

Company Number: 00101685
Charity Number: 248796

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

MHA MACINTYRE HUDSON
Chartered Accountants and Registered Auditors
Rutland House
148 Edmund Street
Birmingham
B3 2FD

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

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THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Annual Report

Year Ended 31 December 2018

Reference and Administrative Information

Registered Office

The Eastern Synod Office
The United Reformed Church
36 Duxford Road
Whittlesford
Cambridge CB22 4ND

Directors and Trustees

Revd P R Whittle
Revd Prof D Thompson
Mr K Hounsome
Mr A East
Mr C Patten
Mr G Heathcote
Revd Dr J Tollington (appointed 26 January 2018)

Bankers

Barclays Bank Plc
5-7 Red Lion Street
Norwich NR1 3QH

Legal Advisors

Veale Wasbrough Vizards
Second Floor, 3 Brindley Place
Birmingham B1 2JB

Auditors

MHA MacIntyre Hudson
Rutland House
148 Edmund Street
Birmingham B3 2FD

Investment Manager

CCLA Investment Managers Limited
Epworth Investment Managers Limited

Synod Officers

Moderator – Revd P R Whittle
Synod Clerk – Mr K Hounsome
Synod Treasurer – Mr G Heathcote
Finance Officer – Mr D Smith
Resources Officer – Mrs P Davies-Brown

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The Trustees present their report and the audited financial statements of the charity for the year ended 31 December 2018. The Trustees have adopted the provisions of Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities 2015" (FRS102) and Update Bulletin 1 in preparing the annual report and financial statements of the charity.

The Trustees

The Trustees of the charity are also company directors for the purposes of company law.

All Trustees give their time voluntarily and receive no benefits from the charity apart from those reimbursed expenses set out in note 6.

The Trustees serving during the year and to the date of this report were as follows:-

Revd P Whittle
Revd Prof D Thompson
Mr K Hounscome
Mr A East
Mr C Patten
Mr G Heathcote
Revd Dr J Tollington

Aims and Objectives

The charitable company's purpose as set out in the objects contained in the company's memorandum of association is the advancement of the Christian religion especially by the means of, and in accordance with, the principles of the United Reformed Church as set out for the time being in 'The Manual'.

The aims of the charity are to support local churches in their outreach and mission and to share the vision of the URC's General Assembly with the local churches.

The United Reformed Church (Eastern Province) Trust has two distinct roles. The first is to act as the corporate trustee of local churches, manse and other local church land. The second is to act as the holding trustee of the collective financial assets of the Eastern Synod.

In relation to the first role, the Trust acts according to the United Reformed Church Acts 1972, 1981 and 2000: particularly the 1981 Act. Local URC churches operating in the Eastern Synod area are separate and independent charities. There is no common control or unity of administration with any of these bodies and they are not deemed to be connected charities within the understanding of the Charities SORP 2015 (FRS 102). None of the financial assets or liabilities of these bodies are incorporated in the Trust's financial statements as the Trust is not the beneficial owner and there is neither parent nor subsidiary relationships.

In relation to the second role, the Trust's responsibility is to exercise ultimate oversight over the finances of the Synod (including its budget and accounts), as set out below. The Trust is also responsible for employment of most remunerated Synod staff.

Achieving delivery of the Trust's aims and public benefit

The strategy for achieving the Trust's aims and objectives is to provide pastoral, educational and mission, technical and financial support. All these forms of support are designed to promote and share the Christian faith and, in particular, the principles of the URC in each area where a local congregation operates. The Trustees review the aims, objectives and proposed future activities on a regular basis. The Trustees follow the general guidance issued by the Charity Commission on public benefit when doing so and the following sections of this report describe how the Trustees have carried out the purposes of the Trust for the public benefit.

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It is important to note that the Trust's functions are generally exercised through the Eastern Synod of the United Reformed Church and its committees (see section headed "Structure, Governance and Management").

Pastoral Support

The Pastoral Committee works with and through the Synod Moderator and others to provide spiritual, pastoral and strategic leadership, care and challenge to local churches and their ministers. They have a particular role in encouraging conversations about pastorates' needs, ensuring effective but sympathetic deployment of ministerial resources as well as overseeing churches during ministerial vacancies. They also monitor the progress of those applying for, and undertaking, various types of ministerial training and work to develop ecumenical relations in the area covered by the Synod as well as encouraging local churches to "think ecumenically" when planning all their initiatives.

Educational and Mission Support

The Mission Committee works with and through the Moderator, Mission and Training Officer and Children and Youth Development Officer to provide or encourage training and development for ordained and lay people; organise and support activities for, and work with, children and young people; and encourage mission and outreach activities to be undertaken primarily by local churches in their own towns or villages. The Synod has established a Pioneer Fund (funded from property sales) for the purpose of supporting major new mission activities and in this connection is currently supporting an ecumenical Pioneer Ministry project on a new housing estate at St. Neot's. Through the Faith in Action group of the Mission Committee, the Synod and local churches are made aware of need and injustice locally, nationally and internationally and challenged to respond in ways which make a difference.

Technical Support

Synod officials are a resource available to help local churches understand and keep up to date with their obligations as charities, employers, providers of services to the public and occupiers of buildings. Where necessary, Trustees and Synod officials also help local churches through the process of considering the acquisition, modification or disposal of premises and issues of trust, property and charity law. The Listed Buildings Advisory Committee (as constituted by the Ecclesiastical Exemption (Listed Buildings and Conservation Areas) (England) Order 2010) offers independent advice to the Synod Property Committee, together with assisting local churches occupying "Listed" buildings through the complexities of the legal processes governing these types of buildings, including offering advice on their care and maintenance.

Financial Support

A range of grants (and, more rarely, loans – constituting much of Programme Related Investments) is made available to local churches and ministers to assist with children and young people engagement, mission and outreach, maintenance and improvement of properties to enhance interaction with their communities and ministerial and lay training and development. In most cases this support is provided through the Resources/Property Committee, which meets four times a year and oversees financial and property-related matters for the Synod. The delegated powers of the Resources Committee and its interaction with the Trust and Trustees are set out in the Synod Financial Policy which is revised periodically by Synod. The Finance Policy sets out the charity's investment policy and ethical constraints under which it operates. For further details see the section headed 'Investment Policy' (below).

Churches are encouraged to retain and invest capital whenever possible and to fund new building works, redevelopments, maintenance works and pastoral assistance from their investment income. Where there are insufficient funds, grants or loans may be made available to Churches and Synod Committees, in the case of loans for periods normally not exceeding five years.

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Annual Report

Year Ended 31 December 2018

Achievements and Performance

Mission Committee

- Following the closure of North Avenue in Chelmsford a Mission Project has been established at the church with the URC working together with other Christian groups.
- A new Church Related Community Worker has been appointed to serve both Church of our Saviour, and the North Avenue Mission Project in Chelmsford.
- The Committee continues to work through its embracing of the Walking the Way initiative. Holy Habits was a very successful theme for our March Synod, and 5 roadshows were held which went well and had a good response. We are now producing our own Synod material, and further roadshows are planned for 2019.
- We have a new Mission and Training officer – Lindsey Brown – who is involved in all aspects of our Mission work
- The Faith in Action Group have sent a questionnaire to local churches to find out how they are responding to dementia, disability and other issues that impact on accessibility to worship.
- Following our visit to Zimbabwe in Dec 2017, a group came from Zimbabwe to visit several churches in the Synod, and attended our October Synod. They thrilled the attendees with their singing and vibrant message.
- There have been many changes in personnel on the ecumenical front both locally and nationally.
- Some churches have grown in the year, but overall the numbers have declined slightly. In this connection, and in the light of the report to the 2018 General Assembly, the Committee has started to consider how it can retain and reach out to those in the 20 to 40 age range.

