

Trustees' Report and Financial Statements **2017**

(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 2017

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UNITED REFORMED CHURCH TRUST

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

TRUSTEES' REPORT

(Incorporating the Report of the Directors)

The directors, who are also trustees of the charity, submit their report and the audited consolidated financial statements for the year ended 31 December 2017. 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		
Mr John Ellis		Resigned 30 June 2017
Mr Alastair Forsyth		
Revd Richard Gray (Chairman)		
Mr Ian Hardie	Honorary Treasurer	Appointed 12 September 2017
Dr Ian Harrison		
Revd Michael Hopkins	Clerk of the General Assembly	
Mr Neil McKenzie		
Mrs Val Morrison		
Mr Emmanuel Osae		
Mr Peter Pay		
Revd John Proctor	General Secretary	
Mr Andrew Summers		
Mrs Margaret Thompson		
Revd Kevin Watson	Moderator of the General Assembly	
Mr Andrew Weston		Appointed 5 December 2017
Mrs Catriona Wheeler		
Mr Alan Yates	Moderator of the General Assembly	

Secretary: Ms Sandi Hallam-Jones

Most of the directors are appointed as trustees by the General Assembly of the United Reformed Church, to serve for up to 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, Revd Nicola Furley-Smith, Mr Malcolm Lindo, Revd John Proctor, Revd Kenneth Summers, Mr Peter West. Co-opted Members Revd Richard Church and Revd Simon Swales.

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 Nigel Uden, Mr Derek Estill

Immediate Past Moderators – Revd David Grosch-Miller, Mr John Ellis

Convenor of the Assembly Arrangements Committee – Revd James Breslin

Deputy General Secretary, Discipleship - Revd Richard Church

Deputy General Secretary, Mission – Ms Francis Brien

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 2017.

Convenors: Revd Ray Adams, Revd Bernard Collins, Mrs Wilma Frew, Mr Peter Knowles, Revd Helen Mee, Revd Jenny Mills, Revd Prof Neil Messer, Revd Dr Alan Spence, Revd Paul Whittle.

URC Youth representatives: Mr Daniel Morrell (Youth Moderator), Ms Hannah Jones (Youth Moderator Elect), Mr Jake Convery

Synod moderators and representatives:

1 Northern: Revd David Herbert, Revd Joan Grindrod-Helms, Rev Dr Anthony Haws, Ms Maureen Shepherd

2 North Western: Revd Andrew Mills, Revd Nigel Adkinson, Mrs Pamela Dent, Revd Brian Jolly

3 Mersey: Revd Jacky Embrey, Mrs Rita Griffiths, Mr Bill Gould, Rev Chris Parker

4 Yorkshire: Revd Kevin Watson, Revd Dr James Coleman, Mrs Val Morrison, Mr Christopher Reed

5 East Midlands: Revd Peter Meek, Mr David Greatorex, Ms Helen Lidgett, Revd Martha McInnes

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

TRUSTEES' REPORT CONTINUED

- 8 South Western: Revd Ruth Whitehead, Mrs Gwen Jennings, Mrs Maria Mills, Revd Philip Nevard
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, Mr Paul Corney
11 Southern: Revd Nicola Furley-Smith, Revd Derrick Dzandu-Hedidor, Mr Frank Liddell, Revd Kim Plumpton
12 Wales: Revd Simon Walkling, Revd Adrian Bulley, Mrs Barbara Jones, Revd Paul Robinson
13 Scotland: Revd Dr David Pickering, Revd Trevor Jamison, Ms Morag McLintock, Dr Jim Merrilees

United Reformed Church Finance Committee

Convenor: Mr Ian Hardie

Chief Finance Officer: Mr John Samson

Mr Bob Christie, Revd Richard Gray, Mr David Greatorex, Mr Brian Hosier, Revd Iain McLaren, Revd John Piper, Mr William Potter, Mr Ian Simpson, Revd David Walton, 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

Mazars LLP
Chartered Accountants and Statutory Auditors
Times House, Throwley Way
Sutton, Surrey SM1 4JQ

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

TRUSTEES' REPORT CONTINUED

Church, to decide more carefully about priorities and to encourage the outreach of the Church to the community.

Charity Status

The United Reformed Church, having charitable status at General Assembly, Synod and local church levels, was formerly excepted from charity registration by legislation. With the implementation of the Charities Act 2006 this exception ended for charities with an annual gross income over £100,000, and as a result United Reformed Church Trust, Synod Trusts and 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.

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 over 1400 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 its 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) together with the Commitment for Life and Vision2020 programmes will continue to operate. The Local Mission and Ministry Review process, through which the Synods challenge and support their churches, is another key vehicle for increasing the effectiveness of local witness and service.

- **Subsidiary charities**

The United Reformed Church Retired Ministers' Housing Society Limited has as its objects to carry on for the benefit of the community the business of providing, for retired ministers and widow/ers 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.

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 will be incorporated in the Book of Reports to the Church's biennial General Assembly, which will meet at Nottingham in July 2018. We report below on that work and on the specific activities of the Trustee as stewards of the charity's assets.

Mission Council had previously confirmed plans to refurbish the Church's central office in London, to improve its accessibility, to develop it as a workplace, to enhance its 'green' credentials, and to allow a quarter of the building to be commercially let. This refurbishment was carried through in the first six months of 2017 and, while remedial work remains to be done on damp in the lower ground floor, the quality and layout of the building are already enhancing the work of the central staff. A tenant – to our delight, a charity whose ethos matches ours in important ways – took up a lease of the second floor of the building in September.

Also in September we remembered with thanksgiving the ordination of Constance Coltman, our first woman minister, in 1917. This occasion included a conference, shared with the Congregational Federation and partners from the world Church, a celebratory service, and a small publication project. In October we joined with partners from many other church traditions to recall the Lutheran Reformation of 1517.

Our retreat, holiday and lay training centre at Windermere, which had served us for thirty years, had suffered a gradual tailing-off of usage, and Mission Council in May 2017 took the difficult decision to close it. The URC Trust is charged with disposal of the building, after which the proceeds will be managed to support learning and training throughout the Church.

During the year an extensive audit of the Church's safeguarding records was carried out, and a report on what can be learned from this will come to the 2018 Assembly.

TRUSTEES' REPORT CONTINUED

Committee work

Children's and Youth Work

2017 was a year of Feasts and Festivals, the theme from Children's and Youth Work being adopted by the whole URC for the first time. Pilots Worship Materials supported churches in exploring this with children and young people. January saw Dan Morrell inducted as the second United Reformed Church's Youth Moderator at Youth Assembly. This weekend-long event for 14-25s welcomed Revd Jenny Mills as keynote speaker and Revd Tim Lowe as chaplain and included workshops, seminars, group discussions, worship and other activities. The event is peer led and young people are supported, equipped and trained to enable them to fulfil the primary roles at the Assembly. Karen Morrison, Head of Children's and Youth Work, left after 18 years' service with URC. General Secretary John Proctor praised how 'she has challenged the rest of us to realise and remember the importance of children and young people, and to let them take a full and active place in the life and work of the Church'. Pilots ran The Big Day Out as an all-age event for the whole church at Warwick Castle in May, attended by over 1,300 people. Crossfire Camp, run by GEAR for young people aged 12 and upwards, had a stimulating weekend. URC Youth were actively involved in the URC's programme at Greenbelt Festival in August, running 'cake and debate sessions'. A revised version of The Compass, the programme resource for Pilots companies, was published and distributed. Theology of Play by Judy Harris was an excellent addition to the theology booklets series commissioned by the children's and youth work committee. Dr Sam Richards was appointed as new Head of Children's and Youth Work from November. 2018's theme will be Pilgrimage, as we explore Walking the Way of Jesus, and undertake a review of the URC's work with children and young people.

