



**Presbyterian Orphan and Children's Society
Annual Report 2006**



Contents

Foreword.....	2
Society Directory.....	3
Honorary Secretary's Report.....	4
Honorary Treasurer's Report.....	6
Annual General Meeting.....	8
Information: Money Matters.....	11
Report of the Governors.....	14
Report of the Auditors.....	17
Statement of Financial Activities.....	18
Balance Sheet.....	20
Notes to the Financial Statements.....	21
Detailed Statement of Financial Activities.....	27





Foreword

To: Secretaries, Collectors and Contributors

Dear Friends

Once again we are grateful to acknowledge the blessings of Almighty God on our work through the inspiration of the Holy Spirit. Once again, through the devoted work and generous support you have given, we have enjoyed a good return as reflected in the Report of our Honorary Treasurer. And this in turn has been reflected in increased grants for those most in need. In previous years we have been warned that we cannot assume that subscriptions will necessarily continue to increase. Each year thus far your support has indeed continued to increase. All of this we acknowledge with thanks.

It is appropriate to add one other blessing. Hitherto we have been acutely aware of a Government restriction on our grants known as the “Charitable Disregard”. We have been concerned that, were we to increase our grants beyond the level set by Government, applying this Charitable Disregard, there was a risk that our grants might be taken into account, by way of means testing, in assessing State Benefits to which a needy person might otherwise be entitled. This has been a sensitive subject for some time. We felt that the level set for the Charitable Disregard needed to be reviewed. Thanks to the good work of our Secretary, Dr Paul Gray, this matter has been addressed and the Charitable Disregard has been removed. This is a recent event and we still have to decide how far we can react and what scope this gives us to increase the support so urgently required.

The departure of Gail McCullough was a disappointment. She had made a considerable contribution as a member of our Secretary’s staff working closely with Pat Anderson. She had acquired training in the management of debt and gave valuable advice on this difficult subject. At first it was not easy to see how the office could function without her. Paul and Pat faced this challenge and took the opportunity to revise their procedures. Between them they have managed wonderfully well and deserve much appreciation, which the Board was glad to give, for the extra work they have undertaken. A part-time expert, Mrs Phil McGarry, has been recruited to continue the service providing advice on debt management and she too deserves our thanks.

But I must finish this letter by again thanking you for your hard work and for stimulating valuable support for the Society. You provide a service without which the Society could not operate as it does.

Yours sincerely
John McKee

President

Society Directory

Ex-Officio Governors

His Honour J McKee, Q.C.

Rev P P Campbell, B.Agr., B.D., M.Phil.

Mr G D B Harkness, M.A., F.C.A.

(PRESIDENT)

(HONORARY SECRETARY)

(HONORARY TREASURER)

Elected Governors

Mr A J K Boucher, B.Sc.(Econ), F.C.A.

Rev J A Braithwaite, B.Sc., B.D.

Mr B Corry, A.C.I.I.

Mrs A Drew

Very Rev Dr S Hutchinson, B.A., B.D., M.Th., D.D.

Rev P A McBride, B.Ed., B.D.

Mrs V McGuffin, M.I.S.M.

His Honour Judge J A H Martin, Q.C.

Mr R Orr

Rev J I Thompson, T.D., B.Sc., B.D.

Mr N W Todd, B.Ed., M.A., M.Sc.

Mrs W R Wilson, M.B., M.R.C.G.P.

Mrs L Yates

Secretary and Treasurer

Dr W P Gray, M.S.Sc., Ph.D., M.Inst.L.M.

REGISTERED OFFICE

Glengall Exchange
3 Glengall Street
Belfast BT12 5AB

BANKERS

Northern Bank Ltd
Donegall Square North
Belfast BT1 6LT

AUDITORS

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast

SOLICITORS

Carson & McDowell
Murray House
Murray Street
Belfast BT1 6RS





Honorary Secretary's Report

It is not very often that we can use the three letters AGM, or three words Annual General Meeting, in the same sentence as words like enjoyable, interesting, stimulating, or even rewarding. However the Annual General Meeting of the Presbyterian Orphan and Children's Society is an exception – for it is always enjoyable, interesting and stimulating.

We are always pleased to welcome our guests. Today, as is the custom, we are honoured to have with us the Moderator of the General Assembly, The Rt. Revd. Dr David Clarke; and to have all of you with us, but I believe that we would all recognise that the true VIP's at our AGM are those whose long service we recognise. It is humbling for us as Governors to have you here – people who have collected faithfully for years, and we are delighted to recognise your faithful service. People such as yourselves are the backbone of the Presbyterian Orphan and Children's Society. We are all indebted to you and to all the collectors and organisers throughout Ireland.

