



The National Society

(Church of England) for Promoting Religious Education

Leading Education with Christian Purpose

Annual Report and Financial Statements Year ended 31 December 2008

Bankers

The Royal Bank of Scotland Plc
Drummonds Branch, 49 Charing Cross
London SW1A 2DX

Auditors

Somerbys Limited
Chartered Accountants
Registered Auditor
30 Nelson Street
Leicester LE1 7BA

Investment Advisers

J M Finn & Co
4 Coleman Street
London EC2R 5TA

Solicitors

Lee Bolton Monier-Williams
1 The Sanctuary
London SW1P 3JT

Charity No.313070

THE NATIONAL SOCIETY

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YEAR ENDED 31 DECEMBER 2008

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THE NATIONAL SOCIETY

LEGAL AND ADMINISTRATIVE INFORMATION YEAR ENDED 31 DECEMBER 2008

Established 1811
Incorporated by Royal Charter
Supplemental Charters granted 1934, 1972

- Patron:** Her Majesty The Queen
- President:** The Archbishop of Canterbury
- Vice-Presidents:** The Archbishop of York
The Archbishop of Wales
- Chairman:** The Right Reverend Dr Kenneth Stevenson, Bishop of Portsmouth (until 31st July 2008)
The Right Reverend Dr John Saxbee, Bishop of Lincoln (from 1st December 2008)
- Vice-Chairman:** The Right Reverend John Davies, Bishop of St Asaph
- Treasurer:** Mr Maurice Sharples OBE
- General Secretary:** The Reverend Janina Ainsworth

Offices

Church House
Great Smith Street
London
SW1P 3AZ

Telephone: 020 7898 1518
Fax: 020 7898 1493
Email: info@natsoc.c-of-e.org.uk
Website: www.natsoc.org.uk

Mission Statement

The National Society supports Church schools and colleges and all places of education and those involved in Christian and Religious Education in parishes.

The Society provides leadership, information and training. It encourages and enables all who share the Society's vision for education with Christian purpose.

THE NATIONAL SOCIETY

LEGAL AND ADMINISTRATIVE INFORMATION (CONTINUED) YEAR ENDED 31 DECEMBER 2008

The Council who served during the year and as at 16 October 2009.

Chairman	The Right Reverend Dr Kenneth Stevenson, Bishop of Portsmouth (until 31 st July 2008) The Right Reverend Dr John Saxbee, Bishop of Lincoln (from 31 st December 2008)
Vice-Chairman	The Right Reverend John Davies, Bishop of St Asaph
Treasurer	Mr Maurice Sharples OBE (<i>Chairman – Investment & Finance Committees</i>)
General Secretary	The Reverend Janina Ainsworth

Appointed / Elected by

Other Council Members

Mr Paul Adnitt	(Province of York)
The Reverend Edwin Counsell	(Governing Body of the Church in Wales)
The Reverend Canon Tim Elbourne	(Diocesan Directors of Education)
The Reverend Catherine Haynes (resigned March 2008)	(Diocesan Directors of Education)
Mrs Barbara Lane	(Diocesan Directors of Education)
Dr Medwin Hughes	(Governing Body of the Church in Wales)
The Reverend Canon David Isaac	(Province of Canterbury)
Mrs Mary Nagel	(General Synod of the Church of England)
Mrs Irene Roberts-Green	(Province of York)
The Reverend Ann Templeman	(Independent Schools Council)
Mr Jeff Turnbull	(Diocesan Directors of Education)
The Right Reverend Stephen Venner, Bishop of Dover	(Co-opted)
Mr Hugh Waller	(Province of Canterbury)
Mrs Shirley Williams	(Province of Canterbury)
Professor Michael Wright	(Anglican Colleges of Higher Education)
Mr Colin Hopkins	(Diocesan Director of Education)
Mrs Janet Cowley	(Province of York)
Dr John Bull	(Province of York)
Ms Jacqueline Waters-Dewhurst	(Province of Canterbury)

THE NATIONAL SOCIETY

LEGAL AND ADMINISTRATIVE INFORMATION (CONTINUED) YEAR ENDED 31 DECEMBER 2008

Sub Committee (of the Council)

Investment

Mr Maurice Sharples OBE
The Reverend Canon Peter Ballard
Mr David Lambert
Mr John Lee
Mr Brian Sidney Newey MA
Mr David Webster OBE
Mrs Shirley Williams
The Reverend Janina Ainsworth

Finance

Mr Maurice Sharples OBE
The Reverend Janina Ainsworth
The Venerable Peter Ballard
The Right Reverend Stephen Venner
Mrs Barbara Lane

Staff of the National Society at 31 December 2008

In the National Society Offices

General Secretary

The Reverend Janina Ainsworth

Executive Assistant to General Secretary

Mrs Pat Barton (until 31st December 2008)

Mrs Cheryl Payne (from 1st December 2008)

