



THE CHURCHES CONSERVATION TRUST

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010**

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

July 2010

**THE CHURCHES CONSERVATION TRUST
FOREWORD AND TRUSTEES' REPORT
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CHAIRMAN'S INTRODUCTION

The Churches Conservation Trust (CCT) is an independent charity which achieves significant practical results, brings economic benefit to local areas and catalyzes community action. After several years of development and change we now demonstrate, through groundbreaking projects across our estate, the most effective ways to help communities and congregations save their historic churches and of finding new community uses to secure their future.

In 2009, 90% of our money was allocated to the front line: 67% on church repairs and 23% on educational and community projects.

It was a year of breakthroughs, with the return of Toxteth St James to the diocese of Liverpool, the £4.6 million external funding of the Bolton All Souls Community Centre Trust and the launch of our first preventative project working with partners at Benington All Saints in Lincolnshire. At the same time we've continued to save historic churches at risk, taking two more nationally important churches into ownership and embarking on major repair programmes to save them from long term decay.

Our 341 churches across England have been the focus for record numbers of visitors for the seventh year in a row – 1.7 million people – and over 3,500 community and cultural events as we celebrated our 40th Anniversary. Our volunteers and Friends groups took centre stage at the national thanksgiving at Westminster Abbey and led local bell ringing and 'Birthday Song' weekends which made the national press. I was personally involved in the launch of the Trust's new philanthropic programmes including the appointment of 20 Founder Patrons, a new directors' donor group and a steady growth in donations by visitors and supporters. These activities will provide the key to long term sustainability for the CCT and ensure we make the most of our highly-valued Government and Church Commissioner grants.

In 2010 the talk is all of public funding cuts and we're working with others through the Places of Worship@Heritage Alliance group to make sure that the valuable work done through all historic churches continues. CCT has a lead role to play in ensuring that the achievements of the whole sector are shared with the public and the Government at this critical time. The taxpayer's crucial investment in historic parish churches is multiplied many times over by the donations and income it generates locally and by the huge citizen action which it stimulates. Community church projects show how national bodies can catalyze and support local action in the most light-touch and cost-effective way, filling the gaps in local skills and capacity while giving people the freedom and energy which stimulates local initiative. Historic churches have a lead role to play in building civil society and CCT has the track record to prove it.

Loyd Grossman
Chairman

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The Churches Conservation Trust ('The Trust') is the national charity protecting historic churches at risk. We've saved 341 beautiful buildings which attract more than 1.7 million visitors a year. With our help and with your support they are kept open and in use – living once again at the heart of their communities.

CONSTITUTION

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 is now in the second year of its 2009-15 strategic plan. We aim to:

1. **sustain** our historic churches, conserving and adapting them for 21st Century communities;
2. **encourage** people to enjoy, visit, use and care for our churches;
3. **grow** the Trust, its skills, partnerships and income; and
4. **share** our learning.

The aims guide our activities, projects and the allocation of our resources for six years. They take account of the external environment and internal organisational imperatives. They are delivered through plans, projects and budgets carried out by the Trust's regional and national teams. A review will take place after three years.

The aims continue the Trust's move towards supporting communities and their care and use of historic church buildings. They demonstrate the Trust's response to a changing environment where sustainability of church buildings is inextricably linked to their being put back at the heart of community life. The aim is also to sustain the Trust itself, managing its ever-growing estate more proactively, working preventively, and diversifying the sources of support and income upon which it depends.

The Trust runs a wide range of projects in order to further its strategic objectives. It manages an ongoing programme of conservation, repair and maintenance of all 341 buildings in its estate and of additional churches at risk coming into the ownership of the Trust during the year. 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 projects to support and promote community, arts, cultural and educational use, tourism and the local management or leasing of its buildings. Other projects aim to increase external funding, volunteering, partnerships and local involvement.

GOVERNANCE

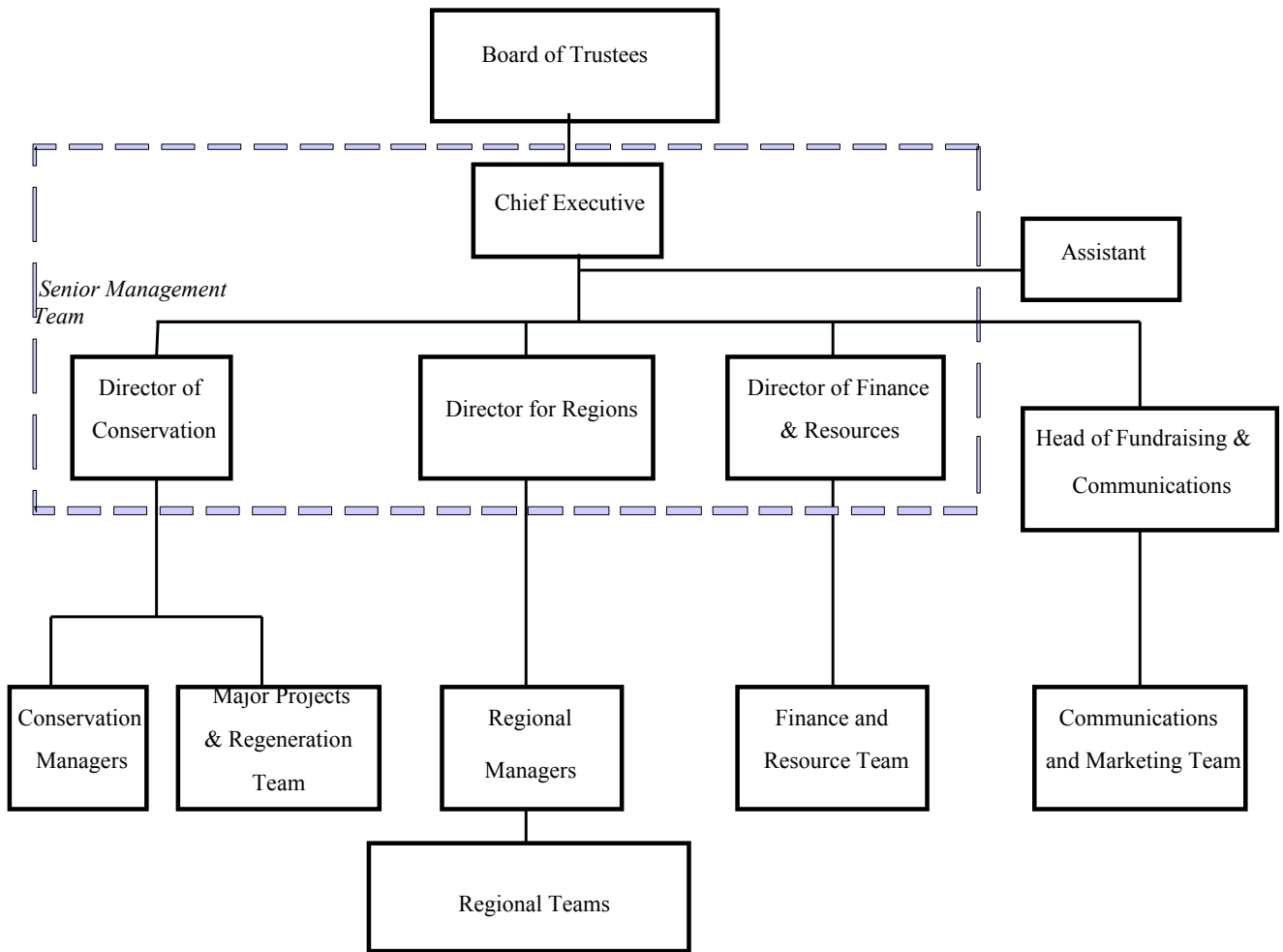
The Trust is governed by a board of ten Trustees, including the Chairman. The Trustees are appointed by Her Majesty the Queen, on the advice of the Archbishops of Canterbury and York, submitted through the Prime Minister.

New Trustees are fully inducted into the Trust to better understand their responsibilities and the operational and strategic framework in which the Trust operates.

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 and Resources. Each director has their own team of staff as illustrated in the organisational chart below.

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TRUSTEES

The Trustees during the year were:

Mr Loyd Grossman OBE FSA	Chairman
Mrs Jennifer Baker OBE	
Mrs Debbie Dance	
Mr Alec Forshaw	Chair of the Conservation Committee
Mr Matthew Girt	
The Very Reverend Peter Judd	
The Reverend Brian McHenry CBE	Chair of the HR sub-Committee
Mr Nick Thompson	
Ms Jane Weeks	Deputy Chair of Trustees (from 25 February 2010)
Mr Duncan Wilson OBE	Chair of the Finance and Audit Committee

During the year to 31 March 2010, the Board met five times. The Finance and Audit Committee and the Conservation Committee, which are both sub-committees of the Board, met on four occasions. The newly formed HR sub-Committee (of the Finance and Audit Committee) met in February for its first meeting. Remuneration is dealt with by the Finance and Audit Committee.

The Trust's Chief Executive Officer is Mr Crispin Truman.

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REGISTERED CHARITY NUMBER

The Churches Conservation Trust's Registered Charity Number is 258612.

RESERVES POLICY

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 £1,289,000 on 31 March 2010. The Trust's policy is to use them to fund work at eligible churches wherever possible.

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 £234,000 (that is, £240,000 less £6,000). This represents a decrease, compared to the previous year, of £20,000.

The Trust aims to maintain free reserves at a level which provides a reasonable level of security against unanticipated shortfall in its income and against the risk of delays in receipt of grants for specific projects which are paid in arrears. Its reserves should also be adequate to cover one-off emergency repairs or similar unforeseen expenditure. In 2008-09, Trustees adopted a new reserves policy aimed at increasing its free reserves to £400,000. Trustees continue to monitor this target in light of the current economic circumstances and will keep it under review.