We are involved in the PCI Family Holiday, Contact Centres, and in the Debt Counselling Project, all of which are of direct benefit to children. However, when we make our spring and autumn selections of families to be placed upon our roll, we never cease to be amazed at the difficulties which confront so many families. People who are facing bereavement, separation, disablement, illness and sometimes a combination of these, and who must find life a constant struggle. It is a privilege to be able to offer some financial assistance to our fellow Presbyterians,

‘It is a privilege to be able to offer some financial assistance to our fellow Presbyterians, and to do so in the name of Christ, assuring them that the church is aware of them and cares for them.’

and to do so in the name of Christ, assuring them that the church is aware of them and cares for them.

A number of years ago the Governors began to sense a need to respond to a rapidly changing society, and to the changing role of the church within that society. We simply could not stand still. And so began a series of changes, stemming in some way from a

conference in Boston, USA, in 2002, which our Secretary, Dr Paul Gray attended and gained insight into how to organise and develop the Board of Governors to enable the Society to embrace change and development. At the same time we asked Paul to attend an annual conference in London, where he could be kept abreast of changes in the voluntary sector, and we are confident that he is keeping us in the forefront of being relevant in a modern society, a culture so far removed from that in which our forefathers founded the Society in 1866.

We are fortunate to have such reliable and enthusiastic staff. During the past year we were disappointed to learn that Mrs Gail McCullough had decided to move on to alternative employment after giving many years of service to the Society, and we wish her well in her new situation. Gail's departure left Pat working tirelessly to maintain a professional standard in all our

dealings with congregations until we appoint a new member of staff later this year. We are indebted to you, Pat, for the extra effort you have put in since August.

We can scarcely imagine the Presbyterian Orphan and Children's Society without Dr Paul Gray. As has just been mentioned, he keeps us at the sharp end of development and change, but he brings so much experience and expertise that the Governors felt that it is only right that he should be our key note speaker this year, informing all of you of the changes that are taking place, and how we understand the evolution of the Society this year, next year and in the years to come.

Rev Purvis Campbell
Honorary Secretary





Honorary Treasurer's Report

It is my pleasure to present the Annual Report and Financial Statements of The Presbyterian Orphan and Children's Society for the year ended 31st December 2006.

I am pleased to report yet again another very satisfactory year and that the Accounts have received a clean audit opinion from our auditors, Ernst & Young. You will note that the Governors Report is more comprehensive than in previous years as a result of new reporting requirements for charities.

I do not intend to go through the accounts in detail but would draw your attention to a number of items.

Income:

On the income side you will see that total income rose to £629,048 from £585,552, an increase of £43,496 or 7%. Subscriptions at £305,102 were up £8,445 or 3% and at a record level, representing 48% of the Society's recurrent income. The Governors consider this was a most satisfactory position. Please keep up the good work, your contribution is greatly valued.

Investment income at £242,323 was up from the previous figure of £222,358 by 9%.

Other income which was mostly bank interest increased by 23% to £81,623 from £66,537 in the previous year.

Expenditure:

It is the policy of the Society to spend our income on a year on year basis and this year we spent £5002 over our income.

Grants to children increased to a record level of

'An analysis of expenditure shows that 71% was spend on grants to children, 3% on child projects, 19% on management, 3% on investment management, 2% on fund raising.'

£449,892 from £435,055 in the previous year, an increase of £14,837 which is 3.5%. Turning to note 3 in Notes to the Financial Statements, you will see that grants for support and education rose by £13,196 to £232,486 from £219,290, having been static in the previous year. Special grants were £217,406 against £215,765 a small increase, however there had been a very large increase last year.

Turning again to the Statement of Financial Activities, you will see that expenditure on Childcare projects was £21,175 against £11,678 in the previous year and details are in note 4 in Notes to the Financial Statements.

The cost of managing the Society increased from £115,465 to £119,016, an increase of 3%.

The investment management fee increased to £34,064 from £31,529 as a result of the increased value of our investments.

An analysis of expenditure shows that 71% was spent on grants to children, 3% on child projects, 19% on management, 3% on investment management, and 2% on fund raising.

Results:

You will see that there was a net outgoing on revenue resources of £5,002 as against a net outgoing in the previous year of £13,863. However these deficits were planned for as it is our policy when surpluses are made to spend these in subsequent years and the deficits of these two years were the spending of a previous surplus.

To the net revenue resources for the year there is added capital receipts of £311,490, these included very substantial legacies of £308,505 which are unlikely to continue at this level, and net gains on

investments of £769,803 against £1,030,288 in the previous year. Capital receipts are invested to provide income for future years.

The overall result is a net positive movement in funds for the year of £1,076,291 as against £1,275,348 last year. This results in total funds being £8,362,381 at the 31st December 2006.

Balance Sheet:

Turning to the Balance Sheet you will see the assets and liabilities making up these funds. I would particularly draw your attention to investments at £6,923,574 which have risen in value during the year from £6,205,900 at 31st December 2005. I would emphasise that all investments by the Society are made in accordance with strict ethical guidelines.

