

(A company limited by guarantee, number 135934,  
Registered Charity No. 1133373)



# Trustees' Report and Financial Statements 2012

United  
Reformed  
Church  
Trust

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URC093

Published by

The United Reformed Church

86 Tavistock Place, London WC1H 9RT

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Printing: RISO HC5500, low energy consumption/low heat output.  
Sample batches of RISO products have shown a 100% recycle rate (IT equipment target, WEEE directive).

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**UNITED REFORMED CHURCH TRUST**  
**TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2012**

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| <p><i>For readers unfamiliar with financial statements there is an explanatory note at the foot of some pages describing the content in simple terms.</i></p> |
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## UNITED REFORMED CHURCH TRUST

(A company limited by guarantee, number 135934, Registered Charity number 1133373)

### TRUSTEES' REPORT

(incorporating the Report of the Directors)

The directors, who are also trustees of the charity, submit their report and the audited consolidated financial statements for the year ended 31 December 2012. The company is trustee for the General Assembly of the United Reformed Church, and is responsible for reporting its financial affairs.

### REFERENCE AND ADMINISTRATIVE INFORMATION

**Corporate Trustee Registered Office:** 86 Tavistock Place London WC1H 9RT

#### Directors and Trustees

The directors who served during the year and to the date of this report, unless otherwise indicated, were as follows:

| <u>Name</u>  | <u>Ex officio</u>                 | <u>Appointed / Resigned</u> |
|--|-----------------------------------|-----------------------------|
| Mr Andrew Atkinson   |                                   |                             |
| Miss Joyce Bain  |                                   |                             |
| Mrs Claudette Binns  |                                   |                             |
| Revd James Breslin   | Clerk of the General Assembly     | Resigned 9 July 2012        |
| Mrs Margaret Carrick-Smith                                 | Clerk of the General Assembly     | Appointed 20 September 2012 |
| Revd Michael Davies  |                                   |                             |
| Mr John Ellis  | Honorary Treasurer                |                             |
| Mr Alastair Forsyth  |                                   | Appointed 20 September 2012 |
| Revd Richard Gray  |                                   |                             |
| Revd Dr Michael Jagessar                                   | Moderator of the General Assembly | Appointed 20 September 2012 |
| Mr Andy Littlejohns  |                                   | Resigned 21 November 2012   |
| Mr Neil McKenzie   |                                   | Appointed 20 September 2012 |
| Mrs Val Morrison   | Moderator of the General Assembly |                             |
| Revd Richard Mortimer                                      | Deputy General Secretary          |                             |
| Dr Augur Pearce  |                                   | Resigned 9 July 2012        |
| Dr David Robinson  |                                   |                             |
| Revd Roberta Rominger                                      | General Secretary                 |                             |
| Mr Alan Small (Chairman to 9 July 2012)                    |                                   | Resigned 9 July 2012        |
| Revd Prof David Thompson (Chairman from 20 September 2012) |                                   |                             |
| Revd Dr Kirsty Thorpe                                      | Moderator of the General Assembly | Resigned 6 July 2012        |
| Mrs Rachel Wakeman   |                                   | Resigned 15 August 2012     |
| Dr Brian Woodhall  |                                   |                             |
| Mr John Woodman  |                                   |                             |
| <b>Secretary:</b> Ms Sandi Hallam-Jones                    |                                   |                             |

Most of the directors are appointed as trustees by the General Assembly of the United Reformed Church, to serve for up to six years, having been nominated through the representative processes of the Church. There are six directors who serve ex officio, their appointment or election to their positions having been similarly nominated. The directors receive no remuneration but may be reimbursed their expenses of attending meetings.

Most newly appointed directors are already familiar with many aspects of their role through serving on Assembly committees or Synod bodies, but they are provided with relevant documentation and encouraged to sign up to receiving regular information from sources such as the Charity Commission. Training is provided via general external course and events where possible, and training is given in connection with quarterly meetings in specific areas of governance as needs arise, to assist in the performance of their duties as trustees.

#### Trustees of subsidiary charities at the date of this report:

##### United Reformed Church Retired Ministers' Housing Society Limited

(Exempt charity, registered under IPS Act 1965, number 15986R)

Chair: Revd David Bedford

Secretary: Mr Andrew Bottomley

Committee of management (appointed for a renewable term of three years): Revd Anne Bedford, Mr John Ellis, Revd John Humphreys, Mr Malcolm Lindo, Revd Roberta Rominger, Mr Peter West

**Westminster College, Cambridge**

(Registered Charity number 311449)

Convener of Trustees: Prof Sir Anthony Bottoms

Principal: Revd Dr Susan Durber

Trustees: Revd Nigel Appleton, Canon Brian Long, Revd Craig Muir, Revd Kristin Ofstad, Revd Eileen Springett, Dr Jean Stevenson, Revd Fiona Thomas, Revd Prof David Thompson, Revd Neil Thorogood, Revd Cecil White, Mr Anthony Williams, Ms Ruth Wilson.

**Others with charity governance responsibilities**

Moderator Elect - Revd David Grosch-Miller

Immediate Past Moderator – Revd Dr Kirsty Thorpe

Convener of the Assembly Arrangements Committee – Dr David Robinson

**Mission Council**

The ex officio trustees, the Chair of trustees and the others listed above are members of Mission Council by virtue of the offices that they hold. Other members are the other conveners of the General Assembly Standing committees, FURY advisory board representatives, Synod moderators and three representatives from each Synod. These are listed below, as at December 2012.

Conveners: Revd John Durell, Revd John Humphreys, Revd Tracey Lewis, Revd Elizabeth Nash, Revd John R Smith, Revd Elizabeth Welch, Revd Rob Weston, Revd Ruth Whitehead.

FURY representatives: Mr Gary and Mrs Jane Leighton (Co-moderators), Miss Katy Unsworth.

Synod moderators and representatives:

- 1 Northern: Revd Rowena Francis, Revd Ann Jackson, Mr Robert Jones, Mr Danny Pigeon
- 2 North Western: Revd Richard Church, Revd Geoffrey Clarke, Miss Judith Haughton, Revd Sarah Moore
- 3 Mersey: Revd Howard Sharp, Mrs Rita Griffiths, Revd A Gordon Smith, Mr Arthur Swift
- 4 Yorkshire: Revd Kevin Watson, Revd Sue Macbeth, Mrs Jenny Poulter, Mr Chris Reed
- 5 East Midlands: Revd Peter Meek, Revd Jenny Mills, Mr Duncan Smith, Mrs Jill Turner
- 6 West Midlands: Revd Roy Lowes, Revd Jacky Embrey, Mrs Margaret Marshall, Mrs Val Phillips
- 7 Eastern: Revd Paul Whittle, Revd Catherine Ball, Mrs Linda Harrison, Mr Clifford Patten
- 8 South Western: Revd David Grosch-Miller, Revd Douglas Burnett, Mr George Faris, Mrs Sarah Lane-Cawte
- 9 Wessex: Revd Clare Downing, Revd Michael Hopkins, Mr Peter Pay, Revd Mary Thomas
- 10 Thames North: Revd Dr Andrew Prasad, Mr Simon Fairnington, Ms Elizabeth Lawson, Revd Edward Sanniez
- 11 Southern: Revd Nicola Furley-Smith, Revd Derrick Dzandu-Hedidor, Revd John Gordon, Mr Alistair Wilson
- 12 Wales: Revd Simon Walking, Mrs Ruth Henriksen, Revd Shelagh Pollard, Revd Gethin Rhys
- 13 Scotland: Revd John Humphreys, Revd Connie Bonner, Revd Stephen Brown, Ms Morag McLintock

**United Reformed Church Finance Committee**

Convener: Mr John Ellis

Chief Finance Officer: Mr Andrew Grimwade

Revd David Aplin, Mr Richard Dewar, Mrs Elsie Gilliland, Mr Andrew Mackenzie, Mrs Mary Martin, Mr Angus Massie, Mr Richard Pryor, Revd Edward Sanniez, Revd Prof David Thompson

**Legal Advisers**

Towns Needham & Co (legal adviser to General Assembly)  
Kingsgate 2nd Floor  
51-53 South King Street  
Manchester M2 6DE

Cobbetts LLP (now DWF LLP)  
1 Colmore Square  
Birmingham  
B4 6AJ

**Actuaries**

Aon Hewitt Limited  
Carnegie House Peterborough Road  
Harrow  
Middlesex HA1 2AJ

**Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London SE1 2RT

**Bankers**

HSBC Bank plc  
Fleet Street Commercial Centre  
165 Fleet Street  
London EC4A 2DY

## **TRUSTEES' REPORT CONTINUED**

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Trustee**

The General Assembly of the United Reformed Church in 2006 appointed United Reformed Church Trust as its corporate trustee. Following consultation with the Charity Commission, the company in December 2009 adopted new memorandum and articles and was registered as a Charity. It acts as steward of the charity assets on behalf of the General Assembly.

#### **Church Governance**

The governing body of the United Reformed Church is the General Assembly. The authority under which the General Assembly acts was given by the resolutions passed at the Uniting Assemblies of 1972, 1981 and 2000; and the United Reformed Church Acts 1972, 1981 and 2000 enabled those resolutions to be given legal effect in relation to the finance and property of the Church. These Acts of Parliament together with the Basis, Structure and Rules of Procedure for the time being of the United Reformed Church (as contained in sections A - C of the Manual of the United Reformed Church) contain the foundation documents of the Church, known as the Scheme of Union. Each General Assembly appoints members to Mission Council, although those appointed to represent Synods are nominated by the Synods concerned. The names of members of Mission Council are listed above. The purpose of Mission Council is to enable the Church, in its General Assembly, to take a more comprehensive view of the activity and policy of the Church, to decide more carefully about priorities and to encourage the outreach of the Church to the community.

#### **Charity Status**

The United Reformed Church, having charitable status at General Assembly, Synod and local church levels, was formerly excepted from charity registration by legislation. With the implementation of the Charities Act 2006 this exception ended for charities with an annual gross income over £100,000, and as a result United Reformed Church Trust, Synod Trusts and local churches in England and Wales no longer excepted are now registered charities. Under section 30(2)(c) of the Charities Act 2011 the exception continues to apply to other local churches. Churches in Scotland are also registered under Scottish legislation.

#### **Risk Management**

The trustees undertake an ongoing and annual review of risks with the full co-operation of all areas of the Church affected. Those areas with the highest risk have received most attention and steps have been taken to minimise our exposure and to have effective systems in place where needed. It is satisfied that proper controls are in place for monitoring and mitigating these risks. The main risks the Church and the charitable company face can be categorised as:

- Governance risks
- External risks
- Financial risks
- Operational risks
- Compliance with laws and regulations.

#### **Employees**

The charity is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of gender, gender reassignment, sexual orientation, religious beliefs, colour, ethnic or national origin, age, marital status or disability. In respect of disabled persons, therefore, it seeks to eradicate less favourable treatment by endeavouring to identify and remove barriers to participation in employment, training, promotion, leadership and representation on church committees.

The charity provides employees with information on matters of concern to them, and consults them regularly, so that their views can be taken into account when making decisions likely to affect their interests. Employee involvement is encouraged, for example by a staff association at the main office, as achieving a common awareness of the charity's priorities and of the financial and economic factors affecting it plays a major role in maintaining its performance.

### **OBJECTIVES AND ACTIVITIES**

The company's Objects are to advance the Christian religion for the benefit of the public in accordance with the doctrines, principles and usages, and the Scheme of Union of the United Reformed Church.

- **Public benefit**  
Having regard to the guidance published by the Charity Commission, the Trustees continued to provide public benefit by seeking to advance the Christian religion in accordance with the doctrines, principles and usages, and the Scheme of Union of the United Reformed Church. Some of the broad strategies are set out in the following paragraphs, and further details and examples are given under Achievements and

Performance. In addition, the Church at General Assembly level acts as an umbrella resource body for the 13 National and Provincial Synods and over 1500 local churches, which are all separate charities.

- **Worship and partnership**

The United Reformed Church is part of the Church universal. As such its aim is to proclaim the love of God in Jesus Christ in word and deed. A main strategy to achieve that aim is the provision of public worship in viable congregations across the three nations of England, Scotland and Wales. This is increasingly carried out in partnership with ecumenical colleagues, particularly the Methodist Church with whom we have over four hundred shared congregations. It also takes new forms through the 'Fresh Expressions' initiative offering Christian worship, teaching, fellowship and service in non-traditional venues and styles. The United Reformed Church is a partner in 'Fresh Expressions' with the Methodist Church, the Church of England, and other Free Church participants.

- **Making a difference**

As the Catch the Vision prayer states, we are 'God's people', being 'transformed by the gospel' in order to 'make a difference'. That 'difference' is being made in many ways, from the preaching of the gospel, through the pastoral care which helps individuals manage the traumas and transitions of life, to the community building undertaken by our Church Related Community Workers (CRCWs), and the funds that we raise to reduce world poverty through Commitment for Life. In 2010 the General Assembly adopted a mission framework called Vision2020 which set out ten priorities for the Church's outreach at national, regional and local levels. The Local Mission and Ministry Review process through which the Synods challenge and support their churches is another key vehicle for increasing the effectiveness of local witness and service.

- **Subsidiary charities**

The United Reformed Church Retired Ministers' Housing Society Limited has as its objects to carry on for the benefit of the community the business of providing, for persons who are retired ministers or widow/ers of ministers of the United Reformed Church, housing and associated amenities, or assistance to enable them to provide this for themselves.

The object of Westminster College, Cambridge, is to be a theological college of the United Reformed Church, and thus to provide education and promote the Christian religion.

## ACHIEVEMENTS AND PERFORMANCE

A detailed review of the work and activities of Mission Council and the General Assembly Standing committees is incorporated in the Book of Reports, Resolutions and Papers to General Assembly. General Assembly now meets biennially, and reports covering a two year period were presented to the 2012 General Assembly. The next General Assembly in July 2014 will receive reports covering the subsequent two years.

General Assembly took place in Scarborough from 6<sup>th</sup> to 9<sup>th</sup> July. The incoming Moderator's address called the Church to "Living Conversations" in which difficult issues could be faced in a spirit of openness and the willingness to be "mutually inconvenienced" for the sake of greater unity across a diverse constituency. One challenging conversation concerned the registration of civil partnerships on religious premises. The Assembly granted its consent for local church meetings, if they so wished, to direct the trustees of their church premises to apply for approval of these premises for the registration of civil partnerships. Another significant discussion was about poverty and inequality and this found expression in a walk of witness through the town with the delivery of a "Scarborough Declaration" to the local MP.

The year 2012 marked the 40<sup>th</sup> anniversary of the union which brought the United Reformed Church into being and the 350<sup>th</sup> anniversary of the Great Ejection of 1662 in which dissenting ministers were expelled from the Church of England. Ninety of our churches trace their origins to 1662 and there were many local commemorations including historical exhibitions and community events.

