

Northern Friends Peace Board

Financial Statements

for the year ended 31st December 2009

Northern Friends Peace Board
Report of the Executive
for the year ended 31st December 2009

Status

A recognised Scottish Charity registered as such with the Inland Revenue in 1996 having previously been registered in 1967 with the Inland Revenue in England and Wales as an excepted religious charity. Originally established in 1913. The current constitution was adopted 27th February 2000.

Reference and Administrative Information

Charity name Northern Friends Peace Board

Charity Registration Number SC024632

Registered office Friends Meeting House
38 Elmbank Crescent
Glasgow
G2 4PS

Operating address Victoria Hall
Knowsley Street
Bolton
BL1 2AS

Executive Committee

Ann Bettys (Clerk to the Executive)	Frances Morgan
Mary Alice Mansell (Clerk to the Board)	Peter Cheer (resigned July 2009)
Tim Carlisle (Treasurer)	Sarah Alldred
Suzanne Wilson	Janet Fenton (resigned July 2009)
Robin Bowles	Jenny Foot

The executive committee are appointed by the full Board on the nomination of the Board's Nominations Committee.

Principal staff

Philip Austin
Steven Waling

Custodian Trustee

Friends Trusts Limited
Friends House
173-177 Euston Road
London
NW1 2BJ

Independent Examiner

James Gore-Langton FCCA DChA
Slade & Cooper Limited
6 Mount Street
Manchester
M2 5NS

Bankers

The Co-operative Bank	Bank of Scotland	Cafcash Limited	Ecology Building Society	Tridos Bank
Olympic House	Craigs House	King's Hill	7 Belton Road	Brunel House
Montford Court	78 Upper Craigs	West Malling	Silsden	11 The Promenade
Salford	Stirling	Kent	Keighley	Bristol
M5 2QP	FK8 2DE	ME19 4TA	BD20 0EE	BS8 3NN

Northern Friends Peace Board
Report of the Executive
for the year ended 31 December 2009

The Northern Friends Peace Board Executive submits its report and accounts for the period 1st January - 31st December 2009. The Executive confirms that the accounts comply with current statutory requirements and the charity's constitution.

Objectives and Principal Activities

The objective of the Board is the advancement, within its areas of operation, of the principles of the Religious Society of Friends (Quakers) with special reference to the testimony against all wars and through promoting peace, justice and care for the environment. This arises from our original mandates: "To advise and encourage Friends in the North, and through them their fellow Christians and citizens generally, in the active promotion of peace in all its height and breadth." It undertakes education, training and other activities to this end.

When planning our activities for the year, the Executive considered the guidance of the Charity Commission and of the Office for the Scottish Charity Regulator on public benefit. The Executive is committed to reaching as many people as possible through its work, both members and attenders of the Society of Friends as well as people of other faith or of none.

Structure, governance and management

The area of operation of the Board is primarily that covered by the Area Meetings of Britain Yearly Meeting in Scotland, North Wales and Northern England. Its constitution is governed by the Law of Scotland and is registered as a charity with the Office for the Scottish Charity Regulator. The Board maintains an office in Bolton and a Scottish postal address. It employs a full-time Co-ordinator and a part-time Administrative Assistant.

Procedures of the Board and its committees follow the general counsel on church affairs set out in *Quaker Faith and Practice*. Its trustees form the Executive Committee and its work is guided by the Meetings of all Board members, including Representatives of all Northern Area Meetings and co-opted members. The full Board and its Executive meet four times per calendar year and their various sub groups meet at different times, reporting to the Board and to the Executive.

The law requires the Executive to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources of the year and the application of resources of the charity for that period. In preparing those financial statements, the Executive are required to:

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

The Executive are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with applicable accounting standards. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

During the period covered, Mary Alice Mansell served as Clerk to the Board, Ann Bettys as Clerk to the Executive, and Tim Carlisle as Treasurer.

Other Executive members during the period were: Sarah Alldred, Robin Bowles, Peter Cheer, Janet Fenton, Jenny Foot, Frances Morgan and Suzanne Wilson. Friends are appointed to the Executive both from the membership of the Board and from amongst Northern Friends as co-opted members. We committed resources and time to continuing induction and training of staff and committee members.

The Executive committee met four times during the period covered.