The other substantial asset is cash at bank and in hand of £1,277,240 against £928,313 at the previous year end.

Mr George Harkness
Honorary Treasurer





Keynote address to the AGM

This address was delivered at the Society's Annual General Meeting on 8th May 2007 by the Secretary, Dr Paul Gray.

I have been asked by the Board to talk to you this year on our strategy and I have done this at the same time looking to what I call a positive future. I believe the Society has a positive future and strategy because it is clear in what it should be doing.

By way of introduction, I would say that the Society has understood two crucial things:

1. We are there for people who, in terms of the world, are marginal. Henri Nouwen has said "Those who are marginal in the world are central in the Church and that is how it is supposed to be! Thus we are called as members of the Church to keep going to the margins of our Society".

2. The Society has also understood that we can only pursue excellence when there is a culture which encourages innovation and permits mistakes. It has been said that "the man who makes no mistakes does not usually make anything". In a bold, brash, success orientated environment we have to be willing to take a chance on projects or on families even if they fail to respond to our care in the way we would want.

This said, how has the Society come to formulate its strategy for the future? Let us answer this by taking a step back for a moment into the past.

The Society was founded in Belfast in the nineteenth century, in 1866 to be exact. In its early days it helped children by fostering children with Presbyterian families and giving grants to these families for food, clothing and the education of the children. The Society was also involved in running a children's home in Belfast. The Society focused on need and there is still need in 2007. Indeed there are many issues today which impact children and family life and the media regularly highlights the changes which impact children and the family. It is clear that the Society needs to

be relevant today and for any organisation this means self-examination.

As a result of a self-examination of the Society by the Board of Governors, eight critical issues were highlighted as follows:

- Board Membership - we need the right people to do the right job.
- Changing nature of our clients – we need to address the changing trends regarding families and children.
- Decline in Denomination – we need to understand that numbers of Presbyterians are declining steeply.
- The need for new ideas – we need to make others aware of the uniqueness of what we do, be open to change and absorb new ideas.
- The effect of Government Policy – we need to compliment government policy but not be a substitute for government provision.
- Developing Partnerships – we need to develop genuine opportunities to co-operate with others to benefit the families and children of our church.
- Long-term funding – we need to ensure we are sustainable into the future.
- Communicating the need – we need to let people know what we do.

Having formulated the critical issues the Board of Governors response was to approve a strategy to deal with these issues.

Our Strategy

- Governance – we are recruiting people to the Board who have the appropriate skills for today's organisation.

- Trends – we are monitoring trends and streamlining our procedures to ensure we are relevant.
- Change – we are changing the way we work so that we can be proactive.
- New Schemes – we are constantly involved with new schemes to enable us to help where children and families are today in our church.
- Government – we make ourselves aware of government thinking to enable us to function more effectively.
- Partnership – we have developed partnerships for the benefit of the children and families of our church.
- Sustainability – we are continually looking at our finances with a long-term view of sustainability.
- Communication – we update our literature so that everyone can know what we do.

This is our strategy for the future, but this is within the context of meeting need today. The Society is meeting need and alleviating pressures on families and children by regular and special grants to families, giving exceptional grants to families and funding Family and Childcare projects linked to the Presbyterian Church.

Today we help 800 children in 425 families by means of regular and special grants and last year spent £449,892 by way of these grants. Here are two responses to our help:

“A million thank-yous for your financial support as a lone parent. Your grants always came in response to prayer and God used them to provide as I lived by faith in Him”.

A Lone Parent

“Just to say that the Christmas gift came at a time when this family were going through some particular stresses and so encouraged them more than I can put into words. Thank you! What you do is so valuable”.

A Minister

Exceptional grants are a growing aspect of the Society’s work helping many families with a range of needs and encompassing child care costs, educational expenses, financial expenses, household expenses and children’s holidays. Last year the Society gave £27,837 in exceptional grants. Here is what the grant meant to one family:

“I really appreciate your kind gift to us of £300. It frees me to be around more, in order to take care of my daughter as she starts chemotherapy”.

The Society is involved in other ways of helping families and children by supporting relevant Presbyterian projects. Currently we support Knock Child Contact Centre, Coleraine Child Contact Centre, Presbyterian Orphan and Children’s Society Money Advice Service, and the Board of Social Witness Taking Care Programme.

As you can see from our work the Society is still doing what it needs to do and our strategy is in place to give you confidence that we know what to do in the future. In addition, we continue to communicate to others what we are doing and today launch our new website at www.presbyterianorphanandchildrenssociety.org which will broaden communication even further.

In all this and so much more we as a Society look to a positive future.

