



United
Reformed
Church
Trust

2020

Trustees' Report and Financial Statements

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

UNITED REFORMED CHURCH TRUST

TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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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, 2020. 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	
The Revd Dr John Bradbury	General Secretary	Appointed 1 August, 2020
The Revd James Breslin		Appointed 15 September, 2020
The Revd Clare Downing	Moderator of The General Assembly	Appointed 15 September, 2020
Mr Derek Estill	Moderator of the General Assembly	Resigned 15 September, 2020
Mr Alastair Forsyth		Resigned 31 August, 2020
Mr David Greatorex		Appointed 15 September, 2020
Mr Ian Hardie	Honorary Treasurer	
Dr Ian Harrison		
The Revd Michael Hopkins	Clerk of the General Assembly	
Mr David Lathbury		
The Revd Nick Mark		Appointed 15 September, 2020
Mr Neil McKenzie		Resigned 31 August, 2020
The Revd Leslie Morrison		Resigned 31 August, 2020
Mrs Valerie Morrison (Chair)		
Mr Clifford Patten		
Mr Peter Pay	Moderator of The General Assembly	
The Revd John Proctor	General Secretary	Resigned 31 August, 2020
Mrs Margaret Thompson		
The Revd Nigel Uden	Moderator of the General Assembly	Resigned 31 August, 2020
Mr Andrew Weston		
Ms Catriona Wheeler		

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.

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' REPORT CONTINUED

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: The Revd Anne Bedford

Secretary: Ms Chuka Agbasiere

The Board (appointed for a renewable term of three years): The Revd Nigel Appleton, The Revd Dr John Bradbury, The Revd Nicola Furley-Smith, Mr Ian Hardie, Mr Malcolm Lindo, Mr Clifford Patten, The Revd Kenneth Summers, The Revd Simon Walkling, The Revd Pamela Ward, Mr Peter West, The Revd Paul Whittle.

Westminster College, Cambridge

(Registered Charity number 311449)

Convenor of Trustees: The Revd Nigel Uden

Principal and trustee: The Revd Neil Thorogood till June 2020, The Revd Samantha White from 24 September, 2020

Trustees: The Revd Jan Adamson, Mr John Ellis, Mr Mark Hayes, Mr William McVey, The Revd Dr Rickey Mearkle, Mr Stuart Scott, Mrs Darnette Whitby-Reid, Mr Christopher Wright

Others with charity governance responsibilities

Immediate Past Moderators – The Revd Nigel Uden, Mr Derek Estill

Business Committee Convenor – The Revd Adrian Bulley

Deputy General Secretary, Discipleship – Post vacant

Deputy General Secretary, Mission – Ms Francis Brien

Deputy General Secretary, Admin & Resources – Mrs Jane Baird

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 2020.

Convenors: The Revd Ray Adams, Mrs Sarah Lane Cawte, The Revd David Grosch-Miller, The Revd Anne Lewitt, The Revd Paul Robinson, The Revd Dr Robert Pope, The Revd Dr Peter Stevenson; The Revd Paul Whittle, Mr Alan Yates.

URC Youth representatives: Mr Rueben Watt (Moderator), Ms Jo Harris (Moderator elect).

Synod Moderators and representatives:

- 1 Northern: The Revd David Herbert, Mrs Melanie Campbell, The Revd Joan Grindrod-Helmn, Ms Maureen Sheherd
- 2 North Western: The Revd Brian Jolly, Mrs Marilyn Piper, Mr Tim Hopley, The Revd Martyn Coe
- 3 Mersey: The Revd Timothy Meadows, Mrs Rita Griffiths, Mr Paul Franklin, The Revd Dr Nick Jones
- 4 Yorkshire: The Revd Jamie Kissack, Mrs Rosie Buxton, Mr Tim Crossley, The Revd Fran Kissack
- 5 East Midlands: The Revd Geoffrey Clarke, Mr David Greatorex, Ms Helen Lidgett, The Revd Camilla Veitch
- 6 West Midlands: The Revd Steve Faber, The Revd Shirley Miller, Mr Richard Lockley, The Revd Elaine Hutchinson
- 7 Eastern: The Revd Paul Whittle, Mrs Ruth Dixon, Mr Keir Hounsome, The Revd Charles Mather
- 8 South Western: The Revd Ruth Whitehead, Mrs Gwen Jennings, Mrs Maria Mills, The Revd Lythan Nevard
- 9 Wessex: The Revd Graham Hoslett, Ms Karen Bell, The Revd Tessa Henry-Robinson, Mrs Rosie Martin
- 10 Thames North: The Revd Dr Andrew Prasad, Mr Simon Fairnington, Mrs Lorraine Downer
- 11 Southern: The Revd Bridget Banks, Miss Pam Tolhurst, The Revd George Watt, The Revd Russell Furley-Smith
- 12 Wales: The Revd Simon Walkling, The Revd Dr Phil Wall, The Revd Dr Jason Askew, Miss Sandra Wallace
- 13 Scotland: Mr William Robson, The Revd Fiona Bennett, Miss Myra Rose, Mr Mark Kirkbride