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.

Management, with Trustees' approval, periodically review the Trust's investment strategy. The current review of its investment strategy and asset allocation will be completed in the first half of the year ending 31 March 2011. A summary will be provided in next year's annual report and accounts.

IDENTIFICATION OF RISKS

The Trustees, through the Finance and 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 reviewed regularly and formally recorded 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 those risks. Following management update, the register is reviewed at each meeting of the Finance and Audit Committee and the Board. Another key means by which the Trust manages its risks is through regular team meetings. Here, issues are raised, risks highlighted and then, where appropriate, escalated through the Trust's slim management structure. The monthly Senior Management team meetings is an example of this. Here, budget variances are discussed with remedial action taken where necessary.

The top two risks which the Trust faces at present and how these are being mitigated are:

- Failing to further diversify its income base by securing new sources of income, while repairs costs continue to increase. The Trust seeks to mitigate this risk through its phased investment in fundraising activity and through the work of its Regeneration team on preventative and devesting projects to help control the size of the estate.

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- Not having the organisational culture, processes and capacity in place to achieve its strategic aims. With the growing move to regional and local delivery, the Trust is currently reviewing how it works to identify areas where further efficiencies can be extracted.

The risk of poor brand awareness, identified here last year, has reduced with the increased profile the Trust gained during its series of planned events in 2009, its 40th year.

Full detail on how the Trust manages risk is contained later in the 'Statement on Internal Control' (pages 23-25).

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 and to pay in accordance with its contractual and other legal obligations.

PUBLIC BENEFIT

Under Charity Commission legislation, annually, charity Trustees must now confirm that they are carrying out their charity's aims for the public benefit under a charitable purpose. To do this the activities of the Trust must fall within the descriptions of charitable purposes set out in the Charities Act and be for the public benefit. The Trust meets its obligations through 'advancing arts, culture, heritage or science'. It manages and provides free admission to 341 historic buildings which are open to the public on a daily basis and which are made available for community use. As reported in pages 16 and 17, in the past year the Trust received 1.7 million visitors at its churches, 13% above target and 16% more than that achieved last year. Also, the number of events in Trust churches increased to more than 3,500, exceeding the target for the year by 19%. These figures highlight the public benefit the Trust brings through its work. All Trustees give their time voluntarily and receive no benefit from the charity. Expenses reclaimed from the charity are set out in note 5 to the accounts.

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2009-10 ACHIEVEMENTS AND PERFORMANCE

1) Overview

In 2009, our 40th year, the Trust achieved record numbers of visitors and community events in its churches, increased donations and independent income and began providing new types of support to communities at risk of losing their historic church. We did this in a year of recession and uncertainty, when overall charitable giving dropped.

90% of our budget of £6 million was allocated to front line services to our churches and their communities: 67% on church repairs and maintenance and 23% on educational, cultural and community projects. Our small staff team, supported to an increasing extent by volunteers and community bodies, kept the Trust's historic churches in good repair, open and welcoming while engaging in a growing number of new and innovative projects. We delivered a high quality repair programme within a very tight budget and achieved significant breakthroughs with our new youth volunteering project, approval of the £3.6 million Heritage Lottery Fund (HLF) grant for Bolton, the return of Toxteth to parish worship and the launch of the Regeneration task force.

This year, for the first time, we've estimated the economic value of the work of our volunteers to be at least £3.4 million. This highlights the enormous value which our 3,500 volunteers bring to what we do: without them our historic churches would be far poorer and access to the public would be limited.

Initiatives to improve the visitor experience, support and increase volunteering, and engage communities in church use and management, met with increasing success.

Regeneration, increasing income and raising the profile of our work and sites are activities which demand new skills, resources and partnerships and considerable effort has been made in these areas in 2009-10.

Our achievements are summarised by strategic aim below. Each section is preceded by a table showing progress against key priorities we set ourselves in order to ensure particular progress on those areas during the year.

2) Aim One: Sustain our Historic Churches

2009 priority	How we've done
Complete and launch new strategic plan	Plan complete and integrated with finance strategy, team objectives and rolling annual plans/budgets. Plan launched and work begun. Estate review largely completed although timetable delayed to give priority to 40 th Anniversary activity.
Make case to Government and Parliament for growth in grant-in-aid	Sixty MP visits to CCT churches in their constituencies resulted in commitment to support us locally and nationally. Board-level contact with ministers and shadow ministers ensured all parties aware of impact of CCT's work. Secretary of State visited Exeter St Martin's Bolton project gained exceptional mention in shadow Secretary of State heritage speech at the Globe.
Respond to health and safety review	Management response to Ostras report agreed. Plan complete and work begun. Health & Safety Committee effective.

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Significant progress was made on repairing the existing estate this year as an additional £150,000 was made available from returned Icelandic funds. Repair projects as always ranged in size and complexity. Major repairs (£50,000 inclusive) were undertaken at 12 churches including repairs to the timber windows and glass at St Peter's Sandwich, render and plaster repairs to St John Strensham, masonry repairs and re-pointing to the tower walls at St James Cameley, and roofing and other repairs to Yarburgh. Many more small scale but nevertheless important repair contracts were undertaken at other churches.

The conservation and repair of the 12th Century Romanesque wooden door at Little Hornead church was one exciting project. With ancient ironmongery it is believed to be the oldest complete example of its type in England, the work cost £8,000 – remarkable value for money for such specialist work but illustrative that good conservation costs need not be excessive. The coldest winter in 30 years led to some delays, particularly because many projects were for roof repairs and thus subject to autumn starts because of bats. Contractors did what they could to catch up and projects were brought forward to compensate.

St Margaret of Antioch Knotting was vested on 1 April 2009, arriving as a timely birthday present at the start of the Trust's 40th Anniversary year, followed in September by Thornton-le-Moors. Repair contracts at both churches were started in 2009, costing £205,000 and £350,000 respectively, the latter unplanned because of delays to our proposed work at Linley. The vesting of Linley was delayed yet again owing to prolonged access negotiations with the adjoining landowner and work is now planned for 2010-11.

The end of 2009 saw the start of a major review and retendering of the Trust's term consultants (architects and surveyors). This project will take some months to complete.

The pioneering Regeneration Team ('Taskforce') was formally launched in November. The new Taskforce Advisory Group has quickly found its feet to provide expert advice and opinion on the Trust's regeneration projects. Capacity was enhanced in December with the employment of a second Regeneration Officer, 50% funded by English Heritage's Support Officer programme.

We made significant progress on our major urban church projects during 2009-10. The HLF awarded the Trust a total grant of £3.6 million towards our project to develop a community centre in All Souls, Bolton, which will be received over the life of the project. Match funding has proved trickier in the difficult economic climate. The HLF bid for St Mary, Ipswich, submitted by East Suffolk Mind in partnership with CCT, was turned down at Stage 1. Elements of the bid were strengthened and a second, better application re-submitted. We await the outcome of the HLF's decision. It is interesting to note that the plan for 2009-10 saw Oseney Crescent 'on the verge' of signing the lease with the locally based and very keen Ethiopian Community group but predicted limited progress for Toxteth because the size of the task for the Diocese in developing the church. Eighteen months later it is Toxteth that has now been de-vested and Oseney has not materialised as we had hoped. This simply illustrates how much we depend on our partners in this groundbreaking work by the Trust.

The Midlands maintenance pilot was offered for tender to a number of interested contractors towards the end of the period and we await the outcome of this process. A professional architect working as a volunteer supported the Conservation Manager in producing risk assessments for all maintenance work at churches in the region as part of the tender information. The pilot was also extended to the North West (unplanned) where the Conservation Manager was unfamiliar with contractors and where it is not cost effective for them to be continually driving across the country to deal with small repair and maintenance issues.

We began to look at the future of the Trust's maintenance regime in conjunction with a wider look at what's needed in historic parish church maintenance nationally. Working with specialist advice we are developing a business model to provide a maintenance trading arm for annual and small scale maintenance work to historic buildings across England, including Trust churches. The results will be available in mid 2010. English Heritage is working with us on this project.

The Chattels project – recording and developing a database of the contents of our churches - was deferred until 2010-11 because of capacity issues.

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3) Aim Two: Encourage people

Regeneration Task Force projects progress	<p>Bolton HLF Stage 2 passed.</p> <p>Ipswich East Suffolk Mind plans approved but rejected at HLF stage 1; second bid now planned.</p> <p>Oseney lease/sale delayed by internal Church of England discussions.</p> <p>Public launch achieved.</p> <p>Partnership Advisory Group active.</p> <p>Three preventive projects begun.</p> <p>First divesting project complete at Toxteth.</p>
New engagement with communities and young people	<p>External communications reviewed for appeal to communities and young people.</p> <p>Youth volunteering opportunities target exceeded.</p> <p>Programme of new media interactive activities.</p> <p>First volunteer's conference.</p> <p>Website review begun.</p>

2009 saw the first 'preventative' Regeneration Team project at Bennington in Lincolnshire. With the support of our sponsor bodies, the Department for Culture, Media and Sport (DCMS) and the Church Commissioners, our aim is to support local communities find sustainable uses for their redundant church and so prevent its vesting into the Trust. The signs at Bennington are good with the Diocese supportive of our role and the community fully signed up to our business process. Further preventative projects are in the pipeline for 2010-11. The team also led on negotiations for leases at Leicester and Upton, in Northampton and work has begun with the regional team to develop a major project at Holy Trinity, Sunderland. The Regeneration Officer role strongly supported the HLF application work of Drama Workshop for the church at Kingsbury and in April we were informed that this was successful.