Dr. Paul Gray
Secretary





The Annual General Meeting

The Annual General Meeting took place on Tuesday, 8th May 2007 at 12.00 noon.

His Honour John McKee, Q.C., President, presided and the Opening Worship was conducted by Rev Isaac Thompson, T.D., B.Sc., B.D. The Annual Report was presented by Mr Arthur Boucher, B.Sc., F.C.A. on behalf of Rev P P Campbell, B.Agr., B.D., Honorary Secretary, and the Statement of Accounts by Mr G D B Harkness, M.A., F.C.A., Honorary Treasurer.

The First Resolution:

That the report be adopted and printed with the Statement of Accounts: that this meeting expresses gratitude to God for the continued prosperity of the Society and returns thanks to the local superintendents, secretaries and collectors for their valuable help during the year: that it commends the work of the Society to all members of the Church for their support and consideration.

was proposed by Right Rev Dr David Clarke, LL.B., B.D., D.D. Moderator of the General Assembly, and passed unanimously.

The Second Resolution:

That the President, Honorary Secretary and Honorary Treasurer be re-appointed: that the elected Governors be re-appointed: that Messrs Ernst & Young LLP, Chartered Accountants, be re-appointed Auditors for the ensuing year.

was proposed by His Honour J McKee, Q.C., President, and passed unanimously.

The following were presented with Inscribed Bibles in recognition of dedicated service:

Mrs Joan McClean, Abbey, Monkstown Congregation
Mrs Jean Stewart, Abbey, Monkstown Congregation
Mr Samuel C Murphy, Ballyrone Congregation
Mrs A M Wharry, Carnlough Congregation
Mrs M McGalliard, Carnlough Congregation
Mrs Ruby Hegan, Molesworth, Cookstown Congregation
Mrs Lloyd Toal, Glascar Congregation
Mrs Marion Waddell, Glascar Congregation
Mr Alan Bell, Greystones Congregation

The following presentations are to be made at a later date:

Mrs Mahaffey, Ballindrait Congregation
Miss Renee McClintock, Ballindrait Congregation
Miss Angela Wauchope, Ballindrait Congregation
Mr E Bird, Ravenhill Congregation

A special presentation was made to:

Mrs Olga Irwin, Sligo Congregation

The meeting closed with the Benediction.

Information: Money Matters

GIFT AID

Gift Aid is a scheme introduced by the Chancellor that allows the Presbyterian Orphan and Children's Society to recover some of the tax you have paid when you make a donation to the Society. The value of your gift to the Society increases at no cost to you.

To be eligible to participate you must pay sufficient United Kingdom tax (income or capital gains) to cover the amount the Presbyterian Orphan and Children's Society will reclaim on your donation. For the 2006/07 tax year this was 28p for every £1 donated. For the scheme to work all donations given by you must be identifiable as coming from you, either through using collecting cards, gift envelopes, a cheque or standing order.

The minimum level of donation to make claiming the tax back worthwhile is £20.00. If you require any further advice regarding this matter, please contact Paul Gray, Presbyterian Orphan and Children's Society, Glengall Exchange, 3 Glengall Street, Belfast BT12 5AB [Telephone 028 90323737].

FORM OF BEQUEST (as set out below)

A direct bequest or a share in the residue of your Estate would greatly assist the Society to plan for the future. Your solicitor will advise you fully on any questions regarding this matter.

I bequeath to the Society called 'The Presbyterian Orphan and Children's Society' the sum of * _____ to be paid to the Treasurer for the time being of the said Society, free of all deductions whatever, the receipt of the said Treasurer to be discharge for the same. (*the sum to be written in full)

CHEQUES

All cheques being sent direct to the Society should be crossed and made payable to **The Presbyterian Orphan and Children's Society**. These cheques should be sent to **Paul Gray, Presbyterian Orphan and Children's Society, Glengall Exchange, 3 Glengall Street, Belfast BT12 5AB**.

Cheques should NOT be sent to the Financial Secretary's Department.

CONTRIBUTIONS

Contributions from Congregations, in order to be acknowledged in the Annual Report for the year, must be received no later than 28th January.

ALL CORRESPONDENCE

All correspondence should be sent to **Paul Gray, Presbyterian Orphan and Children's Society, Glengall Exchange, 3 Glengall Street, Belfast BT12 5AB, (Telephone 028 90323737)**.

Correspondence should NOT be sent to the Financial Secretary's Department.





**Financial statements for the year ended
31 December 2006**

Report of the Governors

for the year ended 31 December 2006

The Governors present their report and financial statements for the year ended 31 December 2006.

Principal activities

The principal activities of the Society are to help and assist young people of the Presbyterian Church in Ireland in whatever ways possible under the terms of the Society's Scheme of Endowment.

Results

The net incoming resources for the year amounted to £306,488 (2005: £245,060).