United Reformed Church Finance Committee

Convenor: Mr Ian Hardie

Chief Finance Officer: Mr John Samson

Mr Bob Christie, Mr David Greatorex, Mrs Denise Harman, Mrs Jane Humphreys, Mr Frank Liddell, Ms Joana Marfoh, Mrs Valerie Morrison, The Revd John Piper, Mr William Potter, The Revd Wilbert Sayimani

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

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

Bankers

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Trustee

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

Church Governance

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

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.

TRUSTEES' REPORT CONTINUED

Employees

There is a commitment 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.

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

Remuneration

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

OBJECTIVES AND ACTIVITIES

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

- **Public benefit**

Having regard to the guidance published by the Charity Commission, the Trustees continue to provide public benefit by seeking to advance the Christian religion in accordance with the doctrines, principles and usages, and the Scheme of Union of the United Reformed Church. Some of the broad strategies are set out in the following paragraphs, and further details and examples are given under Achievements and Performance. In addition, the Church at General Assembly level acts as an umbrella resource body for the 13 National and Provincial Synods and approximately 1,330 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. We have a number of 'pioneer ministers', developing pastoral and worshipping communities outside the usual frameworks of church tradition and habit.

- **Walking the Way**

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

TRUSTEES' REPORT CONTINUED

programme continues to encourage churches to pray and campaign for the eradication of global poverty.

- **Subsidiary charities**

The United Reformed Church Retired Ministers' Housing Society Limited's objects are for the benefit of the community to advance the Christian religion in accordance with the principles, usages and the Scheme of Union of the URC, in particular by providing for retired ministers and widow/ers or civil partners of ministers of the United Reformed Church who are in need for various reasons, housing and associated amenities, or assistance to enable them to provide this for themselves.

The object of Westminster College, Cambridge, is to be a theological college of the United Reformed Church, and thus to provide education and promote the Christian religion. The United Reformed Church Trust is the holding trustee of the shares held in Westminster College Trading Limited.

STRATEGIC REPORT

Achievements and Performance

Most of the company's activities are carried out through councils and committees of the United Reformed Church, and a detailed review of their work is incorporated in the *Book of Reports* to the Church's General Assembly, which met online on 11 July, 2020. The *Book of Reports* to the July 2021 General Assembly will cover the second half of the year 2020. We report below on that work and on the specific activities of the Trustee as steward of the charity's assets.

The Covid-19 pandemic brought many challenges to Church life, however many churches were able to adapt to the situation, providing worship via online platforms such as Zoom. A weekly Sunday service was sent out via the 'Daily Devotions' email network for those wishing to join this act of worship. The many committees of the denomination also turned to Zoom and other online platforms to conduct their business and the success of this has resulted in many looking to continue this practice even after people are able to meet in person again as this not only saves time and money but is also a more climate friendly way of meeting.

Staff based at the Church's central office in London spent most of the year working from home. The use of a remote server system, which was implemented in 2017, enabled them to have access to all their computer files and systems, although there were still some challenges to be faced to move some paper based systems to electronic systems.

Due to Covid restrictions, we were unable to meet in person for Mission Council and General Assembly. It was therefore decided to conduct the business of the church through online Mission Council meetings and the General Assembly was mainly an act of worship, but did include the business of induction the Revd Clare Downing and Mr Peter Pay as the new moderators and the Revd Dr John Bradbury as General Secretary. The Revd Bradbury replaced the Revd John Proctor who retired after seven years of service as General Secretary. The church is grateful for the contribution he made to the life of the URC and wish him well in his retirement.