In February 2012 a service was held in Westminster Abbey to mark the beginning of a new commitment to ecumenical partnership between the Church of England and the United Reformed Church. Some 1500 people gathered to remember painful stories, extend hands of reconciliation, and pledge themselves to joint witness and service in the years ahead. This service was the culmination of bilateral conversations whose recommendations for further dialogue and action were agreed by both Churches. A working group chaired by the Bishop of Carlisle and the Moderator of the Southern Synod was established to press forward on this new commitment.

United Reformed congregations were actively involved in local celebrations of the Queen's Jubilee and many URC volunteers took part in activities around the Olympic and Paralympic games.

Underlying this activity is Vision2020, a framework for mission for the period 2010 to 2020. Vision2020 identifies ten priorities and asks every local church and Synod to submit a "mission pledge" indicating the contribution it intends to make to the denomination's delivery of the priorities year by year. In November 2011 each Synod was asked to report on its implementation of these priorities as an expression of mutual accountability and during 2012 this monitoring continued through the Mission Committee. Vision2020 aims to be permissive rather than prescriptive,

## TRUSTEES' REPORT CONTINUED

respecting the autonomy of local churches and Synods to determine their own plans and priorities, but will offer inspiration, encouragement and support for local and regional initiatives. The ten priorities are as follows:

|                                   |                           |
|-----------------------------------|---------------------------|
| Spirituality and prayer           | Evangelism                |
| Identity                          | Church growth             |
| Christian ecumenical partnerships | Global partnerships       |
| Community partnerships            | Justice and peace         |
| Hospitality and diversity         | The integrity of creation |

The reports from the Synods provide a picture of the breadth of activities across the Church. They form the basis of the Mission Team and Mission Committee's work so that the weakest areas can be addressed and resources created to meet the expressed needs of churches and Synods. Vision2020 has provided focus for the work of other committees as well, significantly the Education and Learning Committee and the Youth and Children's Work Committee.

A conference on evangelism in July 2011, sponsored by the Mission Committee and the Ethnic Minority Lay and Ordained Ministers Association, drew together participants from across the theological and ethnic diversity of the Church. A second conference is planned for July 2013 with a focus on church growth. Church growth and evangelism are also the subject of a major new initiative currently under preparation in the Mission Committee.

The Ministries Committee introduced the Local Mission and Ministry Review (LMMR) scheme at the 2008 General Assembly and Mission Council approved its implementation later that year. LMMR urges every local church to create a Local Mission and Ministry profile articulating purpose, direction and resources needed. This process also involves the creation of written role descriptions for ministers which serve as the basis for their appraisal and continuing personal and professional development. LMMR asks each local church to identify its mission commitments using the headings of the Vision2020 framework. Work also continues on the Ministries Committee's 'Challenge to the Church' which highlighted the need to identify and train new lay leaders to work in teams alongside ministers of Word and Sacraments and CRCWs to meet the needs of the churches for leadership.

A significant tool for the delivery of the Vision2020 aims of identity, church growth, evangelism and diversity was the 'campaign of radical welcome'. Under the oversight of the Mission Committee, the campaign invited churches to examine the quality of their welcome and to press the difficult questions about prejudice and exclusion. Resources were developed to enable both the initial explorations of a congregation and its in-depth work with its assigned Companion. In 2012 plans for the outward expression of the campaign through public advertising were abandoned. However, the challenge of radical welcome as an expression of the ministry of Jesus Christ was affirmed and the programme continues in various ways across the Synods.

The Joint Public Issues Team has enabled collaboration with Methodist and Baptist colleagues to provide theological reflection, public statements and programmes for action across a range of social issues. Noting that the Methodist Church in particular faces similar challenges in local church life, leadership and outreach, the general secretariats of the two Churches have met regularly to explore new possibilities for collaboration. In October 2012 the Methodist Council and the URC Mission Council met jointly and pledged themselves to further cooperation, particularly in addressing the issues that hamper local ecumenical partnership. The aim at this point is not organic unity but increased effectiveness through combined strategies and the sharing of resources. A joint Methodist/URC Property Strategy Group was established to give consideration to the mission potential of church buildings and to provide practical support to local churches on buildings matters. The Group has sought to renew the agreement between the two denominations regarding the disposal of assets when a building closes and is currently working on pastoral, liturgical and practical guidelines for those who work with congregations facing closure.

Our core purpose of the provision of public worship continues to be carried out through faithful ordained and lay ministry in our churches. Our main charitable activities set out in the Statement of Financial Activities are:

- Ministry - the provision of stipendiary ministry through the Plan for Partnership, together with pensions and retired ministers' housing. This includes the ministry of nearly 650 ministers of Word and Sacraments in stipendiary and non-stipendiary service, including 25 special category ministers involved in church based outreach work, workplace or Higher Education chaplaincies and other innovative forms of ministry, and 16 CRCWs. In today's Church much ministry is provided by Assembly-accredited lay preachers and other lay leaders among the eldership.
- Education and Learning – public learning opportunities, mainly taken up by members, elders and ministers across the Church, are provided by four Resource Centres for Learning (Westminster College in Cambridge, Northern College in Manchester, the Scottish College and the Windermere Centre), networks of Synod training and development officers and our Training for Learning and Serving programme; preparation of candidates for the Ministry of Word and Sacraments in stipendiary and non-stipendiary service through



Westminster College, Northern College and the Scottish College and as Church Related Community Workers through Northern College. An appeal was launched in 2010 to raise £7m for the refurbishment of Westminster College. The total received or pledged now stands at £6.7m and it has been agreed that the building works should commence in the summer of 2013.

- Youth and Children's work - the Fellowship of United Reformed Youth, youth and children's leadership training and activities through a network of Children's and Youth Development Officers in the synods, and the Pilots non-uniformed Christian youth organisation. Nearly 45,000 children and young people engage in activities in our churches including 2,500 Pilots in more than 100 companies. A review of the full range of youth and children's work in the denomination is currently underway including a restructuring of the services provided from URC Church House.
- Mission programmes – supporting local community service, encouraging evangelism including 'Fresh Expressions' of church, fostering ecumenical and interfaith relationships at all levels, enabling debate and action via the Joint Public Issues Team, resourcing mission in rural communities through the work of the Rural Officer based at the Arthur Rank Centre, nurturing international relationships through the Belonging to the World Church programme and encouraging intercultural ministries and racial justice.
  - Our Mission team also includes the work of Commitment for Life, which despite the continued inevitable effect of the recession and thanks to a further legacy instalment has raised £517k this year for projects in the developing world. It supports development projects in Bangladesh, Israel and the occupied Palestinian territory, Jamaica and Zimbabwe.
  - The Joint Public Issues Team has offered responses to some key social policy issues such as the Welfare reforms and Big Society agenda over the past two years, based on their impact on the most vulnerable members of our society – children, the elderly, people with disabilities, asylum seekers and the poor.
  - The Mission team contributes to resourcing interfaith work through its involvement with the St Philips Centre in Leicester, the London Interfaith Centre and Grassroots in Luton. The growing network of Synod-based interfaith advocates, along with the interfaith reference group meeting jointly with Methodist colleagues, helps local churches and Synods to engage with this increasingly important area of work. The URC's Christian Approach to Jews fund is also able regularly to assist ministers and others to gain experience in the area of Jewish/Christian relations.
  - The work of Racial Justice and Multicultural Ministry supports a number of networks, including the Ethno-Cultural Network which enables a sense of cultural community building and the rebuilding of social capital for newer "migrant" communities. Establishing a Korean Network has been an important development
- Publishing - alongside all these is the work of our Communications team at Church House in publishing REFORM magazine, together with other URC publications and our website, which was redesigned to allow clearer communication and online sales. Our media office serves to raise the public profile of the Church and offer Christian comment on the issues of the day. Our own publications and resources continue to be provided from Church House and through other channels. REFORM continues to win praise for the variety and depth of its articles, and the Digest of URC news in each issue has proved popular with many readers.

## RESOURCING OUR WORK

All the above must be set in the context of our resources, which have had to be managed through a period of recession and limited recovery. Detail of the latest year is given in the financial review below, but we have also to consider broader trends. Recently these have been mixed:

- Giving to central funds from our local churches, which had remained largely stable until 2010, developed a downward trend in 2011, which would have continued in 2012 but for some one-off adjustments;
- Investment values have recovered again from their dip in 2011, while there has been some pressure on related income;
- Continued unfavourable macro-economic environment affects the valuation of the Ministers' Pension Fund. The triennial valuation at the start of 2009, close to the low point in the stock market, resulted in a much increased actuarial deficit and in the need for significantly increased contributions for several years. Synods have risen to the challenge of providing extra pensions support, and the fund deficit reduced slightly in the 2012 valuation, allowing a modest reduction in contributions for the next three years;
- Expenditure in all areas other than stipends was subject to intense review early in 2012. The results of those tough choices were approved by General Assembly and implemented in the budget for 2013. It was pleasing that some of the savings agreed were implemented early to the benefit of 2012's results. Work continues to identify some further longer term savings.

## TRUSTEES' REPORT CONTINUED

### FUTURE DEVELOPMENTS

We have outlined above the Vision2020 framework, and the associated programmes now under way, which seek to set a course for our church life and aims for growth. A new Faith and Order Committee is leading challenging discussions about the future of the Church in the context of faith in a living God.

2012 was a year of reviews. The Human Resources Advisory Group reviewed the management structures in URC Church House and will be bringing proposals for change in 2013. Other groups examined the role of the synod moderator, strategic issues underlying the 2013 budget, and ecumenical and inter-synod collaboration. This work is now the responsibility of a Medium Term Strategy Group which will coordinate key insights, organise appropriate consultation and bring recommendations to the 2014 General Assembly.

Alongside and supporting this is work now in progress to think more widely about the way the Church uses its resources over the medium to long-term. This is in the context of the short to medium term funding challenges of the Ministers' Pension Fund and the commitments of the Retired Ministers' Housing Society. Our total assets remain very large, especially if we include our investment in buildings. The trustees are seeking to develop a five year plan for the use of central resources to ensure expectations are realistic and priorities clear, and will work with the Medium Term Strategy Group to explore these issues creatively and positively.

As part of the planned development programme at Westminster College it is intended to sign a long lease for use of one end of the buildings with the Henry Martyn Centre. The Centre focuses on world mission studies and so complements the work of the College. Discussions are also in train on ways of making fuller use of little used areas of the College grounds.

**The remainder of this report deals with financial and other central activities. The trustees have delegated to the Finance Committee the detailed review of these matters, and the following review represents its report to the trustees.**

### FINANCIAL REVIEW

These financial statements show the consolidated income, expenditure, assets and liabilities of those trusts and other funds controlled by United Reformed Church Trust (the Trust) and administered for the benefit of the United Reformed Church under the overall authority of the General Assembly. These represent the charitable assets of the United Reformed Church that United Reformed Church Trust manages on its behalf and applies towards its charitable purposes. They include the operations of Westminster College (the College), its resource centre for learning in Cambridge, which is a registered charity in its own right. They also include the operations of the United Reformed Church Retired Ministers' Housing Society Limited (RMHS), which is an exempt charity providing housing and any associated amenities for persons who are retired ministers or widow/ers of ministers of the United Reformed Church. The Balance Sheet also reports separately the assets and liabilities of the Trust, excluding the College and RMHS, and details are given of the funds, incoming and outgoing resources and assets of the College and RMHS as subsidiary charities.

**These financial statements do not include funds administered by or on behalf of national and provincial Synods or local churches.** The basis on which they have been prepared is set out in note 1.

The Finance Committee is responsible for the general financial oversight of funds administered for the benefit of the United Reformed Church, its long-term financial planning, and the preparation and control of its budget under the authority of Mission Council and the trustees. The Committee ensures that proper procedures are in place for the maintenance of accounting records, controlling and monitoring the budgetary process, and the preparation of financial statements in compliance with applicable United Kingdom law and accounting standards. To this end the Committee expects to meet with the auditors at least once a year. The Committee may take such decisions with regard to the finances of the Church as are necessary within the policies set by the General Assembly.

#### Reserves Policy

The Consolidated Balance Sheet on page 15 shows the disposition of the various charity funds totalling £42,892k as at 31 December 2012 (2011: £44,393k). The term "reserves" describes that part of a charity's income funds that is freely available.

The unrestricted fund net assets readily available are £10,408k. This represents between five and six months of unrestricted fund expenditure, a small increase from 2011.

The Finance Committee, which reviews the policy annually, considers that readily available reserves of between three and six months of unrestricted fund expenditure are more than adequate to support the Church's ongoing

activities, especially since Ministry and Mission Fund contributions are pledged in advance by local churches via Synods. It also notes that, while the long-term pension liability is not deducted in arriving at readily available reserves, there are contributions to pension scheme deficits to be met each year. It therefore considers that the present level of reserves is satisfactory.

### Investment Policy

United Reformed Church Trust acts as corporate trustee of the central funds of the United Reformed Church. The powers of investment are given under the memorandum and articles of association of the trustee company. The Investment Committee of the Church, which reports to the Trustees, keeps under review our investment policy and monitors the performance of our fund managers. All investments are held in pooled funds that aim to comply with the ethical policies agreed by the Church. The Investment Committee has reviewed the performance of the investments throughout the year and considers it to be satisfactory.

### Grant making

Grants are made on the recommendation of the relevant committee. Each application is assessed on its individual merits.

### 2012 Financial Results

The results for 2012 are set out in more detail in the Consolidated Statement of Financial Activities on page 14. This shows that there was, overall, a decrease in funds in the year of £1,501k. The following table shows the breakdown of this decrease compared with the increase for the previous year:

|   | <b>2012</b>    | 2011    |
|---|----------------|---------|
|   | <b>£000</b>    | £000    |
| Voluntary income:                       |                |         |
| Ministry and Mission Fund contributions | <b>20,231</b>  | 20,125  |
| Donations, grants and legacies          | <b>3,751</b>   | 2,827   |
| Investment income                       | <b>1,376</b>   | 1,360   |
| Income from charitable activities       | <b>1,559</b>   | 1,473   |
| Other incoming resources                | <b>3,037</b>   | 1,348   |
| Total incoming resources                | <b>29,954</b>  | 27,133  |
| Resources expended:                     |                |         |
| Charitable activities                   | <b>25,456</b>  | 26,045  |
| Governance costs                        | <b>682</b>     | 349     |
| Other                                   | <b>-</b>       | 3       |
| Net incoming resources                  | <b>3,816</b>   | 736     |
| Gains(losses) on investment assets      | <b>2,235</b>   | (1,887) |
| Actuarial (loss)gain on pension scheme  | <b>(7,552)</b> | 4,306   |
|   | <b>(1,501)</b> | 3,155   |

### Ministry and Mission Fund contributions

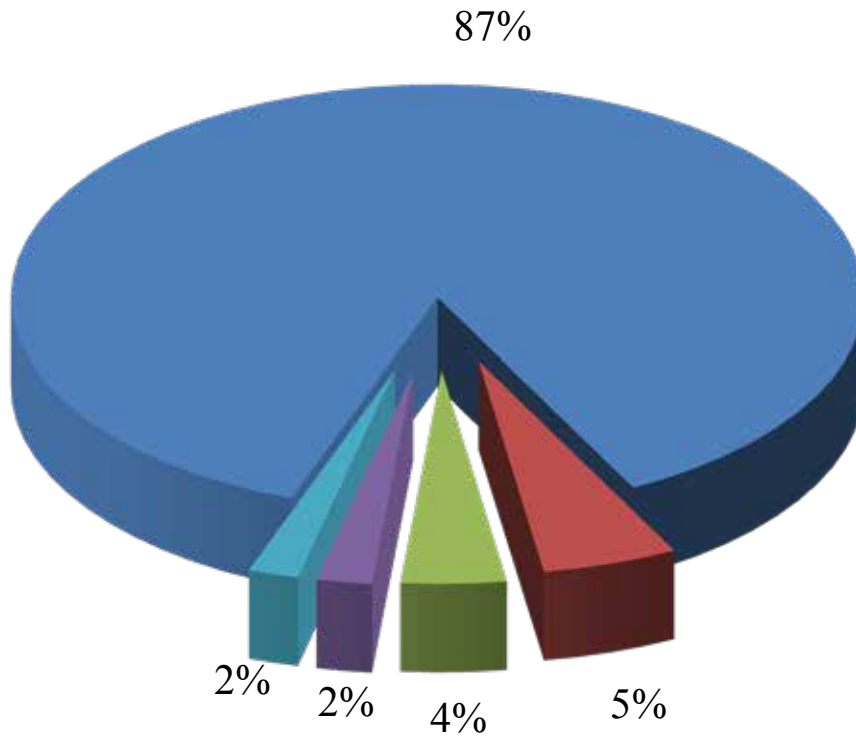
The pie chart on page 9 gives a visual picture, showing that 87% of our unrestricted income comes from Ministry and Mission Fund contributions, which again totalled over £20million and in which most Synods matched the amount pledged. We are very grateful for the faithful and regular giving that this represents, enabling us to support ministry and mission across our three nations, and the major way in which we fund, in partnership, all our work for the kingdom of God. The pie chart on page 10 shows visually that almost 90% of our unrestricted expenditure, totalling £20,670k, is used to provide the financial resources to train, equip and provide ministry.

