



Trustees' Report and Financial Statements **2018**

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



**United
Reformed
Church
Trust**

UNITED REFORMED CHURCH TRUST
TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2018

CONTENTS

	Page
Trustees' Report.....	1
Reference and administrative information.....	1
Structure, governance and management.....	3
Objectives and activities.....	4
Strategic Report.....	5
Statement of Trustees' responsibilities.....	16
Independent Auditors' Report.....	17
Consolidated Statement of Financial Activities.....	20
Consolidated and Trust Balance Sheets.....	21
Consolidated Statement of Cash Flows.....	22
Notes to the financial statements.....	23
Note 1 Principal accounting policies.....	23
Note 2 Voluntary income.....	25
Note 3 Income from charitable activities.....	26
Note 4 Investment income.....	26
Note 5 Analysis of expenditure.....	26
Note 6 Analysis of grants.....	27
Note 7 Support costs.....	27
Note 8 Governance costs.....	27
Note 9 Notified legacies.....	27
Note 10 Stipend and salary costs.....	29
Note 11 Tangible fixed assets.....	29
Note 12 Mixed motive investment property.....	30
Note 13 Investments.....	31
Note 14 Programme-related investments.....	31
Note 15 Concessionary loans.....	32
Note 16 Debtors.....	32
Note 17 Creditors: amounts falling due within one year.....	32
Note 18 Unrestricted funds.....	33
Note 19 Summary of fund movements.....	33
Note 20 Analysis of net assets between funds.....	36
Note 21 Restricted funds.....	37
Note 22 Pension obligations.....	38
Note 23 The United Reformed Church Ministers' Pension Fund.....	38
Note 24 The United Reformed Church Final Salary Scheme.....	40
Note 25 Commitments.....	42
Note 26 Cash flow information.....	42
Note 27 Related party transactions.....	42
Note 28 Lease commitments.....	43
Note 29 Lease receivable.....	43
Note 30 Subsidiary undertakings.....	43
Note 31 Consolidated summary income and expenditure account.....	44
Note 32 Consolidated Statement of Financial Activities 2017.....	45
Five year summary.....	46

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 2018. 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>
Mrs Jane Baird	Deputy General Secretary, Administration & Resources	
Revd Michael Davies		Resigned 31 August 2018
Mr Derek Estill	Moderator of the General Assembly	Appointed 18 September 2018
Mr Alastair Forsyth		
Revd Richard Gray		Resigned 31 August 2018
Mr Ian Hardie	Honorary Treasurer	
Dr Ian Harrison		
Revd Michael Hopkins	Clerk of the General Assembly	
Mr David Lathbury		Appointed 18 September 2018
Mr Neil McKenzie		
Revd Leslie Morrison		Appointed 18 September 2018
Mrs Valerie Morrison (Chair)		
Mr Emmanuel Osae*		
Mr Clifford Patten		Appointed 18 September 2018
Mr Peter Pay		
Revd John Proctor	General Secretary	
Mr Andrew Summers		Resigned 31 August 2018
Mrs Margaret Thompson		
Revd Nigel Uden	Moderator of the General Assembly	Appointed 18 September 2018
Revd Kevin Watson	Moderator of the General Assembly	Resigned 31 August 2018
Mr Andrew Weston		
Mrs Catriona Wheeler		
Mr Alan Yates	Moderator of the General Assembly	Resigned 31 August 2018

Secretary: Ms Sandi Hallam-Jones

* Resigned 19 February 2019

Most of the directors are appointed as trustees by the General Assembly of the United Reformed Church, to serve for up to four years (with a possibility of renewal for one further period of four 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 also having followed nomination. The directors receive no remuneration but may be reimbursed their expenses of attending meetings.

TRUSTEES' REPORT CONTINUED

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 courses and events where possible, and training is given in conjunction 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 Co-operative and Community Benefit Societies Act 2014, number 15986R)

Chair: Revd Anne Bedford

Secretary: Ms. Chuka Agbasiere

Committee of management (appointed for a renewable term of three years): Revd David Bedford, Mr Ian Hardie, Mr Malcolm Lindo, Revd John Proctor, Revd Kenneth Summers, Revd Simon Swales, Revd Simon Walkling, Mr Peter West.

Westminster College, Cambridge

(Registered Charity number 311449)

Convenor of Trustees: Revd Nigel Uden

Principal and trustee: Revd Neil Thorogood

Trustees: Mr John Ellis, Mr Mark Hayes, Revd Dr Rickey Mearkle, Dr Jean Stevenson, Revd Prof David Thompson, Mr William McVey, Mr Christopher Wright

Others with charity governance responsibilities

Moderators Elect - Revd Clare Downing, Mr Peter Pay

Immediate Past Moderators – Revd Kevin Watson, Mr Alan Yates

Convenor of the Assembly Arrangements Committee – Revd James Breslin

Deputy General Secretary, Discipleship - Revd Richard Church

Deputy General Secretary, Mission – Ms Francis Brienen

The key management personnel of the charity are the members of the General Secretariat: the General Secretary and three Deputy General Secretaries.

Mission Council

The ex officio trustees of the trust, the Chair of trustees, the deputy treasurer, John Piper, and the others listed immediately above are members of Mission Council by virtue of the offices that they hold. Other members are the other convenors of the General Assembly Standing committees, URC Youth representatives, Synod moderators and three representatives from each Synod. These are listed below, as at December 2018.

Convenors: Revd Ray Adams, Revd Bernard Collins, Revd David Grosch-Miller, Mr Peter Knowles, Revd Anne Lewitt, Revd Jenny Mills, Revd Prof Neil Messer, Revd Dr Alan Spence, Revd Paul Whittle.

URC Youth representatives: Ms Hannah Jones (Youth Moderator), Ms Natalie Gibbs (Co-Moderator Elect), Ms Katie Henderson (Co-Moderator Elect), Mr Rueben Watt

Synod moderators and representatives:

- 1 Northern: Revd David Herbert, Revd Joan Grindrod-Helmn, Rev Dr Anthony Haws, Ms Maureen Shepherd
- 2 North Western: Revd Andrew Mills, Revd Brian Jolly, Mrs Marilyn Piper, Revd Dr Marion Tugwood
- 3 Mersey: Revd Jacky Embrey, Mrs Rita Griffiths, Mr Bill Gould, Rev Chris Parker
- 4 Yorkshire: Revd Kevin Watson, Revd Dr James Coleman, Revd Fran Kissack, Mr Christopher Reed
- 5 East Midlands: Revd Peter Meek, Mr David Greatorex, Ms Helen Lidgett, Revd Sally Martin
- 6 West Midlands: Revd Steve Faber, Mr Andrew Evans, Mrs Margaret Marshall, Revd Shirley Miller
- 7 Eastern: Revd Paul Whittle, Mrs Ruth Dixon, Mr Keir Hounsome, Revd Charles Mather
- 8 South Western: Revd Ruth Whitehead, Mrs Gwen Jennings, Mrs Maria Mills, Revd Philip Nevard

TRUSTEES' REPORT CONTINUED

- 9 Wessex: Revd Clare Downing, Mrs Susan Brown, Revd Graham Hoslett, Mrs Rosie Martin
10 Thames North: Revd Dr Andrew Prasad, Mr Simon Fairnington, Mr Victor Russell, Mrs Tina Ashitey
11 Southern: Revd Nicola Furley-Smith, Revd Derrick Dzandu-Hedidor, Miss Pam Tolhurst, Revd George Watt
12 Wales: Revd Simon Walkling, Revd Adrian Bulley, Mrs Barbara Jones, Revd Dr Phil Wall
13 Scotland: Revd Dr David Pickering, Dr Jim Merrilees, Dr Nicola Robinson, Mr Bill Robson

United Reformed Church Finance Committee

Convenor: Mr Ian Hardie

Chief Finance Officer: Mr John Samson

Mr Bob Christie, Mr David Greatorex, Mr Brian Hosier, Mr Frank Liddell, Revd Iain McLaren, Mrs Valerie Morrison, Revd John Piper, Mr William Potter, Mr Ian Simpson, Mr Gordon Wanless

Legal Advisers

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

Veale Wasbrough Vizards LLP
3 Brindley Place
Birmingham
B1 2JB

Actuaries

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

Independent Auditors

Kingston Smith LLP
Chartered Accountants and Statutory Auditors
Devonshire House, 60 Goswell Road
London EC1M 7AD

Bankers

HSBC Bank plc
City of London Corporate Banking Centre
60 Queen Victoria Street
London EC4N 4TR

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.

TRUSTEES' REPORT CONTINUED

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 some local churches in England and Wales are no longer excepted and are now registered charities. Under section 30(2)(c) of the Charities Act 2011 the exception continues to apply to other local churches with an annual gross income under £100,000. Churches in Scotland and the Synod of Scotland are registered under Scottish legislation.

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.

Remuneration

Remuneration of key management personnel is set in the same way as that of other equivalent staff. All ministers are paid the same basic stipend, the level of which is recommended annually by a sub-committee of Ministries committee having regard to external data on pay and cost inflation, reviewed by Finance committee and confirmed by the Trustees. The pay of lay staff is assessed when a post is created, by a Human Resources advisory group having regard to comparable posts in the charity sector and among Church bodies in particular; it is reviewed and confirmed by a remuneration committee, which decides annual cost of living increases. Any reassessment of a post's remuneration is by the same process.

OBJECTIVES AND ACTIVITIES

The charity'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 continue 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 approximately 1,400 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 three 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.

TRUSTEES' REPORT CONTINUED

- **Walking the Way**

During 2017 the United Reformed Church launched *Walking the Way, Living the Life of Jesus Today*, an emphasis on personal and corporate discipleship. It offers a framework within which much of the denomination's future planning will take place and includes the development of Stepwise, a lay development programme, as well as the advocacy of resources such as Holy Habits which are all intended to assist growth in discipleship practices. Alongside this, preaching of the Gospel, pastoral care for, and building up of, communities by ministers, lay preachers and Church Related Community Workers (CRCWs) will continue to operate. The denomination's Vision2020 framework for mission, as well as the Local Mission and Ministry Review process, through which the Synods challenge and support their churches, are key vehicles for increasing the effectiveness of local witness and service. The Commitment for Life programme continues to encourage churches to pray and campaign for the eradication of global poverty.

- **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 retired ministers and widow/ers or civil partners of ministers of the United Reformed Church who are in need for various reasons, 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. The principal of the College is the custodian trustee of the shares held in Westminster College Trading Limited.

STRATEGIC REPORT

Achievements and Performance

Most of the company's activities are carried out through councils and committees of the United Reformed Church, and a detailed review of their work was incorporated in the Book of Reports to the Church's General Assembly, which met at Nottingham in July 2018. We report below on that work and on the specific activities of the Trustee as steward of the charity's assets.

An extensive audit of the Church's safeguarding records, reported previously, led on in 2018 to a rigorous review of learning points, and the commitment of the Church to develop and improve its guidelines, policies and practice.