Deputy General Secretary and Head of School Improvement

Mr Nick McKemey

Head of School Development

The Reverend David Whittington OBE (until 31st July 2008)

Dr Rob Gwynne (from 1st November 2008)

National Schools Support Officer

Mrs Elizabeth Carter

Executive Assistant

Mrs Veronica Elks

Finance and Administrative Manager

Mr Segi Yaskey

Information Manager

Mr Peter Churchill

Administrative Assistant

Mrs Lorraine Freeman

Archive contact

Ms Sarah Duffield

Church of England Record Centre
15 Galleywall Road
South Bermondsey
London
SE16 3PB

The Right Reverend Kenneth Stephenson resigned from the Chair in July 2008. While his health had been improving he resolved to rationalise his activities. The archbishops in their capacity as Vice-Presidents, appointed the Right Reverend Dr John Saxbee, Bishop of Lincoln to be Chair.

THE NATIONAL SOCIETY

REPORT OF THE TRUSTEES YEAR ENDED 31 DECEMBER 2008

The National Society is a Church of England and Church in Wales education service. It was founded in 1811 to provide education for all, firmly based on the Christian Gospel and Anglican principles.

Structure Governance & Management

Introduction

The Annual report and Financial Statements for 2008 have been drawn up in accordance with the Trust Deed and the recommendations of the Statement of Recommended Practice - Accounting and Reporting by Charities (published 2005) and complies with applicable law.

Trustees of charities are under a duty to keep proper accounting records for their charity which show and explain all the charity's transactions.

The following paragraphs outline the work and activities of the Society undertaken during the year of account.

Organisation and Decision making

The National Society Council met three times during the year; one of the meetings was residential and thus allowed deeper and more wide ranging discussion than possible in one day.

The Council was formally served by the Investment sub-committee with the responsibility for the Society's investments. The Council also set up a Finance Committee during the year to help the Treasurer in dealing with financial affairs of the Society and governance issues.

The Society's Solicitors maintained strong links with the Society and the team established during 2008 focussing on educational matters. They also attend meetings of the Council.

The National Society is one of the National Church Institutions (NCIs) and draws on the expertise and resources of various central services including those relating to Human Resources, Office Services and IT, Publishing and the Church of England Records Centre. During 2008, preparations were made for transferring to the accounting system in place at the Archbishops' Council.

The National Society Council consists of the following members:

- a) The President and Vice Presidents;
- b) A Chairman appointed by the President after consultation with the Council;
- c) A Vice-Chairman appointed by the Council to serve for a term of office of five years;
- d) The Treasurer of the Society appointed by members of the Council for such period as they shall think fit;
- e) The General Secretary of the Society appointed by the President after consultation with the Council for such period as the President after consultation with the aforesaid shall think fit;
- f) One member appointed by the General Synod of the Church of England to serve for a term of five years;
- g) One member appointed by the Church in Wales to serve for a term of five years;
- h) Five members who at the time of their appointment are Diocesan Directors of Education of the Church of England or the Church in Wales appointed by the Chairman after consulting with a body appearing to him to be representative of Diocesan Directors of Education to serve for a term of five years;

THE NATIONAL SOCIETY

REPORT OF THE TRUSTEES (CONTINUED) YEAR ENDED 31 DECEMBER 2008

Organisation and Decision making (continued)

- i) One member who at the time of his/her appointment is a principal of an Anglican College of Higher Education in England or Wales appointed by the Chairman after consultation with a body appearing to him to be representative of the Principals of Anglican Colleges of Higher Education in England and Wales to serve for a term of five years;
- j) One member appointed by the Chairman after consultation with the Independent Schools Council to serve for a term of five years;
- k) Nine members of the Society elected by the members of the Society in a manner prescribed by the Bye Laws;
- l) The Chairmen of all duly appointed sub-committees of the Council *ex officio*;
- m) Not more than five persons co-opted by the Council to serve for a term of five years.

Under the Byelaws, with the exception of the President and Vice Presidents, no person shall be capable of becoming a member of the Council if at the time of his/her nomination, appointment, election or co-option he/she has attained the age of seventy-two years.

Relationships

The Society has a number of relationships with other bodies through which it co-operates to provide a full range of services to Church Schools in England and Church in Wales Schools, together with international links as appropriate.

In particular, the Society works in close partnership with the Archbishops' Council's Education Division, of which the General Secretary is Chief Education Officer. In 2008 this and five other posts were jointly funded by the Society and the Archbishops' Council.

The Society has acted as custodian trustee of St Christopher's College Educational Trust since the Trust's inception. It provides the Clerk, four Governors and the Chairman. The Trust prepares its own accounts for approval by the Governors.

The Society also acts as Trustee for the Hughes and Stevens Bequest Trust but again separate accounts are compiled.

