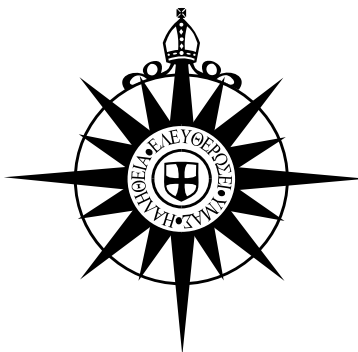


ANGLICAN CONSULTATIVE COUNCIL

Extracts from:

REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2005**



**Auditors:
MAZARS LLP
Chartered Accountants
24 Bevis Marks
LONDON EC3A 7NR**

ANGLICAN CONSULTATIVE COUNCIL

CONSTITUTION

The Anglican Consultative Council is established by constitution subscribed to by all the member churches of the Anglican Communion and is a charity registered in England and Wales, number 276591.

TRUSTEES

The Trustees, who are the members of the Standing Committee of the Council, are incorporated under the Charitable Trustees Incorporation Act 1872.

Those acting as Trustees during the financial year ending 31 December 2005 were the following:

Holding office throughout the year were:

The Most Revd and Right Honourable Rowan Williams
The Right Revd John Paterson
Professor George Koshy
Mrs Jolly Babirukamu
The Right Revd James Tengtenga

Appointed in June 2005

Canon Elizabeth Paver
Mr Robert Fordham
Ms Nomfundo Walasa
Mrs Philippa Amable
The Right Revd. Kumara Ilangasinghe

Term Expired in June 2005

The Most Revd Peter Akinola
The Right Revd Riah Hanna Abu El-Assal
The Very Revd Dr. John Moses
Ms Fung Yi Wong
The Right Revd Robert Thompson

ANGLICAN CONSULTATIVE COUNCIL

PRESIDENT: The Most Revd & Rt Hon the Archbishop of
Canterbury, Dr Rowan Williams

CHAIRMAN: The Rt Revd John Paterson

VICE CHAIRMAN: Professor George Koshy

**CHAIRMAN OF INTER-ANGLICAN
FINANCE COMMITTEE:** The Rt Revd John Paterson

SECRETARY GENERAL: The Revd Canon Kenneth Kearon

REGISTERED OFFICE: St Andrew's House
Westbourne Park
16 Tavistock Crescent
LONDON W11 1AP

AUDITORS: Mazars LLP
Chartered Accountants
24 Bevis Marks
LONDON EC3A 7NR

SOLICITORS: Winckworth Sherwood
16 Beaumont Street
OXFORD OX1 2LX

BANKERS: The Royal Bank of Scotland Plc, LONDON
Lloyds TSB Plc, LONDON
BankersTrust Private Banking, NEW YORK

REGISTERED CHARITY NUMBER 276591

**ANGLICAN CONSULTATIVE COUNCIL
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2005**

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ANNUAL REPORT OF THE TRUSTEES

The Trustees are pleased to present this report and Financial Statements for the year ended 31st December 2005.

There are three recognised Instruments of Communion that serve the worldwide family of Anglican and Episcopal churches, which represent roughly 85 million adherents. They are the Lambeth Conference (called by the Archbishop of Canterbury for Anglican bishops, and which meets every 10 years), the Primates Meeting (regular meetings for the senior Archbishops, presiding bishops or moderators of the 38 Provinces of the Communion), and the Anglican Consultative Council (which meets every three years, and includes in its membership, lay persons, clergy and bishops). The Focus for Unity is the Archbishop of Canterbury, in his international role as the *primus inter pares* amongst Anglican bishops.

The Anglican Consultative Council has been constituted to facilitate, *inter alia*, the co-operative work of the member churches of the Anglican Communion, to consult about developments in the Provinces, to develop agreed Anglican policies in the world mission of the Church and to encourage and guide Anglican participation in ecumenical dialogue and interfaith work on an international level.

The secretariat of the Anglican Consultative Council, known generally as the Anglican Communion Office, is headed by the Secretary General, the Revd Canon Kenneth Kearon, and serves all the Instruments of Communion.

The 13th meeting of the Anglican Consultative Council (ACC-13) was held in Nottingham in June 2005, and followed the Primates Meeting held earlier in the year in Dromantine in Northern Ireland. A major topic for discussion at these meetings was the report of the Lambeth Commission on Communion on the future of the Anglican Communion, "The Windsor Report". This addressed the working and structures of the Anglican Communion in the wake of differences over human sexuality in various parts of the Communion, which had generated difficulties in working together as a unified body.