The incoming resources for the year increased to £940,538 (2005: £856,284).

The high level of incoming resources in 2006 was mainly due to the residue of an exceptionally large bequest which, together with other bequests, totalled £308,505. In 2005 bequests totalled £266,811; once again due for the most part to the residue of the large bequest. In line with existing policy these bequests have been added to capital to ensure the purchasing power of grants to future recipients.

The Governors have been encouraged by the level of subscriptions £305,102 (2005: £296,657). These subscriptions, together with dividends, interests and income from other sources, have ensured that the Society remains in a satisfactory position to carry out its charitable activities.

Investment management fees increased by 8.0% to £34,064 (2005: £31,529), governance costs increased by 3.1% to £119,016 (2005: £115,465) and fundraising costs increased to £9903 (2005: £5688). Fundraising costs account for only 3.2% of subscription income (2005: 1.9%).

During the year the number of young people helped by the Society increased from 766 at 1 January to 789 at 31 December. This represents an increase of 3.0% during the year.

	2006 <i>Number</i>	2005 <i>Number</i>
Young people on roll at 1 January	766	776
Added during the year	119	89
Coming off during the year	(96)	(99)
	<hr/>	<hr/>
Young people on roll at 31 December	789	766
	<hr/> <hr/>	<hr/> <hr/>

The backgrounds of young people as at 31 December was as follows:

	2006 <i>Number</i>	2006 <i>%</i>	2005 <i>Number</i>	2005 <i>%</i>
Parents separated or divorced	420	53	407	53
Parent deceased	155	19	147	19
Single mothers	84	11	84	11
Orphan (no parents)	30	4	32	4
Other	100	13	96	13
	<hr/>	<hr/>	<hr/>	<hr/>
	789	100	766	100
	<hr/>	<hr/>	<hr/>	<hr/>

The Governors are encouraged by the Society's progress throughout a year which has witnessed a consistency in the level and scope of the work. As well as the ongoing work of providing grants for young people, the Society continues to develop projects for the benefit of Presbyterian children and seeks to provide relevant practical Christian care to ensure Presbyterian children reach their full potential in life.

Future developments

Future plans were approved by the Governors at their Board Meeting in January 2007. These plans are in the form of a strategic plan which is updated and reported upon at periodic intervals. The strategic plan has eight primary strategies addressing the following issues:

- To ensure an appropriate balance in terms of skills and representation on the Board of Governors.
- To address the issues surrounding the changing nature of recipients
- To develop a long term grant strategy
- To ensure an innovative approach to the development of child care schemes assisted by the Society
- To develop partnerships where appropriate with relevant agencies
- To develop a long term funding strategy
- To increase awareness of policy aims pertinent to the Society's work
- To develop literature which clearly communicates the Society's work

Constitution

The Society is governed by Scheme No. 58 under the Education Endowments (Ireland) Act 1885.

Organisation

A Board of Governors of 14 members has overall responsibility for the Society. The Board who meet on a regular basis has the authority to administer the Society, and the power to manage the day to day operations lies with the Executive Secretary who is responsible to the Board. There is an informal structure for appointment and training of trustees.

Objectives

The 2006 objectives included the following:

- Supporting around 770 Presbyterian children and young people by way of quarterly and special grants.
- Supporting Presbyterian children and young people by way of exceptional grants.
- Funding places for Presbyterian Orphan and Children's Society families on the PCI Family Holiday.
- Supporting designated Child Contact Centres, run through Presbyterian Congregations.
- Other objectives were set out in the Strategic Plan. There was a substantial level of attainment in relation to major objectives during the year.





Grants to children

Grant expenditure to individuals increased by 3.4% to £449,892 (2005: £435,055).

Grant making policy

The Society invites applications for the funding of grants to individuals. These applications are then reviewed against specific criteria and objectives which are set by the Governors, in accordance with the objects of the Society.

Investment policy

The Society's fund managers during the year were Rathbones Investment Management Limited who were instructed to pursue a policy of maximising income whilst maintaining some capital growth. This policy is performed in accordance with the Society's ethical guidelines which prohibit investment in companies with a significant interest in alcohol, tobacco, gambling and arms manufacturing.

Reserves policy

It is the policy of the Society to maintain unrestricted funds, which are the free reserves of the Society, at a level which equates to approximately one year's unrestricted expenditure. This provides sufficient funds to cover management and administration costs and respond to emergency applications for grants which arise from time to time.

Risk management

The Governors have examined and assessed the major risks to which the Society is exposed, in particular those related to the operations and finances of the Society, and are satisfied that adequate systems are in place to mitigate any exposure to major risks.