A number of other small trusts are administered by the Society following gifts during the nineteenth century. Work is continuing with the Society's legal advisers to transfer these where there is no financial benefit to the Society. Separate accounts and Charity Commission returns are made for these trusts.

The Society has links with other organisations nationally and internationally to enable it to provide services and resources to benefit the work of Christian Education.

Risk Management

The Society keeps under review the risks to its work. The Society has the benefit of the expertise of the NCIs' Internal Auditors. Members of the Council review likely risk areas and policies adopted on a regular basis.

Trustees' Induction and Training

New trustees receive full information on the legal basis of the Society and the powers and responsibilities of the Council and its members. The current Council was constituted in 2008 and all members of the Council received information about the objects and purposes of the Society.

THE NATIONAL SOCIETY

REPORT OF THE TRUSTEES (CONTINUED) YEAR ENDED 31 DECEMBER 2008

Grant Making Policy

In general terms The National Society is not a grant making trust. However, from time to time the Society makes a limited number of grants to other bodies to enable those recipients to carry out specific work on behalf of the Society.

During 2008, the Society received and distributed to four schools £16,000 in the form of Change Management Grants. The work associated with this has been successfully completed.

Objectives & Activities

The objects of the Society are the promotion, encouragement and support of education in accordance with the principles of the Church of England, in England and Wales and in any other part of the world where the Church of England or churches in communion with it may be at work. The investments and property and all of the general income of the Society are applied for the general purposes of the Society.

197 Years of Supporting Christian Education TOWARDS THE FIRST 200 YEARS

The National Society is the driving force behind the continued expansion in the number of Church of England secondary schools. Its commitment and support for leading education with Christian purpose have been vital to the success of the initiative.

- The Society supports Diocesan Boards of Education with advice and guidance on developing new secondary schools, both through Government's Academies programme and also the Building Schools for the Future programme.
- The Society established 'Church of England Academies Services Ltd' to broker professional support for new schools, especially from the National Society Framework companies.
- The Society works closely with Government and the Department for Children, Schools and Families in supporting struggling Church of England schools, especially those identified in the National Challenge programme, managing training for diocesan officers and setting up partnership with the Anglican association of Secondary School Heads.
- With other partners the Society funds two RE Development posts to begin work in January 2009, working to raise standards of Religious Education and related curricular areas in Church of England schools and others.
- The *Christian values for Schools* project has developed resources to help school articulate and embed the values that underpin the Christian ethos, delivered through a dedicated website.
- Following the first completed round of SIAS (denominational inspection of Church of England schools) the Framework and Toolkit have been revised and distributed.
- The Society helped to fund the Church in Wales Education Review, which will set the direction for the work of the Society and the Church over the next 10 years.
- Preparations for celebrating the bicentenary of the Society in 2011 include a re-appraisal of the direction and capacity of the fundraising campaign in order to secure the future work of the Society for the good of the Church of England and of education.

THE NATIONAL SOCIETY

REPORT OF THE TRUSTEES (CONTINUED) YEAR ENDED 31 DECEMBER 2008

197 Years of Supporting Christian Education (continued)

In 2011 the National Society will celebrate its bicentenary, two hundred years since it facilitated the establishment of education for the masses in England and Wales.

Today, there are almost 5,000 Church of England and Church in Wales schools, maintained by local authorities and educating around a million children and young people. In addition, several hundred independent schools, some of them the pioneers of Christian education in the first millennium, have been designated with a Christian or Anglican character. The percentage of children in Church of England Primary and Secondary Schools continues to grow year on year.

The Church of England provides a quarter of all primary schools and a growing number of secondary schools.

The National Society continues:

- to send NewS, free of charge, every term, to members and to all Church of England / Church in Wales schools and colleges, as part of a wider communications strategy;
- to provide resources, inspiration and information for church schools (and others world-wide) on the free-access website www.natsoc.org.uk ;
- to offer a legal and management advice service for governors and head teachers of church schools and diocesan education teams;
- to produce and make widely available forms of contract between governing bodies and all those they employ;
- to support school chaplains and other clergy and lay people involved in school ministry;
- to support independent schools developing their Christian character;
- to preserve the archive of the Church's work in education, with the records of many church schools and colleges;
- to support the Churches' Joint Education Policy Committee, the Education Sunday Steering Group and the RE Council;
- To administer school trust funds.

Achievements & Performance

Investment Strategy, Powers and Restrictions

The Society's Investment Strategy reflects the long-term nature of the enterprise. With the help of expert professional advisers, reserves are invested in a mixed portfolio of equities, fixed interest securities and property. The Investment objective is to maintain the real value of the Society's assets while securing a steady growth in investment income. Both the requirement of prudence and the need for a reliable income flow prompt the Society to invest for "value" rather than "growth".

