



The Arthur Rank Centre

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

Registered Office:

**Stoneleigh Park
Warwickshire
CV8 2LZ**

**www.arthurrankcentre.org.uk
e-mail: info@arthurrankcentre.org.uk**

**Registered Company No: 4917066
Registered Charity No: 1104300**

THE ARTHUR RANK CENTRE

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The Trustees present their report and audited financial statements for year ended 31 December 2006 which have been prepared in accordance with the Statement of Recommended Practice for Charities, revised in October 2005, the Charities Act 1993, the Companies Act and applicable Accounting Standards in the United Kingdom.

Current Role and Objectives

The Arthur Rank Centre (the Company/ARC) was incorporated in 2003 as a company limited by guarantee and registered with the Charity Commission (charity number 1104300). The Company is a wholly owned subsidiary of the Royal Agricultural Society of England (RASE). Its governing document is its Memorandum and Articles of Association.

The objects for which the Company is constituted are to advance religion by promoting religious activities and values among rural communities in such ways as the directors may from time to time determine.

ARC aims to provide support to the rural community with respect to community and social issues. This is achieved through three key areas of activity:

- Provision of Chaplaincy service to the RASE and the agricultural industry
- Provision of specialist training and resourcing programmes
- Initiation, facilitation and promotion of rural community development

Review of Activities and Future Developments

The work programme for the ARC is contained within its rolling three year strategy which defines the objectives and sets the targets. The following activities are drawn from the objectives and describe the targets that were achieved.

Provision of Chaplaincy service to RASE and the agricultural industry

During 2006, ARC organised services for the Royal Show, including a daily ecumenical communion service for exhibitors and the main show service in the grand ring, as well as organising services for other industry events including the Oxford Farming Conference, the Smithfield Show and the Game Fair. ARC also provided pastoral support to members of RASE staff and others working on the showground. The goal for 2007 is to continue to provide chaplaincy at this level.

Provision of specialist training and resourcing programmes

During 2006, an Induction Course for those entering Rural Ministry was organised and 2 Multi-Parish Benefice Workshops were held. All were well subscribed and received high ratings on the participants' evaluation forms. The courses for 2007 are already publicised and well-booked. In addition, a national rural churches conference was held in March 2006. The 2007 targets are to increase attendance at the courses and improve the already good ratings from attendees.

In 2002, ARC was instrumental in setting up the Centre for Studies in Rural Ministry (CSRM) which is run as a partnership with the University of Wales and St. Deoniols Library. ARC provides and funds the tutor for the partnership and, during 2006, the students researched a wide range of issues related to rural ministry. In 2007, CSRM will be more widely promoted with the aim of continuing to increase student numbers.

The Life and Faith in Rural Communities project was set up to provide on-line training material for those engaged in rural ministry and to establish a specialist on-line book shop focusing on the rural church and rural issues. By the end of 2006, the book shop had established a regular and growing pattern of sales of a wide range of titles and the training material was being accessed and used by a number of individuals, churches and training programmes. The 2007 goals include the continued growth in number of titles available and in book shop sales, as well as the development of further modules for the on-line training including the monitoring and evaluation of take-up and response.

Linked to this the website was redesigned during 2006 by the RASE IT team to provide clear and uncluttered information which is easy to search with self evident menus; carries the ARC brand throughout and serves the full-range of the ARC work programme.

THE ARTHUR RANK CENTRE

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

Initiation, facilitation and promotion of rural community development

A Defra funded research programme run in conjunction with the Church of England and Coventry University was completed in 2006. Focusing on 'Faith in Rural Communities: Contributions of Social Capital to Community Vibrancy' it provided important data regarding the significant contribution that Churches make to the vibrancy of rural communities.

During 2006, the community tourism project, Hidden Britain Centres, continued to provide support to the already established centres in Cumbria and developed 15 further centres: 10 in the South East and 5 in Warwickshire. During 2006, a successful funding bid in the Eastern Region resulted in the appointment of a development officer and the emergence of potential HBCs across the region. With the help of Visit Britain the web-site has been developed and redesigned to be more user friendly for both local HBCs and visitors alike. An electronic newsletter was set-up for local HBCs and a number of local HBC networking days were organized. The first national HBC Conference is planned for 2007.

The Computers for Rural People Scheme (promoting and brokering the sale of ex-government PCs and lap tops into rural communities) continued to help individuals, churches, businesses and community groups to access affordable IT equipment and by the end of 2006 over 500 computers had been provided through the scheme. Although the bid to a charitable trust to fund the employment of an officer to further promote and develop this service was unsuccessful, the Scheme has proved to be so effective in helping rural communities that the decision was made to continue running it through existing ARC staffing resources.

