementation of amendments to the Pastoral Measure 1983 (Section 44(2)) saw the maximum number of places on the Trust's Board (including the Chairman) increase from seven to ten.

## **MANAGEMENT AND STRUCTURE**

Trustees employ a salaried Chief Executive to manage the day to day running of the Trust and implement the strategic objectives. The Chief Executive has a senior management team comprising executive Directors of Conservation, Regions and Finance & Resources. Each director has their own team of staff as illustrated in the organisational chart below.

During the year, a small new fundraising and communications team was formed out of one existing and two new posts. The team currently reports directly to the Chief Executive.

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**TRUSTEES**

The Trustees during the year were:

Mr Loyd Grossman OBE FSA	Chairman of the Trustees, from 1 July 2007
The Right Honourable Frank Field MP	Chairman of the Trustees, to 30 June 2007
Ms Jennifer Baker OBE	
Mr Richard Butt	Deputy Chairman and Chairman of Finance, Performance & Remuneration Committee, to 31 March 2008
Mr Alec Forshaw	Chairman of Conservation Working Group
Mr Matthew Girt	
The Very Reverend Peter Judd	From 21 May 2007
The Reverend Robert Reiss	Chairman of Audit Committee, to 29 February 2008

Since the year-end, on 1 April 2008, the following Trustees were appointed to the Trust: Ms Debbie Dance, The Reverend Brian McHenry CBE, Mr Nick Thomson, Ms Jane Weeks and Mr Duncan Wilson OBE.

During the year to 31 March 2007, both the Audit Committee and Finance, Performance & Remuneration Committee, which are both sub-committees of the Trustees, met on three occasions.

**RESERVES POLICY**

1. The Trust has restricted reserves and endowment funds whose use, under the terms by which they were given, is restricted to specific churches. These funds stood at £1,043,000 on 31 March 2008. The Trust's policy is to use them to fund work at eligible churches wherever possible.
2. The Charity Commission defines free reserves as 'income which becomes available to the charity and is to be expended at the Trustees' discretion in furtherance of the charity's objectives, but which is not yet spent, committed or expended'. At the balance sheet date the Trust has free reserves of unrestricted funds, less the carrying value of fixed assets, of £183,000. This compares to £283,000 held as at 31 March 2007.

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3. In the past year, 88% of Trust income took the form of grant-in-aid from the government, core funding from the Church Commissioners and refunds of VAT payments under the Listed Places of Worship Scheme, all of which are relatively assured.
4. The Trust aims to maintain free reserves at a level which provides a reasonable level of security against unanticipated shortfall in its other, less assured, sources of income and against the risk of delays in receipt of grants for specific projects which are paid in arrears. This level of reserves should also be adequate to cover one-off emergency repairs or similar unforeseen expenditure. In the year, Trustees adopted a new reserves policy aimed at increasing these free reserves to £400,000. Trustees have expressed comfort with the moderate level of reserves currently held.

### **INVESTMENT POLICY**

The Trustees' objective is to seek long-term capital growth, through holding cash in deposit accounts and investment in broadly based funds, of the Trust's permanent endowment and restricted funds. In each year, a significant proportion of these remain unspent for the foreseeable future. The majority of such funds are invested in the Investment Fund of the Central Board of Finance (CBF) of the Church of England Deposit Accounts. It is the Board's policy to adopt the same ethical investment strategy as the CBF. The Trustees review the investment policy periodically.

### **IDENTIFICATION OF RISKS**

The Trustees, through the Audit Committee, have reviewed the Trust's exposure to risk and are satisfied that there are systems being put into place to mitigate the major risks identified.

The Trust's exposure to risk is regularly reviewed and more formally, via the maintenance and updating of its risk register. This notes by risk rating, the key risks faced by the Trust and the actions and persons responsible for addressing these risks. Annually, the register is reviewed and commented upon by the Audit Committee and then the full Board.

The main risks affecting the Trust and how these are mitigated are as follows:

- The risk of the Trust not having the right staff, skills and resources in place to deliver its plan. This is in part being addressed through the review of the Trust's Regional Management structure. Also, the Trust will be increasing its investment in staff training and development.
- The risk to the Trust in not identifying and securing new sources of income. This risk is being addressed through a phased investment in the Trust's fundraising activity.

For further detail on how the Trust manages risk, please refer to the later 'Statement on Internal Control'.

### **CREDITOR PAYMENT POLICY**

The Trust's current policy concerning the payment of the majority of its trade creditors is to follow the 'Better Payment Practice Code'. For other suppliers, the Trust's policy is to agree the terms of payment with those suppliers at the start of the contract by inclusion of the relevant terms in contracts and to pay in accordance with its contractual and other legal obligations.

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**ACHIEVEMENTS AND PERFORMANCE**

**1) Overview**

During 2007/08 the Trust took several significant steps forward in its ambitious programme of work aimed at sustaining and revitalising its unique collection of historic churches. Much of this progress is about strengthening the Trust itself in order to equip it for a whole range of new tasks whilst taking ever greater care of the buildings for which it has responsibility. For example, how our work is financed and the way we manage our limited resources is a key focus for Trustees and management. In 2007/08 important milestones were reached in these respects, most significantly:

- Confirmation of the Trust's Government funding for the next three years as part of the Comprehensive Spending Review. In a very tight public funding environment, the Trust received a vote of confidence from its sponsoring department, DCMS, with a 3.3% increase in its grant for the first year (2008/09). This will be matched by the Church Commissioners but will then be followed by a further two year freeze and will not compensate for the preceding seven year freeze. The Trust is as ever grateful for this core funding without which it could not fulfil its obligations.
- Changes in the regional management and major project management structure of the Trust, with the aim of better focussing our staff resources to increase income, partnerships and projects to sustain churches; and
- Establishment of a small, dedicated fundraising and communications team in order to address the Trust's shortfall in funding and public profile.

High quality, practical work in conserving and maintaining historic churches continued unabated, with 80 conservation projects and an ongoing programme of preventive maintenance across the entire estate. The Trust is well equipped to do this work, but cannot be complacent. An independent, professional review of how we undertake our conservation management has provided us with a programme of improvements in best practice as well as reassurance that the work overall is going well.

The main threat to the repair of our churches remains declining real terms income and this was exacerbated this year by the continued theft of lead from many of our churches. A problem affecting all historic churches, this has caused considerable damage in some cases and cannot be rectified without knock-on reductions in other vital repairs.

The Trust's expertise in looking after churches is never static and we are undertaking a small but growing number of sensitive adaptations of our churches to support their revitalisation and contribution to community life. This careful, specialist work goes hand in hand with the very significant work we now do with our communities and volunteers. The number of Trust Friends' Groups has continued to grow with our support during the year, as has their capacity to take on greater responsibility for the day to day running of their church.

Volunteering has been a major focus for the year, with continuing increases in the number of volunteers and success in attracting funding from grant-making trusts for a new volunteer development post to improve our ability to support, manage and attract volunteers. This work goes hand in hand with our efforts to attract younger people to our work, both through our existing education programme and exciting new youth volunteering projects.

**2) Key Achievements Last Year**

We set ourselves four overall priorities for the year in 2007/08. They were: income generation, profile raising, volunteering and new uses for urban churches. Our intention was to make particular progress in these four areas while continuing to do well in all activities which contribute to our strategic aims.

Our performance is summarised in the table overleaf:

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<b>Our Priority 2008/09</b>	<b>Our performance – how have we done?</b>
<p><b>Generate new income</b></p> <p>Strategic aim 4: Resource</p>	<p>A new head of fundraising and communications post was created and appointed in the second quarter.</p> <p>Low and medium level donor programme and Supporter Scheme now in place and beginning to support sustainable income.</p> <p>The first fundraising event was deferred due to lack of resources.</p> <p>New arrangements are in place for generation of income from use of churches, in particular film location work.</p> <p>New project grants have been secured including: Heritage Lottery Fund; Lankelly Chase; Pilgrim and Michael Marks.</p>
<p><b>Raise profile</b></p> <p>Strategic aims 2&amp;3: Use and resource</p> <p>Funding Agreement target Area 1: Access</p>	<p>New website launched.</p> <p>Regional newsletters launched and issued quarterly.</p> <p>Two out of three fundraising and communications team posts filled. Part time volunteer support throughout year.</p> <p>A steady flow of positive national and regional media coverage arising out of particular churches and projects, with increased profile for the Trust's national message.</p>
<p><b>Involve volunteers and Friends' Groups</b></p> <p>Strategic aim 3: devolve</p> <p>Funding Agreement target area 3: Local involvement</p>	<p>New external funding for 1.5 new volunteer development posts raised.</p> <p>Conservation cleaning training resources developed. First 'Cathedral Camp' for young volunteers successful and due to be replicated.</p> <p>New area volunteer roles created in West Midlands and East regions.</p> <p>Sussex close to target of a Friends' group for every church.</p>
<p><b>Find new uses for urban churches</b></p> <p>Strategic aims 1, 2 &amp; 3: conserve, use and devolve</p> <p>Funding Agreement target area 4: Conserve and repair</p>	<p>New major projects post filled and project governance procedures introduced.</p> <p>HLF Stage 1 bid submitted for Bolton All Souls – we were advised of the successful outcome of this bid in the early part of 2008/09; Progress made towards match funding from other agencies and independent trusts.</p> <p>Preferred bidder selected for Ipswich St Mary at Quay: East Suffolk Mind.</p> <p>Regional management review complete and approved by Trustees, consulted on with staff and now in implementation phase.</p>

### 3) Church Repairs and Maintenance

Enshrined in the name of the organisation, and a strategic priority, conservation continues to be at the heart of all that the Trust achieves. The rescue, repair and maintenance of the buildings is what the Trust does extremely well and is the focus of the majority of its expenditure.