THE NATIONAL SOCIETY

REPORT OF THE TRUSTEES (CONTINUED) YEAR ENDED 31 DECEMBER 2008

Investment Performance

2008 saw a decrease in the value of the stock market and the market value of the Society's investments decreased whilst its total income yield increased to 5.3%.

For the National Society's investments, the Restricted Part, which represents the fixed interest investments, decreased approximately 4.9% during 2008. The Free Part, representing the equity investments, saw a decrease of approximately 28.9% during the year of account.

Financial Review

The effectiveness of fund-raising activities

The Society carried out no general fund raising activities during 2008 and as a voluntary body the Society relies on membership subscriptions, donations and legacies to fund its normal activities with all of the Society's registered inspectors expected to be members of the Society. A number of people, when becoming members of the Society, purchasing items at conference or training events, add donations to their payment; this is actively encouraged. The membership fee can be included in the Gift Aid Scheme and members are requested to sign the necessary form, so increasing the Society's income.

In association with the Archbishops' Council a major fund raising exercise was set up in order to raise funds for new Church of England Schools following the Dearing Report *The Way ahead: Church of England schools in the new millennium*. From April 2004, the National Society became not only the recipient and dispenser of funds but also the vehicle for the fundraising, resulting in £48M being received as direct donations to particular new school projects.

Occasional legacies are received perhaps due to advertising in various legal publications or routine National Society publicity.

Governance Costs

The Society has made a provision of £246,462 for legal fees in respect of an Employment Tribunal claim.

Reserves Policy

The Society's policy on Reserves is set having regard to its long history and indefinite future. Some of the funds administered by the Society are for specific purposes and give rise to restricted funds as recorded in the accounts. The residue is treated as a General Reserve, which is invested so as to produce a reliable income stream with which to support the Society's wide-ranging activities. The Society's financial strategy is to achieve balanced income and expenditure, taking one year with another. Surpluses and deficits are carried to General Reserve.

Reserves at 31 December 2008 were £7,475,434 of which £60,458 were restricted funds. Of the remainder £7,414,976 represented tangible fixed assets and fixed asset investments used to generate income for charitable use. There are no free reserves. The Trustees are aware of this and have arranged a series of disposals of investments to ensure liabilities are met as and when they fall due.

A full financial report is presented at each Council meeting with a view to monitoring the level of reserves as well as financial performance.

THE NATIONAL SOCIETY

REPORT OF THE TRUSTEES (CONTINUED) YEAR ENDED 31 DECEMBER 2008

Plans for Future Periods

- The Society will continue to support the secondary school development and improvement plans of the Church of England and Church in Wales and will encourage dioceses to look to post-16 developments.
- The society will support dioceses in reviewing the provision of primary education, focusing on the opportunities of the Primary Capital Programme and in developing extended provision at both primary and secondary schools.
- The Society will continue to improve standards in Church of England schools through collaboration with national Government and organisations, especially the National Challenge programme, and resourcing dioceses.
- There will be closer working with the Church of England's Youth and Children's Officers to develop a consistent response to initiatives from government such as *Every Child Matters* and the Children's Plan.
- SIAS denominational inspection reports (under s.48 of the Education Act 2005) continue to be monitored and posted on the National Society's website. The Society will support dioceses in strengthening and improving schools. An annual report monitors progress.
- The Society will invest in further research projects in order to inform its members and the wider public about the quality, characteristics and standards of Church of England schools.
- Plans will be developed for the celebration of the Society's bicentenary (16 October 2011), including a new statement of the aims and purposes of the Church of England and the National Society in their educational enterprises.

Statement of Council Members Responsibilities

The trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ascertain the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on The Society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

THE NATIONAL SOCIETY

**REPORT OF THE TRUSTEES (CONTINUED)
YEAR ENDED 31 DECEMBER 2008**

Approved by the trustees and signed on their behalf on 23 June 2009.

.....
The Right Reverend Dr John Saxbee
Bishop of Lincoln

.....
The Reverend Janina Ainsworth
General Secretary

.....
Mr Maurice Sharples OBE
Treasurer

THE NATIONAL SOCIETY

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES YEAR ENDED 31 DECEMBER 2008

We have audited the financial statements of The National Society for the year ended 31 December 2008 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with Section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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

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

We read the Trustees' Annual 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.