The Farming Information for Rural Ministry (FIRM) project providing briefing papers on rural and agricultural was renamed as RuSource. Over 400 papers have now been produced and commercial sponsorship has been sourced from a wide range of businesses and individuals to cover the costs. The goals for 2007 include the continued regular provision of the papers and the strengthening of the sponsor base which funds the project.

During 2006 the trustees of the Rural Stress Information Network, which has worked in partnership with the ARC since its inception, were faced with major funding problems. As a result a number of areas of work were concluded and the core helpline and information service were transferred to the ARC programme of projects. The service continues to be in demand and during 2007 will be relaunched and rebranded as "the listening service for rural people".

In partnership with Harper Adams University College, the University of Essex, the Federation of City Farms and the Bulmer Foundation, the ARC is involved is a member of the steering group for the National Care Farming Initiative which supports the use of land based industries to provide health and social welfare care to a range of client groups. A national conference was held in the autumn of 2005 and during 2006 the Initiative received funding to develop its strategy and research base and build up a national network of Care Farms. An electronic newsletter was launched in 2006 for the network and a number of local 'practitioner' days were organized. A national conference is planned for 2007.

Review of financial performance

The ARC 2006 annual budget was set at a deficit of £15k. However, due to the anticipated transfer of Eco Congregation to A Rocha, a provision for £10k was made, which contributing to the shortfall to budget by £9k.

Income Generation

The income for the year was £366k (2005 £336k).

Expenditure

The expenditure for the year was £391k (2005 £354k).

Fund Raising

A decision was taken in November 2005 to do all fundraising in-house. This is still the position.

THE ARTHUR RANK CENTRE

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

Fixed Assets

The changes in fixed assets are set out in note 7 to the accounts.

Reserves

The policy is to build up a reserve which represents six months of core expenditure equating to £175k in general funds. At this level, it is felt that ARC would be able to continue its current activities in the event of a significant drop in income, although it would be necessary to consider how the income would be replaced or activities changed. At present the free reserves are £263k. It is anticipated that a deficit of £28k will be achieved during 2007.

This policy is reviewed on an annual basis.

Governance of ARC

The Articles set out the composition and tenure of the Board of Trustees which consists of two trustees nominated by RASE, one nominated by the Churches and one by the Rank Foundation.

The day to day operations and control of ARC activities are delegated to the Executive Director. The Trustees and senior staff of ARC are listed on page 4. There is a policy to ensure that all trustees attend at least one relevant training course each year.

Committees

As a subsidiary of the RASE, the Trustees utilise the Group's Audit and Remuneration committees. Other committees will be constituted as and when required.

Risk Management

Risk management reviews are conducted by the executive management team twice yearly. The reviews identify and assess the major strategic business and operational risks to which the charity is exposed. The outcomes are presented to the Trustees for their consideration, the issues discussed and actions prioritised. Systems are established to mitigate the identified risks and procedures are implemented to mitigate the impact should any of the risks materialise.

The main risk facing the Company is a reduction in funding. ARC team is constantly looking for new partners and new funding streams to mitigate any reductions in existing funding provisions.

Third party indemnity provision for trustees

Qualifying third party indemnity provision is in place for the benefit of all trustees of the charitable company.

Auditors

The directors, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5). Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to auditors

The trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

THE ARTHUR RANK CENTRE

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

Trustees' responsibilities

The trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the profit or loss of the charitable company for that period.

In preparing these financial statements, the trustees are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Organisation and Management

ARC Trustees

John Stanley
Colonel E York
Kathleen Paxton
David Sanderson

Chairman

ARC Executive

Rev'd Dr Gordon Gatward, OBE, FRAgS, FIAgrM
Richard A G Wood (appointed 19 September 2006)
Helen Tetlow (left 19 September 2006)

Executive Director
Company Secretary
Company Secretary

The National office is located at

Arthur Rank Centre, Stoneleigh Park, Warwickshire CV8 2LZ

Registered Office

RASE, Stoneleigh Park, Warwickshire CV8 2LZ

Auditors

Baker Tilly UK Audit LLP, Park House, Station Square, Coventry, CV1 2NS

Bankers

Coutts & Co, 440 Strand, London WC2R 0QS

Solicitors

Trethowans, The Director General's Office, 15 Rockstone Place, Southampton SO15 2EP
Ashurst, Broadwalk House, 5 Appold Street, London EC2A 2HA

By order of the Board

John Stanley
Chairman of the Board of Trustees

Date

THE ARTHUR RANK CENTRE

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE ARTHUR RANK CENTRE

We have audited the financial statements of The Arthur Rank Centre which comprise the Statement of Financial Activities, the Balance Sheet, and related notes.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of The Arthur Rank Centre for the purposes of company law) for preparing the 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.