Communications

The communications committee main work areas in 2017 were preparing material for the Walking the Way emphasis, gearing up for General Assembly, the Ministers' Gathering and the new Stepwise education and learning programme which is discussed below. Work was also done on improving the URC website and the accounting systems in the publications office. The committee continued to focus on *Reform* magazine, working out strategies to continue to publish this valuable resource for the denomination within the financial constraints of its budget. In the autumn of 2017 responsibility for iChurch moved from the education and learning department to the communications committee and we are committed to developing this work and helping more local churches establish/develop their online presence and engagement. We have already clarified the costs of our iChurch offer – moving away from the former 'pay what you can' approach and introducing a rate card of costs – and are now working on some marketing materials to encourage more widespread adoption of iChurch.

Education and Learning

This has been a year in which there has been a heightened awareness of lay development within the United Reformed Church. Alongside the decision to close the Windermere Centre, Mission Council commissioned the Education & Learning Committee to develop a costed and viable strategy for lay training and congregational development. The Windermere Centre closed at the end of May, and a poignant service of thanksgiving for its contribution to the URC over three decades was held at Carver Uniting Church in July.

In February an inter-disciplinary group was formed to develop the successor to Training for Learning and Service. The group met frequently and brought proposals for the new programme to Mission Council for commendation in November 2017. Called Stepwise, the new programme will start to be available from September 2018, with full availability in place by Summer 2021. This is part of Walking the Way, Living the life of Jesus today emphasis.

Work continued on developing a URC research network, with the holding of a well-attended conference at Luther King House in Manchester in July.

The Education & Learning Committee's focus on appreciative inquiry continued with the launch of the book *Appreciating Church*. A set of cards to encourage missional conversations by congregations using appreciative inquiry was prototyped at the Greenbelt Festival.

TRUSTEES' REPORT CONTINUED

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. Following on from previous work done to predict the number of ministers available through deployment, the past year has seen a focus on strategies for maximising the impact of those ministers and developing additional ministries.

There were fifteen church related community workers in accredited 'churches in community' across the Church in 2017. The TLS 'Developing Community Experiences' programme continues to highlight the importance of community presence and engagement by congregations, as well as by specialist staff. 18 of our ministers serve in special category ministry posts beyond the typical work of ministers as chaplains, evangelists or pioneer ministers and we have seven 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.

In partnership with education and learning and mission, preparation has been underway for a gathering in early 2018 to which all our active ministers have been invited. This is the first time we have arranged such an event since the formation of the United Reformed Church and about 300 of our ministers will gather at the end of April 2018. This will provide the opportunity to reflect on their role within the church at this point in our history, explore challenges and developments and receive input from world renowned speakers.

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 refreshing our habits of discipleship and mission, Walking the Way, Living the Life of Jesus Today, started in the summer of 2017 and initial materials and worship resources were produced for use in local churches.

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

The United Reformed Church is part of the ecumenical Joint Public Issues Team (JPIT). In 2017 the team's work focused on UK poverty, climate change, the Nuclear Ban Treaty, democratic engagement, and refugees and asylum seekers.

The National Rural Officer continues to support rural churches to play a central role in their communities. 2017 saw the launch of the first annual Rural Mission Sunday and the resource 'A Discipling Presence'.

The Global and Intercultural Ministries work focused on global engagement through visits to partner churches around the world, welcoming representatives from partner churches and through sending and receiving mission partners. In the past year the team has worked closely with the Council for World Mission on a series of hearings on the Legacies of Slavery and a process towards a New International Economic Financial Architecture.

Mission staff also hosted the international conference to mark the centenary of the ordination of Constance Coltman, the first woman to be ordained to the ministry in a mainstream denomination in the UK. The conference ended with a thanksgiving service on 17 September 2017.

TRUSTEES' REPORT CONTINUED

The Commitment for Life programme celebrated its 25th anniversary in 2017 and 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 continued involvement with the New Framework for Local Ecumenism (with Churches Together in England) and hosting the official launch of National Interfaith Week.

Safeguarding

The Safeguarding Advisory Group (SAG) continues to review the development of safeguarding policies and processes within the URC and has agreed a strategic plan for 2017 to 2022.

A new URC Safeguarding Officer was appointed in December 2017 who will work on on-going policy review and monitoring and will contribute to further development and consolidation of the strategic plan.

The Past Case Review has utilised support from experts, and a Learning Group of specialists has studied the process of the last two years to analyse the findings.

Safeguarding is one of the priority areas focused on in the new General Data Protection Regulations (GDPR) that come into force in May 2018 and work has been undertaken to ensure that the Church is compliant.

Resourcing Our Work

All the above must be set in the context of our 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. 2017 saw a slight slowing of this trend as the reduction was 0.8%, and 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 and the denomination continues to give serious thought to ways of stemming this decline;
- Stock markets were relatively stable during 2017 and our investments continued to produce a steady income stream and capital growth. The accounts show investment income of £1,694k (which includes income from mixed motive investment property) and capital appreciation of £3,326k
- The deficit on the Ministers' Pension Fund has reduced due to good performance of the assets in the scheme. This was offset somewhat by an increase in the liabilities of the fund as interest rates remained low and future service costs rose. The actuarial gain of £2,433k reflected in the accounts for the Ministers' Pension Fund was also offset to some degree by an actuarial loss of £57k for the United Reformed Church Final Salary scheme for lay staff. A triannual valuation of the Ministers' Pension Fund at 31 December 2017 is currently underway and we expect the results and the impact of this valuation to become clear during 2018.
- Work has continued to identify and achieve further longer term savings in expenditure, in particular on governance and facilities.

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 2017 and was pleased to note another year of good capital performance.

TRUSTEES' REPORT CONTINUED

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 four 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 Windermere and Yardley Hastings centres and United Reformed Church House, London.

In early 2017 major renovations were carried out in United Reformed Church House to make it better fit for purpose and to create space for rent-paying tenants. The total cost, including ancillary costs of relocating staff during the works, came within the budget of £2.6m which was agreed by Mission Council in 2016. In September 2017 a five year lease was signed with a tenant for the second floor of the newly refurbished building.

Throughout 2017 important elements of the Westminster College site were completed. The Woolf Institute building was finished and occupied by the end of the year. The offices and flats of the Cambridge Theological Federation and the Eastern Region Ministry Course became fully functional in 2017. The college was thus able to also complete the development of the remainder of the Bounds property, creating three flats for the use of its staff, students and to let.

Risk Management

During the year the trustees have undertaken a review of the risks with which the central administration of the Church is faced. This is carried out by means of an annual request to departments and committees to identify risks in their areas and to report, noting the measures that are being taken to manage each risk. A group has been established to consider the current risk management process with a view to implementing a revised system from August 2019.

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 a declining membership 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 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 updated guidance on safeguarding matters was issued in 2016 and materials are available on the Church's website. Local churches are required to report annually on safeguarding matters to their synod's safeguarding officer. A Safeguarding Officer at Church House together with the synods' own safeguarding officers are 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.

The Church completed Phase Two of the Past Case Review for anyone to make a complaint about past actions of people affiliated with the URC and is busy working through the cases that arose.

TRUSTEES' REPORT CONTINUED

The risks associated with a declining membership 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. More specifically the risks identified are:

- difficulty in balancing the number of ministers available with the finances available;
- difficulty in balancing the number of ministers available with the demands of local churches;
- reduction in voluntary donations which finance the administration of the Church, the stipends of ministers and the salaries of staff; and
- difficulty in finding sufficient local volunteers to run local churches, staff administrative structures and organise events.

The Church has a procedure for assessing the anticipated ministry available for deployment to each of the synods so that expectations can be set. It also has a robust budgeting procedure which ensures that the financial implications of decisions are understood and that commitments and available finance are matched.

Future Developments

We continue to seek appropriate ways of deploying our ministers among the many small congregations in our Church. The Ministries Committee will bring forward proposals to Assembly to allow a more flexible pattern of call and appointment in settings of this kind.