A thorough review of the Church's provision for and involvement of children and young people (ages 0-25) was brought to Mission Council in November 2018, and has led on to a five-year strategy on the part of our Children's and Youth Work team and staff.

Mission Council in November 2018 authorised a pattern of locally ordained non-stipendiary ministry. We expect this measure to help many of our smaller and more remote local churches.

Our ministers' conference in spring 2018 was a time of learning, encouragement and mutual support for over 300 who attended.

Our General Assembly, which since 2008 has met biennially, agreed in 2018 to revert to an annual pattern, with a somewhat reduced membership. Our last year without an Assembly will be 2019, and the new arrangement will be fully operative by 2021.

After refurbishment in 2017 of the Church's central office in London, corrective work was required on damp ingress in the lower ground floor. Following due discussion about the right technology to use, fitting began in December 2018, to finish by Easter 2019. The cost of this extra work does not fall substantially on Church funds.

Following the closure in 2017 of our lay training centre at Windermere, the URC Trust sold the building in July 2018, at a figure above market valuation. The proceeds will be managed to support learning and training throughout the Church.

Our Trustees have appointed new auditors for the coming year, and the financial staff are presently working to introduce new software in the course of 2019.

TRUSTEES' REPORT CONTINUED

Committee work

Children's and Youth Work

Our theme for 2018 was Pilgrimage as Children's and Youth Work explored how to enable all to engage in Walking the Way. Pilots Worship Materials were shared with all URC churches. At Youth Assembly in January over 100 14-25s asked 'are we nearly there yet?'. Hannah Jones was inducted as Youth Moderator, Lawrence Moore was keynote speaker, and Revd Stuart Radcliffe led worship as chaplain. The Youth Executive were elected and spent 2018 following up resolutions on Greenbelt, merchandise, lowering the age range, creating a handbook to enable synods to support their Youth Reps, and planning for the next Youth Assembly. Lorraine Webb was appointed Programme Officer, and Steve Tait took on a new part-time post of Pilots Coordinator. The V&N event was re-imagined as 'The Big Speak Out', a weekend for 43 11-18s focussing on finding their voice and included a presentation to General Assembly. 'What Do You Think?' prepared Synod Youth Reps for General Assembly, where Children and Youth Work Committee presented a resolution revisiting The Charter for Children in the Church and hosted a party. Eight Greenbelt Youth Ambassadors were recruited to support the URC's presence at the festival and promote the event within the URC. A leaders' gathering for volunteer youth workers and Making Space conference for children's, families and youth workers provided support and training. Resources on South Korea were produced for Pilots. Throughout the year a thorough review of Children's and Youth Work was conducted and the report received by Mission Council in November along with a 5-year strategy. Work on this has already begun, reshaping the CYDO team, developing a new version of Pilots, and planning research and training. 2019 will see a focus on churches with 'no children or young people' alongside embedding a more intergenerational culture, within a theme of One Body.

Communications

The work of the communications team continues to be extremely busy and diverse. It currently deals with media enquiries, publishes Reform magazine, provides content for the URC website, News Update, other emails, and multiple social media channels, designs and produces hundreds of leaflets, books and resources, operates the online shop, provides graphical and technical support at major URC events, maintains the iChurch website service for local churches, edits and writes copy, delivers hundreds of orders, issues press releases, helps maintain the URC archive and offers brand advice and creative solutions to those who need them.

In addition to this business as usual work, the team has also been active in the launch of Walking the Way and the Stepwise programmes and the related Holy Habits resources, helping the Church to deliver its presence at the Greenbelt arts and music festival and at the Christian Resources Exhibition, sharing the messages and campaigns from the inter-church Joint Public Issues Team, and working with the URC's new Publications Board as it curates and develops the Church's publishing plans.

Education and Learning

The 2017 focus of the Education & Learning committee on discipleship development continued during 2018, with the acceptance by Mission Council in March of a paper Walking the Way of Jesus as disciples: 'They who learn as they follow' which emerged from two consultation meetings with Synods and Resource Centres for Learning. This outlined a strategy for discipleship development with identified tasks and ways forward, including future decisions on how to use the funds realised through the sale of the Windermere Centre building.

The Training for Learning and Serving (TLS) programme was celebrated by a well-attended and lively service in Birmingham in June, and formal thanks were given to the people who had worked on TLS as staff and volunteers by General Assembly in July. Responsibility for the small number of people completing "Transitional TLS" transferred to Synods and the Secretary for Education & Learning.

The new inter-generational missional discipleship programme Stepwise was launched in September, with staff appointments in July and October. Local groups began to be recruited to pilot the material, much of

TRUSTEES' REPORT CONTINUED

which is delivered online. The appointment of an Instructional Designer has proved essential in this work, and the reshaped Education & Learning team has been established, with three of its six members working from home.

The More than Welcome conversation cards, using appreciative inquiry, were launched at General Assembly and are being sold via the URC's online shop.

Equalities

The remit of the Equalities committee is 'to remind the United Reformed Church that equality is enshrined in its theology, life and work and to challenge the practice of the URC where appropriate.' Much of the work of the committee is in the promotion and encouragement of equality and diversity. This is achieved through established links with the other Assembly committees as well as by being alert to the work undertaken on Assembly's behalf by bodies such as the Joint Public Issues Team (JPIT) and members of staff but particularly the work around racial justice and intercultural ministry.

The committee is able to remind committees of their responsibilities with regard to equality and diversity and seeks to identify new methods and technologies that will enable participation by all.

Ministries

The committee is concerned with the specific recognised ministries which provide leadership for the Church, including church related community work, eldership, lay preaching and the ministry of word and sacraments, but also recognises that each of these has a duty to enable discipleship in others. Recognising the challenges of our demography, we continue to work with our synods developing strategies that use our ministers most effectively in providing leadership in local churches.

19 of our ministers serve in special category ministry posts beyond the typical work of ministers, as chaplains, evangelists or pioneer ministers and we have five full-time chaplains in Her Majesty's Forces, and we support and oversee their ministry through participation in the work of the United Navy, Army and Air Force Board.

There were 14 church related community workers in accredited 'churches in community' across the Church in 2018. The 'Developing Community Experiences' which highlighted the importance of community presence and engagement by congregations, finished in 2018. However the new programme, 'Developing Faith Filled Communities', is intended to begin running in the Autumn of 2019.

In Spring 2018, in partnership with education and learning and mission, we held a gathering to which all our active ministers were invited. Over 300 ministers participated in this unique event which was very well received, not only for the content of the formal sessions but also for the opportunity to meet with colleagues, renew friendships and make new ones. A great many of our ministers left the gathering with renewed confidence and increased enthusiasm for the work with which they are involved.

Mission

The work of the Mission Committee continues to be shaped by Vision2020, the ten-year framework of mission priorities agreed by General Assembly in 2010.

The United Reformed Church's long-term emphasis on discipleship and mission, Walking the Way, Living the Life of Jesus Today, continued to develop in 2018 with the launch of the Holy Habits resource material to encourage personal discipleship, and the start of Stepwise, a new lay development programme.

The United Reformed Church was again an associate partner in Greenbelt, a festival of faith, social justice and the arts.

The United Reformed Church is part of the ecumenical Joint Public Issues Team (JPIT). In 2018 the team's work focused on Universal Credit, immigration, intergenerational justice, engagement with MPs, and terrorism.

The National Rural Officer continues to support rural churches to play a central role in their communities. 2018 saw the production of new resources such as the Rural Isolation and Loneliness toolkit, as well as a briefing on supporting the farming community at a difficult time due to the extreme weather and political uncertainty.

TRUSTEES' REPORT CONTINUED

The Global and Intercultural Ministries work focused on global engagement through visits to partner churches around the world, welcoming representatives from partner churches, especially to the General Assembly in July 2018, and through sending and receiving mission partners. A series of hearings on the Legacies of Slavery was completed and the findings were published for discussion and action.

Mission staff supported the work of synod mission enablers and pioneer ministers and promoted the development of fresh expressions in the wider church.

The Commitment for Life programme continues to raise awareness of and funds for global development in Bangladesh, Central America, Israel and the occupied Palestinian territory and Zimbabwe through Christian Aid.

The URC's ecumenical and interfaith work included a consultation with our partner church in the Palatinate in Germany and the joint production of resources to mark the centenary of the ending of World War I.

Safeguarding

The United Reformed Church learned from its past this year and started to set up standards in a joined-up approach to implementing systematic changes on safeguarding throughout the Church. The Past Case Review ('PCR') (May 2015 to June 2017) concluded its work with the publication of a major and independently-authored report. The report captures the learning generated through the two phases of the past case review and points at a range of areas of change, including safer recruitment, direct work with adult survivors of abuse, the need to clarify the definition of safeguarding, standardising safeguarding training and record keeping, and improvements to disciplinary processes.

Undertaking the review was for many a painful and courageous journey, especially for survivors, shedding light on uncomfortable truths of the past and causing strong feelings and emotions. In November 2018, Mission Council expressed heartfelt apology to those who approached the Church to voice their stories and experiences and thanked all those who were involved for their time and contribution to completing the past case review. The learning process has already started to support the United Reformed Church in the next steps that need to be taken to effect cultural change in the safeguarding policies, practices and procedures of the Church.

The Safeguarding Advisory Group took forward the PCR Learning report's recommendations and produced a comprehensive strategic safeguarding plan for the whole church that will take effect over the period 2019 to 2023. The synods will make their own arrangements to standardise practices and report improvements and progress annually, in alignment with the requirements of the main safeguarding policy of the Church (Good Practice Guidance). Proposed changes began to be evolved and discussed within relevant committees, trustee bodies, reference groups and local ecumenical partnerships, while survivors and relevant groups were invited to set up a reference group to consult and advise the Church on all aspects of safeguarding work.

Resourcing Our Work

All the above must be set in the context of our financial resources, which continue to be carefully managed in an uncertain economic climate. Detail of the latest year is given in the financial review below, but we have also to consider broader trends. Among these are:

- Giving to central funds from our local churches have since 2010 been on a downward trend, averaging a reduction of around 1% per annum in cash terms. However, both 2017 and 2018 saw a slight slowing of this trend as the reduction was 0.8% and just under 0.5% in the two years respectively. This is at a slower rate than the downward trend in membership, meaning that the average giving per member continues to rise each year. The downward trend is expected to continue in the medium term.
- Our investments continued to produce a steady income stream and the accounts show investment income of £1,839k (which includes income from mixed motive investment property). The stock markets provided good capital growth for our investments until October when markets

TRUSTEES' REPORT CONTINUED

fell in response to the US/China 'trade war'. They ended the year down on the levels at the start of the year.