Pastoral Committee

- This Committee's work is very largely of an ongoing nature, in particular supporting the Moderator as he considers various ministerial vacancies and the challenges associated with deployment in the light of the future reduction in available ministerial resource.
- The Committee also has oversight of the LMMR process receiving reports of mission reviews carried out in local churches.
- The Committee links with the work of the (now) five Area Partnerships and one United Area, and meets with Pastoral Advocates each Spring.
- There were two free lay preacher training days at Westminster College.
- From 2018 the authorisations given to lay persons to preside at the Sacraments are for three years. The Committee also agreed that churches be invited to seek authorisations for an Elder from amongst their number to preside, with such authorisations being subject to training.
- The Committee has recognised the uniting of the St Columba's and Emmanuel churches in Cambridge to form Downing Place URC. More sadly, it has noted the closures of the churches in Sudbury and at North Avenue, Chelmsford.

Resources Committee

- In addition to making a number of property related grants, the Committee has continued to maintain its support for mission and outreach work amongst young people, funding support for lay training has also been provided.
- The October Synod meeting approved a resolution to give 10% of the net proceeds from the sale of any redundant churches to be split between the Retired Ministers' Housing Society (RMHS) and the ministers' Pension Fund in such proportions as the Committee consider appropriate, this replacing a previous resolution that the proceeds go wholly to the RMHS.

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Annual Report

Year Ended 31 December 2018

Financial Review

Financial Statements

The financial statements, including the notes, have been prepared in compliance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" 2015 (FRS 102) and Update Bulletin 1. The analysis of income and expenditure reflects the classification of activities, together with costs relating to administration. The Synod and Trust Company do not sell goods or services, nor are there any other trading activities.

A financial review document is made available to all members of Synod, and local churches if requested. This document highlights the main features of these financial statements. The review includes a comparison between the budget and the final operating income resources and expenditure.

Statement of Financial Activities

The Statement of Financial Activities is shown on page 13, with a more detailed analysis of income and expenditure on pages 19 to 23.

The total operating income for the year was £1,053,816 (2017: £794,364), the majority of which is investment income.

This year the church property grants totalled £344,283 (2017: £105,567). This is a positive development in so much as churches had been struggling to find the match funding to proceed with projects.

Receipts from church and other property sales totalled £848,526 (2017: £647,202) and it is important that these capital receipts continue to be invested wisely.

Balance Sheet

The above result led to an increase of £0.393m (2017: £1.313m) which has resulted in a combined fund balance of £18.005 m (2017: £17.613m) at the year-end. An analysis of the movement of funds can be found in note 9.

Programme Related Investments total £947,957 (2017: £771,372) comprising 4 outstanding loans and 8 property investments (2017: 4 loans and 8 property investments). These investments represent funds invested by Synod to assist local churches and retired ministers to purchase or update their properties.

Fundraising Sources

Synod meeting annually authorises a levy to be raised for Synod administration purposes from local churches together with their contributions to the denominational Ministry and Mission Fund. The other main sources of regular income are investment and rental income. In addition, in some years, substantial sums become available to the Trust as a result of church closures. No fundraising activities are carried out at Synod or Trust level.

Investment Policy

The policy seeks to achieve as high an income as possible, subject to protecting the capital value of the funds against inflation. The investments include sharing in some churches' property developments but are otherwise a mixture of fixed interest and equity marketable securities. The Synod seeks to ensure that none of its investments can be seen to support practices which are against the conscience of Christians following the Ethical Investment Guidelines approved by the URC General Assembly from time to time. These Common Investment Funds are governed by Charity Commission Schemes.

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Our investments risk level was set at the lowest level in 2013, and we still concur with that view. Our investments are made in Ethical companies. Both our investment advisers performed adequately against relevant benchmarks. There was a drop in most investments in 2018, following several years of growth. Subsequent to the year end we have decided to remove fossil extraction companies from our investments.

A number of local churches have asked the Synod to hold, and invest, certain funds on their behalf. Such funds are not Synod funds and are not included in the Trust financial statements.

Reserves Policy

The Trust holds funds under a number of different terms. Funds which are restricted may only be used as directed by the funder at the time they were granted to the Trust. Details of the specific restrictions of those individual funds are disclosed in note 18 to the financial statements.

Other funds are unrestricted and can be used at the discretion of the trustees in furtherance of the Trust's objects. It is the policy of the Trustees to designate certain funds for particular purposes as agreed from time to time and details of the purpose and use of those designated funds can be found in note 18 to the financial statements.

The Synod seeks to recognise the needs of both the present generation and future generations within the Church by retaining those one-off capital receipts to which it from time to time becomes entitled under the provision of the URC Acts. It is the present policy that, normally, only the income on these reserves is expended upon charitable purposes but an exception is made in relation to money going into the Pioneer Fund or a small mission support budget.

The remaining general unrestricted funds are required to cover the support costs and grants awarded. The Synod Finance Policy specifies that, typically, sufficient cash should be held on short or medium term deposits to cover at least one full year's anticipated revenue expenditure and also allow for the capital purchase of a manse or similar building – though the exercise of discretion is permitted in deciding how much cash it would be advisable to hold at any particular time.

At the year-end general unrestricted funds amounted to £1,321,232 (2017: £1,380,152), excluding designated amounts. The Trustees are satisfied this is sufficient to meet day to day objectives.

We have looked at reserves since the year end, to see what reserves would be needed in 10 years' time. We have yet to meet formally to discuss the reports, but all indications are that reserves are, and will be, adequate.

Risk Management

The Trustees are responsible for the management of the risks faced by the charity. Risks are identified, assessed and controls established throughout the year. A formal review of the charity's risk management process is normally undertaken on an annual basis – in 2017 this began during the November Trust Directors' meeting but was completed in January 2018. The URC nationally is currently reviewing the risk management procedures for both itself and Synods, with the result that from late 2019 new procedures will be in place. For this reason, Synods were discouraged from carrying out a review as in the past.

The most serious risk facing the charity would be the Synod failing to achieve its strategic and charitable objectives, either through resources being put into programmes which do not meet those objectives or through failure of Trustees and other Committees to consider the charity's objectives when making decisions. To manage and mitigate this risk, the Trustees consider the 'Aims and Objectives' section of their annual report each year to ensure this remains appropriate and, in so doing, are reminded of the objectives which they must constantly keep in mind. Also, having Convenors of Committees give an account of their Committee's decisions to the Synod Executive, on which three Trust Directors sit, ensures effective oversight of their day-to-day activity and decision making.

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Another principal risk is business interruption: either through absent personnel or a disaster causing restricted or no access to the Synod office. A Business Continuity Plan was approved by Synod Trust Directors in the spring of 2013 and reviewed and updated in November 2015.

Among the key risk controls used by the charity are:

- a written financial policy subject to periodic review (an updated version was adopted by the March 2015 Synod meeting);
- clear financial authorisation and approval levels (reviewed and tightened in 2011);
- detailed summary accounts produced for scrutiny by Trust Directors and Resources Committee at every meeting during the year;
- financial statements presented at each Synod meeting; and
- Synod officers and others having been vetted through the DBS service, where appropriate and Synod operating a 'Safeguarding' policy.

Through the risk management process established for the charity, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Future Plans

In 2019, the URC will continue to strengthen missional discipleship through a "Walking the Way" initiative and will provide a range of resources for local churches to grow more committed in their faith and more able to reach out to help others discover their need for God. We are preparing our own Synod Material and the Moderator, Mission and Training Officer and Children and Youth Officer are holding more workshops in various locations in the Synod in the early summer, so that all may attend if they so wish.