THE NATIONAL SOCIETY

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES (CONTINUED)
YEAR ENDED 31 DECEMBER 2008**

Opinion

In our opinion the financial statements:

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

23 June 2009

SOMERBYS LIMITED
Chartered Accountants
Registered Auditor
30 Nelson Street
LEICESTER LE1 7BA

THE NATIONAL SOCIETY

**STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2008**

	Note	Unrestricted Funds	Restricted Funds	Total 2008	Total 2007
<u>Incoming resources</u>					
Incoming resources from generated funds:					
Voluntary income	2	53,466	20,403	73,869	212,427
Investment income	3	400,996	-	400,996	405,250
		-----	-----	-----	-----
		454,462	20,403	474,865	617,677
Incoming resources from charitable activities:					
Responsibility centre funding	4	101,611	886,630	988,241	302,128
Other incoming resources		14,124	-	14,124	13,014
		-----	-----	-----	-----
<u>Total incoming resources</u>		570,197	907,033	1,477,230	932,819
		-----	-----	-----	-----
<u>Resources expended</u>					
Cost of generating funds:					
Costs of generating voluntary income		34,895	59,826	94,721	213,676
Investment management costs		1,105	-	1,105	830
		-----	-----	-----	-----
	8	36,000	59,826	95,826	214,506
Charitable activities:					
Promoting Religious Education	7	329,424	1,066,373	1,395,797	1,406,057
Governance costs	6	367,001	-	367,001	94,027
Other resources expended		6,271	-	6,271	7,760
		-----	-----	-----	-----
<u>Total resources expended</u>		738,696	1,126,199	1,864,895	1,722,350
		-----	-----	-----	-----
<u>Net (outgoing)/incoming resources before transfers</u>		(168,499)	(219,166)	(387,665)	(789,531)
Gross transfers between funds		(184,980)	184,980	-	-
		-----	-----	-----	-----
<u>Net (outgoing)/incoming resources after transfers</u>		(353,479)	(34,186)	(387,665)	(789,531)
Share of loss of associated company		(20,354)	-	(20,354)	-
		-----	-----	-----	-----
<u>Net (outgoing)/incoming resources before gains/(losses) on investments</u>		(373,833)	(34,186)	(408,019)	(789,531)
		-----	-----	-----	-----
<u>Gains/(losses) on investment assets</u>					
Realised		(65,995)	-	(65,995)	(292)
Unrealised	13	(2,271,092)	-	(2,271,092)	124,581
		-----	-----	-----	-----
		(2,337,087)	-	(2,337,087)	124,289
		-----	-----	-----	-----
<u>Net movement in funds</u>		(2,710,920)	(34,186)	(2,745,106)	(665,242)
		-----	-----	-----	-----
Fund balances at 1 January 2008	17/18	10,125,896	94,644	10,220,540	10,885,782
		-----	-----	-----	-----
Fund balances at 31 December 2008	17/18	£7,414,976	£60,458	£7,475,434	£10,220,540
		=====	=====	=====	=====

The statement of financial activities has been prepared on the basis that all operations are continuing operations.

THE NATIONAL SOCIETY

**BALANCE SHEET
AT 31 DECEMBER 2008**

	<u>Note</u>	<u>2008</u>	<u>2007</u>
Fixed assets			
Tangible assets	12	570	1,139
Investments	13	7,545,048	9,556,409
		-----	-----
		7,545,618	9,557,548
Current assets			
Debtors	14	184,158	144,642
Cash on deposit and at bank		225,725	743,742
		-----	-----
		409,883	888,384
Creditors: amounts falling due within One year	15	480,067	225,392
		-----	-----
Net current (liabilities)/assets		(70,184)	662,992
		-----	-----
Total assets less current liabilities	16	£7,475,434	£10,220,540
		=====	=====
Funds:			
Income funds:			
Restricted funds	18	60,458	94,644
Unrestricted funds	17	7,414,976	10,125,896
		-----	-----
Total funds		£7,475,434	£10,220,540
		=====	=====

THE RT REVD DR J SAXBEE..... CHAIRMAN

THE REVD J AINSWORTH..... GENERAL SECRETARY

M SHARPLES..... HONORARY TREASURER

These financial statements were approved by the Council on 23 June 2009.

THE NATIONAL SOCIETY

NOTES FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2008

1. Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments and in accordance with Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in 2005 and all applicable Accounting Standards. The principal accounting policies adopted in the preparation of the accounts are set out below and remain unchanged from the previous year.

(a) **Incoming resources**

Income is recognised in the period in which the charity is entitled to the receipt and the amount can be measured with reasonable certainty.

Investment income is accounted for on the cash received basis. Any related taxation recoverable is accounted for at the same time.

(b) **Resources expended and basis of allocation of costs**

Expenditure, including the related irrecoverable VAT, is accounted for on the accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure.

Most costs are directly attributable to specific activities. Certain expenditure is apportioned on the basis of time spent on various activities or space occupied.

(c) **Depreciation**

Depreciation of fixed assets is calculated to write down the cost by equal instalments over their expected useful lives.

The rate applicable is:

Computer Equipment - 33 1/3% on cost per annum

(d) **Investments**

Investments are included in the balance sheet at market value.

(f) **Pensions**

The National Society participates in the Church of England Defined Benefit Pension Scheme (DBS), one part of which is the Church Workers Pension Fund (see note 8). It also paid contributions during the year for employees who were members of the Church Administrators Pension Scheme but had no further liabilities in respect of employee pensions.