- Due to the increase in interest rates during the year, the discount rate used to calculate the Ministers' Pension Fund liabilities increased from 2.5% to 2.9%. This was the main driver in the reduction of the liabilities of the funds, for FRS 102 purposes, of over £14m. There was a small increase of just over £1m in the value of the fund's assets. There was a similar movement in the United Reformed Church Final Salary scheme for lay staff with liabilities decreasing by £1.8m and assets increasing by £355k. A total actuarial gain of £17,292k is reflected in the accounts for the year. The results of the triennial valuation of the Ministers' Pension Fund as at 1 January 2018 reflected a deficit of £3.95m on a technical provisions basis.
- There were significant savings against budget on ministry costs, because there were more minister retirements than expected, and on staff costs, because of some extended vacancies at the Church's central office. These roles have now been filled.

Managing the Assets

Investments & 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 continued to monitor the investments throughout 2018.

Properties

United Reformed Church Trust is responsible for the management of the properties included in its balance sheet. The management of about 320 houses for retired ministers is delegated to the United Reformed Church Retired Ministers' Housing Society Limited, which has six dedicated staff members and a Committee of management. Its staff members also oversee the houses occupied as manses by Synod Moderators and others in General Assembly posts. Other properties include the buildings of Westminster College, which are managed by the College Trustees, the former Yardley Hastings centre and United Reformed Church House, London.

In early July 2018 the Windermere Centre was sold and the net proceeds from this sale will form the basis of a new Discipleship Development Fund, the precise details of which are still to be determined by Mission Council.

Risk Management

The trustees continue to monitor the risks with which the central administration of the Church is faced. During 2018 a task group reviewed the current risk procedures and developed a new risk register to help streamline the process and to get uniformity in reporting of risks by the Church's various committee. This new risk register will be rolled out in 2019 and aims to make the register a more useful management tool.

The risks which are deemed as having the highest impact and likelihood are given particular attention. Those risks fall broadly into two areas:

- risks associated with serious reputational damage particularly with regard to safeguarding matters; and
- risks associated with societal changes, the general economic situation and consequent reduction in resource.

Reputational matters are taken very seriously and the Church has a process in place whereby anyone concerned that a matter may receive unfavourable publicity refers that matter to the communications

TRUSTEES' REPORT CONTINUED

department who will advise on its handling or, if the matter is particularly sensitive, will handle it directly. The General Secretary is made aware of all issues and will intervene personally if appropriate.

The safeguarding of children and adults at risk is seen as a key responsibility of the Church. Further guidance on safeguarding matters was issued in 2016 and materials are available on the Church's website and the Church is currently working on updated this guidance and hopes to make these materials available in 2019. Local churches are required to report annually on safeguarding matters to their synod's safeguarding officer. A Safeguarding Advisor at Church House, together with the synods' own safeguarding officers, is available to offer advice and guidance to churches. DBS/PVG checks are mandatory for all active ministers and key officers including all who work with children.

Further details about safeguarding and in particular the Church's response to the findings of the Past Case Review can be found under the 'Safeguarding' section on page 8.

The risks associated with declining resources are unlikely to crystallise in the near future but in the longer term are likely to have an effect on the way the Church operates. The Church has a robust budgeting procedure which ensures that the financial implications of such developments are understood and that commitments and available finance are matched.

Future Developments

We continue to seek appropriate ways of accrediting leadership in our many small congregations. Now that we have approved a new pattern of locally ordained ministry, our Ministries and Education and Learning Committees will bring forward appropriate and accessible training proposals for people who will take up this task.

We continue to emphasise through much of our central work, under the overall headline of Walking the Way, our desire to pursue an outward-looking and practical Christian discipleship in and through the life and membership of all our local churches.

Careful work has begun to identify new senior leadership for our central staff team, as the present General Secretary and one of his Deputies will retire in summer 2020. During 2019 we aim to recruit a new Synod Moderator in North Western England, and we are already starting to think about vacancies that will arise in Yorkshire in 2020 and Thames North in early 2021.

Voices in our Church have recently challenged our limited but considered investment in fossil fuels, and it is likely that this policy will be carefully and searchingly discussed in the next year or so. We are strongly committed to valuing and respecting the environment, but not presently of one mind about how best to fulfil this commitment.

Financial Review

The 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, and its subsidiary company Westminster College Trading Limited. They also include the operations of the United Reformed Church Retired Ministers' Housing Society Limited (RMHS), which is an exempt charity providing housing and associated amenities for needy persons who are retired ministers or widow/ers or civil partners 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.

The Finance Committee of the Church 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,

TRUSTEES' REPORT CONTINUED

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 authorised the introduction of new accounting software and meets 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 21 shows the disposition of the various charity funds totalling £94,816k as at 31 December 2018 (2017: £76,928k). The term “reserves” describes that part of a charity’s income funds that is freely available. Much of the funds are invested in property or restricted in use.

The unrestricted fund net assets readily available are £18,073k (2017: £16,861).

The Finance Committee, which reviews the policy annually, considers that our aim should be to maintain reserves of at least £8 million to £10 million. Confidence is added by the fact that Ministry and Mission Fund contributions are pledged each year in advance by local churches via Synods. The Committee is aware that changing guidance from the Pensions Regulator is likely to lead to requests from the trustees of both URC pension schemes for increased financial support in the near future. The Committee is, therefore, content that the current level of unrestricted reserves should be above the target range. Over the next 12 months the Finance Committee anticipates reviewing the policy in a way which focuses more clearly on financial risks facing the Church.

Grant making

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

2018 Financial Results

The results for 2018 are set out in more detail in the Consolidated Statement of Financial Activities on page 20. This shows that there was, overall, an increase in funds in the year of £17,888k. The following table shows the breakdown of the results for 2018 compared with those for the previous year.

TRUSTEES' REPORT CONTINUED

	2018	2017
	£000	£000
Voluntary income:		
Ministry and Mission Fund contributions	19,016	19,104
Donations, grants and legacies	1,589	937
Income from charitable activities	1,547	1,346
Trading income	744	777
Investment income	1,839	1,694
Other income	862	2,626
Total income	25,597	26,484
Expenditure:		
Cost of raising funds	599	548
Charitable activities	23,260	24,486
Total expended	23,859	25,034
Net income from operating activities	1,738	1,450
Gains on investment assets	(1,142)	4,484
Net (expense)/income	596	5,934
Actuarial gain on pension schemes	17,292	3,261
	17,888	9,195

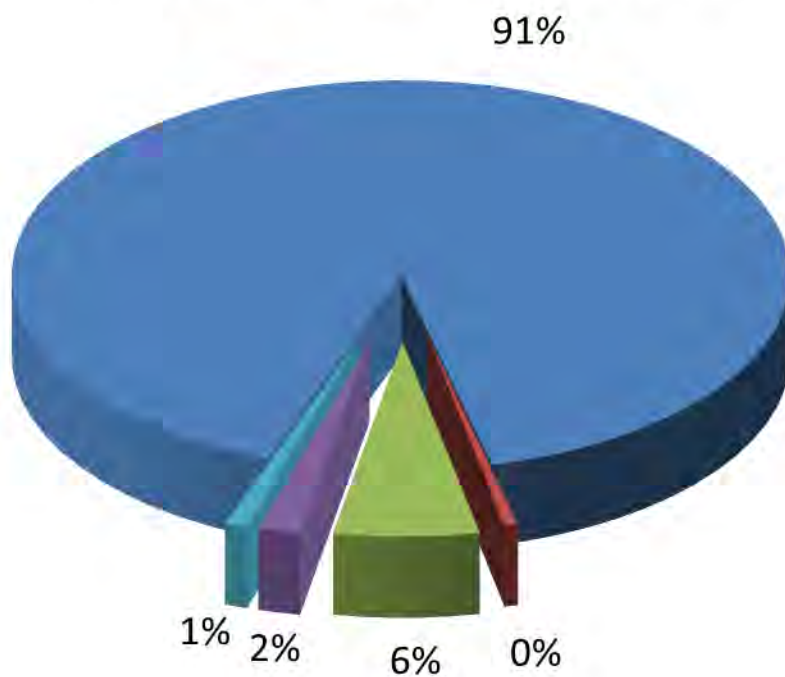
Ministry and Mission Fund contributions

The pie chart on page 13 gives a visual picture of total unrestricted income, showing that 90% of our unrestricted income comes from Ministry and Mission Fund contributions, which totalled just over £19 million with most Synods matching or exceeding the amount pledged. We are very grateful for the faithful and regular giving that this represents, enabling the Church to support ministry and mission across our three nations, and sustain the major way in which all members of the Church fund, in partnership, all our work for the kingdom of God. The pie chart of total unrestricted expenditure on page 14 shows that 84% of our unrestricted expenditure, totalling £16,659k, is used to provide ministry and a further 8% (£1,589k) is used to provide financial resources to train and equip people for ministry.

Donations, grants and legacies

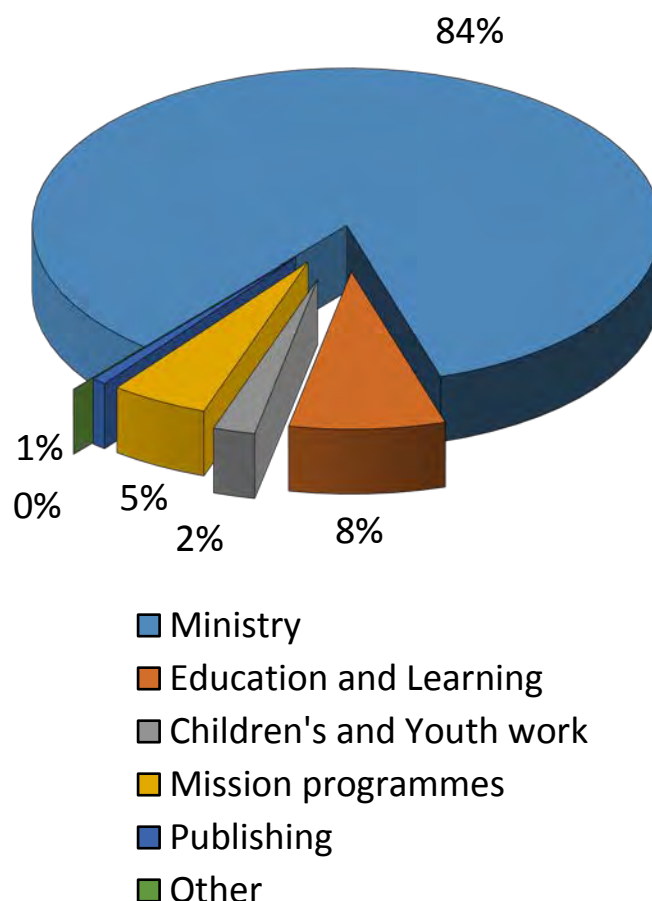
We are very grateful for regular grants from a number of trusts, detailed in note 2(b) to the financial statements, as well as for many other donations. Donations fell from previous levels particularly in respect of the Retired Ministers' Housing Society where synods have been encouraged by Mission Council to redirect some of these donations to the Ministers' Pension Fund where the need is greater. Commitment for Life donations from churches and individuals were slightly up on the 2017 level, increasing from £299k to £303k. Legacies bequeathed for general purposes are held in a separate designated Legacy Fund, available for projects not covered by regular budgets. The balance in this fund is now £934k (2017: £935k). Grants paid from this fund totalled £122k in 2018 (2017: £197k) with a further £205k included in creditors having been committed for future payment.