We anticipate that Mission Committee will have a prominent role to play in enthusing congregations and facilitating the provision of resources. Efforts to reach out to children and young people within the Synod will be pursued and we hope to make progress in building greater awareness of, and commitment to, the World Church as well as promoting justice, peace and the integrity of creation. The Faith in Action Group will also be sharing the results from its survey of how local churches are responding to the needs of those with disabilities to access worship.

The Pastoral Committee will continue to support the pastoral work of the Moderator as appropriate, will oversee the process of declaring and filling vacancies, identifying and training candidates for ministry (both ordained and lay) and for promoting health, healing and spirituality.

The Resources Committee will continue to act in conjunction with and on behalf of the Synod Trustees in administering its various grant awarding processes and safeguarding the Synod's finances and investments.

In 2018 it was agreed to carry out a review of the way Synod operates, encompassing Synod meetings, the effectiveness of its Committee structure, Area Partnerships and how Synod can best serve local churches. A wide-ranging consultation exercise was initiated with a view to the feedback being considered by a Review Panel in the summer of 2019 and their then reporting to October Synod meeting. A separate review is also being carried out into how the Synod can best use its financial resources for missional purposes, in particular the allocation of the proceeds from the sale of redundant church property.

In taking forward these plans, we want to recognise here the leadership of Paul, our Synod Moderator, and express our pleasure that the 2018 General Assembly have extended his Moderatorship to August 2023.

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Structure, Governance and Management

The United Reformed Church (Eastern Province) Trust ("the Trust") is a company limited by guarantee formed on 20 March 2007 and is a registered charity, number 248796. It is governed by its Memorandum and Articles of Association as revised in 2008. All of the financial assets and liabilities of the Eastern Synod of the United Reformed Church ("Synod") are shown in the Trust's Financial Statements.

However, while the Trust holds the assets and liabilities of Synod, it is the Synod which is the decision making body, except in relation to matters relating exclusively to the business of the Trust for which the Trust Directors are responsible. The Trust is corporate Trustee for most land and buildings utilised by local URC Churches.

The Finance & Trust Officer and the Resources Officer attend Trustee meetings but are not themselves Trustees.

Appointment of New Trustees

The Trustees nominate members to serve as Trustees of the Trust and Synod meeting ratifies the appointments.

There is an informal programme for the induction of Trustees.

Training is also organised for the Trustees (normally annually) to ensure they are aware of current practice and issues of charity law etc.

Constitution of the Synod

Eastern Synod is one of 13 Synods of the United Reformed Church ("URC") within the United Kingdom. It is constituted in accordance with the Scheme of Union and the United Reformed Church Acts of 1972, 1981 and 2000 (see www.urc.org.uk). It has oversight of the URC in the East of England, covering Norfolk, Suffolk, most of Essex, most of Cambridgeshire and part of Hertfordshire.

In accordance with "the Structure of the United Reformed Church" it is responsible for:-

- Overseeing five area partnerships;
- Promoting church extension;
- Promoting ecumenical relations;
- Opening, closing and extending church buildings;
- Overseeing matters affecting the ordained ministry, including discipline;
- Dealing with matters referred from the general assembly and mission council;
- Undertaking such other things which promote the welfare of the United Reformed Church.

The Eastern Synod, which is made up of ministers and lay representatives of each local church together with Synod officers, meets to transact business routinely twice a year but has delegated various powers to a number of committees as well as the Trust. The following committees are responsible for specific elements in the life of the Synod:-

- Executive Committee
- Pastoral Committee
- Mission Committee
- Resources/Property Committee
- Listed Buildings Advisory Committee

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Organisational Structure

Day-to-day financial and property activities are dealt with by the Finance and Resources Officers. In accordance with the URC Acts, many decisions need a Church Meeting resolution, a Synod approval (at present Synod has delegated its power of approval to Resources Committee) and a decision by the Trust Directors before actions can be taken by, or on behalf of, the Trust as trustee.

Related parties

During 2010 a subsidiary company - United Reformed Church (Eastern Province) Design & Build Limited - was established. This company has remained dormant throughout the year.

There have been no significant related party transactions between the Trust and any of its Trustees or Synod officials during the year.

Use of Volunteers

Most ministers of word and sacrament are paid directly from the Finance Office of the United Reformed Church in London. The URC Trust (acting at denominational level) is a separate charity, again not under common control. The Synod office staff, Finance and Trust Officer, Resources Officer and Youth and Children's Development Officer are paid by the Synod. Other than that, all members of Synod Committees and other supporting and enabling Synod activities are volunteers, almost all being members of their local URC or Local Ecumenical Partnership.

Key Management Personnel

The key management group within the Synod structure is made up of the Synod Moderator, the Synod Clerk and the Synod Treasurer. The first of these is remunerated by the denomination centrally at the same rate as all stipendiary ministers of word and sacrament serving the denomination. Although the Clerk and Treasurer are entitled to claim a small honorarium both the current (2018) incumbents have declined this and offer their services in a purely voluntary capacity.

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Directors' Responsibilities

The Trustees (who are also directors for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the Trustees to prepare financial statements for each year, which give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources, including the net income or expenditure, of the charity for the year. In preparing these financial statements, the Trustees are required to:-

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK 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 charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that 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 the Companies Act 2006. 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.

In so far as the Trustees are aware:-

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Signed on behalf of the Trustees

Mr A East
Chairman, Trustee Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Opinion

We have audited the financial statements of The United Reformed Church (Eastern Province) Trust (the 'charitable company') for the year ended 31 December 2018 which comprise Statement of Financial Activities, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Policies).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the trustees' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies exemptions in preparing the trustees' report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 opinion we have formed.

Helen Blundell LLB, FCA, FCIE, DChA (Senior Statutory Auditor)

For and on behalf of MHA MacIntyre Hudson (Statutory Auditor)

Chartered Accountants and Registered Auditors

Rutland House

148 Edmund Street

Birmingham

B3 2FD

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Statement of Financial Activities (including the Income and Expenditure Account)

Year Ended 31 December 2018

2017 Total Funds £		Notes	2018 Total Funds £	Unrestricted £	Designated £	Restricted £
	Income					
	<i>Donations and legacies</i>					
146,032	Grants received	2	310,350	130,000	180,350	-
	<i>Charitable activities:</i>					
115,664	Rent and loan interest	2	94,156	-	14,776	79,380
445	Other income	2	100,082	187	99,895	-
<u>532,223</u>	<i>Investment</i>	2	<u>549,228</u>	<u>41,854</u>	<u>440,172</u>	<u>67,202</u>
794,364	Total Operating Income	2	1,053,816	172,041	735,193	146,582
	Proceeds on sale of property	4	848,526	-	831,364	17,162
<u>647,202</u>						
<u>1,441,566</u>	Total Income		<u>1,902,342</u>	<u>172,041</u>	<u>1,566,557</u>	<u>163,744</u>
	Expenditure on:					
187,363	Raising funds	2	161,901	55,045	23,287	83,569
<u>601,935</u>	Charitable expenditure	2	<u>1,011,933</u>	<u>128,361</u>	<u>882,774</u>	<u>798</u>
<u>789,298</u>	Total Expenditure	2	<u>1,173,834</u>	<u>183,406</u>	<u>906,061</u>	<u>84,367</u>
5,066	Net Income/(Expenditure) on Operating account	2	(120,018)	(11,365)	(170,868)	62,215
	Net income/(expenditure) for the year before transfers					
652,268			728,508	(11,365)	660,496	79,377
<u>2</u>	Transfers between funds		<u>-</u>	<u>20,000</u>	<u>(20,000)</u>	<u>-</u>
	Net income/(expenditure) for the year after transfers					
652,270			728,508	8,635	640,496	79,377
2,634	Realised (loss)/gain on investments		(595)	(304)	-	(291)
<u>657,896</u>	Unrealised (loss)/gain on investments		<u>(335,186)</u>	<u>(67,250)</u>	<u>(210,206)</u>	<u>(57,730)</u>
	Net Movements in Funds for the year					
1,312,800			392,727	(58,919)	430,290	21,356
<u>16,299,956</u>	Fund Balances b/forward		<u>17,612,756</u>	<u>1,380,151</u>	<u>9,317,824</u>	<u>6,914,781</u>
<u>17,612,756</u>	Fund Balances c/forward	9	<u>18,005,483</u>	<u>1,321,232</u>	<u>9,748,114</u>	<u>6,936,137</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST
COMPANY NUMBER 00101685
Balance Sheet