In order to achieve the aims of the Consultative Council as set out in its constitution, the work of the Anglican Communion Office, under the direction of the Secretary General, is divided into seven major departments to implement different aspects of the Council's work. The departments are:

- Secretary General's Office
- Communication and Telecommunications
- Ecumenical Affairs and Studies
- Finance and Administration
- Mission and Evangelism
- Theological Studies
- UN Observer's Office

The **Secretary General's Department** is responsible for the management of the work of the Anglican Communion Office and for carrying forward the programme of the Anglican Consultative Council and the other Instruments of Communion.

Following ACC-13, a Facilitator for a Listening Process on Human Sexuality was appointed, and a Panel of Reference, appointed by the Archbishop of Canterbury, is staffed and serviced from the Secretary General's Department.

ANGLICAN CONSULTATIVE COUNCIL

The **Communication Department** is responsible for all media and press relations for the conciliar Instruments of Communion, and works in co-operation with the Provincial Press Offices, and the Press Officer of the Archbishop of Canterbury. It also facilitates communication and telecommunication work across the Communion, including the production of the Anglican Communion's official quarterly magazine 'Anglican Episcopal World' and the maintenance of the official Anglican Communion website and electronic News Service.

The work on **Telecommunications** continues to develop with newly designed and improved web pages and a web portal that will enable the Churches in the Communion to share their news.

The department is indebted to Trinity Church Wall Street Grants Programme and the Compass Rose Society for their continuing support of Communication work.

The **Ecumenical Affairs Department** is responsible for the main international dialogues with other Christian churches and traditions, and for the representative work of the Communion in the ecumenical sphere. There are currently five bilateral conversations: with the Oriental Orthodox, the Eastern Orthodox, the Roman Catholic Church, the Old Catholics and the Lutheran World Federation. The current phases of two further dialogues, the theological dialogue with the Roman Catholic Church through ARCIC, and the conversations with the Baptist World Alliance, have just come to an end, culminating with the publication, respectively, of "Mary: Grace and Hope in Christ" and "Conversations around the World".

The **Finance and Administration Department** carries out the work of maintaining and furthering the work of the Office, including financial responsibilities, staff issues and ACO services such as provision for travel, and the upkeep and maintenance of Saint Andrew's House.

The Inter Anglican Standing Commission on **Mission and Evangelism** (IASCOME) met for the final time in January 2005 and presented its findings to ACC 13 in a report entitled "Communion in Mission". This report will be published in 2006 and provide a wealth of valuable material for study and application throughout the Communion as a vision for Anglican faithfulness to the mission of God. Appointment of the next Commission is likely to take place after the next Lambeth Conference.

The **Department of Theological Studies** was established this year, and a Director was appointed at the beginning of 2006. At present, the chief responsibilities of the department relate to the working party for Theological Education for the Anglican Communion (TEAC) which has been established by the Anglican Primates to make recommendations and practical proposals for the reinvigoration of theological education within the life of the Anglican Communion, and the Network for Inter-Faith Concerns. Grateful thanks are due to Trinity Church, Wall Street, and the St Augustine's Foundation, without whose financial support this ministry would not happen.

The **Anglican Observer at the United Nations** is based in New York and forms a direct link to the world's only truly international forum. The Observer's office has a Category II Consultative status with the UN Economic and Social Council, which permits consultation with the UN Secretariat on matters of mutual concern, attendance at the Council's meetings and the submission of oral and written interventions relevant to the Council's work.

The Anglican Observer is coming to the end of her term of office and the Trustees are grateful to her for the way she has raised the visibility of this ministry and in particular her work on the role of women and the environment.

Finance for the Observer is provided jointly by the Advisory Council to the UN Observer's office, the Inter-Anglican Budget, the Archbishop of Canterbury, the Archbishop of Canterbury's Anglican Communion Fund and the Anglican Investment Agency. The Observer's office space continues to be provided by the Episcopal Church of the United States of America.

More detailed information of all the Council activities may be obtained from the website www.anglicancommunion.org

Financial Report for the Year Ended 31 December 2005.

The Trustees have considered the appropriateness of the preparation of these financial statements on the basis of a going concern. In so doing, the Trustees have had regard to the fund balances at 31 December 2005, and the forecast income and expenditure for the year ending 31 December 2006 . In the light of this, the Trustees are of the opinion that the going concern basis remains appropriate and have prepared these statements on that basis.