Impact of COVID-19 control measures

On 23 March, 2020 the UK Government announced measure to put the country in 'lockdown' as a measure to prevent the spread of the Covid-19 virus (also known as the Corona virus). The effect of the lockdown meant that URC churches across England, Scotland and Wales had to close their doors. A good number of these churches rely on lettings of church buildings for a substantial portion of their income. This loss of income means that the local churches' ability to make regular payments into the Ministry and Mission ("M&M") fund has been curtailed. Despite this the drop in income was not as severe as initially expected and the trustees are extremely grateful for the efforts of all involved to keep this giving at a level which allowed the church to still function effectively.

The restrictions have continued into 2021 and some churches are seeing their financial resources depleted. The future level of M&M giving is still very uncertain as the future restrictions and easing thereof are not known. The URC Trust does have sufficient cash

TRUSTEES' REPORT CONTINUED

resources and reserves to continue to cover ongoing expenditure. Committees and budget holders responded well to the request to keep expenditure to a minimum and the drop in income was offset to a large degree by reduced expenditure with some savings expected to continue even after lockdown as online committee meetings become more of the norm, thus reducing travel expenditure. The full impact of the lockdowns will not be known for a year or two. However, it is expected that the URC Trust will be able to continue to operate and largely carry out its charitable aims.

Many churches have adapted to having virtual services which have, in some cases, enabled people previously unable to attend church in person to feel part of the church community again.

The administrative staff of the charity have continued to work from home with access to most of their work through logging onto the main computer systems via a remote server system. The main financial functions (payroll and accounting) are continuing to be performed with minor disruptions and difficulties.

The councils of the Church have met virtually and have, to a large extent, been able to conduct their business as usual.

The URC Trust has obligations to two defined benefit pension schemes (see notes 22 to 24). While the assets of both funds saw an immediate drop in value when the first lockdown was announced, these have recovered well and the assets of these funds showed gains in 2020. While other factors continue to effect the value of the overall liability in the case of the Ministers' Pension Fund, the investment side appears to be stable at the moment.

Committee work

Children's and Youth Work

Our theme for 2020 was Common Ground and worship resources for all ages were sent to all URC churches. At Youth Assembly in January over one hundred 14-25 year olds explored how to find and create common ground through discussions, workshops and worship. Reuben Watt was inducted as Youth Moderator, the Youth Executive were elected and spent 2020 following up resolutions persuading the URC to declare a climate emergency and encouraging local churches to support students. Covid-19 restrictions meant that Youth Exec were unable to hold any residential meetings and had to cancel Youth Assembly 2021. Instead they created an online service for World Youth Day on mental health, supported Black Lives Matter and free school meal campaigns and planned a virtual event URC Youth (dis)ASSEMBLED. The strategic focus for the year was 0-5s, and a series of resources to support churches in engaging with this group was produced, with a virtual conference over three evenings on Faith with Under Fives. In response to the pandemic and closure of churches a weekly resource Families On Faith Adventures @ Home was produced from April, a live discussion programme for young people TRialogue was launched and other support, training and resources developed. A number of residential meetings and events were cancelled, resulting in budget savings. Working in partnership with other departments, Children's and Youth Work coordinated the creation and production of an Advent Box Hope & Joy and Lent Pack Walking towards Easter Together for churches to give to families and households. 2021 will see a strategic focus on 5-11s, a review of the Pilots organisation, and support for churches as they emerge from Covid-19 restrictions and refresh their engagement with children and young people, within our theme of Heroes and Villains.

Communications

The work of the communications team continues to be busy and wide-ranging. The team currently provides: comments, press releases and statements for media enquiries; *Reform* magazine; content for the URC website; News Update and other emails; content for multiple social media channels; design and production for hundreds of leaflets, books and resources; the online bookshop, delivering more than 9,000 items per year; graphical, editorial and technical support at major URC events; the iChurch website service for local churches; editing and copywriting; helping to maintain the URC archive and offers brand advice and creative solutions to those who need them.