Repairs to churches during the year totalled £4,067,000, or 75% of the Trust's total charitable expenditure. Over 80 projects were started this year, varying in cost from only a few hundred pounds to £500,000, the majority of which were completed by the end of March.

#### **New Vestings**

Unusually there were no new vestings of churches at risk in the year, but 2007/08 saw the completion of a number of large projects at recently vested churches, in particular Wensley, vested in 2006, and Redgrave,



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vested in 2005. At the latter, repair of the interior followed by careful and delicate conservation to the monuments and hatchments was carried out at a cost of £141,000. New facilities to aid increased use of the church were installed and the Trust is very grateful to the Friends of St Mary, Redgrave for raising funds of c£42,000 to achieve this. Work at St Giles, Imber (vested 2002), continued slowly owing to access restrictions on Salisbury Plain, and should finally be completed in 2008.

**East Midlands & Norfolk**

A major concern during the year was the increasing number of thefts of metal from Trust churches, mainly lead sheet and guttering. Fuelled by the price of metals in Asia and China, theft from churches was seen by some as easy pickings. St Peter's, Deene, was particularly hard hit and with no funding available, repair of the roof has had to wait and be budgeted for in 2008/09. A tarpaulin has protected the interior as much as possible in the meantime but a small amount of water ingress and resulting damage has occurred. By the end of the year it was estimated that funds of £161,000 would be needed to put right damage from the theft of metals at Trust churches, of which £68,000 relates to Deene. Deterrents, such as the use of Smartwater and physical alarms to deter thieves are being used where appropriate.

**North-East**

Urgent structural repairs to the roof at Milton Mausoleum, costing £183,000 (£112,000 in 2007/08) were started towards the end of the year and will continue into 2008/09. For some time now the Trust has been concerned about the overturning stone cornice of this important mausoleum designed by the eminent architect, Robert Smirke. Whilst a full programme of repairs to the church is considered too costly to embark on at present, when the contract is complete the cornice will be stabilised. Also in the North East region a large programme of work to mainly roofs and windows were undertaken at All Souls, Haley Hill, and Halifax. Costing £347,000, this was the second largest project this year.

One particularly interesting piece of conservation work carried out in 2007/08 was to the altar frontal at Skeltoncum-Newby church, in the grounds of Newby Hall, Yorkshire. The altar frontal is believed to have been designed by William Burges, who was architect for the church. All of a piece, Christ the Consoler has a rich and stunning interior in memory of a beloved son. The altar frontal was in poor condition and £8,500 has been spent undertaking very sensitive and delicate, but essential, repairs to cloth, stitching and decoration to return this jewel to something of its original glory.

**North-West & West Midlands**

Repairs to the stonework of the spire and tower at Avon Dasset, St John, were started in 2007/08 with expected completion by the end of July 2008. Costing £702,000, of which £470,000 was spent in the year, the project represents one of the largest single repair contracts that the Trust has ever undertaken, addressing a long standing and serious repair liability, that of falling stonework from tower and spire. In order to maximise the impact in terms of publicity and public relations, a number of open days were organised; the first for the locals took place successfully in January and has engendered a great deal of interest in the church and the Trust as a result.

**South-East**

A major programme of work to the roof, stonework and the interior at St Peter's, one of two Trust churches in Sandwich, Kent, was undertaken this year at a cost of £186,000. In the same county a large contract to repair the tower and nave of St Michael's, East Peckham, begun in the previous year, was completed.

**South-West**

In the South West, the tower of St Petrock, Parracombe, near Exmoor has leaked as long as it has been with the Trust and a contract of stonework repairs was carried out this year at a cost of £117,000 in preparation for grouting in 2008/09 to alleviate the problem. Grouting work will be undertaken with the full knowledge of English Heritage's research conclusions on leaking west-country towers and include open days for locals and schools.

**General**

Many smaller but equally important repair contracts were undertaken during the year, each staving off further decay or preventing the ingress of weather. This, of necessity, takes much of our resources.

Maintenance of the churches, be it regular annual maintenance to unblock gutters and drains or infrequent but essential 'housekeeping', is of great importance. Our emphasis on maintenance is borne of experience and springs not only from our wish to make our churches welcoming, but also from the simplest of financial reasons:

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money spent on maintenance is never wasted. Repairs can sometimes be deferred, but unblocking gutters and drains, and putting back slipped slates and stolen flashings should never be.

Part of the maintenance budget was used to fund a programme of work with the Land Registry. The Government aims to have all land registered by 2012 and we have agreed to register all Trust churches by 2009. It has thrown up some interesting access and ownership issues which are now being dealt with by the Commissioner's Legal Office.

2007/08 saw a review of regional working and a specialist report by Nicholas Balaam on the management of conservation projects. As a result the conservation team is to become a national resource rather than being part of the regional team structure. This will allow general management of the regions to be focussed on the new post of regional manager, leaving the conservation team to concentrate on matters around the repair and conservation of the fabric and fittings of churches and churchyards, which is where exactly where their expertise lies.

#### **4) The Regions: Use and Devolution**

##### **Community Life and Trust Churches 2007/08**

Throughout 2007/08 our regional teams have continued to work with our volunteers and local communities to realise the potential of our churches to play an appropriate role in their particular setting.

Our starting point is to ensure our churches sensitively maintain that special sense of tranquillity and wonder that derives from their very nature and the care and attention that has and still is bestowed on each and every one over the centuries. We begin by ensuring we find the best way to support and help those local people who care passionately about the building and ensure the church is as accessible as we can make it, given the risks we have to consider while also being clean, well presented and welcoming.

Our regional community based staff are dedicated to this aim. Wherever possible we have strengthened this team to give extra help as we work together towards our collective wish, that wherever possible, these special buildings should both play a part in the life in the local community and also, be able to tell their story to visitors from the locality, other parts of the UK and further afield.

Where a particular group wants a stronger association and we are satisfied it is appropriate for us to devolve the management of the church, we do this through local agreements. To achieve the above we need shared understanding and good communication and we have taken particular steps to strengthen those relationships over the last year. These include developing Church Information Packs, 'CHIPS', that conveniently set out in one document that can be easily updated, all the information necessary to enable local people to understand and put the building to good use in a safe and appropriate way. Group discussions bring volunteers from groups of churches together to discuss the issues in the context of a church setting, with time for refreshment and informal discussion and sharing. In this regard, we will seek to build on the success of our team in the South East of England.

Key examples of our achievements in our volunteering, education and community work during the year include:

- Completion of the South Yorkshire community development pilot and successful funding for its extension.
- Establishment of new 'area volunteer' roles to manage local clusters of churches in the Midlands.
- New, active Friends' groups across more churches in the South East.
- More churches open every day across all regions.
- Joint historic church trail for Lincolnshire churches.
- New partnerships with local bodies to revitalise churches including at Cambridge All Saints, Colchester St Leonards, Harewood All Saints (Yorkshire) and Worcester St Swithun.

Regional newsletters have become established in many parts of the country sharing progress and ideas. We are keen to ensure that our highly regarded website develops to have far more local connections including to the many flourishing Friends Groups who have developed their own websites.

The results of our collective endeavour are best appreciated from the pleasure and enjoyment of people attending services and events and leaving their comments in visitor books. We also have begun more structured surveys that have the potential to enable each church to fully understand its significance to those who come to it.

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When all the figures are added some impressive totals are reached: 1.37 million visitors is an impressive headline figure that the Trust is rightly proud of. During the year the Trust gained membership of the prestigious Association of Leading Visitor Attractions (ALVA) and along with other heritage attractions we are continuing our efforts to attract new audiences who have not felt the relevance of such buildings to their lives. We continue to play a key role in working with other churches and sacred places at local, regional and national level to bring the special experience of visiting churches to more people.