Our 40th Anniversary year proved to be one of the most exciting and rewarding in the Trust's history as we exceeded our highest expectations for making ourselves better known to a wider public. The year's activities included welcoming more visitors, holding a record number of events in our churches and celebrating in a memorable service at Westminster Abbey with many of our volunteers, supporters and partner organisations from across the country. Bells rang out in Trust churches across the country to welcome in the year. Choirs in 40 churches sang the old year out and in between, 60 MPs came to see us at churches in their constituencies and volunteers from across the country met in our first ever national volunteers' conference in York.

We listened to our visitors and from that research evolved a whole new suite of promotional materials that highlight the unique experience to be enjoyed from visiting a Trust church. With a clearer understanding of how we want to be understood, we developed a new raft of signs for our churches which reinforce precisely what CCT is here to do and why it is a vital cause to support. We were greatly encouraged that extra visitors also donated in record levels at churches and more of it was Gift Aided.

Taking full advantage of the 40th Anniversary posed quite a challenge for our regional teams, newly created in August 2008, not yet at full strength and with new staff on a steep learning curve, but they rose magnificently to the occasion as did so many volunteers and Friends groups, who enthusiastically backed the Trust wide celebrations.

The development of the 2010-11 plan offered an excellent opportunity for regional teams to shape the future in close liaison with and with the support of our national teams spanning a range of specialist functions.

A further breakthrough and an example of great team work was in the realm of involving young people in our work as part of a three year initiative backed by several external funders, including 'v', the government

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backed youth volunteering initiative. The project, which started in 2008-09, continues to exceed the targets laid down by its funders. Residential camps in partnership with Community Service Volunteers proved popular as did day events where hands-on opportunities were held to gain conservation skills. Our progress, externally evaluated, was such that two years into the project, the Trust was nominated for the prestigious Charity Awards. Young volunteers are finding that the Trust can offer social opportunities while gaining study and career related skills and experience in the heritage sector. We see enormous potential for this trend to continue, as it must, as a new generation of volunteers will be required to sustain our churches in the longer term.

Training days were held at Trust churches throughout the year on church housekeeping, using the new 'Cleaning your Church' booklet as a guide. Cleaning packs, containing everything needed to properly clean a Trust church, were put together and sent to new cleaners and interested volunteers. The packs and guidelines will ensure that our standards of conservation are maintained and illustrate to local volunteers how important is the work they undertake for us. Cleaning materials are also now available through an online warehouse making ordering much simpler for staff and cleaners alike. Volunteers were recruited to assist the conservation team in the London office as well as in the regions. The work undertaken was primarily administrative but provided much need support to a busy team. Conservation Managers provided time and expertise for the various Cathedral Camps and Refresh days held during the year.

Each of our four regions has a unique set of challenges to address and opportunities to seize with a common set of national priority objectives.

North

Seeing the potential of groups of churches to come together under a common theme and work together has become a feature of churches in our Northern region. *Heaven Scent* was the popular theme for a chain of churches spanning the Pennines which took part in a flower festival with lots of help from the Women's Institute. In the latest development churches across Lincolnshire will link up in a community arts initiative that will welcome visitors with the help of trained volunteers as well as making a major contribution to conservation work at several churches. This has been made possible with substantial financial support from the Rural Development Programme for England with Leader funding.

South East & East Anglia

In the South East and East Anglia, a growing network of Friends groups are playing their part in developing business plans for arts use at Esher and raising substantial funds for improved amenities at Sandwich St Peters. New Friends groups, at Higham and Cooling in Kent, are working together to highlight their part in the Works of Charles Dickens as special celebrations beckon in 2012.

External funding has secured a renovated and state of the art church heating system at Cambridge All Saints and the church is now hired out for regular use bringing much needed income to the Trust.

South West

In the South West a new staff team know they need to work closely with our longstanding volunteers to find successors who can help us ensure our churches are readily open to growing numbers of visitors, which has grown by more than 20% in the space of a year. Our rural church at Privett has great scope but largely underdeveloped potential to host arts and music events with its soaring arches and excellent acoustics. The church now boasts plush new portable seating and improved lighting and a number of first ever events are in the offing.

The Midlands

A new team has come together in the Midlands to ensure our churches are open, well presented and inviting to visitors. To help with the numerous tasks involved, a willing band of new volunteers has been recruited who are happy to play their part by offering practical help across a group of churches. This role of area volunteers is also well established in other parts of the country, with regular get-togethers to offer support and share ideas.

These examples offer glimpses of a whole range of exciting new activities taking place at churches all over England and further details are available in annual reports from each of the regional teams upon request.

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4) Aim three: Grow the Trust

Improve performance reporting	<p>New Key Performance Indicators adopted by all teams. Measuring and data gathering arrangements in place.</p> <p style="text-align: center;">Collation and reporting timetable improving.</p> <p style="text-align: center;">New management information reporting provided to teams.</p>
Generate new income	<p>Trusts and foundations and community posts appointed behind schedule.</p> <p>‘Patrons’ and ‘Directors’ Schemes established and membership close to target.</p> <p>Major donors programme begun and Development Board established.</p>
Consolidate regional management review	<p style="text-align: center;">Consistent, effective regional staff structures in place.</p> <p style="text-align: center;">Regional budgets and plans devolved.</p> <p>Working Together Review agreed and in place to address residual issues.</p>
Smithfield support to regions: strengthen finance and resources systems	<p style="text-align: center;">Database improvements implemented.</p> <p>New church utility supplier in place. Savings recycled back into project work.</p> <p style="text-align: center;">IT Infrastructure strategy complete.</p> <p>‘Road map’ to external benchmarking (Investors in People or similar) work in progress.</p> <p>New external and internal auditors in place. Internal auditors working to first year of plan.</p> <p>Insurance (Public liability insurance / Employers’ liability insurance) in place.</p> <p style="text-align: center;">Direct Debit facility in place from 1 April 2009.</p>

Fundraising and communications

The 40th Anniversary celebrations were the main focus of activity, with a series of national events to raise the profile: an anniversary launch at Bonham’s, the auctioneers; a Thanksgiving service for Friends’ groups at Westminster Abbey and an exclusive lunch reception hosted by HRH the Prince of Wales. The Trust’s media agency secured extensive national and regional media coverage for mass participation events such as the birthday song – 40 choirs participated across 40 CCT churches country wide.

A well crafted communications strategy, involving the whole organisation, detailed the approach to improve relationships with our growing and diverse audiences. Increased branding and interpretation at our churches, greater online presence and a new suite of tourism materials to encourage visitors are all elements of the plan introduced this year and being developed for roll out across the Trust’s estate.

We also saw our fledgling fundraising programme begin to make progress. Against a background of uncertainty, when the charity sector reported a 7% fall in charitable giving, we achieved our best year in fundraising, with the level of donated income by individuals increasing at a steady pace. We finished the year strongly, with the increase in wall safe income (part of donations) going past the £100,000 mark for the first time. Although there is much to do, fundraising from Trusts and Foundations, and donations from individuals are starting to become more significant. Legacies also performed above expectation.

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Maximising Resources, and Modernising the Organisation

The Trust's projects and teams receive professional support from our small central Finance and Resources Team. During the year this support was strengthened through a number of measures:

- The annual budgeting process was streamlined and started earlier. The increasingly devolved budget attracted more holistic bids from budget holders for Trust resources. To encourage and reward more external funding of projects, a match-funding pot of £150,000 was allocated across a range of funding bids from the Regional and Regeneration teams.
- The Trust now makes 95% of its payments by BACS, a more secure, reliable means of making payments than cheques. Following implementation in late 2008-09, donors were able to join the Trust's Supporters Scheme by Direct Debit. The facility has automated an otherwise labour intensive process, and allowed better Supporter information to be provided to Fundraising.
- Following the transfer of the church electricity supply contracts to Utility Warehouse, £15,000 of savings were recycled back into regional spend.
- 2009-10 was the first year of the Trust's work with its new external and internal auditors, Mazars and Chantrey Vellacott. Reviews were completed of the annual accounts and the processes in place around the purchase (suppliers) ledger and Trust payroll. Systems and processes were assessed to be working well with risks appropriately managed.
- Development of a new investment strategy that will define the investment approach the Trust adopts for its restricted and endowed funds. Appointment of the new advisor will be made in the first half of 2010-11.
- With the new regional teams focusing on building capacity, the Resources Team provided managers with comprehensive HR support. This included staff recruitment, induction programs and training.
- The establishment of a new Human Resources sub-Committee (of the Finance and Audit Committee). This provides a Board sponsored forum for ensuring key Human Resources issues and risks are being managed. The committee oversaw the first all staff survey, which will inform the Trust's Human Resources strategy in 2010-2011.
- Following an audit of the Trust's IT infrastructure, a new strategy has been developed to help the Trust target its limited IT resource more effectively. 2010-11 will see the Trust outsourcing its network infrastructure and servers to a specialist provider, which will enable the in-house team to focus more on end-user support and service improvements to information and customer relationship management.
- Other key projects in the year included preparing the Trust for vat and tax registration, supporting the development of an online photographic library. The finance team took on its first young volunteer who provided excellent department support for a period of six months.

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, the staff e-newsletter and bi-annual 'Trust days' for all staff. The senior management team also meet quarterly with regional managers to discuss progress and plans. Communications include updates on matters discussed at the Trustees' and senior management meetings.

Management recognise the importance of training and strongly encourage, and support financially, managers and staff in identifying and obtaining training appropriate to their needs. A new policy has been created to support staff and managers look at their training and development needs. In 2010-11 a new performance appraisal scheme will further encourage development as part of supporting performance improvement and staff engagement.