**Unrestricted Income - £21.0m
Year ended 31 December 2018**



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

Unrestricted Expenditure - £19.8m Year ended 31 December 2018



Investment income

Total investment income includes rental income on the mixed motive property which started in September 2017. The 2018 figure shows an increase as this amounted to £120k for a full year (£20k for 4 months). Other investment returns remained relatively flat and stable over the year. Interest rates on cash deposits remained at historically low levels.

Trading income/cost of raising funds

The bed and breakfast accommodation and conferences and events business through Westminster College Trading Limited, levelled off in 2018 after a number of years of good growth. Income from these sources totalled £744k in 2018 (2017: £777k), and direct and attributable costs totalled £599k (2017: £548k).

Income from charitable activities

This income includes rental from the retired ministers' housing properties, income from student accommodation, catering and course fee income of Westminster College and from sales of publications and subscriptions to Reform magazine.

Other income

Most of this income (£817k) represents 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 2018, 9 properties were bought and 9 were sold.

TRUSTEES' REPORT CONTINUED

Expenditure – Charitable activities

These costs are analysed in note 5 on page 26 and include a share of support costs.

Ministry: £17,775k. 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 our stipendiary ministers and CRCWs (who averaged 367 in number over the year) and includes all costs of the Synod Moderators. In 2018 the cost of ministry fell, as the number of retirements of stipendiary ministers exceeded the number of ordinations. The total also includes costs relating to retired ministers of supplementing pensions and maintaining housing.

Education and Learning: £2,967k. 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 lay development, including the winding up of Training for Learning and Serving ('TLS') and the new Stepwise programme. It also includes the relevant costs of Westminster College.

Children's and Youth Work: £428k. During 2018 work was done to develop a 5-year strategy and costs associated with this are included here. There were also a number of vacancies in this area which were filled in the second half of the year.

Mission Programmes: £1,892k. The Mission Committee and team continue to progress longer-term strategies, including the Walking the Way missional discipleship emphasis and Vision 2020 and Commitment for Life programme. Commitment for Life grants were slightly up on last year in line with the slight increase in donations received. There was continued support for the Joint Public Issues Team and various interdenominational and interfaith organisations.

Publishing: £147k. The costs of publishing Reform magazine have continued to be tightly controlled while maintaining its quality, with a levelling off in subscriptions and advertising income. The on-line bookshop made a small surplus while the denomination subsidised the iChurch website support which was recently taken on centrally after the closure of the Windermere Centre.

Gains 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. As markets fell in the last quarter of 2018, the year ended with the investment down by £1,293k on the value at the start of the year. This was somewhat offset by a small gain of £151k on the investment property. Investment gains and losses over time are shown in the five year summary on page 46.

Actuarial gains on pension obligations

The Trust is required to take full account of actuarial gains and losses arising each year in the United Reformed Church Ministers' Pension Fund (MPF), and the United Reformed Church Final Salary Scheme (FSS), which is mainly for lay staff. In 2018 the higher discount rate resulted in a decrease in the pension liabilities of the MPF. The fund's diversified investments saw a small gain. This led to a net actuarial gain for the year of £16.3million. The FSS reports an actuarial gain of £1m also as a result of higher discount rates. More details are given in notes 22 to 24 to the financial statements on pages 38 to 42. The Church continued to make the required deficit contributions to both funds mainly from contributions from local churches to the Ministry and Mission Fund.

TRUSTEES' REPORT CONTINUED

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 2015;
- 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

The Trustees have approved this Report, and as directors of the company have approved the Strategic Report included within it. 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

Valerie Morrison
21 May 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF UNITED REFORMED CHURCH TRUST

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Stickland (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	--- Income funds ---			--- Capital funds ---		2018	2017
		Unrestricted	Designated	Restricted	Unrestricted	Restricted	Total	Total
		£'000	£'000	£'000	£'000	£'000	funds	funds
Donations and legacies								
Ministry and Mission Fund contributions	2(a)	19,016	-	-	-	-	19,016	19,104
Grants receivable	2(b)	98	-	57	-	-	155	139
Legacies		0	157	879	-	-	1,036	322
Commitment for Life donations		-	-	303	-	-	303	299
Other donations	2(c)	19	-	71	-	5	95	177
		117	157	1,310	-	5	1,589	937
Charitable activities	3							
Ministry		-	-	699	-	-	699	685
Education and Learning		4	-	481	-	-	485	409
Children's and Youth work		5	-	-	-	-	5	6
Mission programmes		152	-	-	-	-	152	65
Publishing		206	-	-	-	-	206	181
		367	-	1,180	-	-	1,547	1,346
Other trading activities		-	-	744	-	-	744	777
Investment income	4	1,265	-	574	-	-	1,839	1,694
Other income								
Gains on sale of properties		165	196	456	-	-	817	2,493
Other income		35	-	10	-	-	45	133
		200	196	466	-	-	862	2,626
<i>Total income and endowments</i>		20,965	353	4,274	-	5	25,597	26,484
Expenditure on:								
Raising funds:								
Trading expenditure		-	-	599	-	-	599	548
Charitable activities	5							
Ministry		16,659	-	1,116	-	-	17,775	18,986
Education and Learning		1,590	-	1,377	-	-	2,967	3,246
Children's and Youth work		428	-	-	-	-	428	387
Mission programmes		994	373	526	-	-	1,893	1,493
Publishing		147	-	-	-	-	147	151
Other expenditure		-	50	-	-	-	50	223
		19,818	423	3,019	-	-	23,260	24,486
<i>Total expended</i>		19,818	423	3,618	-	-	23,859	25,034
Surplus from charitable and trading activities		1,147	(70)	656	-	5	1,738	1,450
(Loss)/Net gains on investment assets		(146)	-	(326)	(512)	(158)	(1,142)	4,484
<i>Net income</i>		1,001	(70)	330	(512)	(153)	596	5,934
Transfers between funds		(1,598)	1,649	(51)	-	-	-	-
Actuarial gains/(losses) on pension schemes	22	17,292	-	-	-	-	17,292	3,261
<i>Net movement in funds</i>		16,695	1,579	279	(512)	(153)	17,888	9,195
Reconciliation of Funds								
Total funds brought forward		(1,176)	-	52,019	19,867	6,218	76,928	67,733
Total funds carried forward		15,519	1,579	52,298	19,355	6,065	94,816	76,928

All amounts relate to continuing operations.

There is no material difference between the net incoming resources stated above and their historical cost 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 32.

The notes on pages 23 to 45 form an integral part of these financial statements.

CONSOLIDATED AND TRUST BALANCE SHEETS AS AT 31 DECEMBER 2018

	Note	<i>Consolidated</i> 2018 £'000	<i>Consolidated</i> 2017 £'000	<i>Trust</i> 2018 £'000	<i>Trust</i> 2017 £'000
Fixed assets					
Intangible assets	11	30	9	27	-
Tangible assets	11				
Houses for retired ministers		39,115	38,070	555	603
Houses for serving ministers		5,364	5,364	5,364	5,364
Other properties		8,581	8,258	2,786	2,824
Total properties		53,060	51,692	8,705	8,791
Cars and equipment		503	612	131	176
		53,593	52,313	8,863	8,967
Investments and loans					
Mixed motive investment property	12	1,905	1,755	1,905	1,755
Investments	13	44,381	45,759	43,037	44,373
Programme-related investments	14	242	242	242	242
Loans, excluding inter-fund loans	15	160	139	7,774	9,455
		46,688	47,895	52,958	55,825
Current assets					
Property held for sale	11	-	731	-	731
Stock		6	6	6	6
Debtors	16	2,091	1,534	1,244	1,204
Bank balances and money on call		8,340	7,950	7,900	7,079
		10,437	10,221	9,150	9,020
Current liabilities	17	(1,464)	(1,435)	(2,253)	(4,420)
Net current assets		8,973	8,786	6,897	4,600
Total assets less current liabilities		109,254	108,994	68,718	69,392
Defined benefit pension scheme liability	22-24	(11,288)	(28,916)	(11,288)	(28,916)
Other pension obligations	23	(3,150)	(3,150)	(3,150)	(3,150)
Net assets including pension liability		94,816	76,928	54,280	37,326
Unrestricted income funds					
General reserves		23,407	24,194	23,407	24,194
Revaluation reserve - investments		2,092	2,388	2,092	2,388
Revaluation reserve - property		1,308	1,158	1,308	1,158
Designated funds		1,579	0	1,579	0
Total unrestricted income funds before pension reserve		28,386	27,740	28,386	27,740
Pension reserve		(11,288)	(28,916)	(11,288)	(28,916)
Restricted income funds		52,298	52,019	12,754	13,429
Capital funds		25,420	26,085	24,428	25,073
TOTAL FUNDS	19-20	94,816	76,928	54,280	37,326

Approved by the Trustees on 21 May 2019 and signed on their behalf by:

Valerie Morrison Chair	Ian Hardie Treasurer
---------------------------	-------------------------

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

The notes on pages 23 to 45 form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	£'000	£'000
Cash flows from operating activities		
Net (loss)/income before other recognised gains and losses (see page 20)	596	5,935
Adjustments for:		
Increase in stocks	-	7
(Increase)/Decrease in debtors	(530)	751
Increase/(Decrease) in creditors	71	(51)
Decrease in sums held for Synods and congregations	(42)	(58)
(Loss)/Gain on investment assets	1,142	(4,484)
Profit on sale of tangible fixed assets	(814)	(2,481)
Depreciation and impairment	305	275
Other investment income	(1,839)	(1,668)
Cash endowment received	(5)	(4)
Cash endowment paid	0	0
Difference between pension contributions and actuarial cost	(336)	(638)
Cash flows generated from operations	(1,452)	(2,416)
Cash flows from investing activities		
Payments to acquire tangible fixed assets	(2,582)	(4,855)
Payments to acquire intangible fixed assets	(27)	-
Receipts from sales of tangible fixed assets	2,542	5,088
Payments to acquire fixed asset investments	(55)	(170)
Receipts from sales of fixed asset investments	140	170
Loans and advances made to ministers	(45)	(27)
Loans repaid by ministers	25	22
Loans and advances to churches	0	0
Investment income	1,839	1,668
	1,837	1,896
Cash flows from financing		
Addition to capital endowment	5	4
Payments capital endowments	-	-
	5	4
Net increase (decrease) in Cash (note 26)	390	(516)

The notes on pages 23 to 45 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 1 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)) and the Companies Act 2006. The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn. These statements have been prepared on a going concern basis with consistently applied accounting policies. The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

United Reformed Church Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

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 presentation currency is pounds sterling and unless otherwise stated, figures are rounded to the nearest thousand (£000).

The principal accounting policies, which have been applied consistently throughout the year, 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"), Westminster College Trading Limited (company registration number 8855396) 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 Co-operative and Community Benefit Societies Act 2014. 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 18 to 21.