TRUSTEES' REPORT CONTINUED

In addition to this business as usual work, the team has also been heavily involved with the development and maintenance of a new website for the URC; designing and selling a new range of URC certificates; providing resources for churches for the reopening of buildings; Coronavirus advice guides; the Community Awards with Congregational; kits for Advent and Lent to engage with families connected to the church; enabling the councils of the church to meet online; extending the range of leaflets about paid and voluntary roles; digitising records from the General Assembly; a new website for RMHS; new Child Friendly certificates and plaques; children's resources; Legacy of Slavery resources; a Pilots resource about Fiji and a framework document for Churches Together in England, to mention a few.

Education and Learning

2020 has seen us enter a world of change! The Covid-19 pandemic lockdown had an immediate effect on all learning, meetings and gatherings and the Resource Centres for Learning (RCLs) took to teaching remotely and we are grateful to both staff and students for adapting so swiftly. Staff based at Church House also moved to working at home, online meetings took over from face-to-face ones and we all began to learn more about Zoom technology! Fortunately, the Committee had already discussed a 'greener' way of working and all but one meeting per year was planned to be virtual. The Committee's focus has been on The Way Forward strategy that sets out a direction of travel for the coming years, including proposing a wide consultation on the integration of Education and Learning within the URC, which began after Mission Council's endorsement in November.

The Paper D relating to Lay Preachers was withdrawn from Mission Council and collaboration between E and L, Ministries and the RCLs began in October to address the need for the clarification of the Marks of Ministry and Expected Standards of Lay Preachers and the need for new training provision now TLS is no longer available as the training pathway. Stepwise, the discipleship development programme, came into its own as online study groups began and all five streams were finished and ready for use. It is exciting to see the interest in this programme growing. Finally, the Secretary for Education, the Revd Fiona Thomas retired from post at the end of August and, in October, the Revd Jenny Mills took up the role as her replacement. It has been an interesting time for the Committee, ably convened by Mr Alan Yates, as it continues to seek to support and enable training for the whole URC, at a time of pandemic, intermittent lockdowns and the increasing pressure on the budget.

Equalities

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

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

Ministries

The committee is concerned with the specific recognised ministries which provide leadership for the Church, including church related community work, eldership, lay preaching and the ministry of word and sacraments, but also recognises that each of these has a duty to enable discipleship in others. Recognising the challenges of our demography, we continue to work with our synods developing strategies that use our ministers most effectively in providing leadership in local churches. During 2020 a working group looked at the issue of pastoral supervision for Ministers of Word and Sacrament, looking in particular at who should engage in pastoral supervision, how frequent such supervision should be and the financial implications for the denomination. The recommendations of the group were accepted by General Assembly in July. The denomination also continues to fund two pilot projects looking at other forms of ministry that can be funded by the M&M fund.

Mission

The URC's long-term focus on whole-of-life discipleship and mission, Walking the Way: Living the life of Jesus today, continued to develop in a variety of ways, including pilot accompaniment programmes with local churches in two synods, resourcing worship and spirituality and producing/promoting relevant materials. Developing online church progressed rapidly throughout the denomination during the lockdowns of 2020.

The United Reformed Church continued its association with the Greenbelt faith festival, but as with many other activities during 2020, this was entirely online.

The United Reformed Church is part of the ecumenical Joint Public Issues Team (JPIT). In 2020 the team focused on the social impacts of the Covid-19 pandemic, particularly around poverty and debt, and encouraging the ongoing response and engagement of churches around issues of environmental and social responsibility.

As COVID has altered church life for everyone, many rural churches have adapted well and continue to serve their communities. The National Rural Officer worked with the Arthur Rank Centre on a project around Loneliness and Isolation, which included producing a tool kit. They also provided a voice for the farming community, as it faces many uncertainties over Brexit. Global and intercultural ministries had a strong focus on racial justice during 2020, spurred by the inequalities exposed by the Covid-19 pandemic and the killing of George Floyd, and the ensuing global cry for justice. The 'Legacies of Slavery' webpage was launched, whilst a series of Zoom gatherings asked, 'Do Black Lives Matter in the URC?' These initiatives fed into the Church's November 2020 commitment to move from a position of 'not racist' to actively 'anti-racist'.

Mission staff supported the work of synod mission enablers and pioneer ministers. A learning community was formed of lay pioneers who meet regularly for sharing and support.

The Commitment for Life programme partners with Christian Aid and Global Justice Now to enable local URC congregations to fulfil their global justice mission objectives. With our partners, we focused on helping the poorest communities in Bangladesh, Zimbabwe, Central America and Israel and the occupied Palestinian territories.