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5) Aim Four: Share our Learning

<p>Raise profile in 40th Anniversary</p>	<p>National and regional events programme delivered.</p> <p>Press profile significantly increased and message of CCT as partner put across.</p> <p>Public Relations events throughout the year.</p> <p>Website dynamic and interactive.</p>
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2009 saw the Trust make considerable progress in demonstrating how its work can be of wider benefit to the historic places of worship and community sectors. This work included:

- The first of a regular series of policy round tables, this time on the contribution historic churches can make to regeneration. An opportunity for a small group of senior people from a wide range of sectors to think differently about the future role of historic churches, the round table used CCTs Bolton All Souls and rural Redgrave St Mary as case studies and identified key next steps to take the agenda forward.
- The CCT Annual Lecture, which this year was given by Loyd Grossman at the Society of Antiquaries.
- The regeneration taskforce launch which brought together the Trust's existing audience with key people from the regeneration, youth and finance worlds to see the benefits which historic churches can bring to communities.
- A well attended and profit making conference aimed at professionals, the first organised by the Trust's Conservation team, dealing with insightful adaptations of historic churches.
- Four regional craft skills courses run by our conservationists with financial support from the National Heritage Training Group. The courses included lime and lime pointing, stone, timber, leadwork, paints and finishes, ceramic tiles, stained and plain glazing and wall painting conservation.
- Extensive press and media work, regionally and nationally and ranging from in depth expert articles through to popular local press items encouraging people to visit churches.
- Participation in a wide range of external events, conferences and seminars, including chairing a seminar on the use of historic churches at University of Oxford Centre for Continuing Education in May.
- Two coach tours to Trust churches involving over sixty people, presentations in Cambridge and Deene for the Supporters' Days and 'Conservation in Action Days' at Strensham and Cameley.
- Expert contribution on various matters including English Heritage's Technical Advice Note on Caring for Historic Gravestones and Monuments.
- A new model for Assessment of Significance in historic churches. The first reports for St Andrew's Church, Kingsbury and St Thomas' Bristol were well received and are clearly the way forward. It offers a successful blueprint for colleagues writing similar reports which are essential in ensuring objectives are achieved as part of any adaptation process.
- Chairing the 'placesofworship@heritagealliance' group which provides a policy and practice forum for all the key church, voluntary sector and government bodies involved in the field. The group also provides the secretariat for the All Party Parliamentary Group (APPG) for historic churches and chapels, chaired by Rt Hon Frank Dobson MP. The Chief Executive is also a member of the English Heritage Places of Worship Forum.

The Trust uses its experience of running the largest single collection of historic places of worship in the UK to contribute to and lead sector-wide policy development concerned with securing the future of historic places of worship and the public and community benefit arising from their use. There are a large number of issues facing and, therefore, solutions available to, historic places of worship, which have wide application. The Trust believes that it can play a constructive role to share good practice and inform policymakers, increasing consistency of approach and strengthening the case for investment and support.

**THE CHURCHES CONSERVATION TRUST
FOREWORD AND TRUSTEES' REPORT
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FINANCIAL REVIEW

Income

In the year-ending 31 March 2010, Grant-in-Aid from the Department for Culture, Media and Sport (DCMS) and the Church Commissioners continued to provide the mainstay of Trust income. Excluding the returned Icelandic money (see below, before 'Expenditure', and Note 18), the combined contribution of the DCMS and Church Commissioners provided just under 80% of Trust income.

In addition, the Trust received other grant income of £612,000. This figure combines the income from the Listed Places of Worship Scheme (LPWS), where VAT is reclaimed on eligible church repairs, with income from Trusts and Foundations. LPWS income for the year came in ahead of budget, at £226,000.

Income from Trusts and Foundations raised £386,000. The welcome £198,000 increase from the previous year arose due to an HLF Grant for preparatory work on the Bolton All Soul's project. In the year ahead, a more significant increase in this income stream will be sought following the appointment in late 2009-10 of a dedicated Trust and Foundation Officer.

Following three years of incremental investment in Fundraising, donated income made excellent progress in 2010-11, breaking the £300,000 mark for the first time. The £118,000 or 54% increase to £341,000 occurred through in particular, increased box collections and restricted donations (to specific churches). We took the opportunity of 40th Anniversary events to bring more attention to the need for donations, through better donation box signposting, improved fundraising literature and, in our 10 staffed churches, the installation of new Perspex donation boxes. We now have a strong basis on which to build our donated income in 2010-11. The Trust's 40th Anniversary provided a strong focal point for this progress in 2009-10, maintaining and increasing donations in the future will continue to require considerable, ongoing efforts from Trust staff and volunteers.

Legacies and bequests at £71,000 continued to provide an important source of Trust income. Though down from the previous year's exceptional outturn of £127,000, the stream of legacies the Trust has received over the past few years suggests that the low level legacy campaign the Trust started several years ago is starting to work. In 2010-11 the Trust will consolidate this learning into a more formal legacy programme. Charity sector averages suggest such programmes take three to five years to lead to more predictable returns.

The significant reduction in Investment income to £36,000 (from £102,000 in 2008-09) reflects low UK interest rates and investment returns. In the year, the Trust recovered through the Financial Services Compensation Scheme the deposit funds it had previously been forced to write-off following the collapse and administration of the Icelandic Bank Kaupthing, Singer and Friedlander. See Note 18 for further details.

Expenditure

At just over £4 million or 67% of total expenditure in 2009-10, repairing and maintaining our churches continues to be the main call on our funds. Compared to the previous year, an additional £323,000 was spent on repairs and maintenance, using returned Icelandic money on conservation work we had previously not been able to afford. On pages 8-9, The Director of Conservation summarises how we used this £4 million to provide effective conservation and regeneration solutions across a range of the Trust's estate.

As noted on page 34, our spending on 'Keeping our churches open' to promote, through supporting volunteers, community use and access to our buildings increased in the year to just under 23% to £1.37 million. This work focuses on the initiatives to build the Trust's tourism, volunteering and partnership building. A key part of this work is building relationships with our 43 local Friends groups. Through our staff and Friends groups we are able to sooner identify maintenance issues, keep our churches clean and better publicise the need for visitors to contribute to the Trust.

Governance costs at 1% or £61,000 are low in comparison with other charities. Expenditure on Fundraising and communications increased to 9% of total Trust spend. Salary costs increased to £1.53 million reflecting the investment referred to above in regional capacity to boost local delivery in volunteering, tourism, partnership building and fundraising.

**THE CHURCHES CONSERVATION TRUST
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Reserves

The Trust's free reserves position (defined on page 6) fell in 2009-10 by £20,000. The Trust starts 2010-11 with 'free reserves' of £234,000, compared to its Trustee approved reserves target of £400,000. The reduction reflects the tighter economic climate affected fundraising efforts. Trustees, with management information and recommendation, continue to monitor the Trust's targeted and actual reserves position.

Key Financial Challenges in 2010/11

DCMS grant-in-aid is subject to a three year funding agreement which ends on March 31st 2011 and whose renewal is subject to the Government spending review scheduled to take place by autumn 2010. The Church Commissioners grant is subject to a funding agreement running until March 31st 2012 and every three years is put to a vote at General Synod, next due in Spring 2011. Its level is matched 30:70 to the grant level agreed by the Government.

The Government has yet to indicate whether, or in what form, the LPWS Scheme might continue after the end of the 2010-11 financial year. With an average income to the Trust of £200,000 per year, the end of the scheme without an adequate replacement would have a severe impact on the Trust's ability to repair its churches.

Ensuring our expenditure is effectively targeted and represents good value for money remain key priorities in 2010-11. Building on the Trust's improved donation-raising performance, targeted fundraising to increase donations and grant income, will also be key priorities. With funders' and donors' returns under pressure, this will not be easy. However, recruitments towards the end of 2009-10, in dedicated Community Fundraising and the Trusts and Foundations Grant Officer posts, give the Trust a stronger footing to build upon.

Increasing fundraising returns will also enable the Trust to start to address the gap between the work it can do with our current funding and that we would like to do. This was calculated by the review of the Trust's Estate in 2008-09, and shows an annual shortfall of approximately £1.50 million.

PERFORMANCE AGAINST TARGETS

Performance against the Trust's new quantitative targets for 2009-10 are shown below. Where applicable, comparisons against the previous year are also shown. The results show continued good progress, with the Trust exceeding its numerical measures in key areas such as visitors and educational visits.

Most notably:

- The Trust received 1.7 million visitors at its churches – 13% above target; 16% more visitors than the previous year. With 2008-09 showing growth figures of 4% and 7% respectively, the strong positive trend here has continued.
- Events in our churches numbered 3,566 – beating target by a significant 19%.

These and the other figures 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.