(iii) Income

All incoming resources including voluntary income, income from activities for generating funds, investment income, is recognised in the SOFA when there is legal entitlement to the income, any performance conditions attached to the income have been met, it is probable that the income will be received and the amount can be quantified with reasonable accuracy.

a. 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 measured reliably. 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

b. Grants receivable

Incoming grants are accounted for on a receivable basis. Incoming resources from grants, where there are service or performance deliverables required as conditions of the terms of the grant, are accounted for as the charity earns the right to payment through its performance, when the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably and it is not deferred.

c. 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, are accounted for in the year.

d. 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.

(iv) Expenditure

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; details are shown in notes 5 to 8. The support costs, including governance costs, included in note 7 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. Outgoing grants are accounted for on a payable basis. Grants payable are included in the Statement of Financial Activities when approved and this has been communicated to the applicant. The value of such grants unpaid at the end of the year is accrued.

(v) 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.

(vi) 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.

The Church, together with most synod trusts, also uses The United Reformed Church Final Salary Scheme, a multi-employer defined benefit scheme operated by TPT Retirement Solutions Trust, an independent pension provider to the not-for-profit sector. It provides trustee and asset management services, and pension costs are assessed in accordance with the advice of an independent qualified actuary.

For both schemes, under FRS 102 paragraph 28 – 'Retirement benefits' – the amounts charged to expenditure are the current service costs, interest costs and expenses, which are included within charitable expenditure. Actuarial gains and losses are recognised immediately and disclosed in the Statement of Financial Activities.

The assets of the pension schemes 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.

(vii) Tangible fixed assets

Tangible fixed assets having an initial cost of £1,000 or less are written off on acquisition. Assets having an initial cost greater than £1,000 are stated at cost when purchased and at valuation when received in specie. Property repairs are normally written off when incurred.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

(viii) 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.

(ix) 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.

(x) Mixed motive investment properties

Mixed motive investment property comprises the portion of United Reformed Church House that is let on a commercial basis. It is recognised at fair value and is not depreciated.

(xi) 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.

(xii) Concessionary loans

Loans to advance the Church's charitable purposes are held within fixed assets and are stated at original cost and subsequently adjusted for any repayments or impairment.

(xiii) Financial instruments

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

NOTE 2 VOLUNTARY INCOME

(a) Ministry and Mission Fund Contributions

Synods	2018 £'000	2017 £'000
Northern	773	841
North Western	1,899	1,924
Mersey	1,054	1,032
Yorkshire	1,010	1,071
East Midlands	1,196	1,165
West Midlands	1,679	1,724
Eastern	1,898	1,887
South Western	1,328	1,309
Wessex	2,038	2,035
Thames North	2,222	2,220
Southern	2,651	2,581
Wales	525	531
Scotland	743	784
	19,016	19,104

(b) Grants Receivable

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Congregational Memorial Hall Trust - £98k (2017: £84k). 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 - £51k (2017: £128k). The Council has approved grants totalling £238k to be paid over 3 years which is to be used for the Walking the Way programme. £89k was received in 2017 of which £10k and £63k was recognised against expenditure in 2017 and 2018 respectively. Further tranches of funding are expected to be received once the Trust has submitted its report on progress to date.

The Cheshunt Foundation - £55k (2017: £55k). The foundation, which is an independent Trust not reporting to the United Reformed Church, supports Westminster College by funding the stipend and expenses of one of the teaching staff, by contributing to the college budget, by student bursaries and by providing financial support for ministers taking sabbatical leave.

(c) Donations

Other donations include £36k (2017: £1k) received by Westminster College, and £16k received from Synods by the Retired Ministers' Housing Society.

NOTE 3 INCOME FROM CHARITABLE ACTIVITIES

These comprise:

	2018 £'000	2017 £'000
Retired Ministers' Housing rents	699	685
Westminster College - accommodation, conferences, catering and fees	481	326
Windermere Centre - accommodation, catering and courses	-	81
Publication and resource sales	72	58
Reform magazine - subscriptions and advertising	134	123
Other programmes - fees, grants and sales	161	73
	1,547	1,346

NOTE 4 INVESTMENT INCOME

	2018 £'000	2017 £'000
Unitised funds	1,690	1,647
Interest on short-term investment and bank deposits	29	21
Rental income	120	26
	1,839	1,694

NOTE 5 ANALYSIS OF EXPENDITURE

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

	Direct programme expenditure £'000	Grant funding (note 6) £'000	Support costs (note 7) £'000	2018 Total £'000	2017 Total £'000
Ministry	15,486	675	1,614	17,775	18,986
Education and Learning	2,180	502	285	2,967	3,246
Children's and Youth work	366	2	60	428	387
Mission programmes	1,036	649	208	1,893	1,493
Publishing	117	-	30	147	151
Other expenditure	50	-	-	50	223
	19,235	1,828	2,969	23,260	24,486

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 6 ANALYSIS OF GRANTS

	Grants to individuals £'000	Grants to institutions £'000	2018 Total £'000	2017 Total £'000
Pension grants	323	-	323	349
Welfare and other ministry grants	299	6	305	293
Student maintenance and training	502	-	502	627
Local churches - mission and facilities	-	216	216	230
Chaplaincies	-	47	47	44
Ecumenical church bodies	-	72	72	50
Commitment for Life programme	-	246	246	271
Other programmes	-	117	117	102
	1,124	704	1,828	1,966

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

<u>Organisation</u>	<u>Type</u>	<u>2018</u> £'000	<u>2017</u> £'000
Christian Aid	Commitment for Life	231	225
Council for World Mission	Ecumenical	60	25
Global Justice Now	Commitment for Life	15	15

NOTE 7 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, and governance costs. These costs have been apportioned across the areas of charitable activity on the basis and in the amounts shown below.

	Premises costs £'000	Computer costs £'000	Staff and office costs £'000	2018 Total £'000	2017 Total £'000
Basis of apportionment	Area	Staff	Actual costs		
Ministry	53	76	1,485	1,614	2,014
Education and Learning	17	22	246	285	358
Children's and Youth work	15	12	33	60	62
Mission	19	34	155	208	199
Publishing	9	10	11	30	34
	113	154	1,930	2,197	2,667

NOTE 8 GOVERNANCE COSTS

Governance costs are included in support costs and total £424k (2017: £343k). This figure includes the remuneration of the auditors, amounting to £44k (2017: £41k). The main difference from the previous year was that the General Assembly had its biennial meeting in 2018.

NOTE 9 NOTIFIED LEGACIES

There were no notifications of legacies that had been received but not included in the financial statements because the conditions for recognition have not yet been met (2017: One legacy, £350k).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 10 STIPEND AND SALARY COSTS

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

		2018	2017
		£'000	£'000
Ministers and CRCWs : 401 (2017: 423)	Gross stipends	10,340	10,569
	Social security costs	963	983
	Other pension costs	3,356	3,756
		14,659	15,308

All stipend costs above are included within the costs of Ministry

Lay staff : 99 (2017: 102)	Gross salaries	2,454	2,290
	Social security costs	227	208
	Other pension costs	230	785
	Redundancy costs	26	64
		2,937	3,347

Salary costs have been apportioned as follows:

Ministry	582	1,040
Education and Learning	1,265	1,307
Children's and Youth work	172	178
Mission programmes	464	404
Publishing	454	418
	2,937	3,347

The minister and staff numbers shown represent the average for the year. They include staff working at Church House in London and Westminster College in Cambridge.

There were no ministers, Church Related Community Workers or employees whose emoluments, excluding employer pension contributions, exceeded £60k during 2018 or 2017.

Key management personnel are the General Secretary and three Deputy General Secretaries; of these four two are ministers and two are lay staff. The total of employee benefits paid to key management personnel in 2018 was £172k.

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 16 individuals during the year ended 31 December 2018 totalling £3,325 (2017: 12 individuals totalling £2,520).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 11 TANGIBLE & INTAGIBLE FIXED ASSETS

(a) Consolidated:	Houses for retired ministers £'000	Houses for serving ministers £'000	Other properties £'000	Cars and equipment £'000	Total Tangible Fixed assets £'000	Computer Software £'000
Cost						
At 1 January 2018	38,534	5,420	8,787	1,530	54,271	23
Additions	2,026	-	474	55	2,555	27
Disposals	(996)	-	-	(149)	(1,145)	-
Write-offs	-	-	-	(35)	(35)	-
At 31 December 2018	39,564	5,420	9,261	1,401	55,646	50
Accumulated depreciation and impairment						
At 1 January 2018	463	56	531	918	1,968	14
Charge for year	-	-	150	148	298	6
Disposals	(15)	-	-	(133)	(148)	-
Write-offs	-	-	-	(35)	(35)	-
At 31 December 2018	448	56	681	898	2,083	20
Net book value						
At 31 December 2018	39,116	5,364	8,580	503	53,563	30
At 31 December 2017	38,071	5,364	8,256	612	52,303	9

Of the land and buildings included above, £4,720k (2017: £4,873k) are leasehold. At 31 December 2017 323 (2017: 322) houses were owned for housing retired ministers and 16 (2016: 16) 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 and the Yardley Hastings Centre, and building improvement costs capitalised at Westminster College. At the Yardley Hastings property, which has a carrying value of £628k, the local church continues to use part of the premises and the remainder is leased to a local charity under a long-term lease.

With the exception of certain improvements and additions, including the costs of the major refurbishment in 2013-14, 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(b) Trust:	Houses for retired ministers £'000	Houses for serving ministers £'000	Other properties £'000	Cars and equipment £'000	Total Tangible fixed assets £'000	Computer software £'000
Cost						
At 1 January 2018	637	5,420	2,901	617	9,575	-
Additions	-	-	-	37	37	27
Disposals	(51)	-	-	(100)	(151)	-
At 31 December 2018	586	5,420	2,901	554	9,461	27
Accumulated depreciation and impairment						
At 1 January 2018	34	56	77	441	608	-
Charge for year	-	-	38	65	103	-
Disposals	(3)	-	-	(83)	(86)	-
At 31 December 2018	31	56	115	423	625	-
Net book value						
At 31 December 2018	555	5,364	2,786	131	8,836	27
At 31 December 2017	603	5,364	2,824	176	8,967	27

(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, were 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 MIXED MOTIVE INVESTMENT PROPERTY

	Consolidated		Trust	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Fixed asset investments				
Carrying value at beginning of year	1,755	-	1,755	-
Transfer from fixed assets at cost	-	598	-	598
Net gains/(losses) on revaluation	150	1,157	150	1,157
Carrying value at end of year	1,905	1,755	1,905	1,755

Mixed motive investment property consists of the second floor of URC Church House which is rented out on a commercial let. The property was formally valued by Allsop LLP on 6 November 2017. The value of the mixed motive investment property at 31 December 2018 was calculated using rental yields.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 13 INVESTMENTS

	Consolidated		Trust	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Fixed asset investments				
Carrying value at beginning of year	45,759	42,433	44,373	41,150
Additions to investments at cost	55	170	55	170
Sales proceeds	(140)	(170)	(140)	(170)
Net gains/(losses) on revaluation	(1,293)	3,326	(1,251)	3,223
Carrying value at end of year	44,381	45,759	43,037	44,373
	Consolidated		Trust	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Investments comprise units in UK based Common Investment Funds at market value, as follows:				
COIF Charities Ethical Investment Fund	43,206	44,614	41,862	43,228
COIF Charities Property Fund	1,175	1,145	1,175	1,145
	44,381	45,759	43,037	44,373
Investments at book cost	34,026	34,076	33,055	33,056

The trustees believe that the carrying value of the investments is supported by their underlying net assets. Included within investments held in the COIF Charities Ethical Investment Fund is £4,042k held to meet the 'other pension obligation' as set out in note 23. Financial assets measured at fair value are £44,381k.