As at 31 December 2018

2017 £		Notes	2018 £
	Fixed Assets		
5,663,153	Tangible assets	10	5,964,915
10,692,203	Investments	11	10,233,772
<u>771,372</u>	Programme related investments	12	<u>947,957</u>
<u>17,126,728</u>			<u>17,146,644</u>
	Current Assets		
118,030	Debtors	13	108,375
<u>1,036,266</u>	Cash and short term deposits	14	<u>1,501,257</u>
1,154,296			1,609,632
<u>(657,415)</u>	Creditors: Amounts falling due within one year	15	<u>(730,080)</u>
<u>496,881</u>	Net Current Assets		<u>879,552</u>
17,623,609	Total Assets less Current Liabilities		18,026,196
<u>(10,853)</u>	Creditors: Amounts falling due after more than one year	16	<u>(20,713)</u>
<u>17,612,756</u>	Total Assets	18	<u>18,005,483</u>
	Funds:		
	Unrestricted funds:		
1,380,151	General		1,321,232
<u>9,317,824</u>	Designated		<u>9,748,212</u>
10,697,975	Total unrestricted funds		11,069,444
<u>6,914,781</u>	Restricted funds		<u>6,936,039</u>
<u>17,612,756</u>	Total Funds	18	<u>18,005,483</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the Synod Trust Directors on

and signed on their behalf by

- Chairman – Mr A East

- Treasurer – Mr G Heathcote

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Statement of Cash Flows

Year ended 31 December 2018

	Notes	2018 £	2017 £
Cash flow from operating activities:			
Net cash provided/used in operating activities	A	185,276	107,240
Cash flows from investing activities:			
Dividends, interest and rents from investments		638,495	646,147
Purchase of fixed assets		(309,734)	(1,058,151)
Purchase of investments		(391,332)	(203,030)
Proceeds from sale of investments		513,982	93,000
Issue of programme related loans		(320,000)	(20,000)
Repayment of programme related loans		148,304	58,517
Net cash provided by/used in investing activities		279,715	(483,517)
Change in cash and cash equivalents in the reporting period		464,991	(376,277)
Cash and cash equivalents at the beginning of the reporting period	B	1,036,266	1,412,543
Cash and cash equivalents at the end of the reporting period	B	1,501,257	1,036,266

Notes to the statement of cash flows

A)	Reconciliation of net income/expenditure to net cash flow from operating activities		
	Net income/expenditure for the reporting period (as per the statement of financial activities)	392,727	1,312,800
	Adjustments for:		
	Depreciation charges	7,972	7,550
	(Gains) and losses on investments	335,781	(660,530)
	Dividends, interest and rents from investments	(638,495)	(646,147)
	Loan interest	(4,889)	(1,740)
	Loss/(profit) on the sale of fixed assets	-	179
	(Increase)/decrease in debtors	9,655	(63,488)
	Increase/(decrease) in creditors	82,525	158,616
	Net cash provided by operating activities	185,276	107,240
B)	Analysis of cash and cash equivalents		
	Cash at bank and in hand	1,501,257	1,036,266

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Notes to the Financial Statements

Year Ended 31 December 2018

1. Accounting Policies

Basis of Accounting

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (SORP FRS102) issued on 16 July 2014, as amended by SORP Update Bulletin 1, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. There are no material uncertainties about going concern. The financial statements are prepared in sterling which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Funds Incorporated

The financial statements show the combined income, expenditure, assets and liabilities of the following funds which are administered for the benefit of the United Reformed Church within the Eastern Synod :-

Synod Administration Fund
Church Life and Mission Fund
Retired Ministers Housing Fund
Retired Ministers Holiday Fund
Manse Fund
Pioneer Fund
Heritage Fund

Funds administered on behalf of local churches are not included.

Description and Use of Funds

Restricted income funds are funds whose use is restricted to specific purposes according to the terms on which the funds were received.

Unrestricted income funds may be spent generally for furthering the Christian and charitable work of the United Reformed Church in the Eastern Province. The main fund in this category is the Church Life & Mission Fund. Certain funds have been allocated by the Resources Committee but the committee retains authority to re-allocate such funds and so they are treated as Designated Funds within Unrestricted Income Funds.

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Notes to the Financial Statements

Year Ended 31 December 2018

1. **Accounting Policies** *(continued)*

Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Fixed asset gifts in kind are recognised when receivable and are included at fair value. They are not deferred over the life of the asset.

The charity receives grants which are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

Individual church property

The Trust is sole trustee of the land and buildings of most local URCs but they are not the property of the Synod and are not shown in the financial statements. Sale proceeds from redundant properties or from part thereof which come into Synod funds are treated as unrestricted income from general funds. The income is recognised when the amount can be measured reliably and it is probable that the income will be received.

Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes of costs of managing investments and programme related investments;
- Expenditure on charitable activities includes costs of ministry, mission, training and property grants; and
- Other expenditure represents those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose. Grants payable to local churches, organisations and individuals are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Notes to the Financial Statements

Year Ended 31 December 2018

1. Accounting Policies *(continued)*

Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include premises costs, office costs, governance costs, and salary costs. They are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Depreciation

Properties recognised in tangible fixed assets are recognised at cost net of depreciation and any provision for impairments. The residual values of the properties, which are residential properties occupied by Ministers, are such that the depreciation charge is £Nil when cost less residual value is spread across their useful lives. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, on a straight line basis over their estimated useful economic lives as follows:-

Audio visual	- over five years
Property	- over fifty years
Office Equipment (including computers)	- over five years
Fixtures and Fittings	- over ten years
Motor Vehicle	- over five years

No amounts under £50 are capitalised. The trustees conduct an annual impairment review.

Investments

List investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains/(losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably.

Programme related investments are those held to further our charitable purposes. Programme related investments include investment in a percentage share of properties and bridging or other loans.

Related investments in properties are stated at cost subject to any adjustment arising from impairment which is considered on an annual basis. Gains on disposal of these investments are shown as other income in the SoFA. Investments by way of loans are stated at cost. Interest is charged on the loans at the COIF rate of interest, being the rate of interest the Trust would otherwise have earned.

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Notes to the Financial Statements

Year Ended 31 December 2018

1. **Accounting Policies** *(continued)*

Leases

Rentals payable and receivable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

Contribution to Pension Funds

The charity participates in a defined benefit scheme, The Pensions Trust Defined Benefit Scheme, which is a multi employer scheme where the underlying assets and liabilities are not separately identifiable. In accordance with the SORP, it is accounted for as a defined contribution scheme. Contributions are charged as expenditure as they become payable in accordance with the rules of the scheme.

The charity also operates a defined contribution scheme. Contributions are charged as expenditure as they become payable in accordance with the rules of the scheme.

Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and judgments relevant to the financial statements are:

Investments – estimate of fair value

Indirect costs – allocation to activities

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Notes to the Financial Statements

Year Ended 31 December 2018

2. Analysis of Total Operating Income and Expenditure

2017 Total Funds £		2018 Total Funds £	Unrestricted £	Designated £	Restricted £
	Income from				
	Donations and legacies:				
4,527	Grants – Ministry and Mission	3,000	-	3,000	-
130,000	Local church contributions	130,000	130,000	-	-
<u>11,505</u>	Donations	<u>177,350</u>	-	<u>177,350</u>	-
<u>146,032</u>		<u>310,350</u>	<u>130,000</u>	<u>180,350</u>	-
	Income from charitable activities:				
	<i>Rent and loan interest</i>				
113,924	Rental income	89,267	-	9,887	79,380
<u>1,740</u>	Loan interest	<u>4,889</u>	-	<u>4,889</u>	-
<u>115,664</u>		<u>94,156</u>	-	<u>14,776</u>	<u>79,380</u>
	<i>Other income</i>				
10	Book sales	-	-	-	-
60	Room hire	-	-	-	-
145	Lettings document fee	-	-	-	-
<u>230</u>	Miscellaneous	<u>100,082</u>	<u>187</u>	<u>99,895</u>	-
<u>445</u>		<u>100,082</u>	<u>187</u>	<u>99,895</u>	-
	Income from investments				
352,724	Investment income – excl. interest	369,261	41,666	261,406	66,189
4,415	Interest	5,256	188	4,055	1,013
<u>175,084</u>	Rental income	<u>174,711</u>	-	<u>174,711</u>	-
<u>532,223</u>		<u>549,228</u>	<u>41,854</u>	<u>440,172</u>	<u>67,202</u>
<u>794,364</u>	Total Operating Income	<u>1,053,816</u>	<u>172,041</u>	<u>735,193</u>	<u>146,582</u>
	Expenditure on raising funds				
1,119	Legal and professional	2,031	-	(122)	2,153
86,451	Synod manse scheme	80,752	-	(466)	81,218
9,048	Leasing of premises	19,976	-	19,976	-
1,040	Investment manager charges	1,103	33	872	198
<u>89,705</u>	Shared indirect costs (note 3)	<u>58,039</u>	<u>55,012</u>	<u>3,027</u>	-
<u>187,363</u>	Total Cost of Generating Funds	<u>161,901</u>	<u>55,045</u>	<u>23,287</u>	<u>83,569</u>

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Notes to the Financial Statements

Year Ended 31 December 2018

2. Analysis of Total Operating Income and Expenditure (Continued)

2017 Total Funds £	2018 Total Funds £	Unrestricted £	Designated £	Restricted £
Expenditure on Charitable Activities				
Ministry & Mission:-				
108,664	Grants (note 5) 88,374	-	88,374	-
65,183	Pioneer development officer 53,805	-	53,805	-
689	Retired ministers housing society 798	-	-	798
-	Minister pension fund 250,000	-	250,000	-
<u>46,171</u>	Shared indirect costs (note 3) <u>35,632</u>	<u>18,337</u>	<u>17,295</u>	<u>-</u>
<u>220,707</u>	<u>428,609</u>	<u>18,337</u>	<u>409,474</u>	<u>798</u>
Training:-				
5,248	Ministers (note 5) 3,549	-	3,549	-
1,052	Students (note 5) 750	-	750	-
545	Lay training (note 5) 859	-	859	-
7,837	Synod organised events 5,885	-	5,885	-
10,159	Mission and development officer 39,255	-	39,255	-
	Children and youth development officer 55,803	-	55,803	-
<u>54,563</u>	Shared indirect costs (note 3) <u>35,632</u>	<u>18,337</u>	<u>17,295</u>	<u>-</u>
<u>125,575</u>	<u>141,733</u>	<u>18,337</u>	<u>123,396</u>	<u>-</u>
Property:-				
81,690	Church building grants (note 5) 244,607	-	244,607	-
15,940	Property facelift (note 5) 96,241	-	96,241	-
7,937	Quinquennial survey grants (note 5) 3,435	-	3,435	-
<u>150,086</u>	Shared indirect costs (note 3) <u>97,308</u>	<u>91,687</u>	<u>5,621</u>	<u>-</u>
<u>255,653</u>	<u>441,591</u>	<u>91,687</u>	<u>349,904</u>	<u>-</u>
<u>601,935</u>	Total Charitable Expenditure <u>1,011,933</u>	<u>128,361</u>	<u>882,774</u>	<u>798</u>
<u>789,298</u>	Total Operating Expenditure <u>1,173,834</u>	<u>183,406</u>	<u>906,061</u>	<u>84,367</u>
<u>5,066</u>	Net Income/(Expenditure) on Operating Account <u>(120,018)</u>	<u>(11,365)</u>	<u>(170,868)</u>	<u>62,215</u>

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Notes to the Financial Statements

Year Ended 31 December 2018

3. Indirect Costs

2017 Total Funds £		2018 Total Funds £	Unrestricted £	Designated £	Restricted £
Premises Costs:-					
12,240	Rent	12,240	12,240	-	-
2,707	Insurance	2,185	2,185	-	-
1,212	Gas and electricity	1,348	1,348	-	-
1,950	Repairs and cleaning	1,814	1,814	-	-
867	Property repairs	2,506	2,506	-	-
179	Water charges	179	179	-	-
<u>19,155</u>		<u>20,272</u>	<u>20,272</u>	<u>-</u>	<u>-</u>
Office Costs					
5,584	Telephone, internet and website	2,137	2,137	-	-
2,394	Postage and stationery	2,571	2,571	-	-
2,583	Depreciation	2,772	1,758	1,014	-
477	Computer costs	6,096	6,096	-	-
444	Consumables	681	681	-	-
175	Loan interest	-	-	-	-
462	Equipment repairs	86	86	-	-
2,383	Insurance	2,295	2,295	-	-
2,798	Staff travel, subsistence and training	2,491	2,491	-	-
441	Staff events	397	397	-	-
166	Year book and communications	(148)	513	(661)	-
3,257	Photocopier lease and copy costs	3,461	3,629	(168)	-
1,861	Moderator expenses	3,615	-	3,615	-
1,902	Sundries	2,706	2,572	134	-
<u>24,927</u>		<u>29,160</u>	<u>25,226</u>	<u>3,934</u>	<u>-</u>
<u>254,096</u>	Employment costs	<u>150,676</u>	<u>114,832</u>	<u>35,844</u>	<u>-</u>
Synod Related Costs:-					
3,404	Synod Council	2,133	2,133	-	-
2,350	Synod treasurer and clerk costs	2,038	2,038	-	-
6,126	Audit	6,148	6,148	-	-
16,528	Legal and professional	8,182	7,841	341	-
5,547	Committee costs	8,002	4,883	3,119	-
<u>33,955</u>		<u>26,503</u>	<u>23,043</u>	<u>3,460</u>	<u>-</u>
<u>332,133</u>	Total Indirect Costs	<u>226,611</u>	<u>183,373</u>	<u>43,238</u>	<u>-</u>

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Notes to the Financial Statements

Year Ended 31 December 2018

3. Indirect Costs *(continued)*

	Total £	Unrestricted £	Designated £	Restricted £
Premises costs	20,272	20,272	-	-
Office costs	29,160	25,226	3,934	-
Synod related costs	26,503	23,043	3,460	-
Employment costs	150,676	114,832	35,844	-
Total Indirect Costs	226,611	183,373	43,238	-

	% Unrestr.	% Desig.	Total £	Unrestricted £	Designated £	Restricted £
Funds generated	30	07	58,039	55,012	3,027	-
Ministry & Mission	10	40	35,633	18,337	17,295	-
Training	10	40	35,633	18,337	17,295	-
Property	50	13	97,307	91,687	5,621	-
Total	100	100	226,611	183,373	43,238	-

4. Proceeds on Sale of Property

2017 Total Funds £		2018 Total Funds £	Unrestricted £	Designated £	Restricted £
647,202	Proceeds arising from church closures/disposals	848,526	-	831,364	17,162

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Notes to the Financial Statements