### Donations, grants and legacies

We are very grateful for regular substantial grants from a number of trusts, detailed in note 2(b) to the financial statements, as well as for many other donations; in particular, the contributions totalling £1,051k from Synods towards the costs of funding the Ministers' Pension Fund. Donations to the Westminster College Development Appeal received in the year totalled £1,476k. Our retired ministers' housing funds received donations from Synods, trusts, churches and individuals totalling £174k. Commitment for Life donations from churches and individuals fell by 15% compared with 2011.

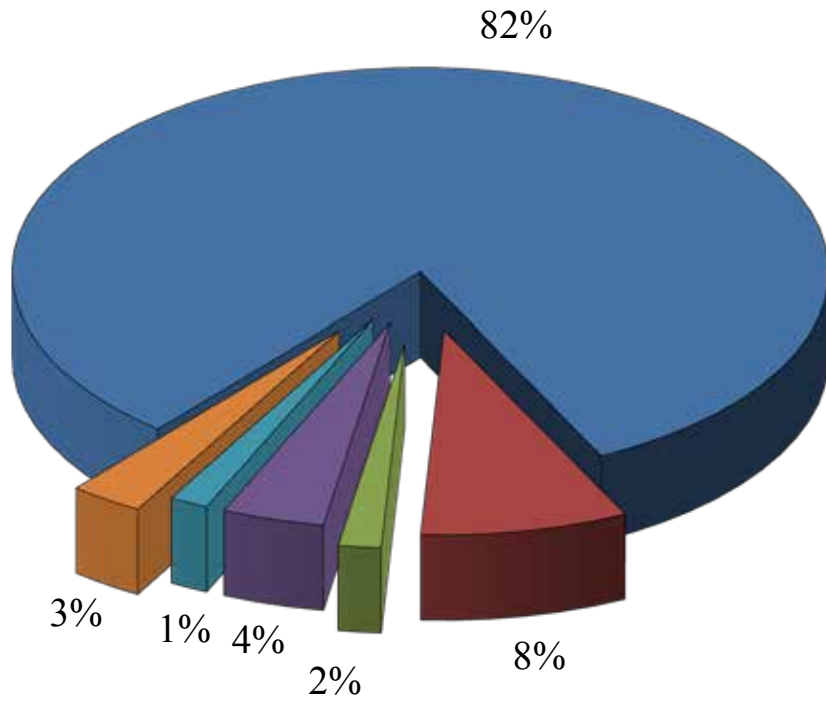
**TRUSTEES' REPORT CONTINUED**

**Unrestricted Income - £23.3m  
Year ended 31 December 2012**



- Ministry and Mission Fund contributions
- Donations, grants and legacies
- Investment income
- Income from charitable activities
- Other incoming resources

**Unrestricted Expenditure - £23.0m  
Year ended 31 December 2012**



- Ministry
- Education and Learning
- Youth and Children's work
- Mission programmes
- Publishing
- Governance

## TRUSTEES' REPORT CONTINUED

### **Donations, grants and legacies (continued)**

Legacies bequeathed for general purposes have, since 2007, been held in a separate designated Legacy Fund, available for projects not covered by regular budgets. The balance in this fund is now £953k and allocations and grants totalled £86k in 2012.

### **Investment income**

Total investment income was little changed from 2011. Trust funds invested in equity-based pooled funds saw some dividend growth, while those with higher fixed-interest content were flat or slightly lower.

### **Income from charitable activities**

This income includes rental income from retired ministers' housing properties, the accommodation, catering and fee income of Westminster College and the Windermere Centre, as well as sales of publications and subscriptions to REFORM magazine.

### **Other incoming resources**

This usually represents mainly net gains from selling retired ministers' housing properties when they fall vacant, the proceeds of which are used to acquire properties for retiring ministers or sometimes for rehousing them in later years. In 2012 19 properties were bought and 20 were sold, with cash inflows and outflows again both close to £2.5million.

Also included is £1.2million in respect of the agreed sale by Westminster College of a collection of manuscript fragments from the Cairo Genizah to the university libraries of Oxford and Cambridge.

### **Resources expended – Charitable activities**

These costs are analysed in note 5 on page 20, and include a share of support costs.

Ministry: £19,944k. The maintenance of ministry is the most important charge on the Church's resources. This sum pays for the stipends, social security and pension costs of over 500 stipendiary ministers and CRCWs, and includes all costs of the Synod Moderators. In 2012 the annual increase in stipends was balanced by a small fall in the number of stipendiary ministers. It also includes costs relating to retired ministers, of supplementing pensions and maintaining housing, which were little changed this year.

Education and Learning: £3,210k. The considerable commitment of resources to training ministers has continued. This sum includes our support for our Resource Centres for Learning, which reflects their wider role in providing learning opportunities for the whole Church, as well as direct support of those training for ministry. Other costs relate to ongoing ministerial training and TLS and other lay training. It includes the total operating costs of the Windermere Centre and Westminster College; for the latter this is boosted by the further preparatory costs of its development programme.

Youth and Children's Work: £389k. The central programmes of activities have been maintained, while costs fell as two development officers left the staff later in the year. Staffing structure has been reviewed, and a programme review is in progress.

Mission Programmes: £1,558k. The Mission Committee and team continue to progress longer-term strategies, and are developing the Vision2020 grants programme for projects at home and abroad. Commitment for Life grants, entirely funded by giving from local churches and individuals, were down only 7% thanks to a further legacy receipt.

Publishing: £355k. The costs of publishing REFORM magazine have continued to be tightly controlled while maintaining its quality. Selective in-house publishing has continued and the website has been redesigned.

### **Resources expended – Governance**

Governance costs are analysed in note 7 on page 21. They include the costs of the General Assembly and Mission Council, their advisory and task groups and of the Trustee body and certain committees, together with the charges of our professional advisers and trustee indemnity insurance. A biennial General Assembly means that these costs are much higher in Assembly years such as 2012, but tight budgetary control was maintained. Significant legal costs were incurred in connection with a number of personnel issues.

### **Gains (losses) on investment assets**

The change in investment values from the beginning to end of the year, broken down by fund is shown in the Summary of Fund Movements in note 19. Equity markets rose during 2012, despite the continuing sluggish economy and European debt crisis. Investment gains and losses over time are shown in the five year summary on page 33.

**Actuarial gains (losses) on pension obligations**

We are required to take full account of actuarial gains and losses arising each year in the United Reformed Church Ministers' Pension Fund. In 2012 rises in investment values were more than offset by an increase in the actuarial cost of securing pensions under the prescribed formula; this resulted in an increase in the reserves required, and a net actuarial loss for the year of £7.6m. More details are given in note 21 to the financial statements on page 29. The Church responded to the deficit shown in the previous triennial valuation of the Fund by making significantly increased contributions, as did the serving members; the latest valuation shows a slightly reduced deficit and allows some reduction in contributions. The wider Church in turn, in the form of the Synods, fulfilled its commitment to increase funding over the three year cycle and will continue funding at a reduced level in 2013 and beyond.

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also directors of United Reformed Church Trust for the purposes of company law), are responsible for preparing the Trustees' 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 financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. 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 judgments 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: and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**CONCLUSION**

Those wanting more information or explanations about any aspect of the Church's finances are encouraged to address their enquiries to the Treasurer.

Signed on behalf of the trustees

**Revd Prof David Thompson**

**Chair**

7 May 2013

*The above Statements of Trustees' Responsibilities are formal statements, which are included in similar form in the accounts of all companies and major charities.*

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF UNITED REFORMED CHURCH TRUST**

We have audited the financial statements of United Reformed Church Trust for the year ended 31 December 2012 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Trust Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of trustees and auditors**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 12, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the group's and the parent charitable company's affairs as at 31 December 2012, and of the group's incoming resources and application of resources, including its income and expenditure and group's cash flows, 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept by the parent charitable company or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosure of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Fiona Westwood (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors

7 More London Riverside  
London  
SE1 2RT



**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 DECEMBER 2012**

|  | Note | --- Income funds ---  |                     | --- Capital funds --- |                     | 2012                    | 2011                    |
|--|------|-----------------------|---------------------|-----------------------|---------------------|-------------------------|-------------------------|
|  |      | Unrestricted<br>£'000 | Restricted<br>£'000 | Unrestricted<br>£'000 | Restricted<br>£'000 | Total<br>funds<br>£'000 | Total<br>funds<br>£'000 |
| <b>Incoming resources</b>  |      |                       |                     |                       |                     |                         |                         |
| <b>Incoming resources from generated funds</b>                                   |      |                       |                     |                       |                     |                         |                         |
| <b>Voluntary Income</b>  |      |                       |                     |                       |                     |                         |                         |
| Ministry and Mission Fund contributions  | 2(a) | 20,231                | -                   | -                     | -                   | 20,231                  | 20,125                  |
| Grants receivable  | 2(b) | 81                    | 51                  | -                     | -                   | 132                     | 196                     |
| Legacies   |      | 47                    | 391                 | -                     | -                   | 438                     | 640                     |
| Commitment for Life donations  |      | -                     | 412                 | -                     | -                   | 412                     | 484                     |
| Other donations  | 2(c) | 1,068                 | 1,697               | -                     | 4                   | 2,769                   | 1,507                   |
|  |      | 1,196                 | 2,551               | -                     | 4                   | 3,751                   | 2,827                   |
| <b>Investment income</b>   | 3    | 929                   | 447                 | -                     | -                   | 1,376                   | 1,360                   |
| <b>Incoming resources from charitable activities</b>                             | 4    |                       |                     |                       |                     |                         |                         |
| Ministry   |      | 2                     | 558                 | -                     | -                   | 560                     | 531                     |
| Education and Learning   |      | 232                   | 511                 | -                     | -                   | 743                     | 682                     |
| Youth and Children's work  |      | 11                    | -                   | -                     | -                   | 11                      | 7                       |
| Mission programmes   |      | 16                    | -                   | -                     | -                   | 16                      | 23                      |
| Publishing   |      | 229                   | -                   | -                     | -                   | 229                     | 230                     |
|  |      | 490                   | 1,069               | -                     | -                   | 1,559                   | 1,473                   |
| <b>Other incoming resources</b>  |      |                       |                     |                       |                     |                         |                         |
| Gains on sale of properties  |      | 301                   | 1,363               | -                     | -                   | 1,664                   | 1,171                   |
| Gains on sale of assets  |      | 1                     | 1,200               | -                     | -                   | 1,201                   | 36                      |
| Other income   |      | 143                   | 15                  | 14                    | -                   | 172                     | 141                     |
|  |      | 445                   | 2,578               | 14                    | -                   | 3,037                   | 1,348                   |
| <i>Total incoming resources</i>  |      | <b>23,291</b>         | <b>6,645</b>        | <b>14</b>             | <b>4</b>            | <b>29,954</b>           | <b>27,133</b>           |
| <b>Resources expended</b>  |      |                       |                     |                       |                     |                         |                         |
| <b>Charitable activities</b>   | 5    |                       |                     |                       |                     |                         |                         |
| Ministry   |      | 18,780                | 1,164               | -                     | -                   | 19,944                  | 20,173                  |
| Education and Learning   |      | 1,890                 | 1,320               | -                     | -                   | 3,210                   | 3,179                   |
| Youth and Children's work  |      | 389                   | -                   | -                     | -                   | 389                     | 479                     |
| Mission programmes   |      | 931                   | 627                 | -                     | -                   | 1,558                   | 1,837                   |
| Publishing   |      | 355                   | -                   | -                     | -                   | 355                     | 377                     |
|  |      | 22,345                | 3,111               | -                     | -                   | 25,456                  | 26,045                  |
| <b>Governance costs</b>  | 7    | 672                   | 10                  | -                     | -                   | 682                     | 349                     |
| Other resources expended   |      | -                     | -                   | -                     | -                   | -                       | 3                       |
| <i>Total resources expended</i>  |      | <b>23,017</b>         | <b>3,121</b>        | <b>-</b>              | <b>-</b>            | <b>26,138</b>           | <b>26,397</b>           |
| <i>Net incoming resources before transfers</i>                                   |      | <b>274</b>            | <b>3,524</b>        | <b>14</b>             | <b>4</b>            | <b>3,816</b>            | <b>736</b>              |
| <b>Transfers</b>   |      | (337)                 | 337                 | -                     | -                   | -                       | -                       |
| <i>Net incoming(outgoing) resources before other recognised gains and losses</i> |      | <b>(63)</b>           | <b>3,861</b>        | <b>14</b>             | <b>4</b>            | <b>3,816</b>            | <b>736</b>              |
| <b>Gains(losses) on investment assets</b>  |      | 368                   | 562                 | 974                   | 331                 | 2,235                   | (1,887)                 |
| <b>Actuarial (losses)gains on defined benefit pension scheme</b>                 | 21   | (7,552)               | -                   | -                     | -                   | (7,552)                 | 4,306                   |
| <i>Net movement in funds</i>   |      | <b>(7,247)</b>        | <b>4,423</b>        | <b>988</b>            | <b>335</b>          | <b>(1,501)</b>          | <b>3,155</b>            |
| <b>Reconciliation of Funds</b>   |      |                       |                     |                       |                     |                         |                         |
| Total funds brought forward at 1 January   |      | (8,513)               | 33,845              | 14,501                | 4,560               | 44,393                  | 41,238                  |
| <b>Total funds carried forward at 31 December</b>                                |      | <b>(15,760)</b>       | <b>38,268</b>       | <b>15,489</b>         | <b>4,895</b>        | <b>42,892</b>           | <b>44,393</b>           |

All amounts relate to continuing operations.