**5) Maximising Resources, Modernising the Organisation**

**Strengthening and investing in the support to the organisation from the finance and resources team**

Delivery of the Trust's projects requires the committed and professional support from our finance and resources team. In 2007/08, this support was strengthened through a number of measures including:

- Consolidating the monthly management accounts process with the provision of year-end forecasts of the Trust's reserves position. .
- Further devolution of the budget process. Included a budget-training day and match-funding for successful funding bids. .
- The move to a new payroll provider for the Trust. The service now provided is excellent.
- Through tendering, the selection of the provider who will work with the finance team towards the end of the year to upgrade to the Trust's accounting system. .
- The ongoing provision of a professional HR function, assisting both head office and regional teams in the recruitment, induction, support and management of staff.
- Providing HR support to the development of the regional management review; leading on the staff consultation process and advising on employment and communications matters.
- A continued focus on better value procurement with changes in the Trust's telephone, courier, stationery and cleaning suppliers.
- Developing and rolling-out health and safety policies and procedures.

**Employee involvement and training**

The Trust is committed to promoting effective consultation and communications with staff. The main channels for this are through:

- Regular line management meetings and team meetings across the Trust.
- Regional, multi-professional team meetings each quarter – including new, major project team meetings.
- Bi-annual 'Trust days' for all staff.

Additionally, staff are briefed on matters discussed at the Trustees' and senior management meetings through regular face to face meetings, email updates and a monthly staff 'e-newsletter'. There is a staff association for employees of The Churches Conservation Trust.

By the end of the year the review of the regional management structure neared its completion. Implementation, which includes reducing the number of regions from five to four, will occur in August 2008.

**Fundraising and Promotion**

The newly established three-person fundraising and communications team has focused on increasing the popularity of the Supporter Scheme and building a strong base of regular giving. The team has developed the donor recruitment and retention programme to manage an increasing database of contacts, provided capacity to coordinate and grow project grant fundraising and advised on long-term fundraising targets and strategy.

The Supporter Scheme is now fully established within the Trust as a sustainable source of donated income. At the end of its first year, the scheme has grown to 500 members and has a 77% retention rate. The fundraising and communication team has been instrumental in increasing the Trust's profile through a series of PR and communications initiatives, including the launch of a new and fresh looking website, developing external media

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relationships and the production of a series of county guides, guidebooks and promotion materials to enhance the visitor experience and support regional activity.

Planned Conservation in Action days proved to be successful cultivation and profile raising opportunities. The Trust's first abseil event provided a successful pilot for future fundraising and profile-raising events, and will now join our emerging national programme of events to offer people a different way to support the Trust.

**Policy and Partnerships**

The Chief Executive is chair of the new '*placesofworship@heritagelink*' group which provides a policy and practice forum for all the key church, voluntary sector and government bodies involved in the field. During the year the group was created by combining the forces of the former 'Hoare's Bank' group with the now well-established, heritage sector body, '*Heritage Link*', in order to ensure that churches benefit from the experience of the wider heritage sector in influencing policy and provide a 'places of worship' perspective on Heritage Link representations.

The Trust also provides the secretariat for the All Party Parliamentary Group (APPG) for historic churches and chapels, chaired by Frank Dobson and serviced by the Trust. It was assisted in doing so this year by the services of an experienced volunteer recruited through volunteering service, REACH. The APPG was very active during the year, raising the issues faced by historic churches with Ministers and Parliament whenever possible. An annual half-day tour of historic places of worship in London for MPs and Peers was one of the activities instigated to this end.

The Chief Executive is also a member of the English Heritage Places of Worship Forum and, with the Chairman, of the Church of England's Church Heritage Forum. The Trust continued to give its backing to the English Heritage 'Inspired' campaign for historic places of worship, in which restoration of its own funding is one of the five key proposals.

The Trust increasingly seeks opportunities for partnerships with other bodies; both in order to better achieve its strategic aims – in particular ensuring the use, local management and sustainability of its own churches – and to strengthen links between the sector and those with which it has much in common. Key partnerships strengthened during this year include that with the Civic Trust to promote church tourism and with the National Churches Trust to set up a new model of working in Cumbria. The Churches Trust for Cumbria was established during the year as a result and now has a board, Chief Executive and three-year finance in place.

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## **FINANCIAL REVIEW**

In the year-ending 31 March 2008, the Trust's core Grant-in-Aid from the DCMS and the Church Commissioners continued to provide the cornerstone of Trust income, accounting for over 80% of the total. The Trust is grateful for this essential contribution to its work.

The continuing freeze in Grant-in-Aid during 2007/08 continues to place financial pressures on the Trust. The Trust is embracing this challenge and looking for ways to supplement its income. The Trust received the very welcome news during the year that in 2008/09, its core Grant-in-Aid would receive a one-off increase of £142,000 (or 3.3%). In an economic environment where charity funding is being squeezed, the Trust greatly appreciates this recognition of and contribution to its ongoing work.

The Trust is one of many charities adversely affected by the financial situation of the Icelandic banks, having for the past three years held deposits with Kaupthing, Singer and Friedlander who went into administration in early October 2008. For efficiency of cash management, we had been reducing the balance in this account; at the date of administration it stood at £420,000. Reflecting the high degree of uncertainty in the outcome of our efforts to reclaim this money, the Trust has written down its net assets by this amount.

The Trust is working with the relevant bodies to seek to recover what we can of these deposits. The loss of this amount of money would result in a number of important projects not going ahead in future years. However the strong position with which the Trust ended 2007/08 means that work for 2008/09 can continue as planned.

### **Income**

This increase in reserves was aided by performance in two income areas: i) Other income, was 30% higher than that budgeted for largely as a result of new earned income from film location hire; and ii) Legacy and Bequest income was also ahead of budget targets with a number of smaller amounts making up the £76,000 received. This figure compares very positively with the £3,000 received in each of the previous two years. Neither of these income streams is guaranteed in future years and the Trust will continue to invest additional time and resources to strengthen its position in bringing these and other less traditional sources of income into the Trust.

At £205,000, the Trust's donations in 2007/08 were equivalent to those in the previous year.

Overall income was £86,000 lower than budgeted because of a shortfall in restricted project grant income. This is an area where the Trust is keen to improve its performance and has budgeted for a new in-house position of 'Trusts and Foundations Officer' to increase project grant applications and success rates nationally and through regional staff.

### **Expenditure**

Overall Trust expenditure, excluding the write-down noted above, was 9% down compared to 2006/07. In that year, Trust costs were higher due to the planned drawdown of reserves noted above. In a tight financial climate, the Trust continues to closely scrutinise its costs. The key component of charitable expenditure, at 75%, is church repairs and conservation.

In continuing to invest in developing community use and promoting access to its buildings, the Trust spent over £1.1 million on development. Spend in this area is likely to be at least maintained at these levels in future, as promoting access, finding new uses for churches and work on securing grants grows in importance to the work of the Trust. Other benefits include identifying maintenance issues earlier, improved signage and the opportunity for more income through a better visitor experience.

The percentage of Trust monies spent on fundraising increased from just under to just over 3% of total Trust spend, rising to £177,000. The financial benefits from this are expected to be seen over the next 12 months.

### **Reserves**

During the year, Trustees adopted a new reserves policy aimed at increasing its free reserves (defined on page 4) to £400,000. These are retained to allow the Trust to respond to unforeseen events, whilst also providing a cushion against a shortfall in non-statutory income. Without the write-down noted above the Trust's free reserves would have increased by £134,000 in the year and follows two years of planned reserve drawdown's by the Trust.

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Taking into account the write-down, the Trust commences 2008/09 with 'free' reserves of £183,000 (£100,000 lower than the previous year), compared to the Trustees reserves target of £400,000. The Trust's three-yearly grant-in-aid settlement means that it is prudent for the level of unrestricted reserves to be lower than they would be for a charity operating without Government or Church support.

**Key Financial Challenges in 2008/09**

With the increase in the Trust's employee base and its aim to grow its income base and further extend its reach, in 2008/09 the key financial challenges facing the Trust are unchanged: to increase the level of non Grant-in-Aid income and to continue to closely monitor its costs against budget.

**PERFORMANCE AGAINST TARGETS**

Performance against quantitative targets is shown on the next page. Where applicable, comparisons against the previous year, ending 31<sup>st</sup> March 2007, are also shown.

The results show very good progress, with the Trust exceeding its numerical measures in key areas such as visitors and events. Most notably:

- The Trust received almost 1.37 million visitors at its churches. This is 5% more than target and 13% more than the revised figure for last year.
- The number of public, community and arts events held in Trust churches increased from 512 to 789. With a target for the year of 525 events, this exceeded the target by 50%.

These and the other figures overleaf highlight the public benefit the Trust brings through its work.

Church repairs continue to be completed to a high standard, on or below budget and at a speed which minimises the closure of buildings to visitors. The newer target areas such as social inclusion and local involvement are beginning to feature in the plans of teams working up projects around individual churches and of the development team in particular.

2007/08 was the third year in which the Trust's teams also provided 6-monthly qualitative and quantitative reports on their annual plan. These provide the senior management team (SMT) with an important guide as to how teams are performing against plan.