The accounts have been produced in a format designed to comply with the Statement of Recommended Practice (SORP) 2000 and the Charities Act 1993 with which all charities in England and Wales have to comply.

The Balance Sheet sets out the overall financial position of the Council at the end of December 2005. It will be noted that each fund category is dealt with in a separate column, which is referenced to notes in the accounts. The total fund balances (Reserves) increased slightly from £3,501,826 to £3,599,309.

The final completion monies for the alterations and improvements to St Andrew's House were made during the year as shown in Note 8 (Fixed Assets) . The total expenditure on Leasehold Property is being depreciated over the remaining term of the lease which expires on 30th June 2022.

Note 9 to the accounts gives the details of the Council's investments, all of which were held in the COIF Charities Investment Fund. The value of the Accumulation and Income Shares increased by 19.8% during the year.

Cash reduced slightly from £1,669,044 to £1,616,106 as set out in the Cash Flow Statement which accompany these financial statements. Within this figure, it may be seen that the borrowing by the Property Fund from the funds designated for the Lambeth Conference in 2008 has been reduced in the year to £103,322 (from (£215,835) . The interest free loan from Hong Kong Church of £500,000 remains outstanding and it is not intended to repay this loan during 2006.

The main summary of financial transactions through the year is the 'Statement of Financial Activities' or 'SOFA'. This statement includes income and expenditure, transfers between the different funds and gains or losses on the values of investments. Separate subsidiary statements, set out in the same 'SOFA' format, show in more detail 'General Fund' transactions related to the Core Budget, 'Designated Funds', 'Special Project Funds', the 'Property Reserve' and 'Funds held for Others'. Supplementary information is included in the notes to the accounts.

The General Fund Statement of Financial Activities set out on Note 3 show a welcome surplus of £67,154 for the year which increases Reserves to £111,164.

Inter Anglican Budget Contributions are up by 5.8% in 2005 which was a great help. Several contributions from major provinces have been helped by the weakening value of £ sterling against the dollar. The contributions from Nigeria (£20,100) and South East Asia (£ 5,000) for 2004 were accounted for in 2005 because they were received late. USA and England both increased contributions by 3% after freezing 2004 contribution at 2003 level. These two provinces together pay a major share of these contributions.

The Trustees continue to be grateful to the Compass Rose Society for their generous support to the General Fund. The Anglican Communion office is under staffed and under resourced for the tasks it is asked to do by the member provinces. With its support for the work of the office , the Compass Rose Society is a valuable partner to the work of the Anglican Communion.

ANGLICAN CONSULTATIVE COUNCIL

Staff costs only increased by 2% and due in no small part to the excellent efforts of the staff, the remaining expenditure reduced by over 11%. Overall costs reduced by £22,000.

The Designated Fund Statement of Financial Activities are set out on Note 4. It should be pointed out that these funds are still unrestricted and should form part of overall unrestricted reserves. The Council designates these funds by transfer from General Funds for meetings which do not take place every year.

In 2005 ACC-13 was held (Council Meetings held every three years) at a cost of £220,000. This largely explains the increase in net outgoing resources in the year. The closing balances shown on Inter Church Conversations (£30,855) and Mission Commission (£39,453) will after meeting the costs of printing the reports of their work be transferred back to General Fund as a new budget cycle starts. The Lambeth Conference balance of £651,689 is set aside for the 2008 meeting. The Manager for the Conference was recruited in 2005.

The Restricted Fund Statement of Activities are set out on Note 5. The Restricted Funds still fund vital parts of the Council's work but because the Council is so under resourced, the Trustees are grateful to the generous grants and donations which fund specific aspects of the work which the contributions of the member provinces do not cover. (Theological Education, UN Observer, Telecommunications, NIFCON, Family Network, Liturgical).

The Restricted Fund Balance at the end of the year was £1,023,895 of which the major constituents were Lambeth Bursaries Fund £700,273 and Personal Emergencies £220,543.

The Endowment and Property Fund Statements are set out on Note 6. The Endowment Fund now stands at £552,171 and it has been set up to support the work of the United Nations Observer's office. The Property Reserve has been used to fund the St Andrew's House refurbishment costs and stands at £1,175,337. The shortfall in funding has been met by loans as explained elsewhere.

The Funds Held for Others set out on Note 7 do not form part of the Consolidated Statements as these are merely held on behalf of others as if ACC were the banker.