The Trust's regional and departmental teams provided six-monthly reports against their annual plan. These provide the Trust's management team with an important guide as to how teams are performing

**THE CHURCHES CONSERVATION TRUST
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Table: Performance results for the Year Ended 31 March 2010

Performance Measure	National Annual Target 2009-10	Full Year Result 2009-10	% Achieved compared to 2009-10 target	Comparison with 2008-09 Figures
Strategic Aim: Sustain Our Historic Churches				
Ensure quality of repair and adaptation work	2010-11 will establish baseline	Under development	2010-11 will establish baseline	<i>n/a</i>
Strategic Aim: Grow the Trust				
Visitors: 3% increase	1,516,160	1,706,821	+13%	<i>1,472,000</i>
Grant income: 5% increase in non-grant-in-aid	£194,000	£361,452	+86%	<i>Average over last 3 years, £185k.</i>
Introduce sector-accepted visitor 'quality' mark during 2010	2009-10 will establish baseline	44 churches met required standards	2009-10 will establish baseline	<i>n/a</i>
Increase proportion of voluntary income	£1,180,000	£1,154,141	-2%	<i>£983,000</i>
Regional Income: 5% increase each year	£233,000	£276,833	+19%	<i>£222,000</i>
Increase fundraising ratio to 5 by April 2012	1.35 (at 31-03-10); 5.0 (2012)	0.92	-32%	<i>0.68</i>
Website: 5% increase in unique hits	5%	48,581	2009-10 will establish baseline	<i>n/a</i>
Events: 3% increase at churches each year	3,008	3,566	+19%	<i>n/a</i>
Strategic Aim: Encourage People				
Achieve 'Investors in People' or equivalent external benchmark by 2013 (see note beneath table)	<i>n/a</i>	<i>n/a</i>	Progress being made	<i>n/a</i>
Volunteers: Increase support to volunteers through training and networking	2009-10 will establish baseline	376 opportunities taken up	2009-10 will establish baseline	<i>n/a</i>
90 new young (16-25) volunteer placements each year (Per 'v' funding)	90	223	+148%	<i>n/a</i>
Strategic Aim: Share Our Learning				
Increase the number of volunteers participating in conservation events	2009-10 will establish baseline	107	2009-10 will establish baseline	<i>n/a</i>
Operating costs 18% - 20% of annual expenditure (includes support costs relating to front-line staff and projects)	18%	18%	100%	<i>18%</i>
Increase visitor satisfaction	2009-10 will establish baseline	400 surveys completed through a cross section of churches.	2009-10 will establish baseline	<i>n/a</i>

**THE CHURCHES CONSERVATION TRUST
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Note. 'Investors in People' or equivalent benchmark by 2013. The Trust made good progress against this Key Performance Indicator (KPI) in 2009-10, including staff survey completion (and follow-up action), development of further Human Resources policies and procedures and development of a new appraisal system, with training and development of staff at its core.

PLANS FOR THE FUTURE

Implementing the Strategic Plan

The Trust's new 2009-15 strategic plan with its four key aims sets the framework for our activity. The plan can be viewed on the Trust website at www.visitchurches.org.uk/uploads/publications/260.pdf

The Trust's strategic aims are to:

- sustain** our historic churches
- encourage** people to use and enjoy them
- grow** the Trust's skills, profile and income
- share** our learning with others

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. A new Funding Agreement was introduced in April 2008. Funding Agreement targets are mapped into the priorities for the year set out below.

Our Priorities for 2010-11

National priorities for the year ahead are focused on achieving the changes necessary to deliver our strategic plan, and work across strategic aims. These are the national priorities for year two of the 2009-15 strategic plan. They are aimed at driving forward specific areas of the Trust's six year strategic aims and objectives contained in that plan and should be viewed in the context of those wider goals. They also work across these strategic aims. 2010-11 is also the first year in which national and regional priorities are jointly devised and shared.

Priority/Change project	Examples of potential outputs	Supports KPI and 2009-15 strategic objectives	Main strategic aim supported
1. Attract visitors and meet their expectations through implementation of the Communications Strategy with a priority given to improved marketing and presentation of churches through the Gateway churches initiative	Launch of new look visitors marketing materials Blue signs replaced with branded sign Rolling programme of perimeter signage Clear fundraising 'ask' in churches, Collection boxes in all staffed churches 6 Gateway Churches up and running	- increase visitors - increase events - visitor satisfaction / brand awareness - presentation standards - grow church based income	- Encourage Learning - Grow the Trust - Share Our Learning

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<p>2. Make volunteers feel part of CCT and expand the numbers of and support to volunteers in particular young volunteers</p>	<p>Conference and newsletters Young people/community representation on CCT groups Training resources and opportunities New strategy for 'user' involvement in CCT Customer experience initiatives and customer service training</p>	<p>- young volunteers making significant contribution - visitor satisfaction / brand awareness</p>	<p>- Encourage People - Share Our Learning</p>
<p>3. Significantly increase the numbers of Supporter Scheme members and Patrons and Directors club members.</p>	<p>Build Patrons and Directors to 40 each Build Supporters Scheme to 750 Regional Fundraising Major donor programme through Development Board and Case for Support</p>	<p>- increase fundraising Return on Investment - increase income</p>	<p>- Grow the Trust</p>
<p>4. Manage key risks and implement health and safety programme</p>	<p>HR strategy and Investors in People preparation Training and development plan for all staff Implement Ostas review recommendations Structural review of Smithfield services and how it supports devolved decision-making Contingency plan for tight financial climate Strengthen performance reporting</p>	<p>- value our people</p>	<p>- Share Our Learning</p>
<p>5. Promote craft and conservation skills</p>	<p>Craft skills training Maintenance franchise pilot A national initiative with phased roll out across regions</p>	<p>- ensure quality of repair/adaptation - increase external funding - increase numbers of volunteers in conservation</p>	<p>- Sustain Our Historic Churches - Grow the Trust</p>
<p>6. Make case for Trust's core funding from Government and Church</p>	<p>Use Vice Presidents and All-party parliamentary group to build CCT champions group in Parliament Target key new MPs with CCT churches after election Chair and CE programme of meetings with ministers and shadow ministers Produce figures on jobs, volunteer value and social value of CCT's work Heritage and reducing the carbon footprint</p>	<p>- maintain operating costs ratio 18% - growth of donations / grants.</p>	<p>- Share Our Learning - Encourage People</p>

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 2010-11 plan and budget available on www.visitchurches.org.uk

**THE CHURCHES CONSERVATION TRUST
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How We Deliver

Our strategic aims and national objectives describe the work of the whole organisation. We achieve them by working in teams and organising our work into projects based on a CCT church or group of churches, a regional or national initiative. These projects are described in the team plans below which, when taken together, make up the whole of the Trust's activity towards its strategic aims during the year. Our resources are allocated by team. In broad terms, including staff costs, in the year ahead we plan to allocate:

- £4.00 million or 68% on repair, maintenance and conservation projects
- £1.40 million or 24% for regional activities - for delivery of volunteering, tourism promotion, learning and interpretation, community use and local management projects
- £0.44 million or 7% on fundraising and communications
- £0.07 million or 1% on the governance of the organisation.

Income Generation

2010-11 follows the work of the Trust in 2009-10 celebrating the Trust's 40th year. Building on the opportunities from the raised profile of the Trust will provide opportunities to sustain income during a period of continued economic downturn and financial uncertainty.

Our aims over the year are to:

1. Increase the numbers of Supporters to 750, double the number of Patrons and Director Club members to 40 each and grow income from these annual gift schemes.
2. Provide a national framework in which the regional fundraising programme will be delivered.
3. Establish the Trust's first annual national fundraising event, the 'Midsummer Tea Party' to provide a reliable new source of income.
4. Introduce a legacy strategy and programme that converts ad hoc, unplanned bequests into a substantial reliable source of income for the Trust.
5. Continue the national and regional media profile with PR agency support.
6. Implement the communications strategy.

We shall also concentrate on embedding the infrastructure already invested in, to support fundraising. This will include enhanced financial and database systems and support structures such as the communications strategy, an improved website and a new online photo library.

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.

REGISTERED OFFICE

1 West Smithfield, London EC1A 9EE.

AUDITORS

The Trust's auditors are: Mazars LLP, Times House, Throwley Way, Sutton, Surrey, SM1 4JQ. The auditors are re-appointed annually by the Trustees.

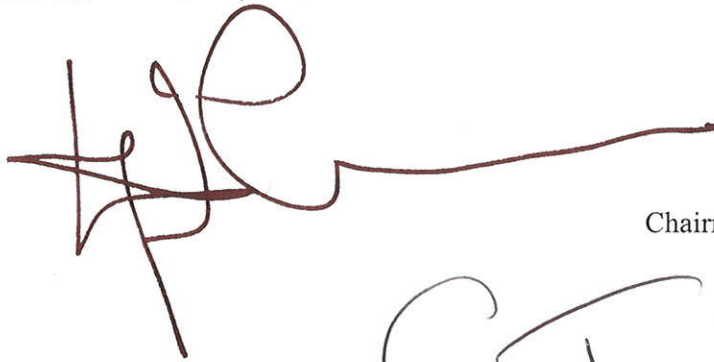
**THE CHURCHES CONSERVATION TRUST
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So far as the Trustees are aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the charity's auditors are unaware, and each Trustee has taken all the steps they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

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
- HSBC, 165 Fleet Street, London, EC4A 2DY

Signed on behalf of the Trustees on: 22 July 2010



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 2010**

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.

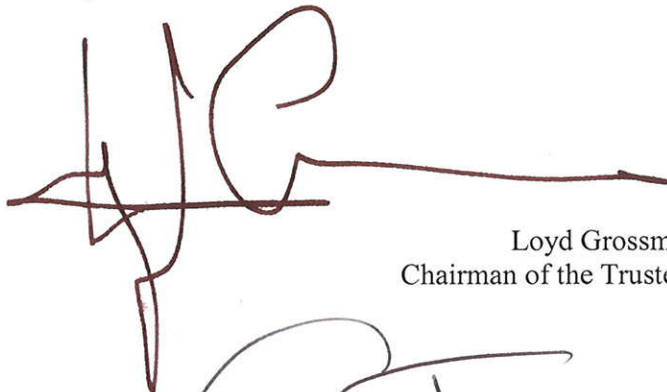
The Trustees are responsible for ensuring that proper accounting records are kept of the Trust's financial position and income and expenditure. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other 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.

The Accounting Officer for the Department for Culture, Olympics, 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.

Signed on behalf of the Trustees on:

22 July 2010



Loyd Grossman
Chairman of the Trustees



Crispin Truman
Accounting Officer

**THE CHURCHES CONSERVATION TRUST
STATEMENT OF INTERNAL CONTROL
FOR THE YEAR ENDED 31 MARCH 2010**

SCOPE OF RESPONSIBILITY

Achievement of the charity's objectives entails taking certain risks which have been identified and require careful and ongoing management. To address risk and ensure the Trust is best placed to meet its strategic and operational aims, 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'). At the same time the system is in place to safeguard the Trust's 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 are 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 other risk management matters. These meetings are also where the Trust is advised of actual and potential changes to Government legislation and requirements.