We have worked for two years to develop new learning materials on Christian faith and life, to be widely accessible and extensively used among the congregations of our Church. This Walking the Way material, already available in small portions, will be more fully launched in the summer of 2018. At that time we shall give grateful thanks for the Training for Learning and Serving programme, which has been a means of learning, enabling and growth for about a thousand of our people over some twenty years.

A four-day conference for all the Church's ministers is planned for the spring, with around 300 due to attend.

Our Assembly in July will consider proposals to revert to an annual pattern of meeting, in order to maintain a closer oversight by the Church as a whole of its common life and work. We shall seek to manage more of our detailed committee work through virtual meetings, saving on time and travel.

A review of all our children's and youth work will stretch through 2018, aiming to strengthen the relationship among the generations in our Church, and to value particularly the voices and needs of those who have the largest stake in our future.

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 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, 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

TRUSTEES' REPORT CONTINUED

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 19 shows the disposition of the various charity funds totalling £76,928k as at 31 December 2017 (2016: £67,733k). The term "reserves" describes that part of a charity's income funds that is freely available. Much of our funds are invested in property or restricted in use.

The unrestricted fund net assets readily available are £16,861k (2016: £15,662k). This represents about nine and a half months (2016: nine months) of unrestricted fund expenditure. The expenditure of £2.7 million from reserves in respect of the refurbishment of Church House was more than offset by the growth in investment values and the surplus of unrestricted income over expenditure. A £2 million contribution from reserves to the Final Salary Pension scheme meant a lower deficit on the updated actuarial valuation of the scheme than would otherwise have been the case.

The Finance Committee, which reviews the policy annually, considers that our aim should be to maintain reserves of at least six months of unrestricted fund expenditure to support the Church's ongoing activities. Currently this implies reserves of around £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 actuarial valuation of the Ministers' Pension Fund at the start of 2018 is likely to increase the total call on the budget for contributions, which could require some initial support from reserves. In addition the Trust has provided a £16 million guarantee in respect of future contributions to the ministers' pension fund (see note 25) and is therefore reluctant to dilute the strength of the employer's covenant with the pension fund by reducing the assets currently held to any significant extent. The Committee therefore considers that the present level of reserves, somewhat above the target range, is appropriate and satisfactory.

Grant making

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

2017 Financial Results

The results for 2017 are set out in more detail in the Consolidated Statement of Financial Activities on page 18. This shows that there was, overall, an increase in funds in the year of £9,195k. The following table shows the breakdown of this increase compared with the decrease for the previous year.

	2017	2016
Voluntary income:	£000	£000
Ministry and Mission Fund contributions	19,104	19,260
Donations, grants and legacies	937	961
Income from charitable activities	1,346	1,447
Trading income	777	650
Investment income	1,694	1,626
Other income	2,626	2,749
Total income	26,484	26,693
Expenditure:		
Cost of generating funds	548	565
Charitable activities	24,263	24,011
Other	223	361
Total expended	25,034	24,937
 Net income from operating activities	 1,450	 1,756
 Gains on investment assets	 4,484	 3,723
Net income	5,934	5,479
Actuarial gain on pension schemes	3,261	(6,933)
	9,195	(1,454)

TRUSTEES' REPORT CONTINUED**Ministry and Mission Fund contributions**

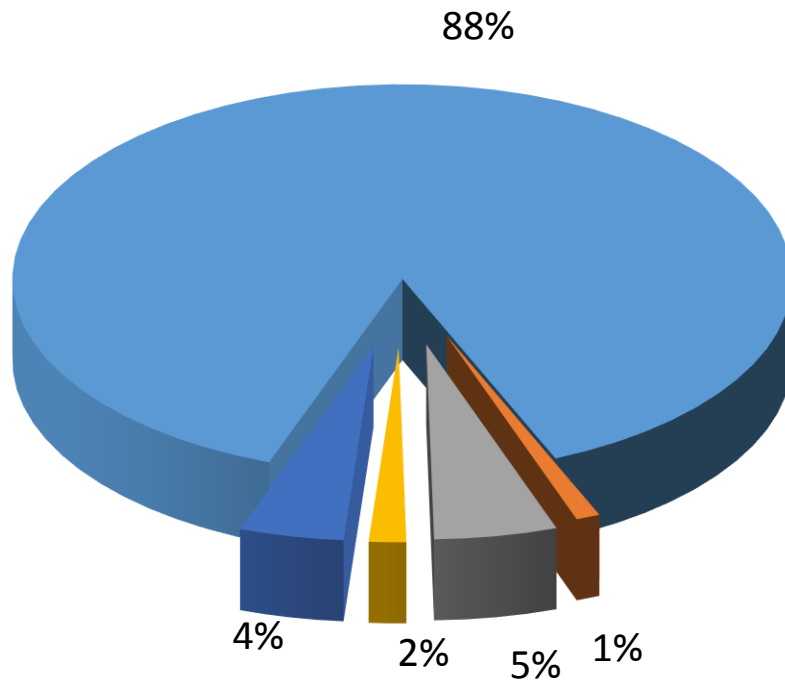
The pie chart on page 13 gives a visual picture, showing that 88% of our unrestricted income comes from Ministry and Mission Fund contributions, which totalled just over £19 million and in which most Synods matched the amount pledged. We are very grateful for the faithful and regular giving that this represents, enabling us to support ministry and mission across our three nations, and sustain the major way in which we fund, in partnership, all our work for the kingdom of God. The pie chart on page 14 shows that 83% of our unrestricted expenditure, totalling £17,791k, is used to provide ministry and a further 9% (£1,986k) 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 continued to fall from previous levels as the Westminster College Development Appeal was wound up. One synod continues to contribute towards the Ministers' Pension Fund deficit and this amounted to £100k in 2017. Commitment for Life donations from churches and individuals were £299k. 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 £935k (2016: £918k) and allocations and grants totalled £197k in 2017 (2016: £160k).

TRUSTEES' REPORT CONTINUED

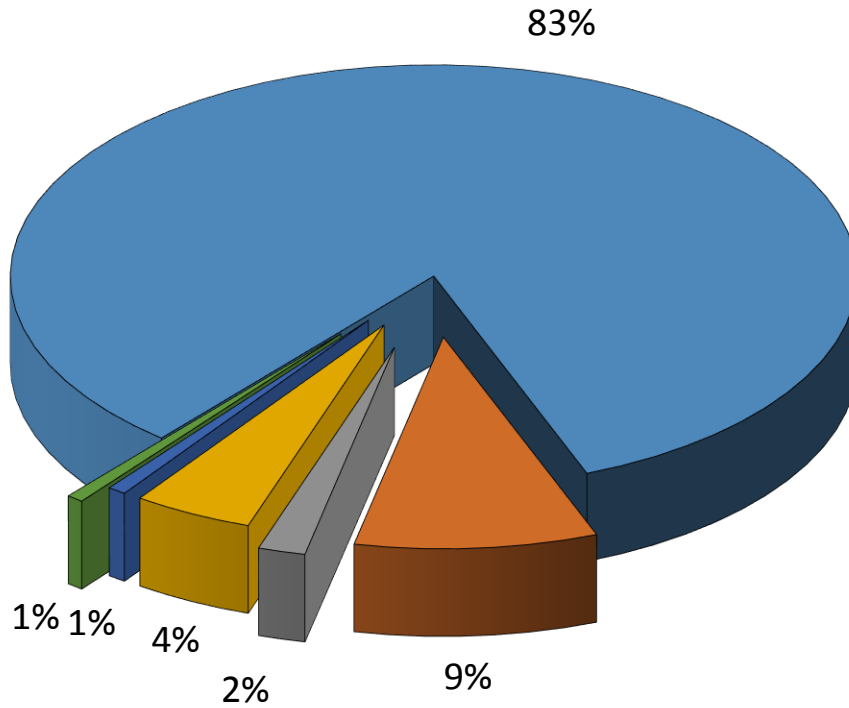
**Unrestricted Income - £21.7m
Year ended 31 December 2017**



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

TRUSTEES' REPORT CONTINUED

**Unrestricted Expenditure - £21.4m
Year ended 31 December 2017**



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

TRUSTEES' REPORT CONTINUED**Investment income**

Total investment income remained relatively flat with returns being stable over the year. Interest rates on cash deposits remained at historically low levels.