There is no material difference between the net incoming(outgoing) resources stated above and their historical costs equivalents.

All gains and losses recognised in the year are included in the Statement of Financial Activities.

The Companies Act income and expenditure account has been included in note 26.

The notes on pages 17 to 32 form an integral part of these financial statements.

**CONSOLIDATED AND TRUST BALANCE SHEETS AS AT 31 DECEMBER 2012**

|   | <i>Consolidated</i> | <i>Consolidated</i> | <i>Trust</i> | <i>Trust</i> |
|---|---------------------|---------------------|--------------|--------------|
| Note  | 2012                | 2011                | 2012         | 2011         |
|   | £'000               | £'000               | £'000        | £'000        |
| <b>Fixed assets</b>                                   |                     |                     |              |              |
| Tangible assets                                       | 11                  |                     |              |              |
| Houses for retired ministers                          | 36,574              | 35,271              | 1,079        | 1,171        |
| Houses for serving ministers                          | 5,655               | 5,281               | 5,655        | 5,281        |
| Other properties                                      | 2,674               | 2,675               | 1,991        | 1,991        |
| Total properties                                      | 44,903              | 43,227              | 8,725        | 8,443        |
| Cars and equipment                                    | 186                 | 219                 | 109          | 129          |
|   | 45,089              | 43,446              | 8,834        | 8,572        |
| Investments and loans                                 |                     |                     |              |              |
| Investments   | 12                  | 29,896              | 27,657       | 26,940       |
| Programme-related investments                         | 13                  | 214                 | 219          | 219          |
| Loans   | 14                  | 68                  | 90           | 7,785        |
|   | 75,267              | 71,412              | 46,383       | 43,516       |
| <b>Current assets</b>                                 |                     |                     |              |              |
| Stocks and work in progress                           | 20                  | 15                  | 20           | 15           |
| Debtors   | 15                  | 2,186               | 1,760        | 6,151        |
| Cash at bank and in hand                              | 8,087               | 6,410               | 5,476        | 4,587        |
|   | 10,293              | 8,185               | 9,983        | 10,753       |
| <b>Creditors: amounts falling due within one year</b> | 16                  | (1,360)             | (1,257)      | (1,552)      |
| Net current assets                                    | 8,933               | 6,536               | 8,726        | 9,201        |
| Total assets less current liabilities                 | 84,200              | 77,948              | 55,109       | 52,717       |
| Defined benefit pension scheme liability              | 21                  | (37,248)            | (37,248)     | (29,495)     |
| Other pension obligations                             | 21                  | (4,060)             | (4,060)      | (4,060)      |
| <b>Net assets including pension liability</b>         | 42,892              | 44,393              | 13,801       | 19,162       |
| <b>Unrestricted income funds</b>                      |                     |                     |              |              |
| General reserves                                      | 20,740              | 20,981              | 20,740       | 20,981       |
| Revaluation reserve                                   | 748                 | 1                   | 748          | 1            |
| Pension reserve                                       | (37,248)            | (29,495)            | (37,248)     | (29,495)     |
| Total unrestricted income funds                       | (15,760)            | (8,513)             | (15,760)     | (8,513)      |
| <b>Restricted income funds</b>                        | 38,268              | 33,845              | 9,994        | 9,389        |
| <b>Capital funds</b>                                  | 20,384              | 19,061              | 19,567       | 18,286       |
| <b>TOTAL CHARITY FUNDS</b>                            | 17&18               | 42,892              | 44,393       | 13,801       |
|   |                     | 19,162              |              |              |

Approved by the Trustees on 7 May 2013 and signed on their behalf by:

Revd Prof David Thompson  
Chair

Mr John Ellis  
Treasurer

United Reformed Church Trust is a company limited by guarantee, number 135934, and Registered Charity number 1133373.

The notes on pages 17 to 32 form an integral part of these financial statements.

*This page shows, in the Consolidated columns, the combined total of assets and liabilities of all the funds administered centrally for the benefit of the whole Church. It includes, in particular, the assets and liabilities of the subsidiary charities: United Reformed Church Retired Ministers' Housing Society Ltd and Westminster College, Cambridge. The Trust columns exclude the Society and the College.*

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

|  | <b>2012</b>  | <b>2011</b>    |
|--|--------------|----------------|
|  | <b>£'000</b> | <b>£'000</b>   |
| <b>Reconciliation of net incoming resources shown in the Statement of Financial Activities to the actual cash inflow/(outflow) from general activities</b> |              |                |
| Net incoming resources before other recognised gains and losses (see page 14)  | 3,816        | 736            |
| Increase in stocks   | (5)          | (15)           |
| Increase in debtors  | (426)        | (713)          |
| Increase/(decrease) in creditors   | 99           | (465)          |
| (Decrease)/increase in sums held for Synods and congregations  | (389)        | 88             |
| Profit on sale of properties   | (1,665)      | (1,171)        |
| Depreciation and impairment  | 64           | 66             |
| Interest added to loans  | -            | (1)            |
| Other investment income  | (1,376)      | (1,359)        |
| Cash endowment received  | (18)         | (66)           |
| Difference between pension contributions and actuarial cost  | 201          | 293            |
| <b>Net cash inflow/(outflow) from general activities</b>   | <b>301</b>   | <b>(2,607)</b> |

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**CASH FLOW STATEMENT**

**Net cash inflow/(outflow) from general activities (above)** 301 (2,607)

**Returns on investments and servicing of finance**

|  |       |       |
|--|-------|-------|
| Dividends and other investment income received | 1,374 | 1,356 |
| Other interest                                 | 2     | 3     |
|  | 1,376 | 1,359 |

**Capital expenditure and financial investment**

|  |         |          |
|--|---------|----------|
| Payments to acquire tangible fixed assets              | (3,128) | (2,902)  |
| Receipts from sales of tangible fixed assets           | 3,087   | 2,950    |
| Payments to acquire fixed asset investments            | (174)   | (11,208) |
| Receipts from sales of fixed asset investments         | 175     | 10,633   |
| Loans and advances made to congregations and ministers | (19)    | (12)     |
| Loans repaid by congregations and ministers            | 41      | 100      |
|  | (18)    | (439)    |

**Financing**

|                               |    |    |
|-------------------------------|----|----|
| Addition to capital endowment | 18 | 66 |
|                               | 18 | 66 |

**Increase (decrease) in Cash (note 24)** **1,677 (1,621)**

The notes on pages 17 to 32 form an integral part of these financial statements

*Not all income or expenditure results in an immediate cash receipt or payment. This page (and the associated note 24 on page 32) shows the difference between net incoming resources (some cash and some not cash) and actual cash flow. They then show how cash has been spent or invested, or realised from the sale of properties or investments during the year so as to increase our cash balances by £1,677k.*

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 ACCOUNTING POLICIES

These financial statements are prepared on the going concern basis, under the historical cost convention as modified by the inclusion of listed investments at market value, and in accordance with the Companies Act 2006, the Charities: Statement of Recommended Practice (revised 2005) and applicable accounting standards in the United Kingdom. A separate Statement of Financial Activities and Cash Flow Statement have not been presented for United Reformed Church Trust itself because it has made use of the exemptions afforded by Section 408 of the Companies Act 2006.

The particular accounting policies, which have been applied consistently throughout the year with the exception of (v), are set out below.

#### (i) Scope

The consolidated financial statements show the combined income, expenditure, assets and liabilities of the charitable funds administered by the Trust for the purposes of the United Reformed Church under the overall authority of the General Assembly, and include the total financial operations of Westminster College (“the college”) and of the United Reformed Church Retired Ministers’ Housing Society Limited (“the society”). The college is a registered charity (number 311449), while the society is a separate exempt charity registered under the Industrial and Provident Societies Act 1965. Each is accounted for as a separate fund and branch of the Church in accordance with the SORP, and details are also given to reflect their legal status as subsidiary charities.

#### (ii) Classification of funds

Unrestricted income funds may be spent generally for furthering the religious and charitable work of the Church.

Restricted income funds are funds whose use is restricted to specific purposes according to the terms on which the funds were received. However, if the purpose is one that forms part of the Church’s regular expenditure and the income of the funds are fully spent each year, the restriction has no practical effect and funds with such restrictions are treated as unrestricted.

Capital funds (i.e. endowments) include some permanent endowments that are required to be retained but the income from these funds can be spent for the benefit of the Church subject, in certain cases, to specific restrictions contained in the original endowment. Other capital funds (i.e. expendable endowments) may be converted to income at the discretion of the trustees.

The main funds included in these financial statements, and their classification, are shown in notes 17 to 20.

#### (iii) Donations and legacies

Donations and legacies are accounted for on a receivable basis. In accordance with this policy, legacies are included when advice has been received from the personal representative of an estate that payment will be made or property transferred and the amount can be quantified with reasonable certainty. Gifts in kind are included within income at the value to the charity at the date of the gift. The value of services provided by volunteers has not been included.

#### (iv) Grants

Incoming grants are accounted for on a receivable basis. Outgoing grants are accounted for on a payable basis. Grants payable are included in the Statement of Financial Activities when approved and applied for. The value of such grants unpaid at the end of the year is accrued, unless there are unfulfilled conditions attached to them. In such cases these grants are treated as contingent liabilities.

#### (v) Ministry and Mission Fund contributions, investment income and other income

Ministry and Mission Fund contributions, investment income, income from charitable activities and other incoming resources are accounted for on a receivable basis. Contributions to the fund, based on local church pledges, are agreed annually in advance with each Synod; amounts received in excess of, or shortfalls from the agreed contributions were previously held in creditors, but from 2012 are accounted for in the year.

#### (vi) Gains and losses on investments

Realised and unrealised gains and losses on investments are included in the Statement of Financial Activities in the year in which they arise.

#### (vii) Resources expended

Expenditure is accounted for on an accruals basis and allocated to the appropriate heading in the financial statements. Any irrecoverable VAT is included with the costs to which it relates. Directly attributable costs are allocated to the main charitable activities or to its governance; details are shown in notes 5 to 7. Governance costs include the costs of the central councils of the Church and costs of audit, legal advice and the meetings of Trustees. The support costs included in note 8 relate to the whole of the charity’s activities and a proportion of these costs is allocated to expenditure headings on a basis that is consistent with the use of the resources.

**NOTE 1 (continued)****(viii) Taxation**

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

**(ix) Pensions**

The Church operates a funded defined benefit pension scheme for ministers and Church Related Community Workers (CRCWs) receiving a stipend, known as The United Reformed Church Ministers' Pension Fund. The assets of the scheme are managed independently of the Church. Pension costs are assessed in accordance with the advice of an independent qualified actuary.

Under FRS 17 – 'Retirement benefits', the amounts charged to expenditure are the current service costs, which are included under Ministry costs. The interest cost and the expected return on assets are shown as a net charge or credit within Ministry costs. Actuarial gains and losses are recognised immediately and disclosed in the Statement of Financial Activities.

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the attained age method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term to the scheme liabilities. The actuarial valuations are obtained triennially and are updated at each year end. The resulting defined benefit asset or liability is presented separately after other net assets on the Balance Sheet.

The United Reformed Church Final Salary Scheme, a multi-employer defined benefit scheme where the Trust is unable to identify its share of the underlying assets and liabilities, is treated as a defined contribution scheme; the amount charged in respect of pension costs is the contributions payable in the year, which is included within the appropriate expenditure heading in the Statement of Financial Activities.

**(x) Tangible fixed assets**

Tangible fixed assets having an initial cost of £250 or less are written off on acquisition. Assets having an initial cost greater than £250 are stated at cost when purchased and at valuation when received in specie. Property repairs are normally written off when incurred, except when improvements totalling more than £1,000 are made to a vacant property.

Many properties used as houses for retired ministers are owned jointly with tenants or Synods of the United Reformed Church. The value in the Balance Sheet of such properties is the cost (less any impairment charged) to the charity of the charity's share in the property.

Properties are maintained in a state of sound repair. The Finance Committee considers whether any impairment is necessary considering the lives of the properties and their residual value. Any material deficit between the anticipated recoverable amount of freehold property and its carrying value shown in the financial statements is recognised in the Statement of Financial Activities. Depreciation is no longer charged on these properties on grounds of materiality. The value of land is not depreciated.

Depreciation is charged on tangible assets as a percentage of cost as follows:

|  |         |
|--|---------|
| Improvements to property with limited life | 5 % pa  |
| Cars, computers and photocopiers           | 25 % pa |
| Other furniture and equipment              | 10 % pa |

Other tangible assets in regular use, principally book collections acquired by or donated to Westminster College over the period since its foundation, are not included in the Balance Sheet, since to obtain a reliable valuation is not practicable. Further details are given in note 11.

**(xi) Heritage assets**

Westminster College owns certain manuscripts and artefacts that are not in regular use, but are held for their historical or artistic qualities. They were largely acquired by the founders and donated to the College at or soon after its foundation. No formal valuations have been obtained for these assets as the cost of obtaining such valuations would outweigh the benefit. As a result these assets are not included on the Balance Sheet, nor are the assets of the United Reformed Church History Society (see note 11(c)) for the same reasons.

**(xii) Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities as incurred.

**(xiii) Investments**

Listed securities are included at market value at the Balance Sheet date. Unlisted securities are stated at cost as there is no readily ascertainable market price.

**(xiv) Stocks**

Stocks, which consist mainly of publications, are stated at the lower of cost and net realisable value after making allowance for obsolete or slow moving items.

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED****NOTE 2 VOLUNTARY INCOME****(a) Ministry and Mission Fund Contributions**

| <b>Synods</b> | <b>2012</b>   | <b>2011</b>   |
|---------------|---------------|---------------|
|               | <b>£'000</b>  | <b>£'000</b>  |
| Northern      | 996           | 1,038         |
| North Western | 2,091         | 2,093         |
| Mersey        | 1,191         | 1,256         |
| Yorkshire     | 1,226         | 1,278         |
| East Midlands | 1,192         | 1,205         |
| West Midlands | 1,652         | 1,664         |
| Eastern       | 1,803         | 1,757         |
| South Western | 1,481         | 1,400         |
| Wessex        | 1,984         | 1,983         |
| Thames North  | 2,191         | 2,174         |
| Southern      | 2,993         | 2,900         |
| Wales         | 683           | 652           |
| Scotland      | 748           | 725           |
|               | <u>20,231</u> | <u>20,125</u> |

**(b) Grants Receivable**

The Church receives income from a number of trusts. The most significant are described below.

**Congregational Memorial Hall Trust** - £60k (2011: £70k). The United Reformed Church has a 70% interest in distributions from this Trust. In 2010 the trust distributed a share of half of its assets by way of a donation totalling £3,658k of investments. Income from the investments has replaced most of the grant.