Statement of Governors' Responsibilities

Governors are required to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Society and of the surplus or deficit of the Society for that period. In preparing those financial statements, the Governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material 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 Society will continue in business.
- The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society and to enable them to ensure that the financial statements comply with the Educational Endowments (Ireland) Act, 1885. They are also responsible for safeguarding the assets of the Society and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

Dr W P Gray, M.S.Sc., Ph.D., M.Inst.L.M.

Secretary
5 April 2007

Independent auditors' report

to the members of The Presbyterian Orphan and Children's Society

We have audited the society's financial statements for the year ended 31 December 2006, which comprise the Statement of financial activities, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 13. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the society's members, as a body, in accordance with the Educational Endowments (Ireland) Act 1885. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Governors and auditors

As described in the Statement of Governors' Responsibilities the society's Governors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland), and to report to you our opinion as to whether the financial statements give a true and fair view in accordance with accounting principles generally accepted in the United Kingdom.

We read other information contained in the Governors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 Governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the society'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 affairs of the society as at 31 December 2006 and of its net movement in funds for the year then ended in accordance with accounting principles generally accepted in the United Kingdom.



Statement of financial activities

for the year ended 31 December 2006

	Notes	Unrestricted Funds £	Restricted & Endowment Funds £	2006 Total Funds £	2005 Total Funds £
<i>Incoming revenue resources</i>					
<i>Activities to further the charity's objects:</i>					
Subscriptions		303,602	1,500	305,102	296,657
Investment income		241,224	1,099	242,323	222,358
Other income		81,623	-	81,623	66,537
Total incoming revenue resources		626,449	2,599	629,048	585,552
<i>Revenue resources expended</i>					
<i>Costs of activities in furtherance of the charities objectives:</i>					
Grants to children	3	449,892	-	449,892	435,055
Childcare projects	4	19,675	1,500	21,175	11,678
<i>Costs of generating funds:</i>					
Fundraising costs	5	9,903	-	9,903	5,688
Investment management costs		34,064	-	34,064	31,529
<i>Governance costs:</i>					
Management of the charity	6	119,016	-	119,016	115,465
Total revenue resources expended	7	632,550	1,500	634,050	599,415
<i>Net (outgoing)/incoming revenue resources for the year</i>		(6,101)	1,099	(5,002)	(13,863)
<i>Incoming capital resources</i>					
Legacies		308,505	-	308,505	266,811
Donations		2,985	-	2,985	3,921
Capital expenditure		-	-	-	(11,809)
Net incoming capital resources		311,490	-	311,490	258,923
<i>Net incoming resources for the year</i>		305,389	1,099	306,488	245,060
Net gains/(losses) on investment assets	12	769,803	-	769,803	1,030,288
Net movement in funds		1,075,192	1,099	1,076,291	1,275,348
Balances brought forward at 1 January 2006		7,279,083	7,007	7,286,090	6,010,742
Balances carried forward at 31 December 2006	12	8,354,275	8,106	8,362,381	7,286,090

All amounts above relate to continuing operations of the Society. The Society has no recognised gains and losses other than the results above and therefore no separate statement of total recognised gains and losses has been presented.

Note of historical cost and profits and losses

	2006	2005
	£	£
Net incoming resources for the year	306,488	245,060
Realised gains/(losses)on investments	219,096	375,441
<i>Historical costs profit for the year</i>	525,584	620,501



Balance sheet

at 31 December 2006

	Notes	2006 £	2005 £
<i>Fixed assets</i>			
Tangible assets	8	21,992	26,783
Investments	9	6,923,574	6,205,900
		<hr/>	<hr/>
		6,945,566	6,232,683
<i>Current assets</i>			
Debtors	10	68,754	73,831
Short term deposits		98,147	79,431
Cash at bank and in hand		1,277,249	928,313
		<hr/>	<hr/>
		1,444,150	1,081,575
<i>Creditors:</i> amounts falling due within one year	11	(27,335)	(28,168)
		<hr/>	<hr/>
<i>Net current assets</i>		1,416,815	1,053,407
		<hr/>	<hr/>
<i>Net assets</i>		8,362,381	7,286,090
		<hr/>	<hr/>
<i>Funds</i>			
Unrestricted funds:			
- general funds	12	8,354,275	7,279,083
Endowment funds	12	8,106	7,007
		<hr/>	<hr/>
<i>Total funds</i>		8,362,381	7,286,090
		<hr/>	<hr/>

The financial statements on pages 18 to 26 were approved by the Board of Governors on 5 April 2007 and were signed on its behalf by:

Mr G D B Harkness, M.A., F.C.A.
His Honour J McKee, Q.C.

Governors

Notes to the financial statements

at 31 December 2006

1. Accounting policies

Accounting convention

These financial statements are prepared on the going concern basis under the historical cost convention with the exception of investments, which are included at market value and in accordance with applicable accounting standards including the Statement of Recommended Practice on “Accounting and Reporting by Charities” published in April 2005. The principal accounting policies are set out below.