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**Table: Performance results for the Year Ended 31<sup>st</sup> March 2008**

<b>Performance Measure</b>	<b>National Annual Target, if appropriate</b>	<b>Full Year Result 07-08</b>	<b>% achieved</b>	<b>Comparison with 06-07 Figures</b>	<b>Source</b>
<b>Target 1: Access</b>					
Number of initiatives reaching disadvantaged groups (PSA3 target)	5	10	200 %	8	<i>Internal</i>
Number of educational visits	275	318	116 %	293	<i>Internal</i>
Disabled access reviewed and recommendations considered	6	11	183 %	13 ( <i>Note 1</i> )	<i>DCMS</i>
Number of public events	525	789	150 %	512	<i>Internal</i>
<b>Target 2: Tourism</b>					
Increase numbers of visitors by 3% each year	1,310,160	1,369,397	105 %	1,211,572 ( <i>Note 2</i> )	<i>DCMS</i>
Joint marketing strategy for sector	Launched and being implemented	Achieved in full	100 %	Achieved in full	<i>DCMS</i>
Joint church trails established	6	19	317 %	3	<i>DCMS</i>
Research 'public value' of CCT churches	Surveys at 4 churches	4 surveys completed	100 %	150 visitors surveys being analysed	<i>DCMS</i>
Heritage Open Day visitor numbers	15,500	14,821	96 %	15,255	<i>Internal</i>
<b>Target 3: Local involvement</b>					
Number of new local management agreements/leases	5	3	60 %	4	<i>DCMS</i>
Number of new Church Plans	5	3	60 %	1	<i>DCMS</i>
Number of churches with active volunteers or Friends groups	5	8	160 %	6	<i>Internal</i>
<b>Target 4: Conservation &amp; Repair</b>					
% of churches open, safe and weather tight	95 %	98 %	100 %	97%	<i>DCMS</i>
Average time between vesting and repair	Max 6 months	3 months	100 %	5 months	<i>Internal</i>
Average time between repairs and opening	Max 2 years	1 year 3 months	100 %	6 months	<i>Internal</i>
Peer Review Panel visits completed	2	0	0 %	3	<i>Internal</i>
Contribute to use-seeking and pre-vesting discussions	4 a year	6	150 %	8	<i>Commissioners</i>
Assess medium and long-term repair need	n/a	Project plan written and research work started	n/a	n/a	<i>Commissioners</i>

*Note 1* Involved a range of hand-rail, ramp and pathway improvements. In addition, there were a number of improved lighting schemes.

*Note 2* Corrects an error in the figure shown in the Trust's 2006/07 accounts.

**THE CHURCHES CONSERVATION TRUST  
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## **PLANS FOR THE FUTURE**

### **Implementing the Strategic Plan**

The Trust's 2006/09 strategic plan with its four key aims continues to set the framework for our activity:

To **conserve** the buildings in our care.

To encourage and enable community **use** of those buildings.

To **devolve** responsibility, management and ownership where appropriate and practicable.

To **resource** what we do through partnerships, volunteers and innovative approaches.

In 2008/09 our expenditure is planned across the strategic aims:

- £3.1m or 57% for repair and conservation projects.
- £288,000 or 5% for community use, tourism, education and other development projects.
- £734,000 or 13% for resourcing, central support, ICT and other administrative costs.
- £1.3m or 25% for staff, including conservation and other specialist staff.

During 2008/09 the Trust will review its strategic aims. A process of consultation and debate across the Trust and with external partners will produce a new strategic framework for adoption by Trustees, which will define detailed planning from April 2009. A strategic review team is in place to manage this process.

### **Funding Agreement Targets**

The Trust works to a three year funding agreement with its two main sponsors, the Department for Culture Media and Sport and the Church Commissioners. The Agreement sits within the strategic plan and highlights those parts of the Trust's strategy of particular concern to the sponsors. The Funding Agreement is due for revision this year and DCMS has indicated that it will seek to include fewer numerical performance targets.

Funding Agreement targets are mapped into the priorities for the year set out below.

### **Our Priorities this Year**

National priorities for the year are focused on achieving the changes necessary to deliver our strategic plan. They work across strategic aims and complement extensive activity on the ground. Regional priorities support national activity and are detailed in the Trust's annual plan.

### **Income Generation**

The focus remains on income generation as we invest additional resources in fundraising and communications staff and activity. Key objectives in this area during the year are:

- a programme of fundraising and supporter events
- launch of the 'Building Futures' six churches Appeal
- a programme of project applications to trusts and foundations
- exploration of the potential for a high net worth giving programme
- development of structured and regular communication with donors and Supporters

Key to success in this area is improving our support to regional and local staff and volunteers, and additional efforts are to be made to help them promote our fundraising message to visitors and local supporters.

The Trust celebrates its 40<sup>th</sup> Anniversary in 2009. During the year we will plan a range of events at national and local level to celebrate the Anniversary. The aim of the celebrations as identified by Trustees will be to significantly raise the Trust's profile, highlight the Trust's achievements in saving historic churches and encouraging community use, and to build the platform for an increase in income over the longer term.

### **Implementing the Regional Management Review**

The review of regional management will be implemented in full by late summer 2008. A new four region structure aims to create single, accountable lead managers for each region within existing resources.



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**Supporting the Regions**

To match the needs of an evolving and increasingly regional organization, the Trust will be investing in a range of ICT and support areas to provide enhanced support from the centre. In the second half of 2008/09, two areas of focus for the finance and resources team will be:

- Reviewing the Trust's ICT infrastructure. The development of an ICT strategy and the upgrade of the Trust's main server are key to this. With an increasingly regionalised organisation, the upgrade will improve regional access to the Trust's database, website and network.
- Further developing the financial information and support provided to Trust staff. This will be greatly aided by the upgrade, towards the end of the year, of the Trust's accounting system.

**Regeneration Taskforce**

This year we will use the new money coming from DCMS and the Church Commissioners to launch an initiative to manage the size of the Trust's estate by supporting new community uses and management, leading to the devesting of churches which can go it alone.

**Completing Change Projects**

In this third year of the strategic plan, a number of ongoing and new projects additional to priorities 1-3 above, will be prioritised in order to achieve changes which are critical to our strategic aims. The Senior Management Team has identified these as follows and will report to the Board on progress throughout the year:

<b>Change Project</b>	<b>Key Outputs</b>
New strategic plan 2009-12 Governance review and new trustee induction	New plan in place New governance framework in place Staff, Trustees, funders and other key contacts informed and brought in to the discussions.
40 <sup>th</sup> anniversary plan	Patrons engaged Events in place PR and fundraising plans in place
Estate review 2008	2004 estate review replaced Holistic approach to conservation/development embedded Every church categorised Staff/Trustees/Commissioners/ABRC etc engaged
PR review	Review completed Implementation plan in place Capacity implications considered
Photo digitisation project	Project plan agreed Digitisation commenced
Volunteer development	Complete external fundraising Steering group established Regional projects – youth volunteering and community development – in place National development and dissemination programme mapped out

These aims will be achieved through a range of projects, most of which take place at regional level. They are described in the Trust's 2008/09 plan and budget available on [www.visitchurches.org.uk](http://www.visitchurches.org.uk)

**REGISTER OF INTERESTS**

The Trust maintains a register of Trustees' interests which is available for inspection at the Trust's offices on application to the Chief Executive.

**THE CHURCHES CONSERVATION TRUST  
FOREWORD AND TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 MARCH 2008**

**REGISTERED OFFICE**

1 West Smithfield, London EC1A 9EE

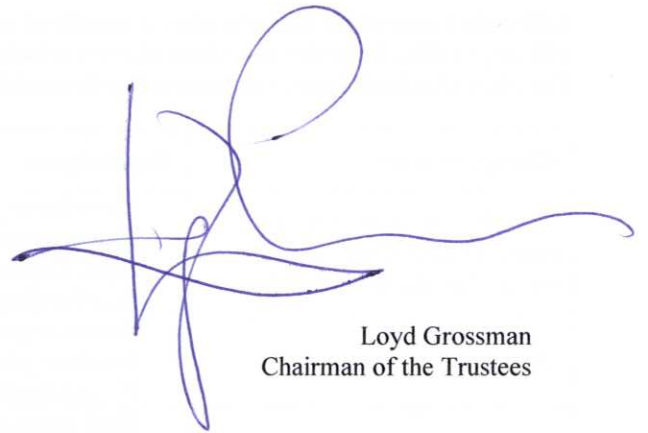
**AUDITORS**

The auditors are: PKF (UK) LLP, 20 Farringdon Road, London EC1M 3AP  
The auditors are appointed annually by the Trustees.

**BANKERS**

Coutts & Co., St Martin's Office, 440 Strand, London WC2R 0QS.  
The Central Board of Finance of the Church of England, 80 Cheapside, London EC2V 6DZ.