**Council for World Mission** - £21k (2011: £75k). The Council approved grants totalling £315k over three years from its Mission Support Programme, to enable the Church to prepare and run a campaign. Grants were credited to income as they were used. The campaign was terminated by Mission Council in March 2012; remaining costs were covered by a smaller final grant instalment, so that the total of grants received was £236k.

**The Cheshunt Foundation** - £51k (2011: £52k). The foundation, which is an independent Trust not reporting to the United Reformed Church, supports Westminster College by paying the stipend and expenses of one of the lecturers, by contributing to the college budget, by student bursaries and by providing financial support for ministers taking sabbatical leave.

**(c) Donations**

Other donations include £1,476k (2011: £164k) received by Westminster College towards its Development Appeal, and £1,051k (2011: £977k) received from Synods towards pension fund deficit contributions.

**NOTE 3 INVESTMENT INCOME**

|   | <b>2012</b>  | <b>2011</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Unitised funds                                      | 1,297        | 1,290        |
| Unlisted securities                                 | 2            | 2            |
| Property  | -            | 1            |
| Interest on short-term investment and bank deposits | 77           | 67           |
|   | <u>1,376</u> | <u>1,360</u> |

**NOTE 4 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

| These comprise:   | <b>2012</b>  | <b>2011</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Retired Ministers' Housing - rents                                  | 558          | 529          |
| Westminster College - accommodation, conferences, catering and fees | 511          | 446          |
| Windermere Centre - accommodation, catering and courses             | 232          | 236          |
| Publication and resource sales                                      | 94           | 84           |
| REFORM magazine - subscriptions and advertising                     | 135          | 146          |
| Other programmes - fees, grants and sales                           | 29           | 32           |
|   | <u>1,559</u> | <u>1,473</u> |

**NOTE 5 ANALYSIS OF EXPENDITURE**

(a) The amount spent on charitable activities, including support costs, is summarised as follows:

|                                  | <b>Direct<br/>programme<br/>expenditure<br/>£'000</b> | <b>Grant<br/>funding<br/>(note 6)<br/>£'000</b> | <b>Support<br/>costs<br/>(note 8)<br/>£'000</b> | <b>2012<br/>Total<br/>£'000</b> | <b>2011<br/>Total<br/>£'000</b> |
|----------------------------------|---|---|---|---------------------------------|---------------------------------|
| <b>Ministry</b>                  | 17,807  | 819   | 1,318   | 19,944                          | 20,173                          |
| <b>Education and Learning</b>    | 2,469   | 518   | 223   | 3,210                           | 3,179                           |
| <b>Youth and Children's work</b> | 313   | 33  | 43  | 389                             | 479                             |
| <b>Mission programmes</b>        | 668   | 762   | 128   | 1,558                           | 1,837                           |
| <b>Publishing</b>                | 317   | -   | 38  | 355                             | 377                             |
|                                  | <u>21,574</u>   | <u>2,132</u>                                    | <u>1,750</u>                                    | <u>25,456</u>                   | <u>26,045</u>                   |

(b) The amounts spent on charitable activities, excluding support costs, may be analysed by programme as follows:

|  | <b>Direct<br/>programme<br/>expenditure<br/>£'000</b> | <b>Grant<br/>funding<br/>£'000</b> | <b>2012<br/>Total<br/>£'000</b> | <b>2011<br/>Total<br/>£'000</b> |
|--|---|------------------------------------|---------------------------------|---------------------------------|
| <b>Ministry</b>                              |   |                                    |                                 |                                 |
| Local and special ministries and CRCWs       | 16,402  | 314                                | 16,716                          | 16,916                          |
| Synod moderators - stipends and expenses     | 591   | -                                  | 591                             | 615                             |
| Pension grants                               | -   | 458                                | 458                             | 468                             |
| Retired ministers' housing                   | 549   | -                                  | 549                             | 517                             |
| Ministries committee                         | 265   | 47                                 | 312                             | 317                             |
|  | <u>17,807</u>   | <u>819</u>                         | <u>18,626</u>                   | <u>18,833</u>                   |
| <b>Education and Learning</b>                |   |                                    |                                 |                                 |
| Initial training for ministry                | 743   | 518                                | 1,261                           | 1,311                           |
| Ongoing training for ministry                | 157   | -                                  | 157                             | 181                             |
| Lay training                                 | 161   | -                                  | 161                             | 167                             |
| Resource Centres support                     | 538   | -                                  | 538                             | 535                             |
| Westminster College development              | 359   | -                                  | 359                             | 234                             |
| Windermere Centre programme                  | 354   | -                                  | 354                             | 367                             |
| Education and Learning committee             | 157   | -                                  | 157                             | 161                             |
|  | <u>2,469</u>  | <u>518</u>                         | <u>2,987</u>                    | <u>2,956</u>                    |
| <b>Youth and Children's work</b>             |   |                                    |                                 |                                 |
| Staff costs                                  | 243   | -                                  | 243                             | 282                             |
| Resources and programme – youth & children   | 55  | 33                                 | 88                              | 125                             |
| Resources and programme – Pilots development | 15  | -                                  | 15                              | 18                              |
|  | <u>313</u>  | <u>33</u>                          | <u>346</u>                      | <u>425</u>                      |
| <b>Mission programmes</b>                    |   |                                    |                                 |                                 |
| Grants to local churches                     | -   | 75                                 | 75                              | 148                             |
| Ecumenical and international programmes      | 127   | 185                                | 312                             | 304                             |
| Commitment for Life programme                | 73  | 451                                | 524                             | 554                             |
| Campaign of radical welcome                  | 22  | -                                  | 22                              | 116                             |
| Other programmes                             | 53  | 51                                 | 104                             | 143                             |
| Mission committee                            | 393   | -                                  | 393                             | 419                             |
|  | <u>668</u>  | <u>762</u>                         | <u>1,430</u>                    | <u>1,684</u>                    |
| <b>Publishing</b>                            |   |                                    |                                 |                                 |
| REFORM magazine                              | 216   | -                                  | 216                             | 235                             |
| Publications and resources                   | 101   | -                                  | 101                             | 99                              |
|  | <u>317</u>  | <u>-</u>                           | <u>317</u>                      | <u>334</u>                      |
| <b>Total</b>                                 | <u>21,574</u>   | <u>2,132</u>                       | <u>23,706</u>                   | <u>24,232</u>                   |

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED****NOTE 6 ANALYSIS OF GRANTS**

|   | <b>Grants to<br/>individuals<br/>£'000</b> | <b>Grants to<br/>institutions<br/>£'000</b> | <b>2012<br/>Total<br/>£'000</b> | <b>2011<br/>Total<br/>£'000</b> |
|---|--|---|---------------------------------|---------------------------------|
| Pension grants                          | 458  | -   | 458                             | 468                             |
| Welfare and other ministry grants       | 314  | -   | 314                             | 345                             |
| Student maintenance and training        | 518  | -   | 518                             | 505                             |
| Local churches - mission and facilities | -  | 75  | 75                              | 148                             |
| Chaplaincies                            | -  | 47  | 47                              | 62                              |
| Ecumenical church bodies                | -  | 152   | 152                             | 157                             |
| Commitment for Life programme           | -  | 451   | 451                             | 486                             |
| Other programmes                        | 17   | 100   | 117                             | 143                             |
|   | <u>1,307</u>                               | <u>825</u>                                  | <u>2,132</u>                    | <u>2,314</u>                    |

Major grants to institutions in the year (included above) were:

| <b><u>Organisation</u></b> | <b><u>Type</u></b>  | <b><u>2012<br/>£'000</u></b> | <b><u>2011<br/>£'000</u></b> |
|----------------------------|---------------------|------------------------------|------------------------------|
| Christian Aid              | Commitment for Life | 388                          | 419                          |
| World Development Movement | Commitment for Life | 52                           | 56                           |
| Council for World Mission  | Ecumenical          | 50                           | 50                           |

**NOTE 7 GOVERNANCE COSTS**

Governance costs consisted of the following direct and indirect costs:

|  | <b><u>2012<br/>£'000</u></b> | <b><u>2011<br/>£'000</u></b> |
|--|------------------------------|------------------------------|
| General Assembly                                 | 282                          | 25                           |
| Mission Council and its advisory and task groups | 62                           | 52                           |
| Auditors' remuneration                           | 48                           | 48                           |
| Legal and professional fees                      | 181                          | 118                          |
| Other governance costs                           | 61                           | 77                           |
| Support costs                                    | 48                           | 29                           |
|  | <u>682</u>                   | <u>349</u>                   |

General Assembly takes place on a biennial basis, and its costs are accounted for in the relevant year.

**NOTE 8 SUPPORT COSTS**

Support costs comprise the premises costs of United Reformed Church House, and the staff and office costs in respect of: Central Secretariat (including Human Resources), Finance, Communications and Information Technology. These costs have been apportioned across the areas of activity on the basis and in the amounts shown below.

|                              | <b><u>Premises<br/>costs<br/>£'000</u></b> | <b><u>Computer<br/>costs<br/>£'000</u></b> | <b><u>Staff and<br/>office costs<br/>£'000</u></b> | <b><u>2012<br/>Total<br/>£'000</u></b> | <b><u>2011<br/>Total<br/>£'000</u></b> |
|------------------------------|--|--|--|--|--|
| Basis of apportionment       | Area                                       | Staff                                      | Actual costs                                       |  |  |
| <b>Charitable activities</b> |  |  |  |  |  |
| Ministry                     | 37   | 42   | 1,239  | 1,318                                  | 1,340                                  |
| Education and Learning       | 14   | 10   | 199  | 223                                    | 223                                    |
| Youth and Children's work    | 10   | 11   | 22   | 43                                     | 54                                     |
| Mission                      | 15   | 18   | 95   | 128                                    | 153                                    |
| Editorial and publishing     | 9  | 7  | 22   | 38                                     | 43                                     |
| <b>Governance</b>            | 5  | 2  | 41   | 48                                     | 29                                     |
|                              | <u>90</u>                                  | <u>90</u>                                  | <u>1,618</u>                                       | <u>1,798</u>                           | <u>1,842</u>                           |



**NOTE 9 NOTIFIED LEGACIES**

Notification of five legacies for the general purposes of the Trust and three legacies for the restricted funds of Retired Ministers' Housing and Retired Ministers' Aid have been received that have not been included in the financial statements because the conditions for recognition have not yet been met. It is estimated that the amounts receivable from these legacies will be around £297k (2011: six legacies, £385k).

**NOTE 10 STIPEND AND SALARY COSTS**

During the year the following stipend and salary costs were incurred:

|                                       |                       | <b>2012</b>   | <b>2011</b>   |
|---------------------------------------|-----------------------|---------------|---------------|
|                                       |                       | <b>£'000</b>  | <b>£'000</b>  |
| Ministers and CRCWs : 529 (2011: 545) | Gross stipends        | 12,526        | 12,737        |
|                                       | Social security costs | 1,201         | 1,231         |
|                                       | Other pension costs   | 3,082         | 3,001         |
|                                       |                       | <u>16,809</u> | <u>16,969</u> |
| Lay staff : 88 (2011 :104)            | Gross salaries        | 2,043         | 2,541         |
|                                       | Social security costs | 194           | 254           |
|                                       | Other pension costs   | 424           | 526           |
|                                       |                       | <u>2,661</u>  | <u>3,321</u>  |

The numbers shown represent the average for the year, and staff working for part of the year are included at the appropriate proportion calculated on a full time equivalent basis. They include staff working at Church House in London, the Windermere Centre and Westminster College in Cambridge.

There were no ministers, Church Related Community Workers or employees whose emoluments, excluding employer pension contributions, exceeded £60k during 2012 or 2011.

In addition, a great amount of time, the value of which it is impossible to reflect in these financial statements, is donated by thousands of volunteers throughout the United Kingdom.

Individuals acting in a trustee capacity for the various United Reformed Church trusts received no remuneration in respect of their services as trustee, other than the reimbursement of travel expenses to 24 individuals during the year ended 31 December 2012 totalling £4,230 (2011: 24 individuals totalling £4,738).

**NOTE 11 TANGIBLE FIXED ASSETS****(a) Consolidated:**

|  | <b>Houses for<br/>retired<br/>ministers<br/>£'000</b> | <b>Houses for<br/>serving<br/>ministers<br/>£'000</b> | <b>Other<br/>properties<br/>£'000</b> | <b>Cars and<br/>equipment<br/>£'000</b> | <b>Total<br/>£'000</b> |
|--|---|---|---------------------------------------|---|------------------------|
| <b>Cost</b>  |   |   |                                       |   |                        |
| At 1 January 2012                                  | 35,980  | 5,354   | 2,826                                 | 788                                     | 44,948                 |
| Additions  | 2,452   | 645   | -                                     | 31                                      | 3,128                  |
| Disposals  | (1,197)   | (287)   | -                                     | (13)                                    | (1,497)                |
| At 31 December 2012                                | 37,235  | 5,712   | 2,826                                 | 806                                     | 46,579                 |
| <b>Accumulated depreciation and<br/>impairment</b> |   |   |                                       |   |                        |
| At 1 January 2012                                  | 709   | 73  | 151                                   | 569                                     | 1,502                  |
| Charge for year                                    | -   | -   | 1                                     | 63                                      | 64                     |
| Disposals  | (48)  | (16)  | -                                     | (12)                                    | (76)                   |
| At 31 December 2012                                | 661   | 57  | 152                                   | 620                                     | 1,490                  |
| <b>Net book value</b>                              |   |   |                                       |   |                        |
| At 31 December 2012                                | <u>36,574</u>   | <u>5,655</u>  | <u>2,674</u>                          | <u>186</u>                              | <u>45,089</u>          |
| At 31 December 2011                                | <u>35,271</u>   | <u>5,281</u>  | <u>2,675</u>                          | <u>219</u>                              | <u>43,446</u>          |

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## NOTE 11 (continued)

Of the land and buildings included above, £5,293k (2011: £4,887k) are leasehold. At 31 December 2012 353 (2011: 351) houses were owned for housing retired ministers and 20 (2011: 20) houses for serving ministers. Although the total market value of all properties is not practicable to quantify, it is considerably in excess of the carrying value shown above.

Other properties include premises improvements at United Reformed Church House, the Yardley Hastings and Windermere Centres, and building costs capitalised at Westminster College since 1983. The Yardley Hastings property, which has a carrying value of £628k, was leased for five years to East Midlands Synod Trust to house the Crossways centre; that lease ended on 31 March 2011 and has not been renewed, but Crossways and the local church continue to use the premises. The future uses of the property are under review, and some impairment of the carrying value is expected to be required, the amount of which cannot yet be quantified.

With the exception of certain improvements and additions since 1983, the buildings of Westminster College are not included in the Balance Sheet since the use of the College was originally a gift to the Church, the value of which cannot readily be ascertained without excessive cost. In addition there is a covenant in perpetuity restricting the Church's ability to use the College for purposes wider than that of a theological college; hence an open market value cannot be applied.