THE NATIONAL SOCIETY

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2008**

(g) **Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of the designated funds is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

2. Voluntary income

	Unrestricted <u>Funds</u>	Restricted <u>Funds</u>	Total <u>2008</u>	Total <u>2007</u>
Donations	10,998	20,403	31,401	77,576
Legacies	-	-	-	109,200
Subscriptions	42,468	-	42,468	25,651
	-----	-----	-----	-----
	£53,466	£20,403	£73,869	£212,427
	=====	=====	=====	=====

3. Investment income

	Unrestricted <u>Funds</u>	Restricted <u>Funds</u>	Total <u>2008</u>	Total <u>2007</u>
Interest receivable	34,300	-	34,300	71,633
Dividends receivable from equity shares	271,350	-	271,350	220,223
Dividends receivable from other investments and unit trusts	50,346	-	50,346	68,394
Rents receivable	45,000	-	45,000	45,000
	-----	-----	-----	-----
	£400,996	-	£400,996	£405,250
	=====	=====	=====	=====

4. Responsibility centre funding

	Unrestricted <u>Funds</u>	Restricted <u>Funds</u>	Total <u>2008</u>	Total <u>2007</u>
Shap	22,862	-	22,862	21,902
Schools work/legal advice	78,749	35,000	113,749	173,044
Section 48 inspections grant	-	851,630	851,630	107,182
	-----	-----	-----	-----
	£101,611	£886,630	£988,241	£302,128
	=====	=====	=====	=====

THE NATIONAL SOCIETY

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2008**

5. Allocation of support costs and Overheads

The trust allocates its support costs as shown in the table below and then further apports those costs between the three charitable activities undertaken (see note 7). Support costs are allocated on a basis of staff time.

<u>Cost type</u>	<u>Total Allocated</u>	<u>Governance</u>	<u>Charitable Activities</u>	<u>Cost of Generating Funds</u>
Staff Costs	192,644	58,620	111,048	22,976
Office Rent	15,693	3,363	10,216	2,114
Depreciation	569	122	366	81
	-----	-----	-----	-----
	£208,906	£62,105	£121,630	£25,171
	=====	=====	=====	=====

6. Analysis of Governance

	<u>2008</u>	<u>2007</u>
Staff costs	58,620	47,296
Office rent	3,363	3,169
Auditors remuneration	12,000	12,000
External accountancy fees	17,391	9,787
Treasurer Honoraria	5,000	5,000
Committee expenses	4,659	3,530
Depreciation	122	116
Legal fees for Employment Tribunal	246,462	-
Other	19,384	13,129
	-----	-----
	£367,001	£94,027
	=====	=====

7. Analysis of Charitable Activities

	<u>Direct Staff Costs</u>	<u>Other Direct Costs</u>	<u>Support Costs</u>	<u>Total</u>
<u>Promoting Religious Education</u>				
Grants to outside bodies (note 10)	-	37,000	-	37,000
Responsibility centre costs:				
Shap	15,670	8,191	25,171	49,032
Schools	72,895	264,398	58,703	395,996
S48	-	801,781	37,756	839,537
Church Schools National Appeal	-	74,232	-	74,232
	-----	-----	-----	-----
	£88,565	£1,185,602	£121,630	£1,395,797
	=====	=====	=====	=====

THE NATIONAL SOCIETY

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2008**

8. Analysis of Cost of Generating Funds

	<u>Direct Staff Costs</u>	<u>Other Direct Costs</u>	<u>Support Costs</u>	<u>Total</u>
Membership	-	18,115	16,780	34,895
Church Schools National Appeal	28,708	22,727	8,391	59,826
Investment Management costs	-	1,105	-	1,105
	-----	-----	-----	-----
	£28,708	£41,947	£25,171	£95,826
	=====	=====	=====	=====

9. Staff costs

	<u>2008</u>	<u>2007</u>
Staff costs comprise:		
Wages and salaries	180,523	184,001
Social security costs	15,939	17,635
Pension costs	54,138	40,471
Compensation to former employee	19,934	-
Salary contributions (Staff member)	39,383	48,000
	-----	-----
	£309,917	£290,107
	=====	=====

No single employee's emoluments exceed £60,000 per annum.

The average number of employees, calculated on a full-time equivalent basis, analysed by function was:

Cost of generating funds	1	2
Charitable activities	3	3
Governance	1	2
	-----	-----
	5	7

THE NATIONAL SOCIETY

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2008**

10. Grants to outside bodies

The National Society made grants towards Education as follows. Each is a single payment unless stated.