NOTE 14 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 Churches' Mutual Credit Union and Traidcraft plc. These smaller investments held as social investments and are held at cost and not revalued.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 15 CONCESSIONARY LOANS

	Consolidated		Trust	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
External loans comprise:				
To ministers	76	55	76	55
To Churches	84	84	84	84
Inter-fund concessionary loans	-	-	7,614	9,316
	160	139	7,774	9,455

Loans to ministers are generally interest free and repayable over 3 to 5 years.

Loans to churches comprises a long term loan to the Synod of Wales in respect of the Glamorgan Chaplaincy. The loan is interest free and is repayable if the chaplaincy is wound up.

Inter-fund concessionary 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.

NOTE 16 DEBTORS

	Consolidated		Trust	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Debtors comprise:				
Amounts owed by group undertakings	-	-	66	121
Tax recoverable	-	10	-	10
Other debtors	499	450	385	385
Prepayments and accrued income	1,592	1,074	793	688
	2,091	1,534	1,244	1,204

Financial assets measured at amortised cost are £1,121k

NOTE 17 CREDITORS: amounts falling due within one year

	Consolidated		Trust	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Current liabilities comprise:				
Amounts owed to group undertakings	-	-	1,052	3,212
Sums held for Synods and congregations	27	69	9	52
Other creditors including taxation and social security	1,004	1,027	946	1,004
Accruals	318	286	246	152
Deferred income	115	53	-	-
	1,464	1,435	2,253	4,420

Creditors include £14k (2017: £78k) in respect of grants from the Council for World Mission received in the year but not yet spent on the relevant projects.

Financial liabilities measure at amortised cost are £2,307,000

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Movements in deferred income:	Consolidated		Trust	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Balance at 1 January	54	45	-	-
Received in the year	270	141	-	-
Transferred to income	(209)	(133)	-	-
Balance at 31 December	115	53	-	-

NOTE 18 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 £934k (2017: £935k) designated as a Legacy Fund, from which sums are allocated by the Finance Committee to projects not covered by regular budgets. The first allocations were in 2010, and £122k was allocated in 2018.

These funds include £19.4million 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 £16.0million the capital is expendable by decision of the Trustees.

NOTE 19 SUMMARY OF FUND MOVEMENTS

2018 Fund Movements

UNRESTRICTED FUNDS - CONSOLIDATED AND TRUST

	Funds at 1 Jan 2018 £'000s	Incoming resources £'000s	Resources expended £'000s	Transfers between funds £'000s	Gains/ (Losses) on investment assets £'000s	Actuarial gains £'000s	Funds at 31 Dec 18 £'000s
Ministry and Mission Fund	(1,176)	20,480	(19,818)	(1,113)	(146)	17,292	15,519
Maintenance of the Ministry Fund	-	35	-	(35)	-	-	-
Ministerial Training Fund	-	450	-	(450)	-	-	-
	(1,176)	20,965	(19,818)	(1,598)	(146)	17,292	15,519

DESIGNATED FUNDS - CONSOLIDATED AND TRUST

	Funds at 1 Jan 2018 £'000s	Incoming resources £'000s	Resources expended £'000s	Transfers between funds £'000s	Gains/ (Losses) on investment assets £'000s	Actuarial gains £'000s	Funds at 31 Dec 18 £'000s
Legacy Fund	-	157	(372)	944	-	-	729
Discipleship Development Fund	-	196	(50)	704	-	-	850
	-	363	(422)	1,648	-	-	1,579

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

RESTRICTED FUNDS - CONSOLIDATED AND TRUST

	Funds at 1 Jan 2018 £'000s	Incoming resources £'000s	Resources expended £'000s	Transfers between funds £'000s	Losses on investment assets £'000s	Actuarial gains £'000s	Funds at 31 Dec 18 £'000s
Church Buildings Fund	3,698	135	(153)	-	(108)	-	3,572
Retired Ministers' Housing Fund	4,810	106	(22)	-	-	-	4,894
Welfare Fund	7	40	(53)	12	-	-	6
Retired Ministers' Funds	599	159	(274)	-	(108)	-	376
Commitment For Life Fund	29	308	(303)	-	-	-	34
Other Funds	4,288	220	(115)	(433)	(88)	-	3,872
Total Trust Funds	13,431	968	(920)	(421)	(304)	-	12,754
Westminster College Funds	7,078	1,373	(1,964)	370	(21)	-	6,836
Retired Ministers' Housing Society	31,510	1,933	(735)	-	-	-	32,708
Total Consolidated Funds	52,019	4,274	(3,619)	(51)	(325)	-	52,298

Following the sale of the Windermere Centre, £411k, representing the cost of the centre building was transferred from restricted funds to form the basis of a designated fund to be called the Discipleship Development Fund. This fund was further topped up with a transfer of £293k from unrestricted reserves to being the fund total to £850k. A further £935k was transferred from unrestricted funds to designated funds to reflect the Legacy Fund balance. £370k representing the support paid by the URC Trust to Westminster College. An amount of £10k was transferred from the Carmichael Montgomery Grants/Loans Fund, a restricted fund, to designated funds to help cover grants paid by the Legacy Fund.

CAPITAL FUNDS - CONSOLIDATED AND TRUST

	Funds at 1 Jan 2018 £'000s	Incoming resources £'000s	Resources expended £'000s	Transfers between funds £'000s	Losses on investment assets £'000s	Funds at 31 Dec 18 £'000s
Ministry and Mission Fund	7,149	-	-	-	(184)	6,965
Maintenance of the Ministry Fund	910	-	-	-	(27)	883
Ministerial Training Fund	11,808	-	-	-	(301)	11,507
Church Buildings Funds	184	-	-	-	-	184
Retired Ministers' Housing Funds	391	-	-	-	-	391
Welfare Funds	795	-	-	-	(24)	771
Retired Ministers' Funds	569	-	-	-	(17)	552
Other Funds	3,267	5	-	-	(97)	3,175
Total Trust Funds	25,073	5	-	-	(650)	24,428
Westminster College Funds	1,012	-	-	-	(20)	992
Total Consolidated Funds	26,085	5	-	-	(670)	25,420

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2017 Fund Movements

UNRESTRICTED FUNDS - CONSOLIDATED AND TRUST

	Funds at 1 Jan 2017	Income	Expenditure	Transfers between funds	Gains on investment assets	Actuarial gains	Funds at 31 Dec 17
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Ministry and Mission Fund	(5,387)	21,237	(21,435)	140	1,893	2,376	(1,176)
Maintenance of the Ministry Fund	-	21	-	(21)	-	-	-
Ministerial Training Fund	-	443	-	(443)	-	-	-
	(5,387)	21,701	(21,435)	(324)	1,893	2,376	(1,176)

RESTRICTED FUNDS - CONSOLIDATED AND TRUST

	Funds at 1 Jan 2017	Income	Expenditure	Transfers between funds	Gains on investment assets 8	Actuarial gains	Funds at 31 Dec 17
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Church Buildings Fund	3,471	131	(167)	-	263	-	3,698
Retired Ministers' Housing Fund	4,583	269	(42)	-	-	-	4,810
Welfare Fund	3	45	(53)	12	-	-	7
Retired Ministers' Funds	(437)	159	(295)	-	287	885	599
Commitment For Life Fund	28	299	(298)	-	-	-	29
Other Funds	4,008	206	(102)	(32)	208	-	4,288
Total Trust Funds	11,656	1,109	(957)	(20)	758	885	13,431
Westminster College Funds	7,335	1,216	(1,868)	344	51	-	7,078
Retired Ministers' Housing Society	29,830	2,454	(774)	-	-	-	31,510
Total Consolidated Funds	48,821	4,779	(3,599)	324	809	885	52,019

CAPITAL FUNDS - CONSOLIDATED AND TRUST

	Funds at 1 Jan 2017	Income	Expenditure	Transfers between funds	Gains on investment assets	Funds at 31 Dec 17
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Ministry and Mission Fund	6,663	-	-	-	486	7,149
Maintenance of the Ministry Fund	843	-	-	-	67	910
Ministerial Training Fund	10,971	-	-	-	837	11,808
Church Buildings Funds	184	-	-	-	-	184
Retired Ministers' Housing Funds	391	-	-	-	-	391
Welfare Funds	736	-	-	-	59	795
Retired Ministers' Funds	527	-	-	-	42	569
Other Funds	3,023	4	-	-	240	3,267
Total Trust Funds	23,338	4	-	-	1,731	25,073
Westminster College Funds	961	-	-	-	51	1,012
Total Consolidated Funds	24,299	4	-	-	1,782	26,085

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 20 ANALYSIS OF CONSOLIDATED NET ASSETS BETWEEN FUNDS

2018 Analysis

ANALYSIS OF ASSETS BETWEEN FUNDS – CONSOLIDATED

	Unrestricted Funds	Designated Funds	Restricted Funds	Capital Funds	Total 2018
	£'000s	£'000s	£'000s	£'000s	£'000s
Intangible assets	27	-	3	-	30
Property	7,084	-	44,679	1,297	53,060
Cars and equipment	131	-	372	-	503
Investments	9,931	-	10,585	24,107	44,623
Investment properties	1,905	-	-	-	1,905
External loans	76	-	84	-	160
Inter fund loans	2,840	-	(2,840)	-	-
Net current assets	8,135	(191)	1,029	-	8,973
Pension reserve	(11,288)	-	(3,150)	-	(14,438)
Inter fund balances	(3,322)	1,770	1,536	16	-
Net assets	15,519	1,579	52,298	25,420	94,816

ANALYSIS OF ASSETS BETWEEN FUNDS – TRUST

	Unrestricted Funds	Designated Funds	Restricted Funds	Capital Funds	Total 2018
	£'000	£'000s	£'000	£'000	£'000
Intangible assets	27	-	-	-	27
Property	7,084	-	647	974	8,705
Cars and equipment	131	-	-	-	131
Investments	9,931	-	9,909	23,439	43,279
Investment properties	1,905	-	-	-	1,905
External loans	76	-	84	-	160
Inter fund loans	2,840	-	4,775	-	7,615
Net current assets	7,363	(191)	(61)	-	7,111
Pension reserve	(11,288)	-	(3,150)	-	(14,438)
Inter fund balances	(3,322)	1,770	550	15	(987)
Net assets	14,747	1,579	12,754	24,428	53,508