The College also owns certain tangible assets, which have been acquired or donated to it over the years since its foundation, not included in the Balance Sheet. These include the Academic Library and other book collections with an insurance valuation in excess of £1million, historic furniture and works of art. All book collections are in regular use, either for theological study and reference or for historical research. Other items are in use or on display as appropriate.

| <b>(b) Trust:</b>                                  | <b>Houses for<br/>retired<br/>ministers<br/>£'000</b> | <b>Houses for<br/>serving<br/>ministers<br/>£'000</b> | <b>Other<br/>properties<br/>£'000</b> | <b>Cars and<br/>equipment<br/>£'000</b> | <b>Total<br/>£'000</b> |
|--|---|---|---------------------------------------|---|------------------------|
| <b>Cost</b>  |   |   |                                       |   |                        |
| At 1 January 2012                                  | 1,234   | 5,354   | 2,102                                 | 559                                     | 9,249                  |
| Additions  | 23  | 645   | -                                     | 29                                      | 697                    |
| Disposals  | (121)   | (287)   | -                                     | (13)                                    | (421)                  |
| At 31 December 2012                                | 1,136   | 5,712   | 2,102                                 | 575                                     | 9,525                  |
| <b>Accumulated depreciation<br/>and impairment</b> |   |   |                                       |   |                        |
| At 1 January 2012                                  | 63  | 73  | 111                                   | 430                                     | 677                    |
| Charge for year                                    | -   | -   | -                                     | 47                                      | 47                     |
| Disposals  | (6)   | (16)  | -                                     | (11)                                    | (33)                   |
| At 31 December 2012                                | 57  | 57  | 111                                   | 466                                     | 691                    |
| <b>Net book value</b>                              |   |   |                                       |   |                        |
| At 31 December 2012                                | 1,079   | 5,655   | 1,991                                 | 109                                     | 8,834                  |
| At 31 December 2011                                | 1,171   | 5,281   | 1,991                                 | 129                                     | 8,572                  |

**(c) Heritage Assets**

Westminster College owns certain manuscripts and artefacts that are not in regular use, but held for their historical qualities. Most derive from the collections of the founding sisters, Agnes Lewis and Margaret Gibson, and were donated by them to the College during their lifetime. Some are displayed and others stored. In recent years some items of significant value, but not relevant to the heritage of the church traditions represented in the United Reformed Church nor to the present objectives of the College, have been sold in order to raise funds for College development. The College also holds the archives, manuscripts and historic books of the United Reformed Church History Society (which is a separate charity) on behalf of the United Reformed Church. Indicative valuations have been obtained for some items held, but are not considered sufficiently robust to be reported here.

**NOTE 12 INVESTMENTS**

|                                     | <b>Consolidated</b> |               | <b>Trust</b>  |               |
|-------------------------------------|---------------------|---------------|---------------|---------------|
|                                     | <b>2012</b>         | <b>2011</b>   | <b>2012</b>   | <b>2011</b>   |
| <b>Fixed asset investments</b>      | <b>£'000</b>        | <b>£'000</b>  | <b>£'000</b>  | <b>£'000</b>  |
| Carrying value at beginning of year | 27,657              | 28,964        | 26,940        | 27,852        |
| Additions to investments at cost    | 174                 | 11,208        | 174           | 10,765        |
| Disposals at carrying value         | (170)               | (10,628)      | (170)         | (9,866)       |
| Net gains/(losses) on revaluation   | 2,235               | (1,887)       | 2,169         | (1,811)       |
| Carrying value at end of year       | <u>29,896</u>       | <u>27,657</u> | <u>29,113</u> | <u>26,940</u> |

|   | <b>Consolidated</b> |               | <b>Trust</b>  |               |
|---|---------------------|---------------|---------------|---------------|
|   | <b>2012</b>         | <b>2011</b>   | <b>2012</b>   | <b>2011</b>   |
|   | <b>£'000</b>        | <b>£'000</b>  | <b>£'000</b>  | <b>£'000</b>  |
| Investments comprise units in UK based Common Investment Funds at market value, as follows: |                     |               |               |               |
| COIF Charities Ethical Investment Fund  | 18,693              | 17,102        | 17,910        | 16,385        |
| The SRI Fund for Charities  | 6,927               | 6,562         | 6,927         | 6,562         |
| COIF Global Equity Income Fund  | 3,337               | 2,992         | 3,337         | 2,992         |
| COIF Charities Property Fund  | 939                 | 1,001         | 939           | 1,001         |
|   | <u>29,896</u>       | <u>27,657</u> | <u>29,113</u> | <u>26,940</u> |
| Investments at book cost  | <u>28,776</u>       | <u>28,758</u> | <u>28,025</u> | <u>28,008</u> |

The trustees believe that the carrying value of the investments is supported by their underlying net assets.

**NOTE 13 PROGRAMME-RELATED INVESTMENTS**

Programme-related investments are investments made in pursuit of the Trust's charitable purposes, the primary motivation for which is not financial but to further our objectives and programme. The principal programme-related investment is £200k as a Founder Member of Luther King House Educational Trust, which owns the property that houses our resource centre for learning at Northern College. Smaller investments are held in Oikocredit, the Christian Conference Trust and Traidcraft plc. The movement in the year represents the partial redemption of the investment in the Christian Conference Trust.

**NOTE 14 LOANS**

|                          | <b>Consolidated</b> |              | <b>Trust</b> |              |
|--------------------------|---------------------|--------------|--------------|--------------|
|                          | <b>2012</b>         | <b>2011</b>  | <b>2012</b>  | <b>2011</b>  |
|                          | <b>£'000</b>        | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> |
| External loans comprise: |                     |              |              |              |
| To churches              | 29                  | 38           | 29           | 38           |
| To ministers             | 39                  | 52           | 39           | 52           |
| Inter-fund loans         | -                   | -            | 8,154        | 7,695        |
|                          | <u>68</u>           | <u>90</u>    | <u>8,222</u> | <u>7,785</u> |

Loans to ministers are generally interest free. Loans to churches bear interest at rates between 1½% and 5½%, except for certain loans, which are interest free for an initial period of two years.

Inter-fund loans represent the long-term indebtedness of the United Reformed Church Retired Ministers' Housing Society Limited to other funds of the Church. Loans have been made available for the purchase of properties, for as long as they are required, to enable the Society to fulfil its objectives.

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED****NOTE 15 DEBTORS**

|                                    | Consolidated  |               | Trust         |               |
|------------------------------------|---------------|---------------|---------------|---------------|
|                                    | 2012<br>£'000 | 2011<br>£'000 | 2012<br>£'000 | 2011<br>£'000 |
| Debtors comprise:                  |               |               |               |               |
| Amounts owed by group undertakings | -             | -             | 3,054         | 4,611         |
| Tax recoverable                    | 16            | 15            | 16            | 15            |
| Other debtors                      | 1,350         | 767           | 703           | 763           |
| Prepayments and accrued income     | 820           | 978           | 714           | 762           |
|                                    | <u>2,186</u>  | <u>1,760</u>  | <u>4,487</u>  | <u>6,151</u>  |

**NOTE 16 CREDITORS: amounts falling due within one year**

|  | Consolidated  |               | Trust         |               |
|--|---------------|---------------|---------------|---------------|
|  | 2012<br>£'000 | 2011<br>£'000 | 2012<br>£'000 | 2011<br>£'000 |
| Current liabilities comprise:                          |               |               |               |               |
| Sums held for Synods and congregations                 | 54            | 443           | 17            | 406           |
| Other creditors including taxation and social security | 546           | 559           | 542           | 555           |
| Accruals and deferred income                           | 760           | 647           | 698           | 591           |
|  | <u>1,360</u>  | <u>1,649</u>  | <u>1,257</u>  | <u>1,552</u>  |

Included within the 'Sums held for Synods and congregations' is £nil (2011 £325k) which formerly represented amounts donated to the Ministry and Mission Fund by individual Synods in excess of their agreed annual contribution.

**NOTE 17 UNRESTRICTED FUNDS**

The Ministry and Mission Fund is the general fund of the Church through which the bulk of our income and expenditure, covered by the annual budget agreed by the Trustees and presented to Mission Council, is passed. Associated with it are two capital funds, Maintenance of the Ministry and Ministerial Training, the whole of whose income each year is transferred to the Ministry and Mission Fund, which is responsible for meeting ministry and training costs.

The Ministry and Mission unrestricted fund balance includes £953k (2011: £990k) designated as a Legacies fund, from which sums are allocated by the Finance Committee to projects not covered by regular budgets. The first allocations were in 2010, and £86k was allocated in 2012.

These funds include £15.5million held as capital, most having been gifted by other trusts. These funds are invested and the income is used as intended; in the case of £12.9million the capital is expendable by decision of the Trustees.

The Pension reserve has been deducted from the unrestricted income fund balance, resulting in a negative figure, although other expendable unrestricted funds and certain restricted funds would be likely to be available to meet pension scheme liabilities.

**NOTE 18 RESTRICTED FUNDS****(a) Westminster College funds**

This group of funds are the charity funds of Westminster College. In addition to the College general fund that deals with income and expenditure from its main academic activities, there are library funds, scholarship funds, its Development Appeal fund and other funds available for use in connection with the development of the College. Support from the Church is shown by way of transfer from the Ministry and Mission Fund.

**(b) Church Buildings Fund**

This fund may be used in the upkeep and repair of the buildings of the local churches of the United Reformed Church and the maintenance of the services therein; in the improvement and extension of the buildings of such churches; and in the provision and erection of buildings for use for the purposes of such churches or as residences for ministers of the United Reformed Church. Both grants and loans are used for these purposes; notes 6 and 14 give some details.

**(c) Retired Ministers' Housing Funds and Retired Ministers' Housing Society**

The whole of these funds is utilised by the Retired Ministers' Housing Committee in providing accommodation for ministers and ministers' widow/ers in their retirement. Income in 2012 included £174k from donations and £286k from legacies. Most of the remaining income arises from the profit on the sale of houses, the proceeds of which were largely re-invested in further house purchases. The indebtedness of the Society to the other funds of the Church is included in the Trust Balance Sheet and notes 14 to 16 as inter-fund loans and balances; note 23 gives information on its future commitments.

**(d) Welfare Fund**

This fund can be used to relieve cases of need among ministers of the United Reformed Church, their spouses and other dependants. Regular uses have been to provide a grant on the death of a minister to the surviving spouse, to provide a grant at Christmas to widow/ers of United Reformed Church ministers, counselling costs and assistance with medical costs. Surplus income of certain other funds is transferred to this fund.

**(e) Retired Ministers' Fund and Retired Ministers' Aid Fund**

These funds are used to supplement the pensions paid to ministers and ministers' widow/ers, principally by upgrading the pensions of former ministers of the Congregational Church and the Churches of Christ and the widow/ers of such ministers to a level of 95% of the pension that would have been paid if the minister's service had been to the former Presbyterian Church, and also to pay certain ill-health early retirement pensions. The balances shown for these funds are after deducting the actuarially assessed cost of the Church's constructive obligation to continue making these payments, totalling £4,060k.

**(f) World Church and Mission Funds**

These funds are used by the Mission Committee under the Belonging to the World Church programme and for other purposes, as the terms of the various trusts permit.

**(g) Windermere Centre Fund and Yardley Hastings Fund**

These funds were raised to develop the Windermere Centre and the Yardley Hastings Centre and are mainly invested in those properties. The annual income and costs of the Windermere Centre are shown through the Ministry and Mission Fund. The Yardley Hastings property houses the Crossways Centre.

**(h) Commitment for Life Fund**

This programme involves substantial sums of money being collected through the Church and Society office, and disbursed for Christian Aid programmes and other purposes. The balance held at the year end represents sums received, which had not yet been allocated.

**(i) Other funds**

There are some fifty other funds in the care of United Reformed Church Trust, covering many different activities relating to the Church centrally, and some to the wider parts of the United Reformed Church. Most of their income is earned from investments, and expenditure is in accordance with their various specific purposes.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## NOTE 19

SUMMARY OF FUND MOVEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

| Fund                                      | Classification<br>(see note 1(ii)) | Funds at       | Incoming      | Resources       | Transfers    | Gains(losses) | Actuarial      | Funds at        |
|---|------------------------------------|----------------|---------------|-----------------|--------------|---------------|----------------|-----------------|
|   |                                    | 1 Jan 2012     | Resources     | Expended        | between      | on investment | gains(losses)  | 31 Dec 2012     |
|   |                                    | £'000          | £'000         | £'000           | funds        | assets        | £'000          | £'000           |
|   |                                    |                |               |                 | £'000        | £'000         |                |                 |
| Ministry and Mission Fund                 | Capital                            | 4,912          | -             | -               | -            | 351           | -              | 5,263           |
|   | Unrestricted                       | (8,513)        | 22,829        | (23,017)        | 125          | 368           | (7,552)        | (15,760)        |
| Maintenance of the Ministry Fund          | Capital                            | 605            | -             | -               | -            | 46            | -              | 651             |
|   | Unrestricted                       | -              | 62            | -               | (62)         | -             | -              | -               |
| Ministerial Training Fund                 | Capital                            | 8,983          | 14            | -               | -            | 577           | -              | 9,574           |
|   | Unrestricted                       | -              | 400           | -               | (400)        | -             | -              | -               |
| <b>Westminster College Funds</b>          | <b>Capital</b>                     | <b>775</b>     | <b>-</b>      | <b>-</b>        | <b>-</b>     | <b>42</b>     | <b>-</b>       | <b>817</b>      |
|   | <b>Restricted</b>                  | <b>1,393</b>   | <b>3,294</b>  | <b>(1,325)</b>  | <b>337</b>   | <b>25</b>     | <b>-</b>       | <b>3,724</b>    |
| Church Buildings Fund                     | Capital                            | 184            | -             | -               | -            | -             | -              | 184             |
|   | Restricted                         | 2,542          | 106           | (44)            | -            | 151           | -              | 2,755           |
| Retired Ministers' Housing Funds          | Capital                            | 391            | -             | -               | -            | -             | -              | 391             |
|   | Restricted                         | 4,570          | 217           | (33)            | -            | -             | -              | 4,754           |
| <b>Retired Ministers' Housing Society</b> | <b>Capital</b>                     | <b>-</b>       | <b>-</b>      | <b>-</b>        | <b>-</b>     | <b>-</b>      | <b>-</b>       | <b>-</b>        |
|   | <b>Restricted</b>                  | <b>23,063</b>  | <b>2,164</b>  | <b>(677)</b>    | <b>-</b>     | <b>-</b>      | <b>-</b>       | <b>24,550</b>   |
| Welfare Fund                              | Capital                            | 521            | -             | -               | -            | 49            | -              | 570             |
|   | Restricted                         | 11             | 42            | (53)            | 8            | -             | -              | 8               |
| Retired Ministers' Aid Fund               | Capital                            | 182            | -             | -               | -            | 17            | -              | 199             |
|   | Restricted                         | (408)          | 29            | (72)            | -            | 35            | -              | (416)           |
| Retired Ministers' Fund                   | Capital                            | 191            | -             | -               | -            | 17            | -              | 208             |
|   | Restricted                         | (290)          | 121           | (332)           | -            | 208           | -              | (293)           |
| World Church and Mission Funds            | Capital                            | 216            | -             | -               | -            | 18            | -              | 234             |
|   | Restricted                         | 483            | 29            | (5)             | -            | 33            | -              | 540             |
| Windermere Centre Fund                    | Capital                            | -              | -             | -               | -            | -             | -              | -               |
|   | Restricted                         | 411            | -             | -               | -            | -             | -              | 411             |
| Yardley Hastings Fund                     | Capital                            | -              | -             | -               | -            | -             | -              | -               |
|   | Restricted                         | 590            | -             | -               | -            | -             | -              | 590             |
| Commitment for Life Fund                  | Capital                            | -              | -             | -               | -            | -             | -              | -               |
|   | Restricted                         | 44             | 517           | (524)           | -            | -             | -              | 37              |
| Other Funds                               | Capital                            | 2,101          | 4             | -               | -            | 188           | -              | 2,293           |
|   | Restricted                         | 1,436          | 160           | (90)            | (8)          | 110           | -              | 1,608           |
| <b>Consolidated Totals (see page 14)</b>  |                                    | <b>44,393</b>  | <b>29,954</b> | <b>(26,138)</b> | <b>-</b>     | <b>2,235</b>  | <b>(7,552)</b> | <b>42,892</b>   |
| <b>Comprising:</b>                        | <b>Capital</b>                     | <b>19,061</b>  | <b>18</b>     | <b>-</b>        | <b>-</b>     | <b>1,305</b>  | <b>-</b>       | <b>20,384</b>   |
|   | <b>Restricted</b>                  | <b>33,845</b>  | <b>6,645</b>  | <b>(3,121)</b>  | <b>337</b>   | <b>562</b>    | <b>-</b>       | <b>38,268</b>   |
|   | <b>Unrestricted</b>                | <b>(8,513)</b> | <b>23,291</b> | <b>(23,017)</b> | <b>(337)</b> | <b>368</b>    | <b>(7,552)</b> | <b>(15,760)</b> |
| <b>Trust Totals</b>                       |                                    | <b>19,162</b>  | <b>24,530</b> | <b>(24,170)</b> | <b>(337)</b> | <b>2,168</b>  | <b>(7,552)</b> | <b>13,801</b>   |
| <b>Comprising:</b>                        | <b>Capital</b>                     | <b>18,286</b>  | <b>18</b>     | <b>-</b>        | <b>-</b>     | <b>1,263</b>  | <b>-</b>       | <b>19,567</b>   |
|   | <b>Restricted</b>                  | <b>9,389</b>   | <b>1,221</b>  | <b>(1,153)</b>  | <b>-</b>     | <b>537</b>    | <b>-</b>       | <b>9,994</b>    |
|   | <b>Unrestricted</b>                | <b>(8,513)</b> | <b>23,291</b> | <b>(23,017)</b> | <b>(337)</b> | <b>368</b>    | <b>(7,552)</b> | <b>(15,760)</b> |