Year Ended 31 December 2018

5. Grants

The following grants have been charged during the year:-

	Institutions		Individuals	
	Number	Amount £	Number	Amount £
Mission:				
Churches Together in England				
Cambridge Ecumenical Council	1	357		
Youth and Children's work			10	14,916
Youth work grants	2	(3,031)		-
Churches Together in Suffolk	2	1,362		-
Churches Together in Norfolk and Waveney	1	400		-
Shared Churches in Ely	1	500		-
Cambridgeshire work relations group	1	1,750		-
University of East Anglia	1	475		-
CTEEL	1	1,381		-
Resource Sharing	1	60,000		-
Sundry mission grants	2	1,750		-
Sundry grants	2	(11,520)		-
Berechurch Road House for Mission	1	12,000		-
Sundry minister grants	1	6,384		-
		<u>71,808</u>		<u>14,916</u>
Ministry:				
Moderator's benevolent fund	1	1,650		-
Retired Ministers' Housing Society	1	798		-
Ministers pension fund	1	250,000		-
		<u>252,448</u>		<u>-</u>
Training:				
Continual Minister Education			16	3,549
Student book grants			3	750
Lay training			9	859
				<u>5,158</u>
Property:				
Local churches	18	244,607		
Project facelift	3	96,241		
Quinquennial survey grants	3	3,435		
		<u>344,283</u>		
Total Grants Charged		<u>668,539</u>		<u>20,074</u>

6. Payments to Trustees and related party transactions

Reimbursed expenses were paid to two (2017: five) Trustees of the Synod in aggregate of £2,038 (2017: £2,350). No other remuneration or expenses were paid to the Trustees or members of the Resources Committee, other than the reimbursement of travel expenses.

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Notes to the Financial Statements

Year Ended 31 December 2018

7. Employment Emoluments	2018	2017
	£	£
Wages and salaries	223,846	168,529
Employers national insurance	21,261	16,057
Pension costs	<u>41,359</u>	<u>161,960</u>
	<u>286,466</u>	<u>346,546</u>

The average number of employees was 7 7

No employee received more than £60,000 (2017: None) per annum or more. All staff are employed by the Synod other than the Moderator and Training Officer whose contracts of employment are held by Church House.

The charity operates both a defined benefit and a direct contribution pension scheme and contributions are charged as expenditure as they become payable (note 19).

8. Gains/(Losses) on Investments	2018	2017
	£	£
Realised gains/(losses) on investments sold	(595)	2,634
Unrealised gain/(losses) on fair value movement of investments for the year	<u>(335,186)</u>	<u>657,896</u>
Net Gain/(Loss) on Investments for the Year	<u>(335,781)</u>	<u>660,530</u>

9. Movement in Funds

	1.1.2018	Incoming	Outgoing	Transfers	Change in investment value	31.12.2018
	£	£	£	£	£	£
Unrestricted						
Synod administration	<u>1,380,151</u>	<u>172,041</u>	<u>(183,406)</u>	<u>20,000</u>	<u>(67,554)</u>	<u>1,321,232</u>
Unrestricted Designated						
Church Life & Mission	7,791,986	930,879	(708,598)	155,965	(194,179)	7,976,053
Heritage Fund	675,637	174,746	(143,167)	-	(11,145)	696,071
Manse Fund	266,045	177,350	-	-	-	443,395
Pioneer St Neots	109,000	334	(53,990)	(100,000)	44,656	-
Pioneer Fund	<u>475,156</u>	<u>283,248</u>	<u>(306)</u>	<u>(75,965)</u>	<u>(49,538)</u>	<u>632,595</u>
Total Designated Funds	<u>9,317,824</u>	<u>1,566,557</u>	<u>(906,061)</u>	<u>(20,000)</u>	<u>(210,206)</u>	<u>9,748,114</u>
Total Unrestricted Funds	<u>10,697,975</u>	<u>1,738,598</u>	<u>(1,089,467)</u>	<u>-</u>	<u>(277,760)</u>	<u>11,069,346</u>

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Notes to the Financial Statements

Year Ended 31 December 2018

9. Movement on Funds *(continued)*

	1.1.2018 £	Incoming £	Outgoing £	Transfers £	Change in investment value £	31.12.2018 £
Restricted						
Church Life & Mission	1,056,798	31,351	-	-	(49,639)	1,038,510
Retired Ministers Housing	838,435	35,865	(810)	-	(20,369)	853,121
Retired Ministers Holiday	10,662	274	(4)	-	(437)	10,495
Manse fund	<u>5,008,886</u>	<u>96,254</u>	<u>(83,553)</u>	<u>-</u>	<u>12,424</u>	<u>5,034,011</u>
Total Restricted Funds	<u>6,914,781</u>	<u>163,744</u>	<u>(84,367)</u>	<u>-</u>	<u>(58,021)</u>	<u>6,936,137</u>
Total Funds	<u>17,612,756</u>	<u>1,902,342</u>	<u>(1,173,834)</u>	<u>-</u>	<u>(335,781)</u>	<u>18,005,483</u>
Prior Year						
	1.1.2017 £	Incoming £	Outgoing £	Transfers £	Change in investment value £	31.12.2017 £
Unrestricted						
Synod administration	<u>1,386,031</u>	<u>172,404</u>	<u>(291,406)</u>	<u>40,000</u>	<u>73,122</u>	<u>1,380,151</u>
Unrestricted Designated						
Church Life & Mission	7,279,340	423,558	(318,782)	(10,406)	418,276	7,791,986
Heritage Fund	514,436	152,075	(28,319)	-	37,445	675,637
Manse Fund	266,987	(942)	-	-	-	266,045
Pioneer St Neots	159,938	-	(50,938)	-	-	109,000
Pioneer Ipswich	45,294	-	(14,244)	(31,050)	-	-
Pioneer Fund	<u>456,539</u>	<u>7,672</u>	<u>(1,250)</u>	<u>1,332</u>	<u>10,863</u>	<u>475,156</u>
Total Designated Funds	<u>8,722,534</u>	<u>582,363</u>	<u>(413,533)</u>	<u>(40,124)</u>	<u>466,584</u>	<u>9,317,824</u>
Total Unrestricted Funds	<u>10,108,565</u>	<u>754,767</u>	<u>(704,939)</u>	<u>(124)</u>	<u>539,706</u>	<u>10,697,975</u>

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Notes to the Financial Statements

Year Ended 31 December 2018

9. Movement on Funds *(continued)*

Prior Year	1.1.2017 £	Incoming £	Outgoing £	Transfers £	Change in investment value £	31.12.2017 £
Restricted						
Church Life & Mission	968,706	33,140	(143)	126	54,969	1,056,798
Retired Ministers Housing	787,073	18,184	(715)	-	33,893	838,435
Retired Ministers Holiday	9,649	550	(2)	-	465	10,662
Manse fund	<u>4,425,963</u>	<u>634,925</u>	<u>(83,499)</u>	<u>-</u>	<u>31,497</u>	<u>5,008,886</u>
Total Restricted Funds	<u>6,191,391</u>	<u>686,799</u>	<u>(84,359)</u>	<u>126</u>	<u>120,824</u>	<u>6,914,781</u>
Total Funds	<u>16,299,956</u>	<u>1,441,566</u>	<u>(789,298)</u>	<u>2</u>	<u>660,530</u>	<u>17,612,756</u>

10. Tangible Fixed Assets

	Audio Visual £	Fixtures & Fittings £	Office Equip- ment £	Computer Equip- ment £	Motor Vehicle £	Property £	Total £
Cost							
At 1 January 2018	4,093	16,764	5,030	15,421	26,003	5,642,972	5,710,283
Additions	-	<u>6,371</u>	-	<u>1,683</u>	-	<u>301,680</u>	<u>309,734</u>
At 31 December 2018	<u>4,093</u>	<u>23,135</u>	<u>5,030</u>	<u>17,104</u>	<u>26,003</u>	<u>5,944,652</u>	<u>6,020,017</u>
Depreciation							
At 1 January 2018	4,093	15,515	3,893	10,056	13,573	-	47,130
Charged during the year	-	<u>554</u>	<u>155</u>	<u>2,062</u>	<u>5,201</u>	-	<u>7,972</u>
At 31 December 2018	<u>4,093</u>	<u>16,069</u>	<u>4,048</u>	<u>12,118</u>	<u>18,774</u>	-	<u>55,102</u>
Net Book Value							
At 31 December 2018	<u>-</u>	<u>7,066</u>	<u>982</u>	<u>4,986</u>	<u>7,229</u>	<u>5,944,652</u>	<u>5,964,915</u>
At 31 December 2017	-	<u>1,249</u>	<u>1,137</u>	<u>5,365</u>	<u>12,430</u>	<u>5,642,972</u>	<u>5,663,153</u>

There are no capital commitments at the year end.