Trading income/cost of generating funds

The bed and breakfast accommodation and conferences and events business through Westminster College Trading Limited, continued to show good growth, making good use of the recently refurbished facilities to generate revenues for the college. Income from these sources totalled £777k in 2017 (2016: £650k), and direct and attributable costs totalled £548k (2016: £565k).

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 (£2,493k) 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 2017, 14 properties were bought and 22 were sold.

Expenditure – Charitable activities

These costs are analysed in note 5 on page 24, and include a share of support costs.

Ministry: £18,986k. 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 (which averaged 384 in number over the year), and includes all costs of the Synod Moderators. In 2017 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: £3,246k. The considerable commitment of resources to training ministers has continued. This sum includes our support for our Resource Centres for Learning, which reflects their wider role in providing learning opportunities for the whole Church, as well as direct support of those training for ministry. Other costs relate to ongoing ministerial training and Training for Learning and Serving ('TLS') and other lay training. It includes the relevant costs of Westminster College and the costs associated with the final period of operation of the Windermere Centre and its closure.

Children's and Youth Work: £387k. The programmes continued to be developed in 2017. These costs include those for the Big Day Out which was opened up to adults this year as part of the Feasts and Festivals theme for the year.

Mission Programmes: £1,493k. The Mission Committee and team continue to progress longer-term strategies, including the Vision2020 grants programme for projects at home and abroad. Commitment for Life grants were slightly down on last year in line with the decrease in donations received. The costs of the Walking the Way missional discipleship emphasis are included here, but were wholly offset by a grant from the Council For World Mission (see Note 2b).

Publishing: £151k. 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. In-house publishing has been limited but successful.

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. The investment growth seen in 2016 continued into 2017 although this did slow somewhat. Investment gains and losses over time are shown in the five year summary on page 43.

TRUSTEES' REPORT CONTINUED

Actuarial gains on pension obligations

We are required to take full account of actuarial gains and losses arising each year in the United Reformed Church Ministers' Pension Fund (MPF), and the United Reformed Church Final Salary Scheme (FSS), which is mainly for lay staff. In 2017 the lower discount rate and higher inflation expectations resulted in an increase in the pension liabilities of the MPF. This was more than offset by strong performance of the fund's diversified investments. This led to a net actuarial gain for the year of £2.4million. The FSS reports a net actuarial loss of £57k as the investments in this fund did not perform as well. More details are given in notes 22 to 24 to the financial statements on pages 35 to 39. The Church continued to make the required deficit contributions to both funds mainly from contributions from local churches to the Ministry and Mission Fund and a lump sum of £2 million was made to the FSS as part of the new deficit funding plan.

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

Revd Richard Gray

Chair

15 May 2018

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

Opinion

We have audited the financial statements of The United Reformed Church Trust (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the consolidated Statement of Cash flows 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 FRS 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 of the parent charity's affairs as at 31 December 2017 and of the group's 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 charity 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 or the parent charity'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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, 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 Trustees' Report which includes the Strategic Report and the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Trustees' Report.

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specific 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 parent charity 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's and the parent charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

This report is made solely to the 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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Alistair Fraser (Senior Statutory Auditor)

for and on behalf of Mazars LLP,

Chartered Accountants and Statutory Auditor

Times House, Throwley Way, Sutton, Surrey SM1 4JQ

Date:

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

	Note	--- Income funds ---		--- Capital funds ---		2017	2016
		Unrestricted	Restricted	Unrestricted	Restricted	Total	Total
		£'000	£'000	£'000	£'000	funds	funds
						£'000	£'000
Donations and legacies							
Ministry and Mission Fund contributions	2(a)	19,104	-	-	-	19,104	19,260
Grants receivable	2(b)	84	55	-	-	139	134
Legacies		109	213	-	-	322	206
Commitment for Life donations		-	299	-	-	299	337
Other donations	2(c)	23	150	-	4	177	284
		216	717	-	4	937	961
Charitable activities	3						
Ministry		-	685	-	-	685	684
Education and Learning		83	326	-	-	409	550
Children's and Youth work		6	-	-	-	6	24
Mission programmes		65	-	-	-	65	8
Publishing		181	-	-	-	181	182
		335	1,011	-	-	1,346	1,448
Other trading activities		-	777	-	-	777	650
Investment income	4	1,132	562	-	-	1,694	1,626
Other income							
Gains on sale of properties		796	1,697	-	-	2,493	2,582
Other income		118	15	-	-	133	167
		914	1,712	-	-	2,626	2,749
<i>Total income and endowments</i>		21,701	4,779	-	4	26,484	26,694
Expenditure on:							
Raising funds:							
Trading expenditure		-	548	-	-	548	565
Charitable activities	5						
Ministry		17,791	1,195	-	-	18,986	18,609
Education and Learning		1,986	1,260	-	-	3,246	3,202
Children's and Youth work		387	-	-	-	387	371
Mission programmes		981	512	-	-	1,493	1,541
Publishing		151	-	-	-	151	288
		21,296	2,967	-	-	24,263	24,011
Other expenditure		139	84	-	-	223	361
<i>Total expended</i>		21,435	3,599	-	-	25,034	24,937
Surplus from charitable and trading activities		266	1,180	-	4	1,450	1,757
Net gains on investment assets		1,893	809	1,391	391	4,484	3,723
<i>Net income</i>		2,159	1,989	1,391	395	5,934	5,480
Transfers between funds		(324)	324	-	-	-	-
Actuarial gains/(losses) on pension schemes	22	2,376	885	-	-	3,261	(6,933)
<i>Net movement in funds</i>		4,211	3,198	1,391	395	9,195	(1,454)
Reconciliation of Funds							
Total funds brought forward		(5,387)	48,821	18,477	5,822	67,733	69,187
Total funds carried forward		(1,176)	52,019	19,868	6,217	76,928	67,733

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 21 to 42 form an integral part of these financial statements.

CONSOLIDATED AND TRUST BALANCE SHEETS AS AT 31 DECEMBER 2017

	Note	<i>Consolidated</i> 2017 £'000	<i>Consolidated</i> 2016 £'000	<i>Trust</i> 2017 £'000	<i>Trust</i> 2016 £'000
Fixed assets					
Intangible assets		9	15	-	-
Tangible assets	11				
Houses for retired ministers		38,070	38,311	603	682
Houses for serving ministers		5,364	5,533	5,364	5,533
Other properties		8,258	7,144	2,824	2,046
Total properties		51,692	50,988	8,791	8,261
Cars and equipment		612	665	176	160
		52,313	51,668	8,967	8,421
Investments and loans					
Mixed motive investment property	12	1,755	-	1,755	-
Investments	13	45,759	42,433	44,373	41,150
Programme-related investments	14	242	242	242	242
Loans, excluding inter-fund loans	15	139	134	9,455	9,464
		47,895	42,809	55,825	50,856
Current assets					
Property held for sale	11	731	-	731	-
Stock		6	13	6	13
Debtors	16	1,534	2,285	1,204	1,970
Bank balances and money on call		7,950	8,466	7,079	7,069
		10,221	10,764	9,020	9,052
Current liabilities					
Net current assets	17	(1,435)	(1,544)	(4,420)	(2,758)
		8,786	9,220	4,600	6,294
Total assets less current liabilities		108,994	103,697	69,392	65,571
Defined benefit pension scheme liability	22-24	(28,916)	(31,929)	(28,916)	(31,929)
Other pension obligations	23	(3,150)	(4,035)	(3,150)	(4,035)
Net assets including pension liability		76,928	67,733	37,326	29,607
Unrestricted income funds					
General reserves		24,194	24,890	24,194	24,890
Revaluation reserve - investments		2,388	1,652	2,388	1,652
Revaluation reserve - property		1,158	-	1,158	-
Total unrestricted income funds before pension reserve		27,740	26,542	27,740	26,542
Pension reserve		(28,916)	(31,929)	(28,916)	(31,929)
Restricted income funds		52,019	48,821	13,429	11,656
Capital funds		26,085	24,299	25,073	23,338
TOTAL FUNDS	19-20	76,928	67,733	37,326	29,607