Incoming resources

All incoming resources are included in the statement of financial activities when the Society is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Income from investments is included, in the statement of financial activities in the accounting period in which it is received.

Subscriptions and legacies are included in the statement of financial activities on a cash receipts basis, in the accounting period in which they are received.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have all been allocated to activities on a basis consistent with use of the resources. Governance costs are those incurred in connection with administration of the Society and compliance with constitutional and statutory requirements.

Fixed Assets

The costs of tangible fixed assets is their purchase costs, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the costs of office equipment on a reducing balance basis over the expected useful economic lives of the assets concerned. The annual rate for this purpose is 50% for computer equipment and 25% for other office equipment.

Investment properties are included in the balance sheet at the Governors’ best estimate or market value. The statement of financial activities includes the net gains and losses arising on revaluations and disposal throughout the year.





Investments

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

Fund accounting

The Society has the following funds for which it is responsible, and which require disclosure. A definition of the various types of funds is as follows:

Unrestricted Funds

Funds which are expendable at the discretion of the Governors in furtherance of the objects of the Society. In addition to expenditure on orphans and children, such funds may be held in order to finance capital investment and working capital.

Endowment Funds

Endowment funds are funds given to the charity which must be held permanently by the charity, mainly as investments. Income arising on the endowment fund may be used in accordance with the objects of the endowment. Any capital gains or losses arising on the investments form part of the fund.

Designated funds

Designated funds are amounts set aside from unrestricted funds which have been 'earmarked' for particular purposes.

Pension Costs

The Society operates a defined contribution scheme for its employees. The assets of the scheme are held separately from those of the Society in independently administered funds, and contributions are charged to the statement of financial activities in the period to which they relate.

2. Governors' emoluments

The Governors received no emoluments during the year.

3. Grants to children

	Unrestricted	
	2006	2005
	£	£
Grants for support and education	232,486	219,290
Special grants	217,406	215,765
	<hr/>	<hr/>
	449,892	435,055

4. Childcare projects

	Unrestricted Funds	Restricted & Endowment Funds	2006 Total Funds	2005 Total Funds
	£	£	£	£
'Taking Care' Project	2,492	-	2,492	-
Debt project	598	-	598	843
Coleraine contact centre	7,000	-	7,000	-
Small groups grant scheme	400	-	400	555
Presbyterian family holiday	3,860	-	3,860	5,220
Contact centre project	5,325	1,500	6,825	5,060
	<hr/>	<hr/>	<hr/>	<hr/>
<i>31 December 2006</i>	19,675	1,500	21,175	11,678

5. Fundraising

	Unrestricted	
	2006	2005
	£	£
Literature design	1,300	1,200
Literature printing	8,603	4,488
	<hr/>	<hr/>
	9,903	5,688

6. Management of the Charity

	Unrestricted	
	2006	2005
	£	£
Salaries, national insurance and pensions	77,577	79,359
Office rent	10,559	9,027
Office costs	16,837	10,663
Audit fee	1,690	1,589
Depreciation	11,897	14,638
Exchange rate difference	456	189
	<hr/>	<hr/>
	119,016	115,465

7. Total resources expended

	<i>Staff costs</i>	<i>Other costs</i>	<i>Depreciation</i>	<i>Grants and projects</i>	<i>Total 2006</i>	<i>Total 2005</i>
	£	£	£	£	£	£
Grants to children	-	-	-	449,892	449,892	435,055
Childcare projects	-	-	-	21,175	21,175	11,678
Fundraising	-	9,903	-	-	9,903	5,688
Investment management charges	-	34,064	-	-	34,064	31,529
Management of the charity	77,577	29,542	11,897	-	119,016	115,465
	77,577	73,509	11,897	471,067	634,050	599,415

	<i>Unrestricted</i>	
	<i>2006</i>	<i>2005</i>
	£	£
<i>Staff costs:</i>		
Salaries	68,022	69,665
Pensions	9,555	9,694
	77,577	79,359

No employee earned £60,000 pa or more.

The average number of employees, analysed by function was:

	<i>2006</i>	<i>2005</i>
	<i>Number</i>	<i>Number</i>
Management of the Charity	3	3
	3	3

	<i>Unrestricted</i>	
	<i>2006</i>	<i>2005</i>
	£	£
<i>Other costs:</i>		
Fundraising	9,903	5,688
Investment management fee	34,064	31,529
Printing and stationery	2,451	1,902
Audit fee	1,690	1,589
Postage	3,459	2,627
Telephone	1,333	865
Insurance	691	401
Office rent	10,554	9,027
Miscellaneous office expenses	8,903	4,862
Exchange rate difference	456	189
	73,509	58,685