2017 Analysis

ANALYSIS OF ASSETS BETWEEN FUNDS – CONSOLIDATED

	Unrestricted Funds	Restricted Funds	Capital Funds	Total 2017	Total 2016
Intangible assets	-	9	-	9	15
Property	7,122	44,004	1,297	52,423	50,988
Cars and equipment	164	448	-	612	665
Investments	10,229	10,995	24,777	46,001	42,675
Investment properties	1,755	-	-	1,755	-
External loans	55	84	-	139	134
Inter fund loans	4,675	(4,675)	-	-	-
Net current assets	6,962	1,093	-	8,055	8,901
Pension reserve	(28,916)	(3,150)	-	(32,066)	(35,645)
Inter fund balances	(3,222)	3,211	11	-	-
Net assets	(1,176)	52,019	26,085	76,928	67,733

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

ANALYSIS OF ASSETS BETWEEN FUNDS – TRUST

	Unrestricted Funds	Restricted Funds	Capital Funds	Total 2017	Total 2016
	£'000	£'000	£'000	£'000	£'000
Property	7,122	1,426	974	9,522	8,262
Cars and equipment	164	12	-	176	160
Investments	10,229	10,298	24,088	44,615	41,392
Investment properties	1,755	-	-	1,755	-
External loans	55	84	-	139	134
Inter fund loans	4,675	4,641	-	9,316	9,329
Net current assets	6,962	(37)	-	6,925	6,749
Pension reserve	(28,916)	(3,150)	-	(32,066)	(35,645)
Inter fund balances	(3,222)	155	11	(3,056)	(773)
Net assets	(1,176)	13,429	25,073	37,326	29,608

NOTE 21 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. Regular 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 available for these purposes; notes 7 and 16 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 or civil partners in their retirement. Income in 2018 included £16k from donations and £341k 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 15 to 17 as inter-fund loans and balances; note 25 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 £3,150k.

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(g) 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.

NOTE 22 PENSION OBLIGATIONS

The United Reformed Church has obligations for two pension funds: United Reformed Church Ministers' Pension Fund (MPF), and the United Reformed Church Final Salary Scheme (FSS). The actuarial gains and/or losses and the liabilities for each scheme were:

	MPF		FSS		Total	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Actuarial gains/(losses)	16,267	2,433	1,025	(57)	17,292	2,376
Net scheme assets/(liabilities)	(11,626)	(27,092)	489	(1,824)	(11,288)	(28,916)

The details of each scheme are set out in notes 23 and 24 below.

NOTE 23 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 2018 was formally agreed on 11 December 2018. For the purpose of these financial statements, the actuary has updated that valuation at 31 December 2018 using assumptions that are consistent with the requirements of FRS102. Compared with a year ago, this update has decreased the present value of scheme liabilities by 8.6% while asset values have increased by 0.7%. This has resulted in a decrease of £15.5million 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 2018 totalled 22.4% of pensionable pay, together with a fixed annual amount of deficit funding, in 2018 £1,004k (2017: £980k), increasing in line with stipends. Members' contributions are 7.5% of pensionable pay. Church contributions totalled £2,881k in 2017 (2017: £2,475k). Following the latest valuation, contributions from January 2019 total 22.4% of pensionable pay, together with annual deficit funding of £565k, increasing in line with stipends.

The major assumptions used by the actuary in assessing scheme liabilities on a FRS102 basis were:

	2018	2017
Discount rate at year end	2.90%	2.50%
Expected return on plan assets at year end	n/a	n/a
Future stipend increases	2.20%	2.15%
Future pension increases (RPI up to 5%)	3.20%	3.10%
Future deferred pension revaluation (CPI)	2.20%	2.15%
Life expectancy of male pensioners (age 65)	22.9	24.0
Life expectancy at female pensioners (age 65)	23.9	25.2

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

	2018 Value at 31 Dec £'000	2017 Value at 31 Dec £'000
Present value of obligations	(152,689)	(167,115)
Fair value of plan assets	141,063	140,023
Net (liability)	(11,626)	(27,092)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

	2018	2017
	£'000	£'000
Operating charge		
Current service cost	2,670	2,637
Administrative expenses	338	325
Financing cost:		
Interest on net defined liability	674	752
Total operating charge	3,682	3,714
Other Comprehensive Income (OCI)		
Asset gains arising during the year	(455)	(6,300)
Liability (gains)/losses arising during the year	(15,812)	3,867
OCI	(16,267)	(2,433)
Total (gain)/loss recognised in the Statements of Financial Activities and OCI	(12,585)	1,281

d) Change in defined benefit obligation:

	2018	2017
	£'000	£'000
Opening defined benefit obligation	167,115	161,763
Service cost (inc. employee contributions)	3,675	3,596
Interest expense on DBO	4,143	4,253
Actuarial losses/(gains) on liabilities	(15,812)	3,867
Benefits paid	(6,432)	(6,364)
Closing defined benefit obligation	152,689	167,115

e) Change in fair value of plan assets:

	2018	2017
	£'000	£'000
Opening fair value of plan assets	140,023	133,477
Interest income on assets	3,469	3,501
Actuarial gains (losses)	455	6,300
Contributions by employer	2,881	2,475
Contributions by employees	1,005	959
Administrative expenses	(338)	(325)
Benefits paid	(6,432)	(6,364)
Closing fair value of plan assets	141,063	140,023

f) Future employer contributions:

The Church expects to contribute about £2,750,000 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:

	2018	2017
	Asset allocation	Asset allocation
	%	%
Equities	34	33
Property	10	9
Bonds	55	56
Cash/other	1	1

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

h) Five year comparison

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

	2018	2017	2016	2015	2014
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	152,689	167,115	161,763	134,771	141,710
Plan assets	141,063	140,023	133,477	111,877	111,710
Surplus/(deficit)	(11,626)	(27,092)	(28,286)	(22,894)	(30,000)

Other pension obligations

SORP 2015 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. An independent actuarial assessment of the net present value of these future payments was obtained at the time of the formal actuarial review as at 31 December 2017, using comparable assumptions as for FRS 17 calculations; this value (£3,150k) has been deducted from the total of restricted Fund included in the Balance Sheet. Included within restricted fund investments is £4,042k held to meet this obligation, and;

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

NOTE 24 THE UNITED REFORMED CHURCH FINAL SALARY SCHEME

a) The United Reformed Church contributes to a staff pension scheme known as the "Final Salary" scheme; this too is a defined benefit scheme, which is administered by TPT Retirement Solutions (formerly The Pensions Trust). The United Reformed Church is the principal employer in the scheme, and eleven synods and Northern College are participating employers. There is no agreement to charge the net defined benefit cost to participating employers, who are therefore unable to identify their share of the underlying assets and liabilities – each employer pays a common contribution rate. The information below is provided by the principal employer in respect of the whole scheme as required by FRS102.

Triennial actuarial valuations of the whole Final Salary scheme are performed by a qualified independent actuary. The most recent formal actuarial review of the scheme was at 30 September 2016, when the scheme had a deficit of £5,445k. For the purpose of these financial statements, the actuary has updated that valuation at 31 December 2017 using assumptions that are consistent with the requirements of FRS102.

i) Contributions:

During 2017 the United Reformed Church contributed 28.2% (2017: 28.2%) of basic salary in respect of members of the scheme, which includes 10.5% as deficit funding and 3.2% to meet expenses and levies. Members contributed at the rate of 7.5% (2017: 7.5%) of pensionable salary throughout the accounting period.

The major assumptions used by the actuary in assessing scheme liabilities on a FRS102 basis were:

	2018	2017	2016
Discount rate at year end	2.75%	2.45%	2.65%
Inflation (RPI)	3.25%	3.25%	3.35%
Inflation (CPI)	2.25%	2.25%	2.35%
Future salary increases	2.50% for 3 years and 2.75% thereafter	2.50% for 3 years and 2.75% thereafter	2.60% for 3 years and 2.85% thereafter
Future deferred pension revaluation (CPI)	2.50%	2.50%	2.50%
Life expectancy in years of males retiring in 2018 (age 65)	21.5	23.0	23.1
Life expectancy in years of females retiring in 2018 (age 65)	23.2	24.6	24.8
Life expectancy in years of males retiring in 2038 (age 65)	22.9	24.4	24.8
Life expectancy in years of females retiring in 2038 (age 65)	24.5	25.8	26.3

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

ii) **The amounts recognised at 31 December in the Balance Sheet are as follows:**

	2018	2017	2016
	£'000	£'000	£'000
Present value of obligations	(27,808)	(29,597)	(26,719)
Fair value of plan assets	28,297	27,942	23,362
Net asset/(liability)	489	(1,655)	(3,357)

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

	2018	2017
	£'000	£'000
Operating charge		
Current service cost	1,373	1,222
Administrative expenses	110	93
Net interest cost:	26	65
Total operating charge	1,509	1,380
Other Comprehensive Income (OCI)		
Asset gains/(losses) arising during the year	(1,676)	1,635
Liability gains (losses) arising during the year	2,7001	(1,692)
OCI	1,025	(57)

iv) **Change in defined benefit obligation:**

	2018	2017
	£'000	£'000
Opening defined benefit obligation	29,597	26,719
Current service cost (inc. contributions by plan participants)	1,400	1,254
Interest expense on DBO	727	714
Administrative expenses	110	93
Actuarial losses/(gains) on liabilities	(2,701)	1,692
Benefits paid and death in service premiums	(1,325)	(875)
Closing defined benefit obligation	27,808	29,597

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

	2018	2017
	£'000	£'000
Opening fair value of plan assets	27,942	23,362
Interest income on assets	701	649
Actuarial gains (losses)	(1,676)	1,635
Contributions by employers	2,628	3,139
Contributions by plan participants	27	32
Benefits paid	(1,325)	(875)
Closing fair value of plan assets	28,297	27,942

vi) **Future employer contributions:**

Employers expect to contribute about £1,259,000 to the plan during the next accounting year.

vii) **Breakdown of plan assets:**

The major categories of plan assets are as follows:

	2018	2017	2016
	£'000	£'000	£'000
Equity-Type assets	14,383	16,126	12,017
Fixed Interest Bonds	3,460	571	4,261
Index-Linked bonds	8,680	7,175	4,425
Fixed Interest Gilts	8	387	540
Property	1,543	1,454	1,416
Other	223	2,229	706
Total assets	28,297	27,942	23,365

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 TPT Retirement Solutions. 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 normally make contributions to the Growth Plan, but from 1 April 2013 has been required to do so as a result of an actuarial deficit. The most recent formal actuarial valuation of the Growth Plan, as at 30 September 2014, revealed a deficit of £177m, equivalent to a funding level of 82%. Its latest recovery plan includes a requirement for contributions from the Church over a period of 9.5 years from 1 April 2016, including £20k in 2017. The Church now recognises a liability for the net present value of these future contributions, amounting to £149k at the balance sheet date (2017: £169k). The present value is calculated using a discount rate of 1.75% (2017: 1.39%), and the charge to the Statement of Financial Activities of £1k (2017: £2k) represents the finance cost of unwinding the discount rate and the effect of any changes in actuarial assumptions.