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 Companies Act 1985. We also report to you whether in our opinion the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

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

We planned and performed our audit so as to obtain all 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 December 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.
- the information given in the Trustees' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
Park House
Station Square
Coventry, CV1 2NS
2nd May 2007

THE ARTHUR RANK CENTRE

STATEMENT OF FINANCIAL ACTIVITIES (AND INCOME AND EXPENDITURE ACCOUNT) FOR YEAR ENDED 31 DECEMBER 2006

	Notes	Unrestricted Funds 2006 £000s	Unrestricted Funds 2005 £000s
Incoming resources			
Incoming resources from generated funds			
Voluntary income		178	166
Activities for generating funds		16	18
Investment income		8	7
Incoming resources from charitable activities			
Specialist training and resourcing programmes		51	68
Rural community development		37	58
Chaplaincy services and other		76	19
Total incoming resources	2	366	336
Resources expended			
Costs of generating funds			
Fundraising		(21)	(25)
Costs of generating voluntary income		(8)	(10)
Costs of charitable activities			
Specialist training and resourcing programmes		(106)	(136)
Rural community development		(98)	(123)
Chaplaincy services and other		(142)	(46)
Governance costs		(16)	(14)
Total resources expended	3	(391)	(354)
Net outgoing resources relating to continuing activities – Net expenditure		(25)	(18)
Fund balances brought forward		288	306
Fund balances carried forward		263	288

The Statement of Financial Activities includes all gains and losses in the year.

All income/(expenditure) relates to continuing activities.

The accompanying accounting policies and notes form an integral part of these financial statements

THE ARTHUR RANK CENTRE

BALANCE SHEET AS AT 31 DECEMBER 2006

	Notes	2006 £000s	2005 £000s
Fixed Assets			
Tangible fixed assets	7	1	4
Current Assets			
Stocks	8	2	2
Debtors	9	273	268
Cash at bank		55	40
		330	310
Creditors			
Amounts falling due within one year	10	(68)	(26)
Net current assets		262	284
Total assets less current liabilities		263	288
Net assets		263	288
Income funds			
Unrestricted funds		263	288

The financial statements on pages 6–12 were approved by the Trustees and authorised for issue on 29th March 2007 and are signed on their behalf by.

J W Stanley

Chairman of the Board of Trustees

The accompanying accounting policies and notes form an integral part of these financial statements

THE ARTHUR RANK CENTRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1. Accounting Policies

Accounting Convention

The financial statements are prepared under the historical cost convention. In preparing the financial statements the charity follows best practice as laid down in the Statement of Recommended Practice "Accounting and Reporting by Charities" (Revised 2005), the Companies Act and applicable Accounting Standards in the United Kingdom.

The charity has taken advantage of the exemption under FRS1 in not presenting a cash flow as a consolidated cash flow is presented in the Royal Agricultural Society of England's group financial statements.

Incoming Resources

Voluntary income

Donations and grants are taken to the revenue account when the conditions for receipt have been met and there is reasonable assurance of receipt.

Investment income

Investment income is accounted for in the period in which the charity is entitled to receipt.

Subscriptions

Subscriptions are taken to income in the year to which they relate.

Incoming resources from charitable activities

Income for Training and Resourcing is accounted for in the year in which the relevant training or supply of resources takes place.

Income for Rural Community Development is accounted for when conditions for receipt have been met and there is a reasonable assurance of receipt. Some of this income is in the form of grants.

Income for Chaplaincy Services is taken to income in the year to which it relates.

Resources expended

Expenditure is included on an accrual basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All direct costs have been attributed to the relevant functional category of resources expended in the Statement of Financial Activities.

Governance costs are based upon the time spent on such activities by the Executive Director and his staff, plus any external costs directly attributable to the cost of governance.

Tangible fixed assets and depreciation

Expenditure on individual tangible assets in excess of £1,000 is capitalised and depreciated over the expected service life of the asset. The cost of fixed assets comprises the purchase cost together with incidental costs of acquisition.

Depreciation is provided in equal instalments on all tangible fixed assets at rates estimated to write down the cost of each asset to its residual value over its anticipated life. Impairment reviews are undertaken when there is some indication that the recoverable amount of a functional fixed asset is below its net book value.

The rates of depreciation used are:

Machinery, equipment and furniture	10% - 25%
Computers	33%

The accompanying accounting policies and notes form an integral part of these financial statements

THE ARTHUR RANK CENTRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

Stock

Stock is accounted for on a cost basis. It is reviewed on an annual basis for obsolete and slow moving items and provisions made where it is determined that the stock should be written down below cost.

Pensions

All staff are employed by the Royal Agricultural Society of England and are seconded across to ARC. The RASE operates a defined benefit pension scheme and contributions to the scheme from ARC are charged to revenue account when made. Any actuarial surpluses or deficits are dealt with in the accounts of RASE as it is not possible to separately identify these for the subsidiary entities. The scheme currently has a total net deficit of £1.1m (2005: £2.1m), full details of which can be found in the Royal Agricultural Society of England Financial Statements.