Approved by the Trustees on 15 May 2018 and signed on their behalf by:

Revd Richard Gray
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 16 to 42 form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	£'000	£'000
Cash flows from operating activities		
Net income before other recognised gains and losses (see page 18)	5,935	5,479
Adjustments for:		
Increase in stocks	7	(8)
Decrease/(Increase) in debtors	751	(159)
(Decrease)/Increase in creditors	(51)	238
(Decrease)/Increase in sums held for Synods and congregations	(58)	23
Gain on investment assets	(4,484)	(3,723)
Profit on sale of tangible fixed assets	(2,481)	(2,582)
Depreciation and impairment	275	263
Other investment income	(1,668)	(1,626)
Cash endowment received	(4)	(5)
Cash endowment paid	0	141
Difference between pension contributions and actuarial cost	(638)	298
Cash flows generated from operations	(2,416)	(1,661)
Cash flows from investing activities		
Payments to acquire tangible fixed assets	(4,855)	(2,864)
Receipts from sales of tangible fixed assets	5,088	4,370
Payments to acquire fixed asset investments	(170)	(730)
Receipts from sales of fixed asset investments	170	282
Loans and advances made to ministers	(27)	(6)
Loans repaid by ministers	22	23
Loans and advances to churches	0	(84)
Investment income	1,668	1,626
	1,896	2,617
Cash flows from financing		
Addition to capital endowment	4	5
Payments capital endowments	-	(141)
	4	(136)
Net increase (decrease) in Cash (note 26)	(516)	820

The notes on pages 21 to 42 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS**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.

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 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 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 Friendly and Industrial and Provident Societies Acts 1965 to 2003. 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 19 and 20.

(iii) Donations and legacies

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

(iv) Grants

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

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

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

(vi) Gains and losses on investments

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED**(vii) 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 or to its governance; details are shown in notes 5 to 8. The support 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.

(viii) Taxation

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

(ix) Pensions

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

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.

(x) Tangible fixed assets

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

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

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

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

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

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

(xi) Heritage assets

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

(xii) Operating leases

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED**(xiii) 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.

(xiv) 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.

(xv) 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.

(xvi) 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	2017	2016
	£'000	£'000
Northern	841	916
North Western	1,924	1,908
Mersey	1,032	1,081
Yorkshire	1,071	1,105
East Midlands	1,165	1,176
West Midlands	1,724	1,675
Eastern	1,887	1,881
South Western	1,309	1,351
Wessex	2,035	2,008
Thames North	2,220	2,189
Southern	2,581	2,674
Wales	531	517
Scotland	784	779
	<u>19,104</u>	<u>19,260</u>

(b) Grants Receivable

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

Congregational Memorial Hall Trust - £84k (2016: £77k). 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 - £128k (2016: £8k). The Council approved grants totalling £79k over three years from its mission support programme the final tranche amounting to £28k was received and spent in 2017. A new grant of £238k over 3 years has been approved to be used for the Walking the Way programme. £89k was received in 2017 of which £11k was recognised against expenditure and the balance of £78k is included in Deferred income within creditors (note 17).

The Cheshunt Foundation - £55k (2016: £57k). 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 £1k (2016: £38k) received by Westminster College towards its Development Appeal, and £16k (2016: £21k) received from Synods towards pension fund deficit contributions.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED**NOTE 3 INCOME FROM CHARITABLE ACTIVITIES**

These comprise:	2017	2016
	£'000	£'000
Retired Ministers' Housing rents	685	664
Westminster College - accommodation, conferences, catering and fees	326	300
Windermere Centre - accommodation, catering and courses	81	223
Publication and resource sales	58	53
Reform magazine - subscriptions and advertising	123	123
Other programmes - fees, grants and sales	73	85
	<u>1,346</u>	<u>1,448</u>

NOTE 4 INVESTMENT INCOME

	2017	2016
	£'000	£'000
Unitised funds	1,647	1,595
Unlisted securities	-	1
Interest on short-term investment and bank deposits	21	30
Rental income	26	-
	<u>1,694</u>	<u>1,626</u>

NOTE 5 ANALYSIS OF EXPENDITURE

(a) 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	2017 Total £'000	2016 Total £'000
Ministry	16,284	688	2,014	18,986	18,609
Education and Learning	2,261	627	358	3,246	3,202
Children's and Youth work	325	-	62	387	371
Mission programmes	643	651	199	1,493	1,541
Publishing	117	-	34	151	288
	<u>19,630</u>	<u>1,966</u>	<u>2,667</u>	<u>24,263</u>	<u>24,011</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED**NOTE 5 ANALYSIS OF EXPENDITURE (continued)**

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

	Direct programme expenditure £'000	Grant funding £'000	2017 Total £'000	2016 Total £'000
Ministry				
Local and special ministries and CRCWs	14,569	338	14,907	14,310
Synod moderators - stipends and expenses	703	-	703	703
Pension grants	-	349	349	375
Retired ministers' housing	605	-	605	641
Ministries committee	407	1	408	306
	16,284	688	16,972	16,335
Education and Learning				
Initial training for ministry	1,080	627	1,707	1,504
Ongoing training for ministry	66	-	66	103
Lay training	44	-	44	128
Resource Centres support	606	-	606	605
Windermere Centre programme	203	-	203	413
Education and Learning committee	262	-	262	145
	2,261	627	2,888	2,898
Children's and Youth work				
Staff costs	179	-	179	196
Resources and programme – children & youth	108	-	108	82
Resources and programme – Pilots development	39	-	39	44
	326	-	326	322
Mission programmes				
Grants to local churches	-	230	230	220
Ecumenical and international programmes	105	50	155	246
Commitment for Life programme	58	270	328	332
Other programmes	136	101	237	111
Mission committee	344	-	344	463
	643	651	1,294	1,372
Publishing				
Reform magazine	75	-	75	216
Publications and resources	41	-	41	32
	116	-	116	248
Total	19,630	1,966	21,596	21,175

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 6 ANALYSIS OF GRANTS

	Grants to individuals £'000	Grants to institutions £'000	2017 Total £'000	2016 Total £'000
Pension grants	349	-	349	375
Welfare and other ministry grants	287	6	293	309
Student maintenance and training	619	8	627	546
Local churches - mission and facilities	-	230	230	179
Chaplaincies	-	44	44	39
Ecumenical church bodies	-	50	50	103
Commitment for Life programme	-	271	271	304
Other programmes	3	99	102	101
	1,258	708	1,966	1,956

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

<u>Organisation</u>	<u>Type</u>	2017 £'000	2016 £'000
Christian Aid	Commitment for Life	225	253
Council for World Mission	Ecumenical	25	25
Global Justice Now	Commitment for Life	15	17

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. 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	2017 Total £'000	2016 Total £'000
Basis of apportionment	Area	Staff	Actual costs		
Ministry	44	95	1,875	2,014	1,883
Education and Learning	16	28	314	358	347
Children's and Youth work	10	15	37	62	53
Mission	16	41	142	199	190
Publishing	10	12	12	34	44
	96	191	2,380	2,667	2,517

NOTE 8 GOVERNANCE COSTS

Governance costs are included in support costs and total £343k (2016: £446k). This figure includes the remuneration of the auditors, amounting to £41k (2016: £45k). The main difference from the previous year was that the General Assembly had its biennial meeting in 2016.