	<u>2008</u>	<u>2007</u>
Collective Worship Website	15,000	15,000
Archbishop's Council	-	32,547
Church of Wales	10,000	-
	-----	-----
	25,000	47,547
<u>Church Schools National Appeal</u>		
The Rochester Diocesan Board of Education	-	100,000
Christ's College, Guildford	-	4,000
St Mary's C of E VA Middle School Belfrd	-	4,000
Churchmead C of E VA School, Oxford	-	4,000
The Bishops College	-	4,000
St Peter's College, Chelmsford	-	4,000
Unity College Northampton	-	4,000
Immanuel College	-	4,000
Five Islands C of E	-	4,000
Whitburn C of E	-	4,000
The Venerable Bede C of E	-	4,000
St Michael C of E School	-	4,000
St Hilda C of E School	-	4,000
St George C of E School	-	4,000
Sir Thomas Boteler	-	4,000
Bradford Academy	-	4,000
Archbishop Holgate C of E School	-	4,000
The Academy Of St Francis of Assisi	-	4,000
Immanuel Community College	4,000	-
Bedford C of E Middle School	4,000	-
Five Island C of E	4,000	-
All Saints C of E School	4,000	-
St Michaels C of E School	(4,000)	-
	-----	-----
	12,000	168,000
	-----	-----
	£37,000	£215,547
	=====	=====

THE NATIONAL SOCIETY

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2008

11. Pension costs

The National Society participates in pension schemes operated by the Church of England Defined Benefit Pension Scheme (DBS) part of the Church Workers Pension Fund. At 31 December 2008 The National Society had 3 active member and 7 deferred pensioner members in the Church Workers Pension Fund.

The National Society is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. A valuation of the Fund was carried out as at 31 December 2007 and The National Society's contribution rate was revised with effect from 1 January 2009.

12. Tangible assets

	<u>Computer equipment</u>
Cost	
At 1 January 2008	6,804
Additions	-
Disposals	-

31 December 2008	6,804

Depreciation	
At 1 January 2008	5,665
Charge for the year	569
Eliminated on disposal	-

At 31 December 2008	6,234

Net book amount	
At 31 December 2008	570
	=====
At 31 December 2007	1,139
	=====

The above represents fixed assets used for Management and administration and Establishment and support.

THE NATIONAL SOCIETY

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2008**

13. Investments

	<u>Properties</u>	<u>Investment Unlisted</u>	<u>Wide Range</u>	<u>Narrow Range</u>	<u>Total</u>
Market value at 1 January 2008	1,566,500	1	6,426,159	1,563,749	9,556,409
Less: Disposals at opening book value	-	-	(598,113)	(135,977)	(734,090)
Add: Acquisitions at cost	-	-	881,822	111,999	993,821
Net gain/(loss) on revaluation	(78,000)	-	(2,139,800)	(53,292)	(2,271,092)
	-----	-----	-----	-----	-----
Market value at 31 December 2008	£1,488,500	£1	£4,570,068	£1,486,479	£7,545,048
	=====	=====	=====	=====	=====
Historical cost at 31 December 2008	£109,844	£1	£4,276,730	£1,403,171	£5,789,746
	=====	=====	=====	=====	=====

The holding of 252,620 Charinco Units represents more than 5% of the total cost (£317,940) and market value (£473,789) of investments at 31 December 2008.

The holding of 197,395 CBF Church of England Funds represents more than 5% of total cost (£331,075) and market value (£316,425) of investments at 31 December 2008.

The holding of 17,670 Royal Dutch Shell Shares represents more than 5% of the total market value (£304,984) at 31 December 2008.

At 31 December 2008, the Trustees valued the properties at no less than £1,488,500.

Investment in associate

The unlisted investment represents one share (33.33%) in Church of England Academy Services Limited (CASL), a company incorporated in England and Wales on 14 November 2007.

Cost	1
Share of post acquisition loss	(20,354)
Adjusted through provision of doubtful debt	20,354

	£1
	=====

14. Debtors

	<u>2008</u>	<u>2007</u>
Trade debtors	25,152	31,340
Other debtors	159,006	113,302
	-----	-----
	£184,158	£144,642
	=====	=====

Included in other debtors is a loan to CASL amounting to £104,607 (2007 £45,924). The initial loan is Interest free. Interest will be charged on any further loan at 2% above the Bank of England base rate and it is to be repaid as soon as practicable and at the very latest by the end of 2009.

THE NATIONAL SOCIETY

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2008**

15. Creditors

Bank overdraft	-	79,328
Other creditors	323,510	58,225
Accruals and deferred income	156,557	87,839
	-----	-----
	£480,067	£225,392
	=====	=====