DONATIONS IN KIND

Reference has been made at different stages in this report to contributions from various quarters to the work of the Council. Some have been financial, others in the form of the provision of personnel or facilities. Among these 'contributions in kind' are office space for the Anglican Observer at the United Nations provided by the Episcopal Church of the United States of America.

The Trustees would also wish to acknowledge the generosity of the Trustees of the Community of St Andrew in enabling them to lease St Andrew's House for a peppercorn rent.

Investment Policy

The Trustees are presently reviewing their investment policy in the light of the fact that the permanent endowment funds are approaching £600,000. The Trustees will be seeking to invest these in a equity based fund in 2006. Presently ACC have invested in equities nearly £1 million in respect of restricted funds and funds held for others mainly in conjunction with Lambeth Conference.

The Trustees do not consider it prudent to invest General Funds for the longer term because reserves are scarce. Funds are therefore retained as cash and placed on bank deposit at the best rate obtainable.

Reserves Policy

The Trustees have examined ACC's requirements for free reserves in the light of the predominant risks to the organisation. The General Fund (core budget) costs are of the order of £1.3million per annum. Our present General Fund Reserves of £111,164 are insufficient and the Trustees policy is to plan an operating surplus to build up reserves to a level of at least three months operating costs before further review.

An encouraging start has been made in 2005 in increasing reserves.

Risk Assessment

The Board of Trustees has reviewed during the year an assessment of the risks to which the charity is exposed, particularly business, operational and financial risks. Procedures will be introduced to manage and reduce the identified risks.

The Trustees are aware that the Council is insufficiently resourced by the member churches at present for the programmes of work it is charged with carrying out . It is necessary therefore to seek outside grants. Financial viability is essential and insufficient income generation and the fact that over half of the member contributions come from two provinces are significant risks.

Post Balance Sheet Events

On 20th March 2006, the Secretary General received a letter from the Most Revd Dr Peter Kwong, Archbishop of Hong Kong Sheng Kung Hui, stating that the interest-free loan of £500,000 has been written off. The Trustees have expressed their gratitude for this wonderful gift.

AUDITORS

The Auditors, Mazars LLP, have signified their willingness to continue in office.

Approved by the Trustees
and signed on their behalf by:

2006

Report of the Independent Auditors to the Trustees of The Anglican Consultative Council

We have audited the financial statements on pages 8- 27 which have been prepared under the historical cost convention, as modified by the revaluation of certain assets, and the accounting policies set out on pages 10-11

This report is made solely to the trustees in accordance with section 44 of the Charities Act 1993. 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 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 charity and the charity's trustees for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The charity's trustees are responsible for the preparation of financial statements for each financial period, which give a true and fair view of the charity's incoming resources and application of resources during the period and of its state of affairs at the end of the period. In preparing those financial statements the trustees 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 and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees' responsibilities include keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the charity's assets and hence for taking reasonable steps for the prevention and detection of fraud and breaches of laws and regulations.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to the trustees. 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.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 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 an opinion we also evaluated the overall adequacy of the presentation in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the charity's state of affairs as at 31 December 2005 and of its incoming resources and application of resources in the financial year then ended and have been properly prepared in accordance with the Charities Act 1993.

Mazars LLP
Chartered Accountants

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Supplementary Notes.

The Inter Anglican Finance Committee is made up of at least three members appointed by the Anglican Consultative Council and at least two members appointed by the Primates Meeting

The Inter Anglican Finance Committee is responsible in collaboration with the Standing Committee for the annual Inter Anglican budget and keeps members of the Council and member churches informed about each year's budget. The contributions to the Inter Anglican budget are apportioned between the member churches.

The Director of Finance and Administration is responsible for all aspects of the financial and administrative affairs of the Anglican Communion office involving:

- Budgeting, accounting and financial control of the Inter Anglican budget and associated funds.
- Personnel matters, property, office arrangements and compliance issues.

Attached are extracts from the published Accounts for last year 2005.

Contributions to the Inter Anglican Budget from Provinces in 2005 totalled STG £ 1109028.

The member churches only contributed 82% of our income on General Funds of £1344248.

The Trustees make reference in their report that " the Council is insufficiently resourced by the member churches at present for the programmes of work it is charged with carrying out."

The Trustees are grateful to the generous grants and donations which fund specific aspects of the work which the contributions of the member provinces do not cover and cannot be included in the Inter Anglican budget. (Theological Education, UN Observer, Telecommunications, NIFCON, Family Network, Liturgical).