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 March 2010. TPT Retirement Solutions estimated the Church's contingent obligation at £271k as at 30 September 2014, but there is not currently any expectation that this situation will arise.

NOTE 25 COMMITMENTS

At 31 December 2018 there were no commitments in respect of the purchase of properties (2017: £nil), and contractual liabilities of £nil (2017: £nil). £131k (2017: nil) was committed as grants payable from the Legacy Fund.

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 2018 £2.1 million was spent on acquiring housing for retired ministers, £426k on repairing and maintaining existing properties and profits of £365k were earned from the sale of homes no longer required. Exercises have been undertaken periodically by the Society's management committee to collect information to assist more accurate long-term planning; these have confirmed a continuing need for assistance in the short to medium term. Future cash flow is kept under continuous review, and recent years have seen the Society become cash flow positive. This trend is expected to continue for the medium to long term.

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 26 CASH FLOW INFORMATION

Reconciliation of net cash flow to movement in net cash funds

	2018 £'000	2017 £'000
Increase/(Decrease) in cash in the period	390	(516)
Net cash funds at 1 January	7,950	8,466
Net cash funds at 31 December	8,340	7,950

Net cash funds are represented by bank balances and money on call, as shown on the Consolidated Balance Sheet. Of the total, £7,079k is shown on the Trust Balance Sheet.

NOTE 27 RELATED PARTY TRANSACTIONS

During the year the United Reformed Church Trust recharged salary and staff costs amounting to £175k (2017: 181k) to the United Reformed Church Retired Ministers' Housing Society Limited and paid £357k (2017: £345k) to Westminster College as a contribution to the teaching costs of the College.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 28 LEASE COMMITMENTS

At 31 December 2018 the trust had future minimum Lease payments under non-cancellable operating leases as follows:

	2018 £'000	2017 £'000
Due within 1 year	6	6
Due in more than 1 year but less than 5 years	14	16
Due in more than 5 years	2	2
Total	22	24

NOTE 29 LEASES RECEIVABLE

At 31 December 2018 the principle future minimum lease payments receivable under non-cancellable leases are as follows:

	2018 £'000	2017 £'000
Due within 1 year	100	29
Due in more than 1 year but less than 5 years	275	371
Due in more than 5 years	-	-
Total	375	400

NOTE 30 SUBSIDIARY UNDERTAKINGS

The United Reformed Church Retired Ministers' Housing Society Limited ('RMHS') is an exempt charity registered under the Co-operative and Community Benefit Societies Act 2014, number 15986R. In recent practice, a majority of the Directors of the society was nominated to serve by the United Reformed Church. It is expected that the rules of the RMHS are to be updated in 2019 to give the United Reformed Church Trust the power to appoint a majority of the directors and this will demonstrate more clearly that the United Reformed Church Trust has control of the entity and its results are consolidated in full.

Westminster College Cambridge is governed by the General Assembly under clause 2.6 (A) (vi) of the Structure of the United Reformed Church through a body of Governors appointed by it, in accordance with the terms of the Trust Deed of 1899 as modified by the United Reformed Church Act 1972. Accordingly it is considered that the United Reformed Church Trust has control of the entity and its results are consolidated in full.

Their financial results were as follows:

	United Reformed Church Retired Ministers' Housing Society Limited		Westminster College Cambridge	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Income	1,406	2,458	1,702	1,663
Expenditure	736	778	1,964	1,869
Net income/(expenditure)	670	1,680	(262)	(206)
Total net assets	32,181	31,510	7,828	8,090

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 31 CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT

	2018	2017
	£'000	£'000
Gross income from continuing operations	24,780	23,991
Net gains on disposal of fixed assets	817	2,493
Total income	25,597	26,484
Total expenditure	(23,859)	(25,034)
Net income for year	1,738	1,446

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 32

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2017

					2017
					Total
					funds
Note	---- Income funds ----		---- Capital funds ----		£'000
	Unrestricted £'000	Restricted £'000	Unrestricted £'000	Restricted £'000	
Donations and legacies					
Ministry and Mission Fund contributions	2(a)	19,104	-	-	19,104
Grants receivable	2(b)	84	55	-	139
Legacies		109	213	-	322
Commitment for Life donations		-	299	-	299
Other donations	2(c)	23	150	-	177
		216	717	-	937
Charitable activities					
Ministry	3	-	685	-	685
Education and Learning		83	326	-	409
Children's and Youth work		6	-	-	6
Mission programmes		65	-	-	65
Publishing		181	-	-	181
		335	1,011	-	1,346
Other trading activities		-	777	-	777
Investment income	4	1,132	562	-	1,694
Other income					
Gains on sale of properties		796	1,697	-	2,493
Other income		118	15	-	133
		914	1,712	-	2,626
<i>Total income and endowments</i>		21,701	4,779	-	26,484
Expenditure on:					
Raising funds:					
Trading expenditure		-	548	-	548
Charitable activities					
Ministry	5	17,791	1,195	-	18,986
Education and Learning		1,986	1,260	-	3,246
Children's and Youth work		387	-	-	387
Mission programmes		981	512	-	1,493
Publishing		151	-	-	151
		21,296	2,967	-	24,263
Other expenditure		139	84	-	223
<i>Total expended</i>		21,435	3,599	-	25,034
Surplus from charitable and trading activities		266	1,180	-	1,450
Net gains on investment assets		1,893	809	1,391	4,484
<i>Net income</i>		2,159	1,989	1,391	5,934
Transfers between funds		(324)	324	-	-
Actuarial gains/(losses) on pension schemes	22	2,376	885	-	3,261
<i>Net movement in funds</i>		4,211	3,198	1,391	9,195
Reconciliation of Funds					
Total funds brought forward		(5,387)	48,821	18,477	67,733
Total funds carried forward		(1,176)	52,019	19,868	76,928

FIVE YEAR SUMMARY

FIVE YEAR SUMMARY (unaudited)

	2014	2015	2016	2017	2018
	£'000	£'000	£'000	£'000	£'000
INCOME AND EXPENDITURE ACCOUNTS					
Income					
Ministry and Mission Fund contributions	19,643	19,483	19,260	19,104	19,016
Investment income	1,487	1,590	1,626	1,694	1,839
Income from charitable activities	1,347	1,506	1,448	1,346	1,547
Grants receivable	132	129	134	139	155
Legacies	624	704	206	322	1,036
Donations	1,440	1,537	621	476	398
Other income	2,028	3,689	3,399	3,403	1,606
	26,701	28,638	26,694	26,484	25,597
Expenditure					
Ministry	18,505	19,266	18,609	18,986	17,775
Education & Learning	2,681	3,128	3,202	3,246	2,967
Children's and Youth work	342	385	371	387	428
Mission programmes	1,376	1,430	1,541	1,493	1,893
Support activities (incl. publishing)	346	319	288	151	147
Trading activities	397	550	565	548	599
Other costs	532	683	361	223	50
	24,179	25,761	24,937	25,034	23,859
Net income	2,522	2,877	1,757	1,450	1,738
Investment gains	1,361	360	3,723	4,484	(1,142)
Actuarial gains/(losses)	4,891	8,912	(6,933)	3,261	17,292
Net increase/(decrease) in funds	8,774	12,149	(1,453)	9,195	17,888
CASH FLOW STATEMENTS					
Cash required for investment in					
Houses for retired ministers	(982)	(1,147)	(2,193)	(1,686)	679
Other properties	602	831	556	1,337	(714)
Cars and equipment	610	52	131	116	102
Loans to churches and ministers	(5)	17	67	5	20
	225	(247)	(1,439)	(228)	87
Source of cash					
Net incoming/(outgoing) resources for the year (see above)	2,227	2,877	1,756	1,450	1,738
Adjustment for items not resulting in a cash movement, for returns on investments, and for capital receipts	(1,323)	(891)	(1,932)	(2,198)	(1,351)
	904	1,986	(176)	(748)	387
Net increase in capital	5	5	5	4	5
Net decrease/(increase) in investments	(3,062)	28	(448)	0	85
Decrease/(increase) in bank balances	2,378	(2,266)	(820)	516	(390)
	225	(247)	(1,439)	(228)	87

FIVE YEAR SUMMARY Continued

FIVE YEAR SUMMARY continued

	2014	2015	2016	2017	2018
	£'000	£'000	£'000	£'000	£'000
BALANCE SHEETS (Consolidated)					
Fixed assets					
Tangible assets					
Houses for retired ministers	38,005	37,934	38,311	38,070	39,115
Houses for serving ministers	4,796	4,904	5,534	5,364	5,364
Other properties	7,034	7,329	7,143	8,258	8,581
Cars, equipment and intangibles	771	687	680	621	533
	50,606	50,854	51,668	52,313	53,593
Investment Properties	0	0	0	1,755	1,905
Long term investments (incl.programme-related)	38,173	38,505	42,675	46,001	44,623
Loans to churches and ministers	49	67	134	139	160
	88,828	89,426	94,477	100,208	100,281
Net current assets/(liabilities)					
Current assets					
Debtors and stock	-	-	-	731	0
Debtors and stock	1,436	2,131	2,298	1,540	2,097
Bank balances and money on call	5,380	7,646	8,466	7,950	8,340
	6,816	9,777	10,764	10,221	10,437
less : current liabilities	1,478	1,283	1,544	1,435	1,464
	5,338	8,494	9,220	8,786	8,973
Net assets excluding pension liability	94,166	97,920	103,697	108,994	109,254
Defined benefit pension scheme liability	(30,000)	(24,698)	(31,929)	(28,916)	(11,288)
Other pension obligations	(4,035)	(4,035)	(4,035)	(3,150)	(3,150)
Net assets including pension liability	60,131	69,187	67,733	76,928	94,816
Unrestricted income funds	(6,485)	(820)	(5,387)	(1,176)	15,519
Designated funds	0	0	0	0	1,579
Restricted income funds	44,315	47,549	48,821	52,019	52,298
Capital funds	22,301	22,458	24,299	26,085	25,420
Total funds	60,131	69,187	67,733	76,928	94,816
NON-FINANCIAL STATISTICS					
(from URC Year Book)					
	2014	2015	2016	2017	2018
Members	58,276	56,086	52,060	49,517	46,881
Stipendiary ministers	480	469	438	401	398
Non-stipendiary ministers	74	68	65	57	58
Churches	1,472	1,447	1,426	1,406	1,383
Retired ministers	914	892	891	885	885
Ministry and Mission contribution per member	£334	£343	£367	£384	£406



The
**United
Reformed
Church**