8. Tangible fixed assets

	<i>Ground rents</i> £	<i>Computer equipment</i> £	<i>Office equipment</i> £	<i>Total</i> £
<i>Cost</i>				
At 31 December 2005	19,631	33,606	13,948	67,185
Additions	-	-	9,149	9,149
Disposals	-	(51)	(1,992)	(2,043)
<i>At 31 December 2006</i>	19,631	33,555	21,105	74,291
<i>Depreciation</i>				
At 31 December 2005	5,000	25,225	10,177	40,402
Charge for the year	5,000	4,165	2,712	11,897
<i>At 31 December 2006</i>	10,000	29,390	12,909	52,299
<i>Net book value</i>				
<i>At 31 December 2006</i>	9,631	4,165	8,196	21,992
At 31 December 2005	14,631	8,381	3,771	26,783

9. Fixed asset investments

	<i>2006</i> £	<i>2005</i> £
Market value at 1 January 2006	6,205,900	5,009,048
Additions	944,284	1,757,042
Disposals at market value	(996,413)	(1,590,484)
Realised investment gains/(losses)	219,096	375,441
Net unrealised investment gains/(losses)	550,707	654,853
<i>Market value at 31 December 2006</i>	6,923,574	6,205,900
<i>Historical cost at 31 December 2006</i>	5,463,415	5,278,510

10. Debtors

	2006	2005
	£	£
Prepayments and accrued income	70,154	73,642
Other debtors	100	189
	<hr/> 70,254	<hr/> 73,831

11. Creditors

	2006	2005
	£	£
Trade creditors	10,233	14,099
Accruals	15,602	14,069
	<hr/> 25,835	<hr/> 28,168

12. Funds

	<i>Unrestricted funds</i>	<i>Restricted & endowment funds</i>	<i>Total funds</i>
	£	£	£
<i>At 31 December 2005</i>	7,279,083	7,007	7,286,090
Incoming revenue resources	626,449	2,599	629,048
Net capital resources	311,490	-	311,490
Revenue resources expended	(632,550)	(1,500)	(634,050)
Investment gains	769,803	-	769,803
	<hr/> 8,354,275	<hr/> 8,106	<hr/> 8,362,381

13. Funds

	<i>Unrestricted funds</i>	<i>Endowment funds</i>	<i>Total funds</i>
	£	£	£
Tangible assets	21,992	-	21,992
Investments	6,913,968	9,606	6,923,574
Debtors	68,754	-	68,754
Short term deposits	98,147	-	98,147
Cash at bank and in hand	1,277,249	-	1,277,249
Creditors: amounts falling due within one year	(25,835)	(1,500)	(27,335)
	<hr/> 8,354,275	<hr/> 8,106	<hr/> 8,362,381

Detailed statement of financial activities

for the year ended 31 December 2006

	2006	2005
	£	£
<i>Revenue Income</i>		
Subscriptions	305,102	296,657
Dividends and interests	242,323	222,358
Disposal of equipment	1,118	-
Rents	783	1,163
Bank Interests	70,023	55,452
Income ex Estate of James Bell Deceased	19	19
Income ex Estate of Mrs Elizabeth McComb Deceased	100	100
Income ex William Nicholson Memorial Fund	203	182
Income ex Francis Curley Charitable Fund	9,377	9,511
Currency gain	-	110
<i>Total revenue income</i>	629,048	585,552
<i>Capital income</i>		
Legacies	308,505	266,811
Donations	2,985	3,921
<i>Total capital income</i>	311,490	270,732
<i>Revenue expenditure</i>		
Grants for support and education	232,486	219,290
Special grants	217,406	215,765
Salaries and national insurance	68,022	69,665
Incidental expenses	8,903	4,868
Office rent	10,559	9,027
Staff pension scheme	9,555	9,694
Printing and stationery	12,354	7,590
Audit fee	1,690	1,589
Postage	3,459	2,627
Telephone	1,333	865
Insurance	691	401
Investment fee	34,064	31,529
Exchange rate difference	456	189
Depreciation	6,897	9,638

(Continued)

	2006 £	2005 £
Property amortisation	5,000	5,000
Presbyterian family holiday	3,860	5,220
Coleraine contact centre	7,000	-
Small groups grant scheme	400	555
Contact centre project	6,825	5,060
Debt project	598	843
'Taking Care' project	2,492	-
<i>Total revenue expenditure</i>	634,050	599,415
	2006 £	2005 £
<i>Income</i>		
Revenue income	629,048	585,552
Capital income	311,490	270,732
<i>Total income</i>	940,538	856,284
<i>Expenditure</i>		
Revenue expenditure	634,050	599,415
Capital expenditure	-	11,809
<i>Total expenditure</i>	634,050	611,224
Net (outgoing)/incoming revenue resources	(5,002)	(13,863)
Net incoming capital resources	311,490	258,923
<i>Net incoming resources for the year</i>	306,488	245,060