THE ARTHUR RANK CENTRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

2. Analysis of incoming resources

	Total 2006 £000s	Total 2005 £000s
Incoming resources from generated funds		
Voluntary income		
Donations	178	166
Activities for generating funds		
Rental income	3	5
Sales of publications	7	3
Other	6	10
Investment income	8	7
	202	191
Incoming resources from charitable activities		
Specialist training and resourcing programmes		
Conferences/courses	22	5
Life & Faith in rural communities/training	14	44
Country Way	15	19
Rural community development		
Hidden Britain Centre	25	45
Eco congregation	12	13
Chaplaincy service and other	76	19
	164	145
Total incoming resources	366	336

The donations as indicated above are from the Royal Agricultural Society of England, The Rank Foundation and other smaller donations.

3. Analysis of resources expended

	Total 2006 £000s	Total 2005 £000s
Costs of generating funds		
Fundraising	21	25
Costs of generating voluntary income	8	10
	29	35
Costs of charitable activities		
Specialist training and resourcing programmes		
Conferences/courses	13	13
Life & Faith in rural communities/training	57	77
Country Way	36	46
Rural community development		
Hidden Britain Centre	60	96
Eco congregation	38	27
Chaplaincy service and other	142	46
	346	305
Governance		
Audit Fee	2	1
Board of Trustees/Committees	2	1
Other professional fees	7	7
Other costs	5	5
	16	14
Total resources expended	391	354

The accompanying accounting policies and notes form an integral part of these financial statements

THE ARTHUR RANK CENTRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

4. Support costs

The following support costs were incurred during the year and have been allocated to the relevant activity cost on the basis of income and expenditure.

	Facilities £000s	Management £000s	Depreciation £000s	Total Support Costs £000s
Fundraising	4	17	-	21
Trading expenses	1	7	-	8
Conferences/courses	2	9	-	11
Life & Faith in rural communities	4	19	-	23
Country Way	3	13	-	16
Hidden Britain Centre	5	22	-	27
Eco Congregation	3	13	-	16
Chaplaincy service and other	13	56	1	70
Governance	1	5	-	6
Total support 2006	36	161	1	198
Total support 2005	44	146	4	194

RASE also provides support in kind to the Company in the form of information technology, accounting, company secretarial and human resources services. It has not been able to value this and so it is not included in the figures.

5. Trustee expenses

Trustees' expenses, being the costs of attending board, council and other meetings were not paid to any trustees (2005; NIL). No trustee received remuneration.

6. Employees' emoluments

Employees' emoluments were as follows:

	Total 2006 £000s	Total 2005 £000s
Wages and salaries	159	161
Social security	13	13
Pension	11	12
	183	186

The average number of employees, including part-time, during the year was 8 (2005: 9). The average number of full time equivalents was 7 (2005: 7).

There were no employees with emoluments above £60,000.

The accompanying accounting policies and notes form an integral part of these financial statements

THE ARTHUR RANK CENTRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

7. Tangible Fixed assets

		Machinery Equipment Furniture £000s
Cost	At 31 December 2005	9
	Additions	1
	At 31 December 2006	10
Depreciation	At 31 December 2005	5
	Provided in year	4
	At 31 December 2006	9
Net book value	At 31 December 2006	1
Net book value	At 31 December 2005	4

8. Stocks

	2006 £000s	2005 £000s
Other Stocks	2	2

9. Debtors

	2006 £000s	2005 £000s
Trade debtors	7	7
Amounts owed from group undertakings	264	259
Prepayments	2	2
	273	268

10. Creditors: amounts falling due within one year

	2006 £000s	2005 £000s
Trade creditors	31	2
Amounts owed to group undertakings	10	3
Social Security and other taxes	1	3
Accruals	12	6
Deferred income	14	12
	68	26

11. Ultimate parent undertaking and related party transactions

The Charity is a company limited by guarantee, the sole member being the Royal Agricultural Society of England, a charity incorporated by Royal Charter and registered in England, based at Stoneleigh Park, Warwickshire, CV8 2LZ. The member has undertaken to contribute a maximum of £1 to the assets of the company to meet its liabilities if called upon to do so. The total amount guaranteed by members at 31 December 2006 is £1 (2005: £1).

The company has taken advantage of the exemptions conferred by Financial Reporting Standard 8 in not disclosing transactions with its parent undertaking. There are no other reportable related party transactions.

12. Post balance sheet events

In February 2007, Eco Congregation transferred to A Rocha. There will be no impact in the 2007 financial statements. In March 2007, Arthur Rank Centre transferred its banking arrangements to Coutts & Co.

The accompanying accounting policies and notes form an integral part of these financial statements