Philip Austin and Steven Waling, Co-ordinator and Administrative Assistant respectively undertook the finance-related administrative work from the Board's office and Philip Austin continued his co-ordinating role in relation to all other areas of the work of the Board and Executive.

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The Board maintains effective and regular working links with Quaker Peace and Social Witness, with cross-representation of staff on its Peace Campaigning and Networking Group reinforcing this positive complementary working relationship.

Objectives for the period

1. Developing the involvement of all NFPB members in our work and activities and the Board as a worshipping community
2. Reaching a wider audience of Quakers and non-Quakers through our work.
3. Writing and publishing a development plan for our work up to 2013.
4. Further strengthening the capacity of the trustees to undertake their responsibilities.
5. Supporting the development of the office as an appropriate and safe working environment for our employees.
6. Supporting our Co-ordinator in undertaking training opportunities.
7. Evaluating previous project work and establishing new projects.

Significant activities

1. Four meetings of our members took place, in Northern England and in Scotland, with speakers including Nick Chavasse on the Fellowship of Reconciliation's International Peacebuilding Fund, Jaci Smith on the Peace Education work of Quaker Peace and Social Witness, members of the Middlesbrough Council of Faiths and Robert Straughton on lessons from history on the consequences of the arms trade.
2. The Speaking our Peace project ran and contributed to a number of events with Friends and others, most notably a day conference on The Cost of Peace – Alternatives to Military Spending and a workshop and panel contribution at a day conference run by the Centre for Radical Christianity.
3. We ran a third conference on 'Building Peace – Tackling Racism', which took place in Bolton in March, and featured the first public showing of our new DVD, arising from the previous year's conference.
4. We were represented at meetings of the European Quaker Peace & Service Consultation and the Network of Christian Peace Organisations among others and continued our involvement with Scotland's for Peace and the Network for Peace.
5. Support was given to individual Friends and groups of Friends for a range of peace initiatives.
6. We provided input to a range of other Quaker events, including a talk to Britain Yearly Meeting's Meeting for Sufferings, workshops and display at the Britain Yearly Meeting Gathering and a showing of our DVD at the QPSW Annual Conference

Financial Review and Results

Our income from Quakers over the period was again reduced during the year, largely due to the continued poor rate of return on our own and supporting Quaker groups' investments. Our expenditure was very slightly less than budgeted, with less having been spent on professional fees and on subscriptions than anticipated. Project-related expenditure travel costs were broadly inline with what we anticipated. We purchased computer equipment to enable us to give presentations. The project work is ongoing and existing funds will be sufficient to meet the needs of these projects. We received no further income from legacies this year.

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FINANCIAL POLICIES

Risk assessment

In order to avoid running at a deficit we continued to exercise caution in our spending during the year. We protect trustees against a potential liability arising from pensions' legislation by designating a significant portion of our reserves to meet any potential liability. We remain committed to avoiding such a liability crystallising. We have undertaken an assessment of other risks and implemented procedures to manage and minimise these. Our reserves are held by a number of financial institutions in order to protect them from the risk of any single financial institution experiencing problems.

Reserves Policy

In March 2001 Trustees agreed that we should endeavour to hold in our reserves the equivalent of four months' running costs, based on the period of notice required for the termination of our Co-ordinator's employment and any winding up costs associated with that. Our current reserves exceed this margin, largely as a result of the receipt of legacies in recent years. We expect to continue to draw on this additional source of finance to develop project work when necessary but need to retain sufficient funds to meet the potential liability pertaining to the Pensions Trust.

FUTURE PLANS

1. Continued training and development of the Executive committee as an effective team.
2. Widening and deepening the involvement of Board members in planning and implementing our work.
3. Setting of new project groups and undertaking work on: Supporting Young People as Peacemakers; Promoting Sustainable Security and Building Peace in Diverse Britain..
4. Making preparations for marking our centenary in 2013.
5. Strengthening links with Young Friends and with those Area Meetings that are currently less involved in our work.
6. Implementing the priorities identified in our Development Plan. These include:
 - Exploring the possibilities of using new communications media more effectively in meeting our objectives.
 - Opening up opportunities for more members of the Society of Friends to become involved in our work and strengthening partnerships with non-Quaker bodies.
7. Implementation of sound investment policies for our additional funds.