ANGLICAN CONSULTATIVE COUNCIL

Anglican Consultative Council							
Accounts for year ended 31 December 2005							
Statement of Financial Activities							
	General	Designated Funds	Restricted Funds	Endowment Funds	Property Fund	2005 Total	2004 Total
	2005	2005	2005	2005	2005		
Incoming Resources							
Inter Anglican Budget Contributions	1,109,028					1,109,028	1,047,730
Compass Rose Donations	158,445		12,542	18,955	104,371	294,313	402,129
Donations & Miscellaneous Income	40,234	2,757	422,700		58,444	524,135	997,801
Publications	19,867	8,080				27,947	35,511
Investment Income	16,674	21,197	-1,057	27,029	17	63,860	64,331
	1,344,248	32,034	434,185	45,984	162,832	2,019,283	2,547,502
Resources Expended							
Employment Costs	721,261	44,299	192,467			958,027	938,826
Office Expenses	99,240	10,979	50,558			160,777	172,166
Travel & Subsistence	37,973	184,788	51,652			274,413	104,550
Audit & Professional Fees	17,565	4,876				22,441	20,055
House Expenses	57,372					57,372	31,685
Depreciation	27,111				106,917	134,028	132,686
Publications	55,186	12,567	6,121			73,874	106,568
Meeting Expenses	9,321	202,979	26,615			238,915	235,376
Grants		4,263	155,237			159,500	166,430
Interest						0	16,670
	1,025,029	464,751	482,650	0	106,917	2,079,347	1,925,012
Net Incoming/(Outgoing) pre transfers	319,219	-432,717	-48,465	45,984	55,915	-60,064	622,490
Transfer Designated Funds	-253,000	253,000				0	
Transfer UN Observer's Office	-25,000		25,000			0	
Net Incoming/(Outgoing) for Year	41,219	-179,717	-23,465	45,984	55,915	-60,064	622,490
Exchange Gains	25,935					25,935	-722
Investment Gain		12,942	118,670			131,612	60,225
Net Movement in General Funds	67,154	-166,775	95,205	45,984	55,915	97,483	681,993
Opening Balance 1st January 2005	44,010	903,516	928,690	506,187	1,119,423	3,501,826	2,819,833
Closing Balance 31st December 2005	111,164	736,741	1,023,895	552,171	1,175,338	3,599,309	3,501,826

ANGLICAN CONSULTATIVE COUNCIL

Anglican Consultative Council Balance Sheet 31st December 2005

	General	Designated	Restricted	Endowment	Property	Funds for Others	2005 Total	2004 Total
	£	£	£	£	£	£	£	£
Fixed Assets								
Office Equipment	68,004		200				68,004	82,081
Leasehold Property					1,764,125		1,764,125	1,828,875
Investments	0	108,842	745,867	0	0	133,194	987,903	768,245
	68,004	108,842	745,867	0	1,764,125	133,194	2,820,032	2,679,201
Current Assets								
Debtors	50,367	56,246	9,678	0	14,535	0	130,826	97,705
Cash	87,020	663,268	364,888	552,171	-103,322	52,081	1,616,106	1,669,044
	137,387	719,514	374,566	552,171	-88,787	52,081	1,746,932	1,766,749
Current Liabilities								
Funds for others						185,275	185,275	225,483
Creditors less than one year	94,227	91,615	96,538	0	0		282,380	218,641
Creditors greater than one year					500,000		500,000	500,000
	94,227	91,615	96,538	0	500,000	185,275	967,655	944,124
Net Current Assets/Liabilities	43,160	627,899	278,028	552,171	-588,787	-133,194	779,277	822,625
Total Assets less Liabilities	111,164	736,741	1,023,895	552,171	1,175,338	0	3,599,309	3,501,826
Fund Balances	111,164	736,741	1,023,895	552,171	1,175,338	0	3,599,309	3,501,826

ANGLICAN CONSULTATIVE COUNCIL

Inter-Anglican Budgets 2006 (Core Only)	
	£
EXPENDITURE	
ACC Meetings	120,000
Secretary General's Office	295,400
Finance and Administration	172,300
Primates Meetings	25,000
UN Observer's Office	25,000
Ecumenical Affairs	237,000
Premises and Office Expenses	134,600
Communications and Telecommunications	201,300
Anglican World Magazine	77,000
Mission & Evangelism	71,000
Panel of Reference/ Listening Process	75,000
	1,433,600

ACC Core Budget Expenditure 2006