NOTE 9 NOTIFIED LEGACIES

Notification of one legacy for the restricted funds of Retired Ministers' Housing has been received that have not been included in the financial statements because the conditions for recognition have not yet been met. It is estimated that the amount receivable from this legacy is £350k. There were no notifications of legacies for the general purposes of the Trust that had been received but not included in the financial statements because the conditions for recognition have not yet been met. (2016: one legacy, £250).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED**NOTE 10 STIPEND AND SALARY COSTS**

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

		2017	2016
		£'000	£'000
Ministers and CRCWs : 384 (2016: 434)	Gross stipends	10,569	11,118
	Social security costs	983	1,035
	Other pension costs	3,756	2,583
		<u>15,308</u>	<u>14,736</u>
Lay staff : 102 (2016: 98)	Gross salaries	2,290	2,590
	Social security costs	208	236
	Other pension costs	785	386
	Redundancy costs	64	-
		<u>3,347</u>	<u>3,212</u>

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

There were no ministers, Church Related Community Workers or employees whose emoluments, excluding employer pension contributions, exceeded £60k during 2017 or 2016.

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 2017 was £169k.

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 12 individuals during the year ended 31 December 2017 totalling £2,520 (2016: 14 individuals totalling £3,146).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 11 TANGIBLE FIXED ASSETS

(a) Consolidated:	Houses for retired ministers £'000	Houses for serving ministers £'000	Other properties £'000	Cars and equipment £'000	Total £'000
Cost					
At 1 January 2017	38,822	5,591	7,591	1,550	53,554
Additions	1,572	554	2,603	126	4,855
Disposals	(1,860)	(586)	(188)	(146)	(2,780)
Reclassification	-	(140)	140	-	-
Reclassification to Mixed motive investment property	-	-	(605)	-	(605)
Reclassification to Property held for sale	-	-	(753)	-	(753)
At 31 December 2017	38,534	5,420	8,787	1,530	54,271
Accumulated depreciation and impairment					
At 1 January 2017	511	57	448	885	1,901
Charge for year	-	-	111	157	268
Disposals	(47)	(2)	-	(124)	(173)
Reclassification to Mixed motive investment property	-	-	(7)	-	(7)
Reclassification to Property held for sale	-	-	(22)	-	(22)
At 31 December 2017	463	56	531	918	1,968
Net book value					
At 31 December 2017	38,070	5,364	8,258	612	52,304
At 31 December 2016	38,311	5,533	7,144	665	51,653

Of the land and buildings included above, £4,873k (2016: £4,915k) are leasehold. At 31 December 2017 322 (2016: 330) 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, the Yardley Hastings and Windermere Centres, 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 £'000
Cost					
At 1 January 2017	721	5,591	2,151	659	9,122
Additions	-	554	2,157	104	2,815
Disposals	(84)	(586)	(188)	(146)	(1,004)
Reclassification	-	(139)	139	-	-
Reclassification to Mixed motive investment property	-	-	(605)	-	(605)
Reclassification to Property held for sale	-	-	(753)	-	(753)
At 31 December 2017	637	5,420	2,901	617	9,575
Accumulated depreciation and impairment					
At 1 January 2017	39	57	106	499	701
Charge for year	-	-	-	66	66
Disposals	(5)	(1)	-	(124)	(130)
Reclassification to Mixed motive investment property	-	-	(7)	-	(7)
Reclassification to Property held for sale	-	-	(22)	-	(22)
At 31 December 2017	34	56	77	441	608
Net book value					
At 31 December 2017	603	5,364	2,824	176	8,967
At 31 December 2016	682	5,533	2,046	160	8,421

(c) Property held for sale

Property held for sale comprises The Windermere Centre. Following the decision by Mission Council in May 2017 to close the centre as a Resource Centre for Learning, the trustees agreed to sell the property. A sale during 2018 is considered likely. The property has a carrying value of £713k which approximates the fair value.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED**NOTE 12 MIXED MOTIVE INVESTMENT PROPERTY**

	Consolidated		Trust	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Fixed asset investments				
Carrying value at beginning of year	-	-	-	-
Transfer from fixed assets at cost	598	-	598	-
Net gains on revaluation	1,157	-	1,157	-
Carrying value at end of year	1,755	-	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 valued by Allsop LLP on 6 November 2017. The value of the mixed motive investment property was calculated as a proportion of the full value of the building using floor space as the basis of apportionment.

NOTE 13 INVESTMENTS

	Consolidated		Trust	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Fixed asset investments				
Carrying value at beginning of year	42,433	38,290	41,150	37,371
Additions to investments at cost	170	700	170	430
Disposals at carrying value	(170)	(271)	(170)	(271)
Net gains on revaluation	3,326	3,714	3,223	3,620
Carrying value at end of year	45,759	42,433	44,373	41,150

	Consolidated		Trust	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Investments comprise units in UK based Common Investment Funds at market value, as follows:				
COIF Charities Ethical Investment Fund	44,614	41,329	43,228	40,046
COIF Charities Property Fund	1,145	1,104	1,145	1,104
	45,759	42,433	44,373	41,150
Investments at book cost	34,076	34,031	33,056	33,010

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

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED**NOTE 15 CONCESSIONARY LOANS**

	Consolidated		Trust	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
External loans comprise:				
To ministers	55	50	55	50
To Churches	84	84	84	84
Inter-fund concessionary loans	-	-	9,316	9,330
	139	134	9,455	9,464

Loans to ministers are generally interest free.

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	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Debtors comprise:				
Amounts owed by group undertakings	-	-	121	623
Tax recoverable	10	29	10	29
Other debtors	1,074	1,226	688	527
Prepayments and accrued income	450	1,030	385	791
	1,534	2,285	1,204	1,970

NOTE 17 CREDITORS: amounts falling due within one year

	Consolidated		Trust	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Current liabilities comprise:				
Amounts owed to group undertakings	-	-	3,212	1,396
Sums held for Synods and congregations	69	127	52	93
Other creditors including taxation and social security	600	628	390	624
Accruals and deferred income	766	789	766	645
	1,435	1,544	4,420	2,758

Creditors include £78k (2016: £8k) in respect of grants from the Council for World Mission received in the year but not yet spent on the relevant projects.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED**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 £935k (2016: £918k) 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 £197k was allocated in 2017.

These funds include £19.9million 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 £17.0million the capital is expendable by decision of the Trustees.

NOTE 19 SUMMARY OF 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
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	Actuarial gains	Funds at 31 Dec 17
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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 19 SUMMARY OF FUND MOVEMENTS (Continued)

CAPITAL FUNDS - CONSOLIDATED AND TRUST

	Funds at 1 Jan 2017	Income	Expenditure	Transfers between funds	Gains on investment assets	Funds at 31 Dec 17
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

NOTE 20 ANALYSIS OF CONSOLIDATED NET ASSETS BETWEEN FUNDS

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED**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 in their retirement. Income in 2017 included £132k from donations and £212k 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED**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 net actuarial gains and/or losses and the liabilities for each scheme were:

	MFP		FSS		Total	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Net actuarial gains/(losses)	2,433	(4,815)	(57)	(2,118)	2,376	(6,933)
Scheme liabilities (net)	27,092	28,286	1,824	3,643	28,916	31,929

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 2015 was formally agreed on 23 September 2015. 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. Compared with a year ago, this update has increased the present value of scheme liabilities by 3% while asset values have increased by 5%. This has resulted in a decrease of £1.2million 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 2017 totalled 22.4% of pensionable pay, together with a fixed annual amount of deficit funding, in 2017 £980k (2016: £968k), increasing in line with stipends. Members' contributions are 7.5% of pensionable pay. Church contributions totalled £2,475k in 2017 (2016: £2,547k). Following the latest valuation, contributions from January 2018 total 22.4% of pensionable pay, together with annual deficit funding of £1,004k, increasing in line with stipends.