Independent Examiner's Report to the Executive Committee (Trustees) of

Northern Friends Peace Board

I report on the accounts of the charity for the year ended 31 December 2009 which are set out on pages 6 to 16.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

The charity trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In the course of my examination, no matter has come to my attention:

1 which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with Section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations, and
- to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations

have not been met, or

2 to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

*James Gore-Langton FCCA DChA
Slade & Cooper Limited
Accountants
6 Mount Street
Manchester M2 5NS*

Date.....

Northern Friends Peace Board
Statement of Financial Activities
for the year ended 31 December 2009

	Note	Unrestricted funds £	Restricted funds £	2009 £	2008 £
Incoming resources	2				
Donations and legacies		34,140	-	34,140	32,543
Grants		4,038	-	4,038	4,019
Fees and other income		2,972	-	2,972	1,593
Investment income		2,321	-	2,321	8,097
Total incoming resources		43,471	-	43,471	46,252
Resources expended	3				
Charitable activities		45,096	-	45,096	43,997
Governance costs		2,225	-	2,225	2,775
Total resources expended		47,321	-	47,321	46,772
Net incoming/(outgoing) resources for the year	5	(3,850)	-	(3,850)	(520)
Transfer between funds		-	-	-	-
Gains/(losses) on investments		675	-	675	-
Net movement in funds		(3,175)	-	(3,175)	(520)
Funds at 31 December 2008 (as previously stated)		219,885	1,405	221,290	221,810
Prior year adjustment	1g	3,095	-	3,095	3,095
Funds at 31 December 2008 (as restated)		222,980	1,405	224,385	224,905
Funds at 31 December 2009		£ 219,805	£ 1,405	£ 221,210	£ 224,385

The Statement of Financial Activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

Northern Friends Peace Board

Balance Sheet as at 31 December 2009

	Note	2009		2008 <i>as restated</i>	
		£	£	£	£
Fixed assets					
Tangible assets	8		994		618
Investments	9		3,770		3,095
			4,764		3,713
Current assets					
Stock		1,226		1,226	
Debtors	10	68		66	
Cash at bank and in hand		216,318		220,543	
			217,612		221,835
Creditors: amounts falling due in less than one year	11	(1,166)		(1,163)	
			216,446		220,672
Total assets less current liabilities			£ 221,210		£ 224,385
Reserves					
Unrestricted funds					
Designated funds	12	89,690		86,566	
General funds		130,115		136,414	
			219,805		222,980
Restricted funds	13		1,405		1,405
			£ 221,210		£ 224,385

Approved by the Executive Committee and signed on their behalf by:

Ann Bettys, Clerk to the Executive

Tim Carlisle, Treasurer

Date

Northern Friends Peace Board
Notes to the accounts
for the year ended 31 December 2009

1 Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. They have been applied consistently during the year, and in the preceding year.

a Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, the Financial Reporting Standard for Smaller Entities (effective April 2008), and follow the recommendations in Statement of Recommended Practice - Accounting and Reporting by Charities (issued in March 2005).

b Fund accounting

- Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.
- Designated funds are unrestricted funds earmarked by the Executive for particular purposes.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of management and support costs.

c Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, legacies, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- Investment income is included when receivable.
- Incoming resources from charitable trading activity are accounted for when earned.

d Resources expended

Expenditure is recognised on an accrual basis when a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is included as part of the expenditure to which it relates.

Northern Friends Peace Board
Notes to the accounts
for the year ended 31 December 2009 (continued)

1 Accounting policies (continued)

e Operating leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remains with the lessor, are charged to the Statement of Financial Activities in the year in which they fall due.

f Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. Individual items costing less than £250 are not capitalised.

Tangible fixed assets are depreciated as follows:

Asset Category	Annual rate
Office equipment	20% (reducing balance)

g Investments

Investments are stated at market value at the balance sheet date. Net gains and losses on disposal and revaluation are included in the Statement of Financial Activities. The investment portfolio is held by Friends Trusts Ltd as custodian trustee. Income arising from the investments is remitted directly to the charity.