The Accounting Officer and other members of the senior management team also meet on a quarterly basis with Officers of the Church Commissioners and DCMS for an overall review of progress, information sharing, and more detailed discussion on specific issues and future vestings. Broader discussions of progress and strategy take place through annual member-level meetings with the Church Commissioners and DCMS.

THE TRUST'S APPROACH TO ASSESSING RISK

In assessing risks and appropriate actions, the Trust's approach is taken from the Treasury's 'Managing Public Money', October 2007. In summary, in addressing risks, the Trust will:

- **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, where it is possible for the organisation to exit.

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 Trust's system of internal control, has been in place in the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance. The system is based on an ongoing process designed to:

- identify and prioritise risks that may effect the achievement of the Trust's policies, aims and objectives: through assessing the likelihood and impact of those risks occurring
- through key controls and specific actions and responsibilities, manage risk efficiently, effectively and proportionately.

**THE CHURCHES CONSERVATION TRUST
STATEMENT OF INTERNAL CONTROL
FOR THE YEAR ENDED 31 MARCH 2010**

KEY PROCESSES THE TRUST HAS IN PLACE TO MITIGATE RISK

The Trustees are satisfied that appropriate systems are in place to manage risk. The key components of this framework are as follows:

The Risk Register

The Trust's risk register covers all key risks and their mitigation. The register is updated on a quarterly basis by the Trust's senior management team. The register is further reviewed by the Finance and Audit Committee at its quarterly meetings. At its meetings, the Board will then conduct a final review.

Risks are ranked according to Trust priorities and the four strategic aims which prescribe the Trust's activities. At the highest level, risks are allocated into four categories – finance, reputation, fabric and organisational effectiveness. The latter category includes resources, governance, organisational management and the health and safety of staff and visitors.

From this, management and Trustees have an ongoing picture of where residual risks – those that remain even after management action – are highest and so require closer management and Trustee attention. For the Trust's key current risks, see page 6, 'Identification of Risks'.

The Finance and Audit Committee

The Finance and Audit Committee is a sub-committee of the Board. In its four meetings a year, it reviews: key risks and controls, the management of resources through review of the latest management accounts and end of year reserves predictions, and receives reports from management and the internal and external auditors on key risk areas. It also approves the final accounts process, prior to signing by the Board.

From these reviews, the Committee is able to provide assurance to the Board on the Trust's financial position and risk management. To ensure appropriate consideration and input into Human Resources matters, during the year the Trust formed a Human Resources sub-Committee (of the Finance and Audit Committee).

Internal Audit

The Trust's provider of internal audit services, Chantrey Vellacott, was appointed at the beginning of 2009-10. Their work is risk-based and compliant with Government Internal Audit Standards. Their work with the Trust commenced with a risk assessment day with senior management to better understand prevailing risks and the Trust's risk appetite and approach to risk management. The resulting three year internal audit plan covering 2009-11 considers strategic and operational risks and has been approved by the Finance and Audit Committee. It will be reviewed annually to confirm audit prioritisation.

Specific reports that were completed in 2009-10 and submitted to the Finance and Audit Committee covered payroll and payments to Trust suppliers. In the latter, the auditors reviewed 100% of supplier transactions over the preceding 12 months through use of a data mining tool. These reviews raised useful control improvement points that have since been implemented and conclude that Trust's processes in these key areas are strong.

External Audit

As part of their annual audit of the Trust's accounts, the External Auditors' provide a Management Letter covering any identified control weaknesses. For 2009-10, no substantive weaknesses were raised and provided the Trust with additional comfort over its internal controls.

**THE CHURCHES CONSERVATION TRUST
STATEMENT OF INTERNAL CONTROL
FOR THE YEAR ENDED 31 MARCH 2010**

The Annual Planning and Budgeting Process

- The senior management team compiles the Trust's annual plan and budget. Risk management forms part of the business planning process, starting with management determining the Trust's key strategic and operational priorities for the next financial year.
- The Trust's budget process puts the onus on team-led business planning and budgeting. Each team will identify key project risks and their mitigation during the budget preparation process. As a result of more holistic planning within and across team's, last year's budget round saw budget plans submitted that better considered risk management
- Trustees will then approve the annual plan and budget. Through the year, they receive quantitative and qualitative reporting against plan. These reports explain team and management actions that have led to positive variances and how adverse variances are being addressed. Another important part of the risk management process is the expert advice (from Trustees and other specialists) that the Trust benefits from through Committees and working groups, such as Finance and Audit Committee, the Conservation Working Group and the Human Resources sub-Committee.

Project Management

- On a day to day basis, the Trust's scheme of delegated authority governs the responsibilities of staff, and where additional approval is required to approve commitments and spend.
- Building on the project lists formed during the budget preparation process, project risks are updated by team's formally, on a monthly basis. Key risks and their mitigation are reviewed on a month-by-month basis by senior management.

INFORMATION MANAGEMENT

The Trust is registered with the Information Commissioner's Office. The Trust suffered no protected personal data incidents during 2009-10. Controls are in place to monitor information management risk.

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 – comments made by the external auditors in their management letter and 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 2010**

We have audited the financial statements of The Churches Conservation Trust for the year ended 31 March 2010 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

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 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).

This report, including our opinion, has been prepared for and only for the charity's members as a body. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

We report to you our opinion as to whether the financial statements give a true and fair view and are prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in the Trustees' Annual Report is not consistent with those financial statements, if the charity has not kept sufficient accounting records, if the charity's financial statements are not in agreement with these 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 judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the Charities Act 1993.

Mazars LLP

MAZARS LLP

Chartered Accountants and Statutory Auditors

Times House, Throwley Way, Sutton, Surrey SM1 4JQ

Date 22 February 2010

THE CHURCHES CONSERVATION TRUST
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2010

	<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>2010</u> £	<u>Total</u> <u>2009</u> £
<u>INCOMING RESOURCES</u>						
Incoming resources from charitable activities						
Grants	4	4,743,284	385,315	-	5,128,599	4,941,709
		4,743,284	385,315		5,128,599	4,941,709
Incoming resources for generated funds						
Voluntary income		298,747	113,226	-	411,973	348,978
Activities for generating funds		164,579	-	-	164,579	106,319
Investment income		6,579	28,761	674	36,014	102,734
		469,905	141,987	674	612,566	558,031
Exceptional item: returned funds	18	233,159	187,329	-	420,488	-
TOTAL INCOMING RESOURCES	4	5,446,348	714,631	674	6,161,653	5,499,740
Less cost of generated funds						
Fundraising and communications		(542,932)	-	-	(542,932)	(375,077)
Total incoming resources available for charitable application		4,903,416	714,631	674	5,618,721	5,124,663
<u>RESOURCES EXPENDED</u>						
Charitable activities						
Church repairs and maintenance	1(c)	(3,579,978)	(478,689)	-	(4,058,667)	(3,735,330)
Keeping churches open		(1,289,025)	(84,406)	-	(1,373,431)	(1,127,148)
Governance		(60,841)	-	-	(60,841)	(58,088)
Total charitable activities		(4,929,844)	(563,095)	-	(5,492,939)	(4,920,566)
TOTAL RESOURCES EXPENDED	5	(5,472,776)	(563,095)	-	(6,035,871)	(5,295,643)
Net (outgoing) / incoming resources before notional costs		(26,428)	151,536	674	125,782	204,097
Notional cost of capital	1(d)	(8,883)	-	-	(8,883)	(8,250)
Net (outgoing) / incoming resources after notional costs		(35,311)	151,536	674	116,899	195,847
Reversal of notional costs		8,883	-	-	8,883	8,250
Net (outgoing) / incoming resources		(26,428)	151,536	674	125,782	204,097
Other recognised gains and losses						
Unrealised profits/(losses) on investments	8	-	71,913	57,312	129,225	(176,974)
Net movement in funds before transfers		(26,428)	223,449	57,986	255,007	27,123
Balances brought forward at 1 April 2009		267,018	628,653	378,600	1,274,271	1,247,148
Balances carried forward at 31 March 2010	12	240,590	852,102	436,586	1,529,278	1,274,271

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 2010**

	<u>Notes</u>	<u>2010</u> £	<u>2009</u> £
Income			
Grants	4	5,128,599	4,941,709
Voluntary income		411,973	348,978
Activities for generating funds		164,579	106,319
Investment income		36,014	102,734
Exceptional item – returned funds	18	420,488	-
Total income		6,161,653	5,499,740
Expenditure			
	1(c)		
Fundraising and communications		(542,932)	(375,077)
Church repairs and maintenance		(4,058,667)	(3,735,330)
Keeping our churches open and supporting volunteers		(1,373,431)	(1,127,148)
Governance		(60,841)	(58,088)
Total expenditure		(6,035,871)	(5,295,643)
Net surplus of income over expenditure before notional costs		125,782	204,097
Notional costs			
Cost of capital	1(d)	(8,883)	(8,250)
Surplus of income over expenditure after notional costs		116,899	195,847
Reversal of notional costs		8,883	8,250
Surplus of income over expenditure		125,782	204,097