Signed on behalf of the Trustees on: *30 October 2008*



Loyd Grossman  
Chairman of the Trustees



Crispin Truman  
Chief Executive

**THE CHURCHES CONSERVATION TRUST**  
**STATEMENT OF TRUSTEES' AND ACCOUNTING OFFICER'S RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 MARCH 2008**

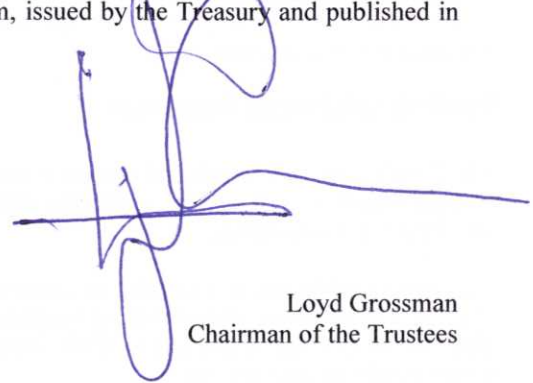
The Trust is a sponsored body of the Department for Culture, Media and Sport. The Trustees are required to prepare accounts for each financial year in the form and on the basis determined by the Secretary of State for Culture, Media and Sport, with the consent of the Treasury and in accordance with the Charities Act 1993 and the Pastoral Measure 1983. The accounts are prepared on an accruals basis to show a true and fair view of the state of affairs of the Trust at the balance sheet date and of the income and expenditure and cash flows for that period. In preparing those accounts, the Trustees are required to:

- Observe the accounts direction applicable to the year issued by the Secretary of State for Culture, Media and Sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, and disclose and explain any material departures in the accounts;
- Prepare the accounts on the going concern basis, unless it is inappropriate to presume that the Trust will continue in business.

The Trustees are responsible for ensuring that proper accounting records are kept of the Trust's financial position and income and expenditure. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Trustees are also responsible for ensuring that the Trustees' Report and other information included in the Annual Report is prepared in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice ('UK GAAP').

The Accounting Officer for the Department for Culture, Media and Sport has designated the Chief Executive of The Churches Conservation Trust as the Accounting Officer for the Trust.

The Accounting Officer's responsibilities, including the responsibility for the propriety and regularity of the public finances for which the Trustees are accountable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies 'Accounting Officers' Memorandum, issued by the Treasury and published in Government Accounting (HMSO).



Loyd Grossman  
Chairman of the Trustees



Crispin Truman  
Accounting Officer

**THE CHURCHES CONSERVATION TRUST  
STATEMENT OF INTERNAL CONTROL  
FOR THE YEAR ENDED 31 MARCH 2008**

**Scope of Responsibility**

The Accounting Officer and Board of Trustees have responsibility for maintaining a sound system of internal control which supports the achievement of the policies, aims and objectives of The Churches Conservation Trust ('The Trust') whilst safeguarding the public funds and assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned to him in Government Accounting.

Regular meetings with the Trust's main funders form a key part of this system. The Accounting Officer and the Director of Finance and Resources hold six-monthly review meetings with officers in the Department for Culture, Media and Sport (DCMS) to discuss performance against targets and the three-yearly Funding Agreement, governance and risk management matters. The Trust also welcomes this opportunity to be kept up to date with government requirements and to share best practice in this field.

The Accounting Officer and other members of the senior management team also meet with officers of the Church Commissioners and DCMS on a quarterly basis for an overall review of progress, information sharing and more detailed problem solving on specific issues. At these meetings control issues associated with, for example, future vestings of churches in the Trust are routinely considered. Member-level meetings also take place with the Church Commissioners and DCMS once a year for broader discussions of progress and strategy.

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system is based on an ongoing process designed to:

- Identify and prioritise the risks to the achievement of the Trust's policies, aims and objectives;
- Evaluate the likelihood of those risks being realised and the impact should they be realised; and
- Through key controls and specific actions and responsibilities, manage them efficiently, effectively and economically.

The system of internal control, which accords with Treasury guidance, was fully implemented in The Churches Conservation Trust in the year ended 31<sup>st</sup> March 2005 and has remained in place up to the date of approval of the annual report and accounts.

**The Risk and Control Framework**

The Trust's approach to risk and control is summarised in its risk register. This is organised according to overall corporate risks as well as risks associated with and addressed by the four current strategic aims which prescribe all of the Trust's activities.

The register addresses risk relating to finance, external environment and profile, human resources, governance, strategy and planning, organisational management and health and safety of staff and visitors. As noted above, risks are prioritised according to their impact and likelihood with actions assigned to ensure the Trust is appropriately managing them.

The register is reviewed by the Trust's senior management team and then twice annually at the Audit Committee. During the year the register is updated to reflect the highest risks and information added on routine management actions and its effect in mitigating risk. Trustees and staff now have a clearer picture of where residual risk remains highest and therefore the action needed.

The Trust's provider of internal audit services, AHL Ltd, adopts a risk-based approach to its work and is compliant with Government Internal Audit Standards. An internal audit plan, which is based on an assessment of the Trust's strategic and operational risks, is approved annually by the Audit Committee. As part of their ongoing work, AHL Ltd reviewed the Trust's financial controls. They concluded these were appropriate for the organisation.

**THE CHURCHES CONSERVATION TRUST  
STATEMENT OF INTERNAL CONTROL  
FOR THE YEAR ENDED 31 MARCH 2008**

**How the Trust Assesses Risk and its Actions in Addressing Issues**

In assessing risks and appropriate actions, the Trust's approach is summarised as follows, taken from the Treasury document 'Managing Public Money' (October 2007). The Trust aims to:

- **take opportunities:** for circumstances where the potential gain seems likely to outweigh the probable downside
- **tolerate:** for unavoidable risks, or those so mild or remote as to make avoidance action disproportionate or unattractive
- **treat:** for risks that can be reduced or eliminated by prevention or other control action
- **transfer:** where another party can take on some or all of the risk more economically or more effectively (for example through insurance, sharing risk with a contractor)
- **terminate:** for intolerable risks, but only where it is possible for the organisation to exit

**Annual Plan and Budget**

Risk management forms part of the business planning process. The senior management team formulates the Trust's annual plan and budget following consultation with staff through their professional groupings and organisation-wide seminars. The Trust's regional structure also adds capacity for regionally-led business planning which will play an increasingly important role in risk management at the Trust.

During the year particular attention has been given to risk management at project management level within the Trust, with new risk reporting requirements being introduced for project managers and teams.

Trustees approve the annual plan and budget and receive regular quantitative and qualitative reports on progress against targets. They also bring additional expert advice to bear through a range of practical working groups, including the Audit Committee, Finance Committee and the Conservation Working Group.

**Information Management**

The Trust is registered with the Information Commissioner's Office. The Churches Conservation Trust has suffered no protected personal data incidents during 2007/08 or prior years, and has made no reports to the Information Commissioner's office.

Controls are in place relating to monitor information management risk. A Trust policy, with training, will be implemented in 2008/09.

**Review of Effectiveness**

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. His review is informed by the work of the internal auditors and the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter, health and safety assessments and other reports.

No significant control issues arose during the year.

**THE CHURCHES CONSERVATION TRUST  
INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2008**

We have audited the financial statements of The Churches Conservation Trust for the year ended 31 March 2008 which comprise the statement of financial activities, the summary income and expenditure account the balance sheet, the cash flow statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the trustees, as a body, in accordance with Regulation 7 of the Charities Accounts and Report Regulations 2005. Our audit work has been undertaken so that we might state to the 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**

The trustees' responsibilities for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of trustees' responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

We read the trustees' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

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

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

**Opinion**

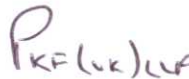
In our opinion the financial statements:

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

London, UK

30 OCTOBER

2008

  
**PKF (UK) LLP**  
Registered auditors

**THE CHURCHES CONSERVATION TRUST**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 MARCH 2008**

<u>Notes</u>	<u>Unrestricted</u> <u>Funds</u> £	<u>Restricted</u> <u>Funds</u> £	<u>Endowment</u> <u>Funds</u> £	<u>Total</u> <u>2008</u> £	<u>Total</u> <u>2007</u> £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from charitable activities</b>					
Grants	4,717,375	152,329	-	4,869,704	5,062,605
	4,717,375	152,329		4,869,704	5,062,605
<b>Incoming resources for generated funds</b>					
Voluntary income	236,310	44,405	-	280,715	208,976
Activities for generating funds	108,413	-	-	108,413	78,985
Investment income	51,532	61,316	13,602	126,450	119,716
	396,255	105,721	13,602	515,578	407,677
<b>TOTAL INCOMING RESOURCES</b>	<b>5,113,630</b>	<b>258,050</b>	<b>13,602</b>	<b>5,385,282</b>	<b>5,470,282</b>
<b>Less cost of generated funds</b>					
Fundraising and Publicity	(176,398)	-	-	(176,398)	(153,128)
<b>Total incoming resources available for charitable application</b>	<b>4,937,232</b>	<b>258,050</b>	<b>13,602</b>	<b>5,208,884</b>	<b>5,317,154</b>
<b>RESOURCES EXPENDED</b>					
<b>Charitable activities</b>					
Church repairs and maintenance	(3,756,861)	(289,785)	(20,409)	(4,067,055)	(4,483,868)
Development	(1,036,830)	(74,282)	-	(1,111,112)	(1,249,509)
Governance	(52,808)	-	-	(52,808)	(57,944)
<b>Total charitable activities</b>	<b>(4,846,499)</b>	<b>(364,067)</b>	<b>(20,409)</b>	<b>(5,230,975)</b>	<b>(5,791,321)</b>
<b>Other resources expended</b>	<b>(233,159)</b>	<b>(187,329)</b>	<b>-</b>	<b>(420,488)</b>	<b>-</b>
<b>TOTAL RESOURCES EXPENDED</b>	<b>(5,256,056)</b>	<b>(551,396)</b>	<b>(20,409)</b>	<b>(5,827,861)</b>	<b>(5,944,449)</b>
<b>Net (outgoing) resources before notional costs</b>					
Notional cost of capital	(142,426)	(293,346)	(6,807)	(442,579)	(474,167)
	(12,889)	-	-	(12,889)	(16,887)
<b>Net outgoing resources after notional costs</b>	<b>(155,315)</b>	<b>(293,346)</b>	<b>(6,807)</b>	<b>(455,468)</b>	<b>(491,054)</b>
Reversal of notional costs	12,889	-	-	12,889	16,887
<b>Net (outgoing) resources</b>	<b>(142,426)</b>	<b>(293,346)</b>	<b>(6,807)</b>	<b>(442,579)</b>	<b>(474,167)</b>
<b>Other recognised gains and losses</b>					
Unrealised (losses)/gains on investments	-	(27,774)	(22,225)	(49,999)	33,481
<b>Net movement in funds before transfers</b>	<b>(142,426)</b>	<b>(321,120)</b>	<b>(29,032)</b>	<b>(492,578)</b>	<b>(440,686)</b>
Balances brought forward at 1 April 2007	346,821	915,299	477,606	1,739,726	2,180,412
<b>Balances carried forward at 31 March 2008</b>	<b>204,395</b>	<b>594,179</b>	<b>448,574</b>	<b>1,247,148</b>	<b>1,739,726</b>

All amounts relate to continuing activities. There were no recognised gains or losses other than the result for the year.

**THE CHURCHES CONSERVATION TRUST  
SUMMARY INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2008**

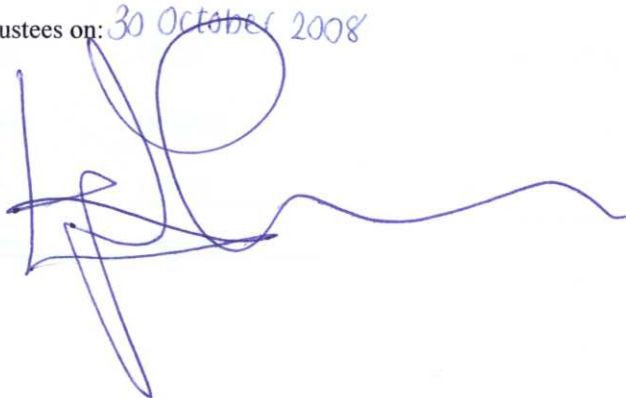
	<u>Notes</u>	2008 £	2007 £
<b>Income</b>			
Grants	1(b)	4,869,704	5,062,605
Voluntary income		280,715	208,976
Activities for generating funds		108,413	78,985
Investment income		126,450	119,716
<b>Total income</b>		<b>5,385,282</b>	<b>5,470,282</b>
<b>Expenditure</b>			
Fundraising and Publicity	1(c)	(176,398)	(153,128)
Church repairs and maintenance		(4,067,055)	(4,483,868)
Development		(1,111,112)	(1,249,509)
Governance		(52,808)	(57,944)
Other resources expended	17	(420,488)	-
<b>Total expenditure</b>		<b>(5,827,861)</b>	<b>(5,944,449)</b>
<b>Net deficit of income over expenditure before notional costs</b>		<b>(442,579)</b>	<b>(474,167)</b>
<b>Notional costs</b>			
Cost of capital	1(d)	(12,889)	(16,887)
<b>Deficit of income over expenditure after notional costs</b>		<b>(455,468)</b>	<b>(491,054)</b>
Reversal of notional costs		12,889	16,887
<b>Deficit of income over expenditure</b>		<b>(442,579)</b>	<b>(474,167)</b>



**THE CHURCHES CONSERVATION TRUST  
BALANCE SHEET  
FOR THE YEAR ENDED 31 MARCH 2008**

	<u>Notes</u>	<u>Unrestricted Funds</u> £	<u>Restricted Funds</u> £	<u>Endowment Funds</u> £	<u>Total 2008</u> £	<u>Total 2007</u> £
<b>FIXED ASSETS</b>						
Tangible fixed assets	6	21,038	-	-	21,038	64,037
Fixed Assets investments	7	-	347,374	278,700	626,074	676,073
		21,038	347,374	278,700	647,112	740,110
<b>Current Assets</b>						
Debtors	8	114,965	18,480	-	133,445	215,406
Cash on Deposit		521,899	301,609	169,497	993,005	1,518,856
Cash at bank and in hand		172,877	-	377	173,254	125,909
		809,741	320,089	169,874	1,299,704	1,860,171
<b>Creditors</b>						
Amounts falling due within one year:	9	(516,564)	(73,284)	-	(589,848)	(733,666)
<b>NET CURRENT ASSETS</b>		293,177	246,805	169,874	709,856	1,126,505
<b>Creditors</b>						
Amounts falling due after one year:						
Provisions for liabilities and charges	10	(109,820)	-	-	(109,820)	(126,889)
<b>NET ASSETS</b>		204,395	594,179	448,574	1,247,148	1,739,726
<b>FUNDS</b>						
Endowment funds	11	-	-	448,574	448,574	477,606
Income funds	11	204,395	594,179	-	798,574	1,262,120
		204,395	594,179	448,574	1,247,148	1,739,726

Approved and authorised for issue by the Trustees on: 30 October 2008



Signed on their behalf by:

**THE CHURCHES CONSERVATION TRUST  
CASHFLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2008**

<u>Notes</u>	<u>2008</u> £	<u>2007</u> £
<b>Net cash (out) flow from operating activities</b>	<b>(604,956)</b>	<b>(388,638)</b>
<b>Returns on investments and servicing of finance</b>		
Investment income received	126,450	119,716
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>126,450</b>	<b>119,716</b>
Capital expenditure: Purchase of tangible fixed assets	-	(7,020)
<b>Net cash outflow from capital expenditure</b>	<b>-</b>	<b>(7,020)</b>
<b>Net cash outflow</b>	<b>(478,506)</b>	<b>(275,942)</b>
<b>(Decrease) in cash during the year</b>	<b>14 (478,506)</b>	<b>(275,942)</b>

<b>Net cash outflow from operating activities</b>	<u>2008</u> £	<u>2007</u> £
<b>Net (outgoing) resources</b>	<b>(442,579)</b>	<b>(474,167)</b>
Investment income	(126,450)	(119,716)
Depreciation	42,999	48,295
Deferred rental credit	-	(17,092)
Decrease in debtors and prepayments	62,185	472,334
(Decrease) in creditors	(124,042)	(290,301)
Decrease in provisions	(17,069)	(7,991)
<b>Net cash (outflow) from operating activities</b>	<b>(604,956)</b>	<b>(388,638)</b>

**THE CHURCHES CONSERVATION TRUST  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**1. ACCOUNTING POLICIES**

The accounts have been prepared in accordance with the Accounts Direction issued by the Department for Culture, Media and Sport, the recommendations of the Statement of Recommended Practice (2005), 'Accounting and Reporting by Charities' and applicable Accounting Standards in the United Kingdom. The main accounting policies, which have been applied consistently, are set out below. A copy of the Accounts Direction can be obtained from the Trust's offices.

**(a) Basis of Accounting**

The accounts have been prepared in accordance with the historic cost convention as modified by the revaluation of fixed asset investments.

**(b) Incoming Resources**

Statutory grants comprise grant-in-aid from the Department for Culture, Media and Sport amounting to £3,000,000 (2007: £3,000,000) and a grant from the Church Commissioners amounting to: £1,285,714 (2007: £1,285,714). Grant-in-Aid is allocated to general unrestricted purposes and is taken to the Statement of Financial Activities in the year to which it relates. Other grants, donations and investment income are included in the accounts in the year in which they are receivable. Legacies are included when the Trust is notified by the personal representatives of an estate that payment will be made or property transferred and the amount involved can be quantified with reasonable certainty.

**(c) Resources Expended**

Resources expended are included in the Statement of Financial Activities on an accruals basis. The Trust is not registered for VAT and, accordingly, expenditure is shown gross of irrecoverable VAT.

Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Head office premises costs are apportioned on the basis of the space occupied by particular groups of staff. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Trust and include the audit fees and costs linked to the strategic management of the Trust.