\* Funds of Westminster College Cambridge

\*\* Funds of the United Reformed Church Retired Ministers' Housing Society Limited

The movements in the funds of the subsidiary charities are highlighted above.

The net incoming resources before other recognised gains and losses, totalling £3,816k, have been dealt with in the financial statements of the Trust and its subsidiary charities as follows:

|                                    |              |
|------------------------------------|--------------|
|                                    | £'000        |
| URC Trust                          | 23           |
| Westminster College                | 2,306        |
| Retired Ministers' Housing Society | 1,487        |
|                                    | <u>3,816</u> |

## NOTE 20

**ANALYSIS OF NET ASSETS BETWEEN FUNDS  
AS AT 31 DECEMBER 2012**

| Fund                                      | Net Assets<br>31 Dec 2012 | Property            | Cars and<br>equipment | Investments        | External<br>Loans | Inter fund<br>Loans  | Net<br>current<br>assets | Pension<br>Reserve | Inter-<br>-fund<br>balances |
|---|---------------------------|---------------------|-----------------------|--------------------|-------------------|----------------------|--------------------------|--------------------|-----------------------------|
|   | £'000                     | £'000               | £'000                 | £'000              | £'000             | £'000                | £'000                    | £'000              | £'000                       |
| Ministry and Mission Fund                 | 5,263<br>(15,760)         | 401<br>5,848        | -<br>80               | 4,862<br>4,806     | -<br>38           | -<br>4,433           | -<br>5,777               | -<br>(37,248)      | -<br>506                    |
| Maintenance of the Ministry Fund          | 651<br>-                  | -<br>-              | -<br>-                | 651<br>-           | -<br>-            | -<br>-               | -<br>-                   | -<br>-             | -<br>-                      |
| Ministerial Training Fund                 | 9,574<br>-                | -<br>-              | -<br>-                | 8,230<br>-         | -<br>-            | -<br>-               | -<br>-                   | -<br>-             | 1,344<br>-                  |
| <b>Westminster College Funds</b>          | <b>817<br/>3,724</b>      | <b>323<br/>359</b>  | <b>-<br/>77</b>       | <b>494<br/>289</b> | <b>-<br/>-</b>    | <b>-<br/>-</b>       | <b>-<br/>3,263</b>       | <b>-<br/>-</b>     | <b>-<br/>(264)</b>          |
| Church Buildings Fund                     | 184<br>2,755              | 183<br>-            | -<br>-                | -<br>2,201         | -<br>30           | -<br>-               | -<br>-                   | -<br>-             | 1<br>524                    |
| Retired Ministers' Housing Funds          | 391<br>4,754              | 391<br>688          | -<br>-                | -<br>-             | -<br>-            | -<br>3,676           | -<br>-                   | -<br>-             | -<br>390                    |
| <b>Retired Ministers' Housing Society</b> | <b>-<br/>24,550</b>       | <b>-<br/>35,496</b> | <b>-<br/>-</b>        | <b>-<br/>-</b>     | <b>-<br/>-</b>    | <b>-<br/>(8,154)</b> | <b>-<br/>(2)</b>         | <b>-<br/>-</b>     | <b>-<br/>(2,790)</b>        |
| Welfare Fund                              | 570<br>8                  | -<br>-              | -<br>-                | 570<br>-           | -<br>-            | -<br>-               | -<br>-                   | -<br>-             | -<br>8                      |
| Retired Ministers' Aid Fund               | 199<br>(416)              | -<br>-              | -<br>-                | 199<br>496         | -<br>-            | -<br>-               | -<br>-                   | -<br>(924)         | -<br>12                     |
| Retired Ministers' Fund                   | 208<br>(293)              | -<br>-              | -<br>-                | 208<br>2,825       | -<br>-            | -<br>-               | -<br>-                   | -<br>(3,136)       | -<br>18                     |
| World Church and Mission Funds            | 234<br>540                | -<br>-              | -<br>-                | 214<br>436         | -<br>-            | -<br>-               | -<br>-                   | -<br>-             | 20<br>104                   |
| Windermere Centre Fund                    | -<br>411                  | -<br>731            | -<br>29               | -<br>-             | -<br>-            | -<br>-               | -<br>-                   | -<br>-             | -<br>(349)                  |
| Yardley Hastings Fund                     | -<br>590                  | -<br>483            | -<br>-                | -<br>-             | -<br>-            | -<br>-               | -<br>-                   | -<br>-             | -<br>107                    |
| Commitment for Life Fund                  | -<br>37                   | -<br>-              | -<br>-                | -<br>-             | -<br>-            | -<br>-               | -<br>(105)               | -<br>-             | -<br>142                    |
| Other Funds                               | 2,293<br>1,608            | -<br>-              | -<br>-                | 2,293<br>1,336     | -<br>-            | -<br>45              | -<br>-                   | -<br>-             | -<br>227                    |
| <b>Consolidated Totals</b>                | <b>42,892</b>             | <b>44,903</b>       | <b>186</b>            | <b>30,110</b>      | <b>68</b>         | <b>-</b>             | <b>8,933</b>             | <b>(41,308)</b>    | <b>-</b>                    |
| <b>Capital</b>                            | <b>20,384</b>             | <b>1,298</b>        | <b>-</b>              | <b>17,721</b>      | <b>-</b>          | <b>-</b>             | <b>-</b>                 | <b>-</b>           | <b>1,365</b>                |
| <b>Restricted</b>                         | <b>38,268</b>             | <b>37,757</b>       | <b>106</b>            | <b>7,583</b>       | <b>30</b>         | <b>(4,433)</b>       | <b>3,156</b>             | <b>(4,060)</b>     | <b>(1,871)</b>              |
| <b>Unrestricted</b>                       | <b>(15,760)</b>           | <b>5,848</b>        | <b>80</b>             | <b>4,806</b>       | <b>38</b>         | <b>4,433</b>         | <b>5,777</b>             | <b>(37,248)</b>    | <b>506</b>                  |
| <b>Trust Totals</b>                       | <b>13,801</b>             | <b>8,725</b>        | <b>109</b>            | <b>29,327</b>      | <b>68</b>         | <b>8,154</b>         | <b>5,672</b>             | <b>(41,308)</b>    | <b>3,054</b>                |
| <b>Capital</b>                            | <b>19,567</b>             | <b>975</b>          | <b>-</b>              | <b>17,227</b>      | <b>-</b>          | <b>-</b>             | <b>-</b>                 | <b>-</b>           | <b>1,365</b>                |
| <b>Restricted</b>                         | <b>9,994</b>              | <b>1,902</b>        | <b>29</b>             | <b>7,294</b>       | <b>30</b>         | <b>3,721</b>         | <b>(105)</b>             | <b>(4,060)</b>     | <b>1,183</b>                |
| <b>Unrestricted</b>                       | <b>(15,760)</b>           | <b>5,848</b>        | <b>80</b>             | <b>4,806</b>       | <b>38</b>         | <b>4,433</b>         | <b>5,777</b>             | <b>(37,248)</b>    | <b>506</b>                  |

The assets and liabilities of the subsidiary charities are highlighted above.

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED****NOTE 21 THE UNITED REFORMED CHURCH MINISTERS' PENSION FUND**

Pensions for most ministers are provided by The United Reformed Church Ministers' Pension Fund. The Fund is a defined benefit pension scheme and the assets are invested and managed by an independent trustee.

Triennial actuarial valuations of the pension scheme are performed by a qualified actuary. The actuarial valuation at 1 January 2012 was formally agreed on 12 December 2012. For the purpose of these financial statements, the actuary has updated that valuation at 31 December 2012 using assumptions that are consistent with the requirements of FRS 17. Compared with a year ago, this update has increased the present value of scheme liabilities by 8% while asset values increased by 2%. This has resulted in an increase of £7.7million in the scheme's deficit and hence in the level of the pension reserve.

## a) Contributions:

The defined benefit scheme is funded and is not contracted-out of the state scheme. Contributions in 2012 totalled 19.8% of pensionable pay, together with a fixed annual amount of deficit funding, in 2012 £1,557k (2011: £1,527k), increasing in line with stipends. Members' contributions are 7.5% of pensionable pay. Church contributions totalled £3,043k in 2012 (2011: £2,973k).

The major assumptions used by the actuary in assessing scheme liabilities on a FRS 17 basis were:

|  | <b>2012</b> | <b>2011</b> |
|--|-------------|-------------|
| Discount rate at year end                                | 4.10%       | 4.70%       |
| Expected return on plan assets at year end               | 5.11%       | 4.94%       |
| Future stipend increases                                 | 2.30%       | 2.10%       |
| Future pension increases (RPI up to 5%)                  | 2.90%       | 3.00%       |
| Future deferred pension revaluation (CPI)                | 2.30%       | 2.10%       |
| Life expectancy of current male pensioners (age 65)      | 23.5        | 23.4        |
| Life expectancy at 65 of future male pensioners (age 55) | 23.9        | 23.9        |

A long-term expected rate of return is derived for each asset class in which the Fund invests. These returns are then weighted by the value of the assets held in each asset class at the year end to derive an overall long-term expected rate of return. At 31 December 2012 the long-term expected return from equities is estimated to be 8.3% pa and the long-term expected return from bonds is estimated to be 3.2% pa, giving a weighted return of 5.11%. These represent the two major asset classes in which the Fund invests.

b) **The amounts recognised in the Balance Sheet are as follows:**

|                                     | <b>2012</b>            | <b>2011</b>            |
|-------------------------------------|------------------------|------------------------|
|                                     | <b>Value at 31 Dec</b> | <b>Value at 31 Dec</b> |
|                                     | <b>£'000</b>           | <b>£'000</b>           |
| <b>Present value of obligations</b> | 128,870                | 119,436                |
| <b>Fair value of plan assets</b>    | 91,622                 | 89,941                 |
| <b>Net asset (liability)</b>        | <u>(37,248)</u>        | <u>(29,495)</u>        |

c) **The charge to the Statement of Financial Activities for the year comprised:**

|   | <b>2012</b>    | <b>2011</b>  |
|---|----------------|--------------|
|   | <b>£'000</b>   | <b>£'000</b> |
| <b>Operating charge</b>   |                |              |
| Current service cost  | 2,092          | 2,009        |
| Interest on obligation  | 5,551          | 6,346        |
| Expected return on plan assets  | (4,399)        | (5,089)      |
| Total operating charge  | <u>3,244</u>   | <u>3,266</u> |
| <b>Analysis of amount recognised in Funds</b>                             |                |              |
| Actual return less expected return on plan assets                         | (675)          | 2,207        |
| Experience gains (losses) arising on scheme liabilities                   | (100)          | 1,080        |
| Changes in assumptions underlying the present value of scheme liabilities | (6,777)        | 1,115        |
| Actuarial gain (loss) recognised in Funds                                 | <u>(7,552)</u> | <u>4,402</u> |



**NOTE 21 (continued)****d) Change in defined benefit obligation:**

|  | <b>2012</b>    | <b>2011</b>    |
|--|----------------|----------------|
|  | <b>£'000</b>   | <b>£'000</b>   |
| Opening defined benefit obligation         | 119,436        | 118,044        |
| Service cost (inc. employee contributions) | 2,951          | 2,887          |
| Interest cost                              | 5,551          | 6,346          |
| Actuarial losses (gains)                   | 6,877          | (2,195)        |
| Benefits paid                              | (5,945)        | (5,646)        |
| Closing defined benefit obligation         | <u>128,870</u> | <u>119,436</u> |

**e) Change in fair value of plan assets:**

|                                   | <b>2012</b>   | <b>2011</b>   |
|-----------------------------------|---------------|---------------|
|                                   | <b>£'000</b>  | <b>£'000</b>  |
| Opening fair value of plan assets | 89,941        | 84,440        |
| Expected return                   | 4,399         | 5,089         |
| Actuarial gains (losses)          | (675)         | 2,207         |
| Contributions by employer         | 3,043         | 2,973         |
| Contributions by employees        | 859           | 878           |
| Benefits paid                     | (5,945)       | (5,646)       |
| Closing fair value of plan assets | <u>91,622</u> | <u>89,941</u> |

**f) Future employer contributions:**

The Church expects to contribute about £2,535,000 to the plan during the next accounting year.