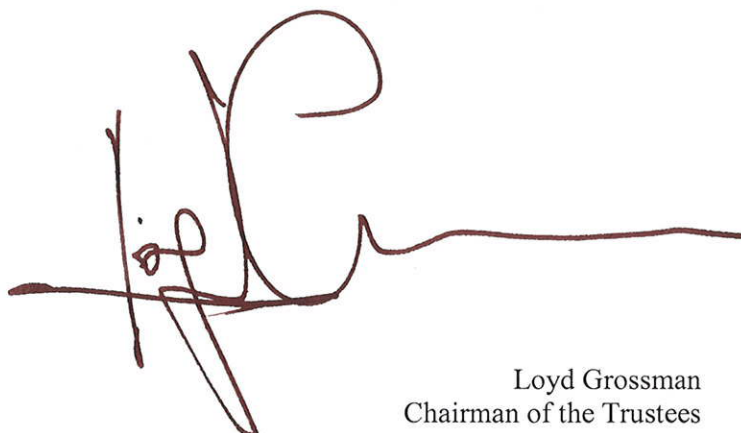
**THE CHURCHES CONSERVATION TRUST
BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2010**

	<u>Notes</u>	<u>Unrestricted Funds</u> £	<u>Restricted Funds</u> £	<u>Endowment Funds</u> £	<u>Total 2010</u> £	<u>Total 2009</u> £
FIXED ASSETS						
Tangible fixed assets	7	6,165	-	-	6,165	12,833
Fixed Assets investments	8	-	320,911	257,414	578,325	449,100
		6,165	320,911	257,414	584,490	461,933
Current Assets						
Debtors	9	216,748	225,763	-	442,511	151,922
Cash on Deposit		1,034,794	364,585	179,172	1,578,551	1,439,590
Cash at bank and in hand		251	-	-	251	1,945
		1,251,793	590,348	179,172	2,021,313	1,593,457
Creditors						
Amounts falling due within one year:	10	(938,474)	(59,157)	-	(997,631)	(685,793)
NET CURRENT ASSETS		313,319	531,191	179,172	1,023,682	907,664
Creditors						
Amounts falling due after one year:						
Provision for liabilities and charges	11	(78,894)	-	-	(78,894)	(95,326)
NET ASSETS		240,590	852,102	436,586	1,529,278	1,274,271
FUNDS						
Endowment funds	12	-	-	436,586	436,586	378,600
Income funds	12	240,590	852,102	-	1,092,692	895,671
		240,590	852,102	436,586	1,529,278	1,274,271

Approved and authorised for issue by the Trustees on:

22 July 2010

Signed on their behalf by:



Loyd Grossman
Chairman of the Trustees

**THE CHURCHES CONSERVATION TRUST
CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2010**

<u>Notes</u>	<u>2010</u> £	<u>2009</u> £
Net cash inflow from operating activities	<u>101,253</u>	<u>181,919</u>
Returns on investments and servicing of finance		
Investment income received	36,014	102,734
Net cash inflow from returns on investments and servicing of finance	<u>36,014</u>	<u>102,734</u>
Capital expenditure:		
Purchase of tangible fixed assets	-	(9,377)
Net cash outflow from capital expenditure	<u>-</u>	<u>(9,377)</u>
Net cash inflow	<u>137,267</u>	<u>275,276</u>
Increase in cash during the year	<u>16</u> <u>137,267</u>	<u>275,276</u>

Net cash inflow from operating activities	<u>2010</u> £	<u>2009</u> £
Net incoming resources	125,782	204,097
Investment income	(36,014)	(102,734)
Depreciation	6,668	17,582
(Increase) in debtors and prepayments	(290,589)	(18,477)
Increase in creditors	311,838	95,945
Decrease in provisions	<u>(16,432)</u>	<u>(14,494)</u>
Net cash inflow from operating activities	<u>101,253</u>	<u>181,919</u>

THE CHURCHES CONSERVATION TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010

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 £3,161,806 (2009: £3,161,806) and a grant from the Church Commissioners amounting to: £1,355,060 (2009: £1,355,060). 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 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 its Restricted and Permanent Endowment Funds to meet the definition of donated assets, and they are not financed by grant-in-aid monies. Accordingly they are 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.

Where individual tangible fixed assets exceed a value of £1,000, they are capitalised. They are stated at cost which represents their purchase cost, together with any incidental costs of acquisition, less accumulated depreciation.

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.

THE CHURCHES CONSERVATION TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010

(h) Finance and Operating Leases

The Trust has no Finance leases. Operating lease costs are charged to the Statement of Financial Activities as incurred.

(i) Vested Churches

At 31 March 2010, 341 (2009: 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 to the additional benefit derived by accounts users.

(j) Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS) which are described in Note 6. 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 2010**

**2. UNRESTRICTED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED
31 MARCH 2010**

		<u>2010</u>	<u>2009</u>
		£	£
<u>INCOMING RESOURCES</u>			
Incoming resources from charitable activities			
Grants	1(b)	4,743,284	4,743,348
		<u>4,743,284</u>	<u>4,743,348</u>
Incoming resources for generated funds			
Voluntary income		298,747	279,627
Activities for generating funds		164,579	96,319
Investment income		6,579	43,545
		<u>469,905</u>	<u>419,491</u>
Exceptional item – returned funds	18	233,159	-
TOTAL INCOMING RESOURCES		<u>5,446,348</u>	<u>5,162,839</u>
Less cost of generated funds			
Fundraising and communications		(542,932)	(375,077)
Total incoming resources available for charitable application		<u>4,903,416</u>	<u>4,787,762</u>
<u>RESOURCES EXPENDED</u>			
Charitable activities			
Church repairs and maintenance	1(c)	(3,579,978)	(3,598,724)
Keeping churches open and supporting volunteers		(1,289,025)	(1,068,327)
Governance		(60,841)	(58,088)
		<u>(4,929,844)</u>	<u>(4,725,139)</u>
Total charitable activities		<u>(4,929,844)</u>	<u>(4,725,139)</u>
TOTAL RESOURCES EXPENDED		<u>(5,472,776)</u>	<u>(5,100,216)</u>
Net (outgoing) / incoming resources before notional costs		(26,428)	62,623
Notional cost of capital	1(d)	(8,883)	(8,250)
Net (outgoing) / incoming resources after notional costs		(35,311)	54,373
Reversal of notional costs		8,883	8,250
Net movement in funds before transfers		(26,428)	62,623
Balances brought forward at 1 April 2009		<u>267,018</u>	<u>204,395</u>
Balances carried forward at 31 March 2010	12	<u>240,590</u>	<u>267,018</u>

**THE CHURCHES CONSERVATION TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010**

3. TAXATION

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

4. INCOMING RESOURCES

	<u>2010</u>	<u>2009</u>
	£	£
Statutory grants	4,516,866	4,516,866
Other grants	611,733	424,843
Legacies and bequests	71,250	126,559
Donations	340,723	222,419
Investment income	36,014	102,734
Other income	164,579	106,319
Exceptional item – returned funds	420,488	-
TOTAL INCOMING RESOURCES	6,161,653	5,499,740

5. EXPENDITURE

	Direct Staff costs £	Other Direct costs £	Support costs £	<u>2010</u> Total £	<u>2009</u> Total £
Cost of generating funds					
Fundraising and communications	276,211	222,338	44,383	542,932	375,077
Charitable activities					
Church repairs and maintenance	502,474	3,165,620	390,573	4,058,667	3,735,330
Keeping churches open and supporting volunteers	676,038	253,560	443,833	1,373,431	1,127,148
Governance	26,393	25,571	8,877	60,841	58,088
Total charitable activities	1,204,905	3,444,751	843,283	5,492,939	4,920,566
TOTAL RESOURCES EXPENDED	1,481,116	3,667,089	887,666	6,035,871	5,295,643

	Fundraising and communications £	Church repairs & maint. £	Regional activities £	Governance £	<u>2010</u> Total £	<u>2009</u> Total £
ALLOCATED SUPPORT COSTS						
Staff costs	12,775	112,425	127,755	2,555	255,510	252,596
Premises costs	8,403	73,943	84,027	1,681	168,054	150,255
Communications	6,259	55,078	62,588	1,252	125,177	21,998
Publications	5,492	48,331	54,922	1,098	109,843	87,672
Office costs	4,547	40,009	45,465	909	90,930	51,367
IT Costs	3,672	32,310	36,716	734	73,432	58,075
Prof.consultancy	2,902	25,543	29,026	581	58,052	48,263
Depreciation	333	2,934	3,334	67	6,668	17,582
	44,383	390,573	443,833	8,877	887,666	687,808

Support costs are apportioned on the basis of staff time

**THE CHURCHES CONSERVATION TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010**

5. EXPENDITURE (continued)

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 (2009: £Nil). Three Trustees (2009: three) received reimbursements for travel and subsistence of £375 (2009: £417).

Net incoming resources are stated after charging

	2010	2009
	£	£
Auditors' remuneration	14,694	14,394

6. SALARIES, EMPLOYMENT COSTS AND EXPENSES

	Fundraising and Comms	Church repairs & maint.	Regional activities	Governance	Support	2010 Total	2009 Total
	£	£	£	£	£	£	£
Gross salaries	202,775	369,387	471,260	11,257	194,203	1,248,882	1,099,189
Social security costs	15,716	23,222	30,007	618	11,014	80,577	71,895
Pension costs	32,359	60,132	72,266	2,924	29,784	197,465	162,903
Early retirement	939	939	939	938	939	4,694	4,690
Travel expenses	16,543	41,756	78,615	8,031	9,603	154,548	114,504
Staff Training	806	1,622	4,791	558	2,852	10,629	8,748
Car Leasing	458	729	7,773	187	368	9,515	10,386
Recruitment costs	5,080	1,831	8,616	349	5,150	21,026	26,970
Staff Admin costs	1,535	2,856	1,771	1,531	1,597	9,290	8,081
	276,211	502,474	676,038	26,393	255,510	1,736,626	1,507,366
Average number of employees on a full time basis:	5	8	23	1	7	44	40

(Note: during the year-ending 31 March 2010, Trust staff were off work for a total of 93 sick days.)