**(d) Notional Costs**

As set out in the guidance given by the Department for Culture, Media and Sport, the notional cost of capital is calculated at 3½% of the average capital employed by the Trust in the year, less donated assets and abated by the amount of actual interest or finance charges incurred. The Trust considers that the Restricted Specific Churches Funds and the Permanent Endowment Funds meet the definition of donated assets, and they are not financed by grant-in-aid monies. Accordingly they have been excluded from the cost of capital calculation.

**(e) Fund Accounting**

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Trust. Restricted funds are funds subject to specific restrictions imposed by donors. Permanent endowment funds are funds which the donor has stated are to be held as capital with income being used for church repairs and maintenance. Expendable endowment funds are funds which the donor has stated, along with the income generated, can be used for church repairs and maintenance.

**(f) Tangible Fixed Assets**

The Accounts Direction issued to the Trust by the Department for Culture, Media and Sport requires that tangible fixed assets are accounted for by modified historic cost accounting. However, the Trustees consider that the adjustments required to account for the tangible fixed assets by modified historic cost accounting are immaterial and consequently tangible fixed assets are accounted for by historic cost accounting.

Tangible fixed assets are stated at cost which represents their purchase cost, together with any incidental costs of acquisition, less accumulated depreciation.

**THE CHURCHES CONSERVATION TRUST**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2008**

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Tenants' improvements	20%
Furniture and fittings	20%
Equipment	25%

**(g) Fixed Asset Investments**

Fixed asset investments are stated at their year end middle market value. Investments vested with churches are accounted for at their market value at the date of vesting. As a result, the Statement of Financial Activities includes those unrealised gains and losses arising from the revaluation of the investment portfolio at the year end.

**(h) Finance and Operating Leases**

Leasing agreements which transfer to the Trust substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the Statement of Financial Activities in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of the equivalent owned assets.

Operating lease costs are charged to the Statement of Financial Activities as incurred.

**(i) Vested Churches**

At 31<sup>st</sup> March 2008, 340 (2007: 340) churches were vested in the Trust. No value is attributed to the vested churches or their contents in the accounts, in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005), as the Trustees believe the cost of obtaining valuations would be onerous compared with the additional benefit derived by users of the accounts.

**(j) Pensions**

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS) which are described in Note 15. The defined benefit schemes are unfunded. The Trust recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Trust recognises the contributions payable for the year.

**(k) Early Retirement Costs**

The Trust bears the full cost of the Principal Civil Service Pension Scheme benefits for employees who retire early until the employee reaches the normal retirement age. The total cost is charged to the Statement of Financial Activities in the year an individual takes early retirement and a provision for future pension payments is created. Payments to the retired employee until normal retirement age are then charged annually against the provision and are being discounted at 6% to reflect the time value of money.

**THE CHURCHES CONSERVATION TRUST  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**2. TAXATION**

The Trust is a registered charity and takes advantage of the exemptions available to charitable organisations. No provision was made for taxation on its current activities.

**3. INCOMING RESOURCES**

	<u>2008</u>	<u>2007</u>
	£	£
Statutory grants	4,347,520	4,347,520
Other grants	522,184	715,085
Legacies and bequests	75,594	3,135
Donations	205,121	205,841
Investment income	126,450	119,716
Other income	108,413	78,985
<b>TOTAL INCOMING RESOURCES</b>	<b>5,385,282</b>	<b>5,470,282</b>

**4. EXPENDITURE**

	Direct Staff costs	Other Direct costs	Support costs	<u>2008</u>	<u>2007</u>
	£	£	£	Total	Total
<b>RESOURCES EXPENDED</b>				£	£
<b>Cost of generating funds</b>					
Fundraising and publicity	102,559	54,978	18,861	176,398	153,128
	102,559	54,978	18,861	176,398	153,128
<b>Charitable activities</b>					
Church repairs and maintenance	452,680	3,325,170	289,205	4,067,055	4,483,868
Development	555,545	241,214	314,353	1,111,112	1,249,509
Governance	19,968	26,553	6,287	52,808	57,944
	1,028,193	3,592,937	609,845	5,230,975	5,791,321
<b>Other resources expended</b>	-	420,488	-	420,488	-
<b>TOTAL RESOURCES EXPENDED</b>	<b>1,130,752</b>	<b>4,068,403</b>	<b>628,706</b>	<b>5,827,861</b>	<b>5,944,449</b>

	Fundraising & Publicity	Church repairs & maintenance	Development	Governance	<u>2008</u>	<u>2007</u>
	£	£	£	£	Total	Total
<b>SUPPORT COSTS ALLOCATED TO ACTIVITIES</b>					£	£
Staff costs	6,756	103,586	112,593	2,252	225,187	282,322
Premises costs	3,589	55,038	59,824	1,196	119,647	112,142
Communications	971	14,886	16,180	324	32,361	118,860
Publications	2,551	39,123	42,525	850	85,049	101,086
Office costs	1,415	21,694	23,579	472	47,160	58,714
IT Costs	1,134	17,384	18,896	378	37,792	35,344
Professional consultancy	1,155	17,715	19,256	385	38,511	32,394
Depreciation	1,290	19,779	21,500	430	42,999	48,296
<b>TOTAL SUPPORT COSTS</b>	<b>18,861</b>	<b>289,205</b>	<b>314,353</b>	<b>6,287</b>	<b>628,706</b>	<b>789,158</b>

**THE CHURCHES CONSERVATION TRUST  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

Support costs are apportioned on the basis of staff time

The Trust has spent all of its grant-in-aid received during the year, and the reserves carried forward relate wholly to other sources of funding.

The Trustees neither received nor waived any emoluments during the year (2007: £Nil). Four Trustees (2007: six ) received reimbursements for travel and subsistence of £333 (2007: £2,188)

**Net incoming resources are stated after charging**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Auditors' remuneration	<b>15,583</b>	<b>16,298</b>

**5. SALARIES, EMPLOYMENT COSTS AND EXPENSES**

	Fundraising & Publicity	Church repairs & mainten.	Development	Governance	Support	2008 <u>Total</u>	2007 <u>Total</u>
	£	£	£	£	£	£	£
Gross salaries	67,041	340,699	387,782	9,650	150,186	<b>955,358</b>	885,934
Social security costs	5,845	23,359	26,729	1,031	10,875	<b>67,839</b>	60,699
Pension costs	16,952	54,643	69,132	2,389	27,134	<b>170,250</b>	139,795
Early retirement costs	1,074	1,075	1,075	1,074	1,074	<b>5,372</b>	41,870
Agency staff and self employed (relates, in the main, to one-off project work and vacancy cover)	446	2,388	2,388	446	21,537	<b>27,205</b>	70,956
Travel expenses	4,065	21,863	38,215	3,043	4,014	<b>71,200</b>	76,673
Staff Training	928	3,562	3,732	790	3,390	<b>12,402</b>	26,313
Car Leasing	629	411	14,010	157	472	<b>15,679</b>	15,619
Recruitment costs	4,483	1,745	11,121	293	5,428	<b>23,070</b>	36,512
Staff Admin costs	1,096	2,935	1,361	1,095	1,077	<b>7,564</b>	9,412
	<b>102,559</b>	<b>452,680</b>	<b>555,545</b>	<b>19,968</b>	<b>225,187</b>	<b>1,355,939</b>	<b>1,363,783</b>
Average number of employees on a full time equivalent basis:	<b>3</b>	<b>9</b>	<b>18</b>	<b>1</b>	<b>6</b>	<b>37</b>	<b>35</b>

**THE CHURCHES CONSERVATION TRUST  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**Remuneration of Senior Managers**

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
	£000	£000	£000	£000	£000	£000	£000
	Salary, including performance pay	Benefits in kind (rounded to nearest £100)	Real increase in pension and related lump sum at age 60	Total accrued pension at age 60 at 31/3/07 and related lump sum	CETV at 31/3/07	CETV at 31/3/08	Real increase in CETV as funded by employer
Crispin Truman Chief Executive (full time)	60-65	Nil	0-2.5	5-10	69	96	13
Sarah Robinson Director of Conservation (part-time and employed for 3 months from January 2008). *	35-45	Nil	0-2.5	5-10	100	121	4
John McVerry Interim Director of Conservation (full-time and employed for 9 months to December 2007).							
John McVerry Interim Director of Conservation (full time)			n/a	n/a	n/a	n/a	n/a
Vipan Narang Director of Finance & Resources (full time)	45-50	Nil	0.2.5	0-2.5	6	16	7
Colin Shearer Director of Development (full time)	40-45	Nil	0-2.5	2.5-5	31	49	18

\* : columns 2 to 7 relate to the permanent Director of Conservation.

**CCT Pension: Benefits and Contributions**

Pension benefits are provided through the Civil Service Pension (CSP) arrangements. Members may be in one of four defined benefit schemes (classic, classic plus, premium and nuvos). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under each scheme are increased annually in line with changes in the Retail Prices Index. New entrants after 30<sup>th</sup> July 2007 may chose between membership of nuvos or joining a good quality ‘money purchase’ stakeholder arrangement with a significant employer contribution (partnership pension account). The rate of CCT annual contributions (expressed as a percentage of pensionable pay) for employees that join the schemes, ranges from 17.1% to 25.5%.