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

	2017	2016
Discount rate at year end	2.50%	2.65%
Expected return on plan assets at year end	n/a	n/a
Future stipend increases	2.15%	2.20%
Future pension increases (RPI up to 5%)	3.10%	3.15%
Future deferred pension revaluation (CPI)	2.15%	2.20%
Life expectancy of current male pensioners (age 65)	24.0	23.9
Life expectancy at 65 of future male pensioners (age 55)	24.6	24.6

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

	2017 Value at 31 Dec £'000	2016 Value at 31 Dec £'000
Present value of obligations	(167,115)	(161,763)
Fair value of plan assets	140,023	133,477
Net (liability)	(27,092)	(28,286)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

	2017 £'000	2016 £'000
Operating charge		
Current service cost	2,637	2,017
Administrative expenses	325	301
Financing cost:		
Interest on net defined liability	752	823
Total operating charge	<u>3,714</u>	<u>3,141</u>
Other Comprehensive Income (OCI)		
Asset gains arising during the year	6,300	20,466
Liability losses arising during the year	(3,867)	(25,261)
OCI	<u>2,433</u>	<u>(4,795)</u>

d) Change in defined benefit obligation:

	2017 £'000	2016 £'000
Opening defined benefit obligation	161,763	134,771
Service cost (inc. employee contributions)	3,596	3,025
Interest expense on DBO	4,253	4,858
Actuarial losses on liabilities	3,867	25,261
Benefits paid	(6,364)	(6,152)
Closing defined benefit obligation	<u>167,115</u>	<u>161,763</u>

e) Change in fair value of plan assets:

	2017 £'000	2016 £'000
Opening fair value of plan assets	133,477	111,877
Interest income on assets	3,501	4,035
Actuarial gains	6,300	20,446
Contributions by employer	2,475	2,547
Contributions by employees	959	1,008
Administrative expenses	(325)	(284)
Benefits paid	(6,364)	(6,152)
Closing fair value of plan assets	<u>140,023</u>	<u>133,477</u>

f) Future employer contributions:

The Church expects to contribute about £2,581,000 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:

	2017 Asset allocation %	2016 Asset allocation %
Equities	33	33
Property	9	7
Bonds	56	59
Cash/other	1	1

h) Five year comparison

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

	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Defined benefit obligation	(167,115)	(161,763)	(134,771)	(141,710)	(134,933)
Plan assets	140,023	133,477	111,877	111,710	98,700
Deficit	<u>(27,092)</u>	<u>(28,286)</u>	<u>(22,894)</u>	<u>(30,000)</u>	<u>(36,233)</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED**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, and
- b) other pension grants, principally for ill-health early retirement until 2004.

An independent actuarial assessment of the net present value of these future payments was obtained at the time of the formal actuarial review as at 31 December 2017, using comparable assumptions as for FRS 17 calculations; this value (£3,150k) has been deducted from the assets of the Retired Ministers' Fund or the Retired Ministers' Aid Fund included in the Balance Sheet.

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% (2016: 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% (2016: 6% to September 2016 and then at 7.5% from October 2016) of pensionable salary throughout the accounting period.

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

	2017	2016	2015
Discount rate at year end	2.45%	2.65%	3.80%
Inflation (RPI)	3.25%	3.35%	3.10%
Inflation (CPI)	2.25%	2.35%	2.10%
Future salary increases	2.50% for 3 years and 2.75% thereafter	2.60% for 3 years and 2.85% thereafter	2.85%
Future deferred pension revaluation (CPI)	2.50%	2.50%	2.50%
Life expectancy in years of males retiring in 2016 (age 65)	23.0	23.1	23.0
Life expectancy in years of females retiring in 2016 (age 65)	24.6	24.8	24.7
Life expectancy in years of males retiring in 2036 (age 65)	24.4	24.8	24.7
Life expectancy in years of females retiring in 2036 (age 65)	25.8	26.3	26.2

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

	2017	2016	2015
	Value at 31 Dec	Value at 31 Dec	Value at 31 Dec
	£'000	£'000	£'000
Present value of obligations	(29,597)	(26,719)	(21,122)
Fair value of plan assets	27,942	23,362	19,513
Net (liability)	<u>(1,655)</u>	<u>(3,357)</u>	<u>(1,609)</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

	2017 £'000	2016 £'000
Operating charge		
Current service cost	1,222	717
Administrative expenses	93	107
Net interest cost:	65	54
Total operating charge	<u>1,380</u>	<u>878</u>
Other Comprehensive Income (OCI)		
Asset gains arising during the year	1,635	2,562
Liability losses arising during the year	(1,692)	(4,573)
OCI	<u>(57)</u>	<u>2,011</u>

iv) Change in defined benefit obligation:

	2017 £'000	2016 £'000
Opening defined benefit obligation	26,719	21,122
Current service cost (inc. contributions by plan participants)	1,254	898
Interest expense on DBO	714	806
Administrative expenses	93	107
Actuarial losses on liabilities	1,692	4,573
Benefits paid and death in service premiums	(875)	(787)
Closing defined benefit obligation	<u>29,597</u>	<u>26,719</u>

v) Change in fair value of plan assets:

	2017 £'000	2016 £'000
Opening fair value of plan assets	23,362	19,513
Interest income on assets	649	752
Actuarial gains	1,635	2,562
Contributions by employers	3,139	1,141
Contributions by plan participants	32	181
Benefits paid	(875)	(787)
Closing fair value of plan assets	<u>27,942</u>	<u>23,362</u>

vi) Future employer contributions:

Employers expect to contribute about £2,567,000 to the plan during the next accounting year. As part of the deficit recovery plan agreed with the scheme trustees, the URC Trust has agreed to a further lump sum contribution of £1.4m into the scheme. The amount is payable by 30 June 2018. The URC Trust expects to receive contributions of £772k towards this amount from the other employers in the scheme.

vii) Breakdown of plan assets:

The major categories of plan assets are as follows:

	2017 £'000	2016 £'000	2015 £'000
Equity-Type assets	16,126	12,017	9,724
Fixed Interest Bonds	571	4,261	3,838
Index-Linked bonds	7,175	4,425	3,525
Fixed Interest Gilts	387	540	395
Property	1,454	1,416	1,336
Other	2,229	706	695
Total assets	<u>27,942</u>	<u>23,365</u>	<u>19,513</u>

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 £169k at the balance sheet date (2016: £187k). The present value is calculated using a discount rate of 1.39% (2016: 1.44%), and the charge to the Statement of Financial Activities of £2k (2016: £5k) 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 2017 there were no commitments in respect of the purchase of properties (2016: £nil), and contractual liabilities of £nil (2016: £135k). There were no commitments to make grants.

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

These variables include the number of ministers requiring assistance from the Society and the level of contributions able to be made by individual ministers towards the cost of their homes. During 2017 £1.6 million was spent on acquiring housing for retired ministers, £434k on repairing and maintaining existing properties and profits of £1.4 million 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 significant level of need for assistance in the short to medium term. Future cash flow is kept under continuous review, and in recent years has benefitted from more properties being available for sale or a new tenant; there remains an expectation of a high cash requirement in the next few years.