**THE CHURCHES CONSERVATION TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010**

6. SALARIES, EMPLOYMENT COSTS AND EXPENSES (continued)

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 31/3/09 and related lump sum	CETV at 31/3/08	CETV at 31/3/09	Real increase in CETV as funded by employer
Crispin Truman Chief Executive (full time)	65-70	Nil	0-2.5	5-10	108	134	18
Sarah Robinson Director of Conservation (part time: decreased in year from 4 days to 3 days per week)	32-45	Nil	0-2.5	5-10	70	85	10
Vipan Narang Director of Finance and Resources (full time)	50-55	Nil	0-2.5	2.5-5	23	35	8
Colin Shearer Director for Regions (full time)	46-50	Nil	0-2.5	2.5-5	61	80	14

CCT Pension: Benefits and Contributions

Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS) arrangements. Members may be in one of four defined benefit schemes (classic, classic plus, premium and nuvos). The Scheme Actuary, Hewitt Bacon & Woodrow Limited has valued the Scheme 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.gov.uk/pensions/>

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 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). For the classic, classic plus and premium schemes, 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%.

For 2009-10 employers' contributions of £194,381 were payable to the PCSPS (2008-09: £176,900) at one of three rates in the range 17.1% to 25.5% of pensionable pay. For the stakeholder pension account, employers' contributions of £740 (2008-09: £140) 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% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

Also, employer contributions of £814 (2008-09: £814) 0.8% 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 March 2010 were nil (2008-09: nil).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for classic plus, premium and nuvos.

Benefits in the classic scheme accrue at the rate of 1/80th 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 1/60th of final pensionable earnings for each year of 6.

**THE CHURCHES CONSERVATION TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010**

SALARIES, EMPLOYMENT COSTS AND EXPENSES (continued)

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 essentially a variation of premium, with benefits in respect of service before 1 October 2002 calculated broadly as per classic. Nuvos was introduced on 30 July 2007. It is a defined benefit scheme where employees build up 2.3% of pensionable earnings towards their pension each year. 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 PCSPS arrangement can be found at www.civilservice-pensions.gov.uk. Notes to the table on previous page:

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.

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.

7. TANGIBLE FIXED ASSETS

	<u>Tenants'</u> <u>Improvements</u> £	<u>Furniture &</u> <u>Equipment</u> £	<u>Total</u> £
Cost			
At 1 April 2009 and 31 March 2010	46,897	188,377	235,274
Depreciation			
At 1 April 2009	46,897	175,544	222,441
Charge for the year	-	6,668	6,668
At 31 March 2010	46,897	182,212	229,109
Net book value			
At 31 March 2010	-	6,165	6,165
At 31 March 2009	-	12,833	12,833

**THE CHURCHES CONSERVATION TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010**

8. FIXED ASSET INVESTMENTS

	<u>Restricted</u> <u>Funds</u> £	<u>Permanent</u> <u>Endowment</u> <u>Funds</u> £	<u>Total</u> <u>Funds</u> £
At 1 April 2009	248,998	200,102	449,100
Net unrealised profit on revaluation	71,913	57,312	129,225
At 31 March 2010	320,911	257,414	578,325
Historic cost at 31 March 2010	277,036	198,598	475,634

The unrealised profit was calculated as a result of the Trust's annual revaluation of its assets. The Trust's current review of its investment strategy and asset allocation is underway and will be completed during the year ending 31 March 2011.

9. DEBTORS

	<u>Unrestricted</u> <u>Funds</u> £	<u>Restricted</u> <u>Funds</u> £	<u>2010</u> <u>Total</u> £	<u>2009</u> <u>Total</u> £
Listed Places of Worship Grant Scheme	123,819	-	123,819	82,848
Due from grant giving bodies	-	225,763	225,763	-
Other debtors and prepayments	92,929	-	92,929	69,074
	216,748	225,763	442,511	151,922

All amounts fall due within one year

10. CREDITORS

	<u>Unrestricted</u> <u>Funds</u> £	<u>Restricted</u> <u>Funds</u> £	<u>2010</u> <u>Total</u> £	<u>2009</u> <u>Total</u> £
Amounts falling due within one year				
Trade creditors	346,823	-	346,823	267,602
Accruals and deferred income	461,288	59,157	520,445	262,709
Taxation and social security	50,181	-	50,181	44,710
Other creditors	80,182	-	80,182	110,772
	938,474	59,157	997,631	685,793

(Note: The Trust paid 99.5% of supplier invoices within 30 days of receipt.)

11. PROVISION FOR LIABILITIES AND CHARGES

	<u>2010</u> <u>Total</u> £
At 1 April 2009	95,326
Released during the year	(16,432)
At 31 March 2010	78,894

**THE CHURCHES CONSERVATION TRUST
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12. FUNDS

	<u>Balance as at 1 April 2009</u> £	<u>Incoming Resources</u> £	<u>Resources Expended</u> £	<u>Unrealised losses</u> £	<u>Balance at 31 March 2010</u> £
Unrestricted funds	267,018	5,446,348	(5,472,776)	-	240,590
Restricted funds	628,653	714,631	(563,095)	71,913	852,102
Permanent Endowment	200,479	-	-	57,312	257,791
Expendable Endowment	178,121	674	-	-	178,795
	<u>1,274,271</u>	<u>6,161,653</u>	<u>(6,035,871)</u>	<u>129,225</u>	<u>1,529,278</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 assets held by the Trust which, together with the income generated, can be used for church repairs and maintenance 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. The largest five balances relate to York Holy Trinity, Leeds St John, Swaffam Prior, Evesham and Shorncote. These hold balances totalling £239,351 at 31 March 2010 and represent 38% of the total restricted fund balance.

13. OPERATING LEASE COMMITMENTS

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

	<u>2010</u> £	<u>2009</u> £
Leases expiring between two and five years		
Motor vehicles	<u>6,071</u>	<u>9,468</u>
Land and buildings	<u>106,918</u>	<u>101,200</u>

14. REPAIR COMMITMENTS

At 31 March 2010 the Trust had committed to or contracted for the following repair projects:

	<u>2010</u> £	<u>2009</u> £
2008-09 Programme	-	7,500
2009-10 Programme	608,025	160,540
2010-11 Programme	<u>273,764</u>	-
	<u>881,789</u>	<u>168,040</u>

**THE CHURCHES CONSERVATION TRUST
NOTES TO THE ACCOUNTS
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15. NET ASSETS

	<u>Unrestricted</u> <u>Funds</u> £	<u>Restricted</u> <u>Funds</u> £	<u>Endowment</u> <u>Funds</u> £	<u>2010</u> <u>Total</u> £
Tangible fixed assets	6,165	-	-	6,165
Investments	-	320,911	257,414	578,325
Cash	887,174	569,196	179,172	1,635,542
Net current liabilities	(573,855)	(38,005)	-	(611,860)
Provisions	(78,894)	-	-	(78,894)
Total	<u>240,590</u>	<u>852,102</u>	<u>436,586</u>	<u>1,529,278</u>

16. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	<u>2010</u> £	<u>2009</u> £
Increase in cash during the year	<u>137,267</u>	275,276
Change in net funds resulting from cash flows	137,267	275,276
Net funds at 31 March 2009	<u>1,441,535</u>	1,166,259
Net funds at 31 March 2010	<u>1,578,802</u>	<u>1,441,535</u>

17. 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.

18. EXCEPTIONAL ITEM

During 2009-10 the Trust was reimbursed through the Financial Services Compensation Scheme for those deposits it had 'lost' as a result of the Icelandic Bank Kaupthing, Singer and Friedlander going into administration in early October 2008.

19. ACKNOWLEDGEMENTS

The Trust wishes to record its thanks for the continuing help and support it receives that enables it to do its work across its 341 churches. The list below notes the Trust's Key sponsors (who provide its Statutory Grant), the Trusts and Foundations, Friends of Churches, other organisations and individuals that, in the year, gave generously to the Trust through grants and donations:

The Trust's Key Sponsors

The Department for Culture, Media and Sport
The Church Commissioners

Trusts and Foundations

Bayfield Charitable Trust
Harrisons Charity For Leeds
The Henry Smith Charity
J Paul Getty Jnr Charitable Trust
Jack Patston Trust
Lankelly Chase Foundation

**THE CHURCHES CONSERVATION TRUST
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The Loppylugs & Barbara Morrison Charitable Trust
North End Trust
Pilgrim Trust
The Swire Charitable Trust
Wembley History Society Trust Ltd
The Wyss Foundation

Friends of Churches

Friends of Akenham Church
Friends of Cambridge All Saints Church
Friends of Gravenhurst Church
Friends of Lancaster Church

Other Organisations

Albury Old Parish Church
Cards for Good Causes
Construction Skills
English Heritage
Harrogate Borough Council
Heritage Lottery Fund
National Heritage Council
Russell Commission
Swaffham Prior PCC
WREN Environmental

Individual Donors

Mr W Aldwinckle
Dr D Booth
Mr R Broyd OBE
Mrs D Dance
Mr D Bond
Mr A Clark
Rt Hon F Field
Mr M Fowle
Mr A Fry
Lady V Getty
Miss L Gibson
Mr C Gosling
Mr L Grossman OBE FSA
Mr W Hines
Mrs B Kipling
Mr C Knight
Dr M Puliyeel
Mr M Rice
Lord & Lady Rothschild
Mr A Smith
Mr N Stanley
Mr C Wright

20. VALUE OF TRUST VOLUNTEERS

The Trust relies heavily on the contribution made by volunteers to achieve its objectives. These volunteers include our Friends' groups and our younger volunteers, all of whose work helps enormously to enable the work of and help sustain the Trust.

We have not put a monetary value in the accounts on the many hours of work that our volunteers freely give. If we were to value them at £6.75 hour, the economic worth of the work they do for us would, for the year-ending 31 March 2010, amount to £3,390,000.