16. Analysis of net assets between funds

	<u>Unrestricted Funds</u>	<u>Restricted Funds</u>	<u>Total Funds</u>
Fund balances at 31 December 2008 are represented by:			
Fixed assets	7,545,618	-	7,545,618
Current assets	349,425	60,458	409,883
Current liabilities	480,067	-	480,067
	-----	-----	-----
Total net assets	£7,414,976	£60,458	£7,475,434
	=====	=====	=====
Unrealised gains included above:			
On investment assets (see note below)	£1,755,298	-	£1,755,298
	=====	=====	=====
Reconciliation of movements in unrealised gains on investment assets:			
Unrealised gains at 1 January 2008	4,431,596	-	4,431,596
Less: Realised gains in respect of disposals in the year	(405,206)	-	(405,206)
	-----	-----	-----
	4,026,390	-	4,026,390
Add: Net gains/(losses) arising on revaluations in the year	(2,271,092)	-	(2,271,092)
	-----	-----	-----
Unrealised gains at 31 December 2008	£1,755,298	-	£1,755,298
	=====	=====	=====

17. Unrestricted funds

	<u>Balance 01/01/08</u>	<u>Income</u>	<u>Expenditure</u>	<u>Transfers</u>	<u>Balance 31/12/08</u>
General funds	10,023,946	570,197	3,094,187	(184,980)	7,314,976
	-----	-----	-----	-----	-----
Designated funds					
AH Mills – Funding of RE Post	100,000	-	-	-	100,000
National Institute for Christian Education Research	1,950	-	1,950	-	-
	-----	-----	-----	-----	-----
	£10,125,896	£570,197	£3,096,137	(£184,980)	£7,414,976
	=====	=====	=====	=====	=====

THE NATIONAL SOCIETY

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2008

Designated funds

These funds comprise Unrestricted Funds which the Council have designated to be set aside for the purposes stated.

Transfers

A transfer of £184,980 has been made from Unrestricted Funds to Restricted Funds to meet overhead costs of the National Appeal and S48 School Inspections.

18. Restricted funds

The income funds of the Society include restricted funds comprising the following unexpended balances of grants held as funds to be applied for specific purposes:

	Balance 01/01/08	Income	Expenditure	Transfers	Balance 31/12/08
S48 School Inspections	-	851,630	898,211	59,325	12,744
Church Schools National Appeal	-	20,403	146,058	125,655	-
National College for School Leadership	94,644	-	81,930	-	12,714
RE Development Project	-	35,000	-	-	35,000
	£94,644	£907,033	£1,126,199	£184,980	£60,458

The funds are held for the following purposes:

S48 School Inspections	-	Funding for school inspections required under Section 48 of the Education Act 2005.
Church Schools National Appeal	-	School capital building cost and support.
National College for School Leadership	-	To secure the supply of headteachers now and in the future.
RE Development Project	-	Funding to improve the quality of education in Church of England Schools.

19. Trustees expenses and remuneration

Included in total committee expenses is £4,659 (2007 - £3,530) which has been reimbursed to individual council members in respect of travelling and incidental expenses.

One of the Trustees of The National Society is employed by The Archbishops' Council and 44% of her salary and pension is recharged to The Society for work done on their behalf. This 44% recharge amounted to £40,067 (2007 - £33,201).

The Honorary Treasurer received an honorarium of £5,000 (2007 - £5,000).

Trustee indemnity insurance of £1,008 (2007 - £1,008) was paid by The Society.

THE NATIONAL SOCIETY

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2008

20. Trusteeship

The National Society is the Trustee as at 31 December 2008 for the following trusts:

TRUSTS RETAINED BY THE NATIONAL SOCIETY

Alton School Teachers House	Suffolk Hopton, Reverend	
Cleathings Trust	A Dawson's Charity	Vaughan Trust
Kith and Kin Trust	Patrons Society Trust	Walcot School
Knighton School	Portishead St Barnabas School	

TRUSTS TRANSFERRED OR PENDING FINAL AGREEMENT

Alder Trust Fund	Matson School Trust	William Webb Ellis
Alderney School	Miller Trust	Education Foundation
Aylesbury Trust	Nunn Samuel Prize Fund	Woods S.F. Exhibition
Coleford-Brickdale Scowles Memorial	South Moreton School	
Combe Abbas School	Stoke-East School	

The assets held on behalf of these trusts are held in the name of The National Society Trusts Funds and comprise:

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
CBF Investment Fund	54,948	151,002	57,095	226,638
CBF Deposit Fund	42,353	42,353	40,868	40,868
RBS Deposit Account	51,369	30,926	40,391	40,391
	-----	-----	-----	-----
	148,670	224,281	138,354	307,897
	=====	=====	=====	=====

Monies due from these Charities to The National Society at 31 December 2008 amounted to £27,746 (2007 £20,444).

There are two registered charities of which The National Society is also Trustee:.

The Hughes and Stevens Bequest (Charity number 313637);
St. Christopher's College Education Trust (Charity number 313864) (as Custodian Trustee);

Both of these charities prepare their own accounts in accordance with Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005).

Amounts due to St. Christopher's College Education Trust from The National Society at 31 December 2008 were £20,245 (2007 £14,983)

Amounts due from Hughes and Stevens Bequest to The National Society at 31 December 2008 were £1,579 (2007 £1,579)