**g) Breakdown of plan assets:**

The major categories of plan assets as a percentage of total plan assets are as follows:

|            | <b>2012</b>             | <b>2011</b>             |
|------------|-------------------------|-------------------------|
|            | <b>Asset allocation</b> | <b>Asset allocation</b> |
|            | <b>%</b>                | <b>%</b>                |
| Equities   | 38.0                    | 33.3                    |
| Bonds      | 60.9                    | 63.1                    |
| Cash/other | 1.1                     | 3.6                     |

**h) Five year comparison**

The amounts for the current and previous four years are as follows:

|                            | <b>2012</b>     | <b>2011</b>     | <b>2010</b>     | <b>2009</b>     | <b>2008</b>     |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                            | <b>£'000</b>    | <b>£'000</b>    | <b>£'000</b>    | <b>£'000</b>    | <b>£'000</b>    |
| Defined benefit obligation | 128,870         | 119,436         | 118,044         | 108,100         | 87,762          |
| Plan assets                | 91,622          | 89,941          | 84,440          | 78,305          | 72,291          |
| Surplus/(deficit)          | <u>(37,248)</u> | <u>(29,495)</u> | <u>(33,604)</u> | <u>(29,795)</u> | <u>(15,471)</u> |

**Other pension obligations**

SORP 2005 requires that constructive obligations, although not legally binding, be recognised on a charity's balance sheet. United Reformed Church Trust considers that it has a long-term constructive obligation in respect of:

a) the pension supplements it pays to former ministers of the Congregational Church and the Churches of Christ and the widow/ers of those ministers, in order to bring their pension to a level of 95% of the pension that would have been paid if the minister's service had been to the former Presbyterian Church, and

b) other pension grants, principally for ill-health early retirement until 2004.

An independent actuarial assessment of the net present value of these future payments was obtained at the time of the formal actuarial review at 1 January 2012, using the same assumptions as for FRS 17 calculations; this value (£4,060k) has been deducted from the assets of the Retired Ministers' Fund or the Retired Ministers' Aid Fund included in the Balance Sheet.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### NOTE 22 THE UNITED REFORMED CHURCH FINAL SALARY SCHEME

a) The United Reformed Church contributes to a lay staff pension scheme known as the "Final Salary" scheme, which is administered by The Pensions Trust. This is operated as a defined benefit scheme but the United Reformed Church is not the only participating employer in the scheme and is unable to identify its share of the underlying assets and liabilities – each employer in that scheme pays a common contribution rate.

During 2012 the United Reformed Church contributed 26% (2011: 26%) of basic salary in respect of members of the Final Salary scheme, amounting to £424k (2011: £521k), a sum not material to the Church's overall pension cost. At 31 December 2012 £34k (2011: £42k) of these contributions was outstanding. Members contributed at the rate of 6% (2011: 6%) of pensionable salary throughout the accounting period.

Triennial actuarial valuations of the whole Final Salary scheme are performed by a professionally qualified actuary. The most recent formal actuarial review of the scheme was at 30 September 2010, when the scheme had a deficit of £2,733k. The assumptions underlying that valuation include:

|                              |   |
|------------------------------|---|
| Discount rate:               | pre-retirement 7.5%, post-retirement 4.2% |
| Pensionable earnings growth: | 2.6% for three years, 4.5% thereafter     |
| Future pension increases:    | 2.6%                                      |
| Retirement age:              | 60, with maximum commutation              |

As a result of the actuary's recommendations, contributions by participating employers continued unchanged at 26% of basic salary from 1 January 2012.

b) Certain members of the Final Salary scheme have also made additional voluntary contributions to the 'Growth Plan', a multi-employer funded pension plan operated by The Pensions Trust. Certain past contributions to this plan entitle the members to either a defined pension or a guaranteed capital sum to be converted into an annuity at retirement. The Church does not make contributions to the Growth Plan, but may under certain circumstances be required by The Pensions Trust to make contributions to an actuarial deficit. The most recent formal actuarial valuation of the Growth Plan, as at 30 September 2011, revealed a deficit of £147m, equivalent to a funding level of 84%. Its recovery plan includes a requirement for contributions from the Church over a period of 10 years from 1 April 2013, including £18k in 2013. It is not possible to identify the share of the assets and liabilities of the Growth Plan attributable to the Church's participation in it.

In addition, in the event of no members continuing to contribute to the Growth Plan, there is a contingent obligation of an employer debt on withdrawal in respect of certain liabilities incurred before October 2001. The Pensions Trust estimated the Church's contingent obligation at £286k as at 31 March 2012, but there is not currently any expectation that this situation will arise.

### NOTE 23 COMMITMENTS

At 31 December 2012 there were, in respect of the purchase of properties, commitments of £1,286k (2011: £1,605k), and contractual liabilities of £nil (2011: £255k). There were no commitments to make grants.

The Church is committed, through the United Reformed Church Retired Ministers' Housing Society Limited and other earmarked funds, to providing housing for retired ministers. Owing to the many unknown variables which would be involved in calculating the value of this long-term liability, no provision is included in the Balance Sheet.

These variables include the number of ministers requiring assistance from the Society and the level of contributions able to be made by individual ministers towards the cost of their homes. During 2012 £2.4 million was spent on acquiring housing for retired ministers, £520k on repairing and maintaining existing properties and profits of £1.4 million were earned from the sale of homes no longer required. An exercise was undertaken by the Society's management committee in 2007 to collect information to enable more accurate long-term planning; this confirmed the likely high level of need in the short to medium term. Future cash flow is kept under continuous review, and a recent updating of the 2007 exercise, while noting an encouraging outcome in recent years, confirmed expectation of a high cash requirement in some future years.

The Trust entered into a legal Guarantee on 21 July 2010, under which it guarantees future contributions by the Church to the United Reformed Church Ministers' Pension Fund, as set out in the Schedule of Contributions in force from time to time up to an aggregate maximum amount of £16 million, using assets available for this purpose.

**NOTE 24 CASH FLOW INFORMATION****Reconciliation of net cash flow to movement in net cash funds**

|   | <b>2012</b>  | <b>2011</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Increase (decrease) in cash in the period | 1,677        | (1,621)      |
| Net cash funds at 1 January               | 6,410        | 8,031        |
| Net cash funds at 31 December             | <u>8,087</u> | <u>6,410</u> |

Net cash funds are represented by bank balances and money on call, as shown on the Consolidated Balance Sheet. Of the total, £5,476k is shown on the Trust Balance Sheet.

**NOTE 25 RELATED PARTY TRANSACTIONS**

The Trust has taken advantage of the exemption given by Financial Reporting Standard 8, Related Party Disclosures, from disclosing transactions with its wholly owned subsidiaries.

**NOTE 26 CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT**

|   | <b>2012</b>     | <b>2011</b>     |
|---|-----------------|-----------------|
|   | <b>£'000</b>    | <b>£'000</b>    |
| Gross income from continuing operations | 27,071          | 25,860          |
| Net gains on disposal of fixed assets   | 2,865           | 1,207           |
| Transfer from endowment funds           | -               | 14              |
| Total income                            | <u>29,936</u>   | <u>27,081</u>   |
| Total expenditure                       | <u>(26,138)</u> | <u>(26,395)</u> |
| Net income for year                     | <u>3,798</u>    | <u>686</u>      |

**FIVE YEAR SUMMARY (unaudited)**

|  | 2008<br>£'000 | 2009<br>£'000 | 2010<br>£'000 | 2011<br>£'000 | 2012<br>£'000 |
|--|---------------|---------------|---------------|---------------|---------------|
| <b>INCOME AND EXPENDITURE ACCOUNTS</b>   |               |               |               |               |               |
| <b>Income</b>                            |               |               |               |               |               |
| Ministry and Mission Fund contributions  | 20,625        | 20,576        | 20,537        | 20,125        | 20,231        |
| Investment income                        | 1,497         | 1,252         | 1,365         | 1,360         | 1,376         |
| Grants receivable                        | 412           | 445           | 575           | 196           | 132           |
| Legacies                                 | 496           | 445           | 816           | 640           | 438           |
| Donations                                | 1,201         | 2,263         | 7,021         | 1,991         | 3,181         |
| Other income                             | 2,262         | 1,610         | 1,965         | 1,348         | 3,037         |
|  | 26,493        | 26,591        | 32,279        | 25,660        | 28,395        |
| <b>Expenditure</b>                       |               |               |               |               |               |
| Ministry                                 | 16,683        | 17,685        | 17,676        | 18,302        | 18,066        |
| Education & Learning                     | 1,917         | 1,955         | 1,935         | 2,273         | 2,244         |
| Youth & Children's work                  | 501           | 491           | 540           | 418           | 335           |
| Mission programmes                       | 1,572         | 1,620         | 2,065         | 1,662         | 1,415         |
| Governance                               | 645           | 281           | 581           | 320           | 634           |
| Support activities (incl. publishing)    | 1,687         | 1,783         | 2,001         | 1,946         | 1,885         |
|  | 23,005        | 23,815        | 24,798        | 24,921        | 24,579        |
| Capital funds distributed                | -             | -             | (1,401)       | (3)           | -             |
| <b>Net incoming/(outgoing) resources</b> | 3,488         | 2,776         | 6,080         | 736           | 3,816         |
| <b>Investment gains/(losses)</b>         | (6,106)       | 2,441         | 1,395         | (1,887)       | 2,235         |
| Actuarial gains/(losses)                 | (7,289)       | (13,662)      | (3,745)       | 4,306         | (7,552)       |
| <b>Net increase/(decrease) in funds</b>  | (9,907)       | (8,445)       | 3,730         | 3,155         | (1,501)       |

Note: The classification of expenditure has changed significantly during the period covered by this Summary, owing to internal reorganisation and legal requirements. Earlier expenditure figures have been restated as far as is practicable to give a meaningful comparison with the latest year. Expenditure on charitable activities is shown net of related income.

**CASH FLOW STATEMENTS**
**Cash required for investment in**

|                                 |         |       |       |       |      |
|---------------------------------|---------|-------|-------|-------|------|
| Houses for retired ministers    | 609     | (54)  | (230) | 55    | (65) |
| Other properties                | (1,524) | 514   | (146) | (136) | 77   |
| Cars and equipment              | 16      | 59    | 103   | 33    | 29   |
| Loans to churches and ministers | (134)   | (104) | (49)  | (88)  | (22) |
|                                 | (1,033) | 415   | (322) | (136) | 19   |

**Source of cash**

|   |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|
| Net incoming/(outgoing) resources for the year (see above)  | 3,488   | 2,776   | 6,080   | 736     | 3,816   |
| Adjustment for items not resulting in a cash movement, for returns on investments, and for capital receipts | (3,280) | (332)   | (5,175) | (1,984) | (2,139) |
|   | 208     | 2,444   | 905     | (1,248) | 1,677   |
| Net increase in capital   | 152     | 36      | 4,033   | 66      | 18      |
| Net decrease/(increase) in investments  | (4,803) | (2,836) | (2,747) | (575)   | 1       |
| Decrease/(increase) in bank balances  | 3,410   | 771     | (2,513) | 1,621   | (1,677) |
|   | (1,033) | 415     | (322)   | (136)   | 19      |

**FIVE YEAR SUMMARY continued**

|  | <b>2008</b>   | <b>2009</b>   | <b>2010</b>   | <b>2011</b>   | <b>2012</b>   |
|--|---------------|---------------|---------------|---------------|---------------|
|  | <b>£'000</b>  | <b>£'000</b>  | <b>£'000</b>  | <b>£'000</b>  | <b>£'000</b>  |
| <b>BALANCE SHEETS (Consolidated)</b>           |               |               |               |               |               |
| <b>Fixed assets</b>                            |               |               |               |               |               |
| Tangible assets                                |               |               |               |               |               |
| Houses for retired ministers                   | 31,889        | 33,050        | 34,028        | 35,271        | 36,574        |
| Houses for serving ministers                   | 4,963         | 5,602         | 5,447         | 5,281         | 5,655         |
| Other properties                               | 2,255         | 2,337         | 2,664         | 2,675         | 2,674         |
| Cars and equipment                             | 210           | 192           | 251           | 219           | 186           |
|  | <b>39,317</b> | <b>41,181</b> | <b>42,390</b> | <b>43,446</b> | <b>45,089</b> |
| Long term investments (incl.programme-related) | 18,905        | 24,825        | 29,188        | 27,876        | 30,110        |
| Loans to churches and ministers                | 324           | 223           | 177           | 90            | 68            |
|  | <b>58,546</b> | <b>66,229</b> | <b>71,755</b> | <b>71,412</b> | <b>75,267</b> |
| <b>Net current assets/(liabilities)</b>        |               |               |               |               |               |
| Current assets                                 |               |               |               |               |               |
| Debtors and stock                              | 1,343         | 1,092         | 1,047         | 1,775         | 2,206         |
| Short term investments                         | 877           | 235           | -             | -             | -             |
| Bank balances and money on call                | 6,289         | 5,518         | 8,031         | 6,410         | 8,087         |
|  | <b>8,509</b>  | <b>6,845</b>  | <b>9,078</b>  | <b>8,185</b>  | <b>10,293</b> |
| less : current liabilities                     | 1,658         | 1,807         | 2,027         | 1,649         | 1,360         |
|  | <b>6,851</b>  | <b>5,038</b>  | <b>7,051</b>  | <b>6,536</b>  | <b>8,933</b>  |
| <b>Net assets excluding pension liability</b>  | <b>65,397</b> | <b>71,267</b> | <b>78,806</b> | <b>77,948</b> | <b>84,200</b> |
| Defined benefit pension scheme liability       | (15,471)      | (29,795)      | (33,604)      | (29,495)      | (37,248)      |
| Other pension obligations                      | (3,964)       | (3,964)       | (3,964)       | (4,060)       | (4,060)       |
| <b>Net assets including pension liability</b>  | <b>45,962</b> | <b>37,508</b> | <b>41,238</b> | <b>44,393</b> | <b>42,892</b> |
| Unrestricted income funds                      | 2,911         | (9,714)       | (12,467)      | (8,513)       | (15,760)      |
| Restricted income funds                        | 27,618        | 30,414        | 33,573        | 33,845        | 38,268        |
| Capital funds                                  | 15,433        | 16,808        | 20,132        | 19,061        | 20,384        |
| <b>Total funds</b>                             | <b>45,962</b> | <b>37,508</b> | <b>41,238</b> | <b>44,393</b> | <b>42,892</b> |

**NON-FINANCIAL STATISTICS**

(from URC Year Book or website)

|  |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|
| Members                                      | 70,500 | 68,600 | 66,700 | 63,680 | 61,627 |
| Stipendiary ministers                        | 591    | 555    | 559    | 544    | 524    |
| Non-stipendiary ministers                    | 110    | 102    | 102    | 97     | 91     |
| Churches                                     | 1,587  | 1,563  | 1,545  | 1,529  | 1,512  |
| Retired ministers                            | 908    | 909    | 906    | 901    | 900    |
| Ministry and Mission contribution per member | £292   | £300   | £308   | £316   | £328   |

*Information on this page and the preceding page is aimed mainly at the analyst rather than at the casual reader. However, it shows some interesting trends and brings out features that do not show so clearly in a single set of accounts.*