In previous years the portfolio has been omitted from the accounts, but the trustees now consider that it should be included. There is therefore a prior year adjustment in these accounts to include the market value of the portfolio as at 31st December 2008 in the funds of the charity at that date. This has resulted in an increase in the charity's brought forward unrestricted funds of £3,095.

h Stock

Stock of goods for resale is valued at the lower of cost or net realisable value.

i Pensions

The charity participates in a multi-employer pension plan run by the Pensions Trust. It is a money purchase pension scheme but it has some guarantees. The assets of the scheme are entirely separate to those of the charity and it not possible to identify the charity's share of the underlying assets and liabilities. The scheme is accounted for as a defined contribution scheme, and the pension cost shown represents contributions payable by the charity on behalf of the employees. The charity has no liability other than for payment of the contributions. There were no outstanding contributions at the period end. Further details of the scheme are given in note 14.

j Cash flow statement

The charity has taken advantage of the exemption in Financial Reporting Standard 1 from preparing a Cash Flow Statement on the grounds that it is a small entity.

Northern Friends Peace Board

Notes to the accounts for the year ended 31 December 2009 (continued)

2 Incoming resources

	Unrestricted £	Restricted £	Total 2009 £	Total 2008 £
Donations and legacies				
Individuals	3,781	-	3,781	2,093
Meetings	28,149	-	28,149	30,384
Legacies	2,210	-	2,210	66
	34,140	-	34,140	32,543
Grants				
Friends Trusts	688	-	688	795
Westcroft Trust	3,350	-	3,350	3,224
	4,038	-	4,038	4,019
Fees and other income				
Workshop fees and sales	2,108	-	2,108	738
Other income	864	-	864	855
	2,972	-	2,972	1,593
Investment income				
Bank interest	2,176	-	2,176	7,726
Dividends	145	-	145	371
	2,321	-	2,321	8,097
Total incoming resources	£ 43,471	£ -	£ 43,471	£ 46,252

Northern Friends Peace Board

Notes to the accounts for the year ended 31 December 2009 (continued)

3 Resources expended

	Unrestricted £	Restricted £	Total 2009 £	Total 2008 £
<i>Charitable activities</i>				
Salaries	35,668	-	35,668	33,657
Rent, heat & light	2,425	-	2,425	1,536
Staff & committee development	309	-	309	480
Stationery, postage, telephone & office	3,331	-	3,331	3,083
Representatives' travel	1,089	-	1,089	1,102
Insurance	236	-	236	225
Depreciation	248	-	248	155
Cost of publications	1,115	-	1,115	2,851
Sundry	650	-	650	813
Representations & Networking	25	-	25	95
	45,096	-	45,096	43,997
<i>Governance costs</i>				
Examination and accountancy	1,221	-	1,221	1,108
Board expenses	1,004	-	1,004	1,667
	2,225	-	2,225	2,775
Total resources expended	£ 47,321	£ -	£ 47,321	£ 46,772

Northern Friends Peace Board

Notes to the accounts for the year ended 31 December 2009 (continued)

4 Corporation tax

The charity is exempt from tax on income and gains falling within S505 of the Income & Corporation Taxes Act 1988 (ICTA 1998) or S256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

5 Net incoming/(outgoing) resources

This is stated after charging/(crediting) the following:

	2009 £	2008 £
Independent examiner's remuneration	1,221	1,108
Depreciation	248	154
	1,221	1,108
Independent examiner's remuneration comprised:		
Independent examination	176	176
Accountancy	729	669
Payroll	316	263
	£ 1,221	£ 1,108

6 Staff costs

Staff costs during the year were as follows:

	2009 £	2008 £
Wages and salaries	29,934	28,539
Social security costs	2,750	2,633
Pension costs	2,984	2,855
Adjustment for overprovision of pension costs in prior year	-	(370)
	£ 35,668	£ 33,657

The average number of employees during the year calculated on the basis of full time equivalents was as follows:

Co-ordinator	1.0	1.0
Administration assistant	0.2	0.2
Total	1.2	1.2

The number of employees earning over £60,000 per annum excluding pension contributions was nil (2008: nil).

Northern Friends Peace Board
Notes to the accounts
for the year ended 31 December 2009 (continued)

7 Trustees' remuneration and expenses

Neither the trustees nor any persons connected with them received any remuneration during the year.

7 trustees received travel and subsistence expenses during the year of £1,613 (2008: £1,667).