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

NOTE 26 CASH FLOW INFORMATION**Reconciliation of net cash flow to movement in net cash funds**

	2017	2016
	£'000	£'000
(Decrease)/Increase in cash in the period	(516)	820
Net cash funds at 1 January	8,466	7,646
Net cash funds at 31 December	<u>7,950</u>	<u>8,466</u>

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 £181k (2016: 179,400) to the United Reformed Church Retired Ministers' Housing Society Limited and paid £345k (2016: £319k) 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 2017 the trust had future minimum Lease payments under non-cancellable operating leases as follows:

	2017 £'000	2016 £'000
Due within 1 year	6	-
Due in more than 1 year but less than 5 years	16	-
Due in more than 5 years	2	-
Total	24	-

NOTE 29 LEASES RECEIVABLE

At 31 December 2017 the principle future minimum lease payments receivable under non-cancellable leases are as follows:

	2017 £'000	2016 £'000
Due within 1 year	29	-
Due in more than 1 year but less than 5 years	371	-
Due in more than 5 years	-	-
Total	400	-

NOTE 30 SUBSIDIARY UNDERTAKINGS

The United Reformed Church Retired Ministers' Housing Society Limited is an exempt charity registered under the Co-operative and Community Benefit Societies Act 2014, number 15986R. Members of the society are nominated to serve by the United Reformed Church and accordingly it is considered 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	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Income	2,458	2,265	1,663	1,545
Expenditure	(778)	(770)	(1,869)	(1,928)
Net income/(expenditure)	1,680	1,495	(206)	(383)
Total net assets	31,510	29,830	8,090	8,296

NOTES TO THE FINANCIAL STATEMENTS CONTINUED**NOTE 31 CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT**

	2017	2016
	£'000	£'000
Gross income from continuing operations	23,987	24,106
Net gains on disposal of fixed assets	2,493	2,582
Total income	26,480	26,688
Total expenditure	(25,034)	(24,477)
Net income for year	1,446	2,211

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 32

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2016

Income	Note	---- Income funds ----		---- Capital funds ----		2016
		Unrestricted £'000	Restricted £'000	Unrestricted £'000	Restricted £'000	Total funds £'000
Donations and legacies						
Ministry and Mission Fund contributions	2(a)	19,260	-	-	-	19,260
Grants receivable	2(b)	77	57	-	-	134
Legacies		83	123	-	-	206
Commitment for Life donations		-	337	-	-	337
Other donations	2(c)	55	224	-	5	284
		215	741	-	5	961
Charitable activities						
Ministry	4	-	684	-	-	684
Education and Learning		249	300	-	-	549
Children's and Youth work		24	-	-	-	24
Mission programmes		8	-	-	-	8
Publishing		182	-	-	-	182
		463	984	-	-	1,447
Other trading activities						
		-	650	-	-	650
Investment income						
	3	1,086	540	-	-	1,626
Other income						
Gains on sale of properties		916	1,666	-	-	2,582
Lease premiums		-	-	-	-	0
Other income		152	15	-	-	167
		1,068	1,681	-	-	2,749
<i>Total income and endowments</i>		22,092	4,596	-	5	26,693
Expenditure on:						
Raising funds:						
Trading expenditure		-	565	-	-	565
Charitable activities						
Ministry	5	17,406	1,203	-	-	18,609
Education and Learning		2,033	1,169	-	-	3,202
Children's and Youth work		371	-	-	-	371
Mission programmes		1,008	533	-	-	1,541
Publishing		288	-	-	-	288
		21,106	2,905	-	-	24,011
Other expenditure		13	207	-	141	361
<i>Total expenditure</i>		21,119	3,677	-	141	24,937
Gains on investment assets		831	915	1,525	452	3,723
<i>Net income(expenditure)</i>		1,804	1,834	1,525	316	5,479
Transfers between funds		562	(562)	-	-	-
Actuarial (losses)/gains on defined benefit pension scherr	21-22	(6,933)	-	-	-	(6,933)
<i>Net movement in funds</i>		(4,567)	1,272	1,525	316	(1,454)
Reconciliation of Funds						
Total funds brought forward at 1 January		(820)	47,549	16,951	5,507	69,187
Total funds carried forward at 31 December		(5,387)	48,821	18,476	5,823	67,733

FIVE YEAR SUMMARY (unaudited)

	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000
INCOME AND EXPENDITURE ACCOUNTS					
Income					
Ministry and Mission Fund contributions	19,839	19,643	19,483	19,260	19,104
Investment income	1,375	1,487	1,590	1,626	1,694
Grants receivable	110	132	129	134	139
Legacies	534	624	704	206	322
Donations	2,607	1,440	1,537	621	476
Other income	1,416	2,028	3,689	3,399	3,403
	25,881	25,354	27,132	25,246	25,138
Expenditure					
Ministry	17,259	16,363	16,986	16,228	16,290
Education & Learning	2,206	2,364	2,787	2,914	3,025
Children's and Youth work	279	268	299	298	320
Mission programmes	1,315	1,233	1,263	1,364	1,230
Support activities (incl. publishing)	2,174	2,367	2,237	2,325	2,600
	23,233	22,595	23,572	23,129	23,465
Net income from operating activities	2,648	2,759	3,560	2,117	1,673
Less: Development costs	0	532	603	220	223
Capital funds distributed	20	0	80	141	0
Net income	2,628	2,227	2,877	1,756	1,450
Investment gains	3,638	1,361	360	3,723	4,484
Actuarial gains/(losses)	1,150	6,235	8,912	(6,933)	3,261
Net increase/(decrease) in funds	7,416	9,823	12,149	(1,454)	9,195

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

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

Houses for retired ministers	128	(982)	(1,147)	(2,193)	(1,686)
Other properties	2,611	602	831	556	1,337
Cars and equipment	146	610	52	131	116
Loans to churches and ministers	(5)	(5)	17	67	5
	2,880	225	(247)	(1,439)	(228)

Source of cash

Net incoming/(outgoing) resources for the year (see above)	2,628	2,227	2,877	1,756	1,450
Adjustment for items not resulting in a cash movement, for returns on investments, and for capital receipts	(82)	(1,323)	(891)	(1,932)	(2,198)
	2,546	904	1,986	(176)	(748)
Net increase in capital	6	5	5	5	4
Net decrease/(increase) in investments	(1)	(3,062)	28	(448)	0
Decrease/(increase) in bank balances	329	2,378	(2,266)	(820)	516
	2,880	225	(247)	(1,439)	(228)

FIVE YEAR SUMMARY Continued

	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000
BALANCE SHEETS (Consolidated)					
Fixed assets					
Tangible assets					
Houses for retired ministers	37,655	38,005	37,934	38,311	38,070
Houses for serving ministers	4,971	4,796	4,904	5,534	5,364
Other properties	6,310	7,034	7,329	7,143	8,258
Cars, equipment and intangibles	286	771	687	680	621
	49,222	50,606	50,854	51,668	52,313
Investment Properties	0	0	0	0	1,755
Long term investments (incl.programme-related)	33,748	38,173	38,505	42,675	46,001
Loans to churches and ministers	64	49	67	134	139
	83,034	88,828	89,426	94,477	100,208
Net current assets/(liabilities)					
Current assets					
Debtors and stock	-	-	-	-	731
Debtors and stock	1,325	1,436	2,131	10,751	1,540
Bank balances and money on call	7,758	5,380	7,646	8,466	7,950
	9,083	6,816	9,777	19,217	10,221
less : current liabilities	1,516	1,478	1,283	1,544	1,435
	7,567	5,338	8,494	17,673	8,786
Net assets excluding pension liability	90,601	94,166	97,920	112,150	108,994
Defined benefit pension scheme liability	(36,233)	(30,000)	(24,698)	(31,929)	(28,916)
Other pension obligations	(4,060)	(4,035)	(4,035)	(4,035)	(3,150)
Net assets including pension liability	50,308	60,131	69,187	76,186	76,928
Unrestricted income funds	(13,715)	(6,485)	(820)	(5,387)	(1,176)
Restricted income funds	42,547	44,315	47,549	48,821	52,019
Capital funds	21,476	22,301	22,458	24,299	26,085
Total funds	50,308	60,131	69,187	67,733	76,928

NON-FINANCIAL STATISTICS

(from URC Year Book)

	2013	2014	2015	2016	2017
Members	59,077	58,276	56,086	52,060	49,517
Stipendiary ministers	494	480	469	438	401
Non-stipendiary ministers	82	74	68	65	57
Churches	1,487	1,472	1,447	1,426	1,406
Retired ministers	915	914	892	891	885
Ministry and Mission contribution per member	£336	£337	£347	£373	£389