At the year end, the Synod Manse Scheme had beneficial ownership of 24 properties valued at approximately £8.327million registered in the name of the URC (Eastern Province) Trust. Of this, 15 properties totalling £5.1million is included within note 10.

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Notes to the Financial Statements

Year Ended 31 December 2018

11. Investments

	Bonds and Stock £	Investment Funds Equities £	Total £
At 1 January 2018	726,736	9,965,467	10,692,203
Additions	59,413	331,919	391,332
Disposals	(145,375)	(368,607)	(513,982)
Realised gain	(169)	(426)	(595)
Unrealised gains on revaluation	(16,733)	(318,453)	(335,186)
At 31 December 2018	<u>623,872</u>	<u>9,609,900</u>	<u>10,233,772</u>
Historical cost at year end	<u>707,075</u>	<u>6,613,401</u>	<u>7,320,476</u>

The investments are invested within a number of Charity Investment Funds, managed by CCLA and Epworth.

12. Programme Related Investments

	Loans £	Property £	Total £
At 1 January 2018	473,817	297,555	771,372
New loans advanced	320,000	-	320,000
Repayments received	(148,304)	-	(148,304)
Interest charged	<u>4,889</u>	<u>-</u>	<u>4,889</u>
At 31 December 2018	<u>650,402</u>	<u>297,555</u>	<u>947,957</u>

All loans are subject to the COIF rate of interest that would otherwise have been received.

By decision of the Resources Committee, the Synod is committed to loans, not yet made, totalling £80,000 (2017: £380,000).

The Synod has no contingent liability arising from any undertaking to guarantee the repayment of loans made by the General Assembly of the URC to congregations in the Synod.

In relation to the Residential property, no interest is charged on the initial value of the investment. A proportion of the costs of repair are met by the Trust during the period of investment but the benefit should arise on disposal of the properties when the Trust receives a proportion of the proceeds relating to the investment proportion of the total original cost.

13. Debtors

	2018 £	2017 £
Prepayments	762	13,987
Other debtors	<u>107,613</u>	<u>104,043</u>
	<u>108,375</u>	<u>118,030</u>

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Notes to the Financial Statements

Year Ended 31 December 2018

14. Cash on Deposit, at Bank and in Hand	2018	2017
	£	£
CCLA Charities Deposit Fund	227,542	216,972
Barclays Bank current account	558,523	56,021
Epworth Affirmative Deposit Fund	315,038	763,214
CAF 60 Day Deposit Account	400,000	-
Petty cash	154	59
	<u>1,501,257</u>	<u>1,036,266</u>
15. Creditors: Amounts falling due within one year	2018	2017
	£	£
Grants approved awaiting payment	612,300	389,885
Receipts in advanced	29,418	38,577
Accrued expenses	8,250	10,679
Pension revaluation supplement	-	126,480
Other creditors	24,772	53,078
Ministry and mission fund	47,664	32,931
Pension, PAYE and NIC	7,676	5,785
	<u>730,080</u>	<u>657,415</u>
16. Creditors: Amounts falling after more than one year	2018	2017
	£	£
Grants approved awaiting payment	<u>20,713</u>	<u>10,853</u>
17. Operating Lease Commitments	2018	2017
	£	£
At 31 December 2018 the minimum lease payments on non-cancellable lease agreements as follows:-		
Equipment expiring within 2 – 5 years	<u>10,693</u>	<u>2,382</u>

The office used by the company is situated on land that is registered in the name of The United Reformed Church (Eastern Province) Trust and held on statutory trust in favour of Whittlesford United Reformed Church. Under an agreement, the Trust pays a sum of £1,020 per month to the Church for use of the building.

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Notes to the Financial Statements

Year Ended 31 December 2018

18. Disposition of Funds as at 31 December 2018

The Church Life & Mission Fund has been created from the asset apportionments of former Trustee bodies and the sale of proceeds of redundant churches. Income only is used for grants and training support but the capital can be loaned to churches in accordance with the Synod Finance Policy. Included within these funds is Project Facelift which is used for the benefit of smaller churches.

In October 2005 the Synod Manse Policy was endorsed. A number of property sales were recognised and set aside as initial funding. The fund is designed to allow churches to release their interest in a property to the Synod's control thereby allowing Synod to position manses where they are required and to ensure that the houses within the manse scheme are kept in a good state of repair.

The Retired Ministers' Housing Fund is available to help in housing ministers in retirement.

The Retired Ministers' Holiday Fund was established from the sale proceeds of the Synod caravan and is used to benefit ministers.

The Heritage Fund has been set up specifically to support those churches who have the responsibility of maintaining buildings who are listed on the National Register. Grants of up to 50% of the cost will be awarded up to a maximum of £50,000 providing churches can demonstrate that they have regularly maintained their properties up to a reasonable standard. The money to support such grants comes from part of the proceeds of sales of redundant Listed buildings.

The Pioneer Fund was approved by Synod in October 2008 with the sole purpose to support churches envisioned with a pioneer project costing in excess of £250,000. In March 2013, Synod meeting amended the normal minimum project cost to £100,000. The money in this fund comes from part of the proceeds of sales of redundant buildings which are not Listed.

The Pioneer St Neots Fund and Pioneer Ipswich Fund are sub-funds of the work of the Pioneer Fund set aside to support five year project in the specific areas.

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Notes to the Financial Statements

Year Ended 31 December 2018

18. Disposition of Funds as at 31 December 2018 *(continued)*

	Fixed Assets £	Investments £	Programme Related Investments £	Debtors £	Bank and Cash £	Liabilities £	Total 2018 £
Unrestricted							
Synod							
Administration	<u>20,263</u>	<u>1,258,692</u>	<u>90,051</u>	<u>1,430</u>	<u>(12,553)</u>	<u>(36,651)</u>	<u>1,321,232</u>
Unrestricted Designated							
Church Life &							
Mission Income	842,905	6,401,543	519,566	85,546	351,930	(225,437)	7,976,053
Manse fund	-	401,000	-	-	42,395	-	443,395
Heritage	-	526,080	-	10,685	396,856	(237,550)	696,071
Pioneer	-	<u>230,462</u>	<u>60,034</u>	<u>4,258</u>	<u>588,996</u>	<u>(251,155)</u>	<u>632,595</u>
Total							
Unrestricted							
Designated							
Funds	<u>842,905</u>	<u>7,559,085</u>	<u>579,600</u>	<u>100,489</u>	<u>1,372,547</u>	<u>(714,142)</u>	<u>9,740,483</u>
Total							
Unrestricted							
Funds	<u>863,168</u>	<u>8,817,777</u>	<u>669,651</u>	<u>101,919</u>	<u>1,367,724</u>	<u>(750,793)</u>	<u>11,069,444</u>
Restricted							
Church Life &							
Mission Capital	-	940,432	-	-	98,078	-	1,038,510
Ret'd Ministers							
Housing	-	528,136	256,590	-	68,395	-	853,121
Ret'd Ministers							
Holiday	-	8,048	-	-	2,447	-	10,495
Manse fund	<u>5,101,747</u>	<u>(60,621)</u>	<u>21,716</u>	<u>6,456</u>	<u>(35,287)</u>	-	<u>5,034,011</u>
Total							
Restricted							
Funds	<u>5,101,747</u>	<u>1,415,995</u>	<u>278,306</u>	<u>6,456</u>	<u>133,533</u>	-	<u>6,936,039</u>
TOTAL FUNDS	<u>5,964,915</u>	<u>10,233,772</u>	<u>947,957</u>	<u>108,375</u>	<u>1,501,257</u>	<u>(750,793)</u>	<u>18,005,483</u>