The URC's ecumenical and interfaith work transferred online during 2020 making extensive use of the Zoom conference platform. This was not only for committee work and training courses but also for large events which included two online services of worship with partner churches in Germany, a 'virtual pilgrimage' to Bethlehem and a series of mosque/church conversations bringing together local communities.

Safeguarding

The year saw a new safeguarding communication network established with a quarterly newsletter being issued and a Survivors of church based abuse group being set up to help support those who had been victims of abuse in a church environment. In July the first Annual safeguarding report was presented to General Assembly. This used data compiled from the Annual Church Safeguarding Returns to inform General Assembly of what is happening in our churches. The Safeguarding team worked hard at bedding down the new monitoring and review systems. This looks to help refine the Safeguarding Strategic Plan ("The Plan") which was agreed at the November 2019 Mission council. The Plan was officially launched at an online nationwide symposium held in October and which promoted the principle that "Safeguarding is everyone's business". This was attended by over 200 people. The first grants to synods from central funds were made during 2020. These grants are aimed at assisting the synods with their safeguarding work.

Resourcing our work

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

- Giving to central funds from our local churches was severely hit by the Covid-19 restrictions and dropped by just over £900k from 2019 to 2020. It is expected to see a further drop in 2021 but it is hoped that it will start to stabilise thereafter.

TRUSTEES' REPORT CONTINUED

- Our investments continued to produce a steady income stream and the accounts show investment income of £1,950k (which includes income from mixed motive investment property). Despite the initial drop in investment values due to the initial lockdown, the funds recovered well and we ended 2020 showing a gain on our investments of £3,590k.
- A further significant decrease in the discount rate used in calculating the liabilities for the Ministers' Pension Fund resulted in an increase in the liabilities of £28,488k. The assets of the fund performed well and reflected an overall gain of £17,522k. This saw the overall liability for FRS 102 purposes increase by £11,420k and resulted in an overall liability on this fund of £20,801k. The United Reformed Church Final Salary scheme for lay staff again saw the gain in asset values exceed the increase in liabilities resulting in the fund moving from a surplus of £2,851k at the end of 2019 to a surplus of £4,275k at the end of 2020. These valuations are based on calculations done by the scheme actuaries for FRS 102 disclosure purposes. The results of the formal triennial valuation of the Ministers' Pension Fund as at 1 January, 2018 reflected a deficit of £3.95m on a technical provisions basis and the results for the United Reformed Church Final Salary scheme for lay staff reflected a surplus of £2,689k at its last formal triennial valuation at 30 September, 2019.

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 2020.

Properties

United Reformed Church Trust is responsible for the management of the properties included in its balance sheet. The management of about 300 houses for retired ministers is delegated to the United Reformed Church Retired Ministers' Housing Society Limited, which has six dedicated staff members and a Board. Its staff members also oversee the houses occupied as manses by Synod Moderators and others in General Assembly posts. Other properties include the buildings of Westminster College, which are managed by the College Trustees, the former Yardley Hastings centre and United Reformed Church House, London.

Risk Management

The trustees continue to monitor the risks with which the central administration of the Church is faced. During 2019 the new risk register process was rolled out across all the main committees of the church. This process concentrated on identifying risks as opposed to issues and also helped committees focus on what mitigation procedures were in place. The results of this procedure were presented to the Trustees during 2020.

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

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

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

TRUSTEES' REPORT CONTINUED

The safeguarding of children and adults at risk is seen as a key responsibility of the Church. *Good Practice 5*, the denomination's safeguarding policy was issued during 2019. This updated the policy for recent changes in legislation and safeguarding practice. Local churches are required to report annually on safeguarding matters to their synod's safeguarding officer. A Safeguarding Advisor at Church House, together with the synods' own safeguarding officers, is available to offer advice and guidance to churches. DBS/PVG checks are mandatory for all active ministers and key officers including all who work with children.

Further details about safeguarding are to be found in the 'Safeguarding' section on page 8.

The Covid-19 pandemic poses a significant risk to the Trust's resources. The long term impact of Covid-19 is still currently difficult to assess but it is acknowledged that the longer this lasts the greater the impact will be. The Church continues to monitor developments and has curtailed expenditure wherever possible.