8 Fixed assets: tangible assets

	Office equipment £
Cost	
At 1 January 2009	8,812
Additions	624
	£ 9,436
Depreciation	
At 1 January 2009	8,194
Charge for the year	248
	£ 8,442
Net book value	
At 31 December 2009	£ 994
<i>At 31 December 2008</i>	£ 618

9 Fixed asset investments

	2009 £
Market value at 1 January 2009 (as restated)	3,095
Net investment gains/(losses) on revaluation and disposal	675
	£ 3,770
	£ 3,770

The investments comprise listed securities.

10 Debtors

	2009 £	2008 £
Prepayments	68	66
	£ 68	£ 66
	£ 68	£ 66

Northern Friends Peace Board

Notes to the accounts for the year ended 31 December 2009 (continued)

11 Creditors: amounts falling due in less than one year

	2009 £	2008 £
Accruals	1,166	1,163
	£ 1,166	£ 1,163
	£ 1,166	£ 1,163

12 Designated funds

	As at 1 January 2009 £	New designation £	Released designation £	Transfers £	As at 31 December 2009 £
Pension contingency	86,566	3,124	-	-	89,690
	86,566	3,124	-	-	89,690
	86,566	3,124	-	-	89,690

The designated fund has been set up by the trustees to earmark funds in the possible (but unlikely) eventuality that the pension liability described in note 15 (subsection 21) crystallises in the future.

13 Restricted funds

	As at 1 January 2009 £	Incoming resources £	Outgoing resources £	Transfers £	As at 31 December 2009 £
Peace Papers	1,405	-	-	-	1,405
	1,405	-	-	-	1,405
	£ 1,405	£ -	£ -	£ -	£ 1,405

The restricted funds are held for the following purposes:

Peace Papers Project - to produce a set of materials highlighting and detailing the range or activities for peace undertaken by British Quakers.

14 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 December 2009 are represented by:			
Tangible fixed assets	994	-	994
Investments	3,770	-	3,770
Net current assets	215,041	1,405	216,446
	219,805	1,405	221,210
Total net assets	£ 219,805	£ 1,405	£ 221,210

Northern Friends Peace Board
Notes to the accounts
for the year ended 31 December 2009 (continued)

15 Pension scheme and contingent liability

- 1 The charity participates in the Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted out of the state scheme. The Growth Plan is a multi-employer pension plan.
- 2 Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.
- 3 The rules of the Growth Plan allow for the declaration of bonuses and / or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses / investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.
- 4 The Trustee commissions an actuarial valuation of the Growth Plan every 3 years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.
- 5 The rules of the Growth Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provision.
- 6 If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.
- 7 The rules of the Growth Plan state that the proportion of obligatory contributions to be borne by the Member and the Member's Employer shall be determined by agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employer shall pay the whole of them.
- 8 The charity paid contributions at the rate of 11% during the accounting period. Members paid contributions at the rate of 4% during the accounting period.
- 9 As at the balance sheet date there was one active member of the Plan employed by the charity. The charity continues to offer membership of the Plan to its employees.
- 10 It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. Growth Plan is a multi-employer scheme where the scheme assets are co-mingled for investment purposes, and benefits are paid from the total scheme assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.
- 11 The valuation results at 30 September 2008 have now been completed and will be formalised shortly. The valuation of the Scheme was performed by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

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Notes to the accounts
for the year ended 31 December 2009 (continued)

15 Pension scheme and contingent liability (continued)

12 The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	per annum	%
Investment return pre retirement		7.6
Investment return post retirement		
Actives/Deferreds		5.1
Pensioners		5.6
Bonuses on accrued benefits		0.0
Rate of price inflation		3.2

13 In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

14 If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

15 In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate

16 A copy of the recovery plan must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation will be forwarded to the Pensions Regulator in due course.

17 The next full actuarial valuation will be carried out as at 30 September 2011.

18 Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan. The Trustee's current policy is that it only applies to employers with pre October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

19 The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

Northern Friends Peace Board
Notes to the accounts
for the year ended 31 December 2009 (continued)

15 Pension scheme and contingent liability (continued)

- 20** The leaving employer's share of the buy-out debt is the proportion of the Plan's pre October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre October 2001 liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.
- 21** The charity has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2009. As of this date the estimated employer debt for the charity was £89,689.97.
- 22** The charity has no plans to withdraw from the scheme, but having only two eligible employees, there is some risk that the above liability could crystallise. The trustees do not consider this risk to be sufficiently high that the liability should be provided for in these accounts, but have decided to set up a designated fund to cover the potential liability should it ever arise.