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Notes to the Financial Statements

Year Ended 31 December 2018

18. Disposition of Funds as at 31 December 2018 *(continued)*

Prior Year	Fixed Assets £	Investments £	Programme Related Investments £	Debtors £	Bank and Cash £	Liabilities £	Total 2017 £
Unrestricted							
Synod Administration	<u>6,237</u>	<u>1,326,246</u>	<u>90,051</u>	<u>5,150</u>	<u>87,053</u>	<u>(134,586)</u>	<u>1,380,151</u>
Unrestricted Designated							
Church Life & Mission Income	856,849	6,595,723	342,980	81,184	93,881	(178,631)	7,791,986
Heritage	-	537,225	-	13,771	227,848	(103,207)	675,637
Pioneer Ipswich	-	-	-	-	-	-	-
Pioneer St	-	-	-	-	110,184	(1,184)	109,000
Neots							
Manse fund	-	223,650	-	-	42,395	-	266,045
Pioneer	<u>-</u>	<u>235,344</u>	<u>60,034</u>	<u>3,490</u>	<u>426,288</u>	<u>(250,000)</u>	<u>475,156</u>
Total Unrestricted Designated Funds	<u>856,849</u>	<u>7,591,942</u>	<u>403,014</u>	<u>98,445</u>	<u>900,596</u>	<u>(533,022)</u>	<u>9,317,824</u>
Total Unrestricted Funds	<u>863,086</u>	<u>8,918,188</u>	<u>493,065</u>	<u>103,595</u>	<u>987,649</u>	<u>(667,608)</u>	<u>10,697,975</u>
Restricted							
Church Life & Mission Capital	-	990,071	-	-	66,727	-	1,056,798
Ret'd Ministers Housing	-	548,504	256,591	-	33,340	-	838,435
Ret'd Ministers Holiday	-	8,485	-	-	2,177	-	10,662
Manse fund	<u>4,800,067</u>	<u>226,955</u>	<u>21,716</u>	<u>14,435</u>	<u>(53,627)</u>	<u>(660)</u>	<u>5,008,886</u>
Total Restricted Funds	<u>4,800,067</u>	<u>1,774,015</u>	<u>278,307</u>	<u>14,435</u>	<u>48,617</u>	<u>(660)</u>	<u>6,914,781</u>
TOTAL FUNDS	<u>5,663,153</u>	<u>10,692,203</u>	<u>771,372</u>	<u>118,030</u>	<u>1,036,266</u>	<u>(668,268)</u>	<u>17,612,756</u>

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Notes to the Financial Statements

Year Ended 31 December 2018

19. Pension Scheme

During the year, some staff participated in The Pensions Trust Defined Benefit Scheme. The Synod's pension cost for the period was £16,227 (2017: £144,795).

Under the definitions set out in the Charities SORP (FRS102), the pension scheme is a multi-employer pension scheme. The Synod is unable to identify its share of the underlying assets and liabilities of the scheme, accordingly it has accounted for its contributions as if it were a defined contribution scheme.

The pension cost is assessed every five years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:-

Latest actual valuation	30 September 2014
Actuarial method	Projected unit method with a one year control period
Investment returns per annum	4% per annum
Market value of assets at date of last valuation	£793.4 million

Proportion of members' accrued benefits covered by the actuarial value of the assets 81.8%.

The employer contribution rate is 26%.

A defined contribution scheme has also been opened for more recently appointed staff. Contributions for the year to this scheme were £25,132 (2017: £17,165).

20. Commitments to the URC Pension Scheme

The pension scheme for ministers run nationally as a central function of the United Reformed Church has been in deficit for some years despite several attempts to resolve the underfunding based on the valuation approach required of the scheme actuaries. After the most recent valuation, all Synods were requested to confirm an ongoing willingness to help reduce the underfunding. At the balance sheet date, no further commitments were requested from the contributing Synods and therefore no provision is included in the financial statements.

21. Contingent Assets

At the year end the properties of one church were held on Statutory Trusts in accordance with the United Reformed Church Acts of 1972, 1981 and 2000 by the Company following church closure. The proceeds of sale will revert to the Trust on sale in accordance with the Statutory Trusts on which the properties are held.

THE UNITED REFORMED CHURCH (EASTERN PROVINCE) TRUST

Notes to the Financial Statements

Year Ended 31 December 2018

22. Financial Instruments

The carrying amounts of the charity's financial instruments are as follows:-

	2018 £	2017 £
Financial assets:		
Measured at fair value	10,233,772	9,965,467
Measured at amortised cost	<u>2,259,272</u>	<u>1,220,636</u>
	12,493,044	11,186,103
Financial liabilities:		
Measured at amortised cost	<u>(645,322)</u>	<u>(453,816)</u>

Financial assets measured at fair value through net income comprise fixed asset listed investments. Financial assets measured at amortised cost comprise programme related investment loans to churches, other debtors and cash.

Financial liabilities measured at amortised cost comprise amounts due to churches, other creditors and grants payable.

23. Comparative Analysis by Fund

The key components from the prior year figures are analysed below by fund:-

	Total £	2017 Unrestricted £	Designated £	Restricted £
Income				
Grants received, church levy and donations	146,032	130,582	13,185	2,265
Rent and loan interest	115,664	-	14,348	101,316
Other activities	445	205	240	-
Investments	<u>532,223</u>	<u>41,617</u>	<u>424,486</u>	<u>66,120</u>
Total operating income	794,364	172,404	452,259	169,701
Profits on sale of property	<u>647,202</u>	<u>-</u>	<u>130,104</u>	<u>517,098</u>
Total Income	<u>1,441,566</u>	<u>172,404</u>	<u>582,363</u>	<u>686,799</u>
Expenditure				
Raising funds	187,363	89,147	14,546	83,670
Charitable activities	<u>601,935</u>	<u>202,259</u>	<u>398,987</u>	<u>689</u>
	<u>789,298</u>	<u>291,406</u>	<u>413,533</u>	<u>84,359</u>
Net Income for the year	5,066	(119,002)	38,726	85,342
Net income before transfers	652,268	(119,002)	168,830	602,440
Transfers between funds	<u>2</u>	<u>40,000</u>	<u>(40,124)</u>	<u>126</u>
	652,270	(79,002)	128,706	602,566
Realised gains on investments	2,634	769	1,128	737
Unrealised gains on investments	<u>657,896</u>	<u>72,353</u>	<u>465,456</u>	<u>120,087</u>
Net Movement in funds for the year	1,312,800	(5,880)	595,290	723,390
Fund balances brought forward	<u>16,299,956</u>	<u>1,386,031</u>	<u>8,722,534</u>	<u>6,191,391</u>
Fund balances carried forward	<u>17,612,756</u>	<u>1,380,151</u>	<u>9,317,824</u>	<u>6,914,781</u>