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in the classic scheme accrue at the rate of 1/80<sup>th</sup> of pensionable salary for each year of service. In addition, a lump sum equivalent to three years’ pension is payable on retirement. The lump sum can be exchanged in return for an increase in pension.

For premium, benefits accrue at the rate of 1/60<sup>th</sup> of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, but members may give up (commute) some of their pension to provide a lump sum. Classic plus is essential a variation of premium, with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

Nuvos was introduced on 30<sup>th</sup> July 2007. Each year, employees earn 2.3% of pensionable earnings towards their pension. The nuvos scheme is payable at the retirement age of 65. Again, there is no automatic lump sum, but members may give up (commute) some of their pension to provide a lump sum.

The partnership pension account is a stakeholder pension arrangement. Further details about the CSP arrangement can be found at [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

Notes to the above table

*Column 1: ‘Salary’.* Includes gross salary, performance pay or bonuses; overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation.

**THE CHURCHES CONSERVATION TRUST  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

*Columns 5 & 6: 'The Cash Equivalent Transfer Value (CETV)'. This is the actuarially assessed capitalized value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total civil service, not just their current appointment. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.*

*Column 7: 'Real increase in CETV as funded by employer'. This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.*

**6. TANGIBLE FIXED ASSETS**

	<u>Tenants'</u> <u>Improvements</u>	<u>Furniture &amp;</u> <u>Equipment</u>	<u>Total</u>
	£	£	£
<b>Cost</b>			
At 1 April 2007	46,897	179,000	<b>225,897</b>
Additions	-	-	-
Disposals	-	-	-
At 31 March 2008	<u>46,897</u>	<u>179,000</u>	<u><b>225,897</b></u>
<b>Depreciation</b>			
At 1 April 2008	37,908	123,952	<b>161,860</b>
Charge for the year	8,989	34,010	<b>42,999</b>
Eliminated on disposal	-	-	-
At 31 March 2008	<u>46,897</u>	<u>157,962</u>	<u><b>204,859</b></u>
<b>Net book value</b>			
At 31 March 2008	<u>-</u>	<u>21,038</u>	<u><b>21,038</b></u>
At 31 March 2007	<u>8,989</u>	<u>55,048</u>	<u><b>64,037</b></u>

**7. FIXED ASSET INVESTMENTS**

	<u>Restricted</u> <u>Funds</u>	<u>Permanent</u> <u>Endowment Funds</u>	<u>Total</u> <u>Funds</u>
	£	£	£
At 1 April 2007	375,148	300,925	<b>676,073</b>
Acquisitions	-	-	-
Endowment relinquished	-	-	-
Net unrealised loss on revaluation	(27,774)	(22,225)	<b>(49,999)</b>
At 31 March 2008	<u>347,374</u>	<u>278,700</u>	<u><b>626,074</b></u>
Historic cost at 31 March 2007	<u>277,036</u>	<u>198,598</u>	<u>475,634</u>

The unrealised loss was calculated as a result of the Trust's annual revaluation of its assets. It follows several years of unrealised gains. The Trust is reviewing its asset allocation.



**THE CHURCHES CONSERVATION TRUST  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**8. DEBTORS**

	<u>Unrestricted</u> <u>Funds</u> £	<u>Restricted Funds</u> £	<u>2008</u> <u>Total</u> £	<u>2007</u> <u>Total</u> £
Listed Places of Worship Grant Scheme	64,526	-	<b>64,526</b>	132,884
Due from grant giving bodies	-	2,200	<b>2,200</b>	12,229
Other debtors and prepayments	50,439	-	<b>50,439</b>	57,527
Due from Unrestricted Funds	-	16,280	<b>16,280</b>	12,766
	<u>114,965</u>	<u>18,480</u>	<u><b>133,445</b></u>	<u>215,406</u>

**9. CREDITORS**

	<u>Unrestricted</u> <u>Funds</u> £	<u>Restricted Funds</u> £	<u>2008</u> <u>Total</u> £	<u>2007</u> <u>Total</u> £
<b>Amounts falling due within one year</b>				
Trade creditors	500,284	73,284	<b>573,568</b>	720,900
Due to Restricted Funds	16,280	-	<b>16,280</b>	12,766
	<u>516,564</u>	<u>73,284</u>	<u><b>589,848</b></u>	<u>733,666</u>

(Note: 99% of invoices were paid within 30 days of receipt.)

**10. PROVISION FOR LIABILITIES AND CHARGES**

	<b>Early Retirement 2008</b> £
At 1 April 2007	126,889
Released during the year	(17,069)
At 31 March 2008	<u><b>109,820</b></u>

**THE CHURCHES CONSERVATION TRUST  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**11. FUNDS**

	<u>Balance</u> <u>as at 1 April</u> <u>2007</u> £	<u>Incoming</u> <u>Resources</u> £	<u>Resources</u> <u>Expended</u> £	<u>Unrealised losses</u> £	<u>Balance</u> <u>at 31 March</u> <u>2008</u> £
Unrestricted funds	346,821	5,113,630	(5,256,056)	-	<b>204,395</b>
Restricted funds	915,299	258,050	(551,396)	(27,774)	<b>594,179</b>
Permanent endowment funds	301,302	-	-	(22,225)	<b>279,077</b>
Expendable Endowment Fund	176,304	13,602	(20,409)	-	<b>169,497</b>
	<u>1,739,726</u>	<u>5,385,282</u>	<u>(5,827,861)</u>	<u>(49,999)</u>	<u><b>1,247,148</b></u>

**Permanent Endowment Funds** comprise investments held by the Trust to provide income for certain specific churches vested in the Trust.

**Expendable endowment funds** comprise current assets held by the Trust to provide income for St James, Stirchley.

**Restricted Funds** are an accumulation of smaller sums of money donated by the public for expenditure on the church for which they were given. A separate fund is maintained for each vested church with income, known collectively as the Specific Churches Funds. Expenditure funded by grants for specific projects is also accounted for through restricted funds.

**12. OPERATING LEASE COMMITMENTS**

The annual commitment in respect of operating leases were as follows:

	<u>2008</u> £	<u>2007</u> £
<b>Leases expiring between 0 and 5 years</b>		
Motor vehicles	<u>12,537</u>	15,451
Land and buildings	<u>103,400</u>	90,499

**13. REPAIR COMMITMENTS**

At 31 March 2008 the Trust had contracted to carry out repair projects as follows:

	<u>2008</u> £	<u>2007</u> £
2006/07 Programme	-	558,490
2007/08 Programme	<b>107,450</b>	852,600
2008/09 Programme	<b>839,400</b>	-
	<u><b>946,850</b></u>	<u>1,411,090</u>

**THE CHURCHES CONSERVATION TRUST  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**14. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	<u>2008</u>	<u>2007</u>
	£	£
(Decrease) in cash in the year	<u>(478,506)</u>	<u>(275,942)</u>
Change in net funds resulting from cash flows	(478,506)	(275,942)
Net funds at 31 March 2007	<u>1,644,765</u>	1,920,707
<b>Net funds at 31 March 2008</b>	<u><u>1,166,259</u></u>	<u>1,644,765</u>

**15. PENSION SCHEME ARRANGEMENTS**

The Trust participates in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is an unfunded multi-employer defined benefit scheme but the Churches Conservation Trust is unable to identify its share of the underlying assets and liabilities. In December 2007, the Scheme Actuary, Hewitt Bacon & Woodrow Limited, valued the Scheme (as at 31 March 2008) and concluded the scheme was in surplus. Details can be found in the resource accounts of Civil Service Pensions: <http://www.civilservice-pensions.gov.uk>

For 2007/08 employers' contributions of £154,131 were payable to the PCSPS (2006/07: £137,749) at one of three rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £64 (2006/07: £2,046) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay.

In addition, employer contributions of £814 (2006/07: £814) 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the pension providers at 31<sup>st</sup> March 2008 were nil (2007: nil).

**16. RELATED PARTY TRANSACTIONS**

The Trust is sponsored by the Department for Culture, Media and Sport and the Church Commissioners. The Department for Culture, Media and Sport is regarded as a related party and transactions with the Department are fully disclosed in the notes to the accounts.

**17. OTHER RESOURCES EXPENDED**

The Trust is one of many charities adversely affected by the financial situation of the Icelandic banks, having for the past three years held deposits with Kaupthing, Singer and Friedlander who went into administration in early October 2008. For efficiency of cash management, we had been reducing the balance in this account; at the date of administration it stood at £420,488. Reflecting the high degree of uncertainty in the outcome of our efforts to reclaim this money, the Trust has written down its net assets by this amount.

The Trust is working with the relevant bodies to seek to recover what we can of these deposits. The loss of this amount of money would result in a number of important projects not going ahead in future years. However the strong position with which the Trust ended 2007/08 means that work for 2008/09 can continue as planned.