Future Developments

With the retirement of the Deputy General Secretary (Discipleship) in 2020, the post remained vacant while some strategic thought was given to the role. In early 2021 the Revd Adrian Bulley was appointed to this post and will be taking up office in September 2021. In 2020 we appointed new Synod Moderators in the Southern, and Thames North synods as well as the Synod of Scotland.

In 2021 a nomination was made for the Moderator role in Eastern Synod.

Steps are underway to set up a group to look at the future of the URC. This group will, in consultation with many different people and bodies within the URC family, look at the structures, resources and work of the denomination. Amongst other things the group will be looking at the impact of Covid-19 and the way the church has adapted to it, the deployment of ministers, the pension fund deficit and our identity as Christians in the body of Christ. This body will report back to each Mission Council and General Assembly.

A separate group drawing on expert knowledge in the denomination has been looking specifically at the pension funds and will be bringing recommendations for the way forward to the 2021 General Assembly in July.

The implementation of the Safeguarding Strategic Plan will be ongoing across the denomination while we will be bedding down the pastoral supervision objectives to compliment the safeguarding of vulnerable adults and to ensure the wellbeing of our ministers.

CO2 Emissions

The church continually looks for ways of reducing its carbon footprint and actively recycles wherever possible. It also encourages individual churches to be as 'green' as possible and promotes the Eco-Church award scheme.

A carbon emissions figure has been calculated for the central functions of the church based on electricity usage at Church House along with car and air miles travelled by officers and staff. In 2020 it was calculated that the central church's carbon emissions amounted to approximately 54.47 tonnes. Average emission rates have been used in calculating this figure. The total includes use of 148,917 kWh of energy used which has been converted to CO2 emission using an average rate. This works out at approximately 0.52 tonnes per employee.

Section 172 of the Companies Act

In summary, as required by Section 172 of the Companies Act, the Directors (Trustees) must act in a way they consider, in good, faith, would be most likely to promote the success of the company for the benefit of its members as a whole and, in doing so, have regard (amongst other matters) to:

TRUSTEES' REPORT CONTINUED

- the likely consequences of any decision in the long term
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers and others
- the impact of the company's operations on the community and environment
- the desirability of the company maintaining a reputation for high standards of business conduct and
- the need to act fairly as between members of the company.

Financial Review

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

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

Reserves Policy

The Consolidated Balance Sheet on page 22 shows the disposition of the various charity funds totalling £101,040k as at 31 December, 2020 (2019: £107,293k). The term "reserves" describes that part of a charity's income funds that is freely available. Much of the funds are invested in property or restricted in use.

The unrestricted fund net assets readily available are £20,398k (2019: £22,573k).

The Finance Committee reviews the policy annually and have taken a risk-based approach to setting a reserves target. The main financial risks that the Committee felt needed to be covered were the call up of the guarantee to the pension funds (see notes 22 to 23), possible future lump sum contributions required to be made to either of the pension fund, a possible drop in excess of the usual rate in giving to Ministry and Mission Fund and possible legal action against the church requiring lump sum pay outs. Based on these risks, the Committee felt that the Trust should aim to maintain its reserves at a level between £17m and £19m.

The current level of reserves held is a little in excess of the target level, however with uncertainty around the long term impact on the income of the Church due to Covid-19, the Committee were satisfied that this was appropriate. The Committee will review the policy annually.

Grant making

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

TRUSTEES' REPORT CONTINUED

2020 Financial Results

The results for 2020 are set out in more detail in the Consolidated Statement of Financial Activities on page 21. This shows that there was, overall, a decrease in funds in the year of £6,250k. The following table shows the breakdown of the results for 2020 compared with those for the previous year.

Voluntary income:	2020 £000	2019 £000
Ministry and Mission Fund contributions	17,908	18,817
Donations, grants and legacies	1,469	2,159
Income from charitable activities	1,233	1,421
Trading income	279	788
Investment income	1,950	1,884
Other income	415	1,939
Total income	23,254	27,008
Expenditure:		
Cost of raising funds	399	651
Charitable activities	22,524	22,604
Total expended	22,923	23,255
Net income from operating activities	331	3,753
Gains/(loss) on investment assets	3,591	8,392
Net (expense)/income	3,922	12,145
Actuarial (loss)/gain on pension schemes	(10,174)	332
	(6,257)	12,477

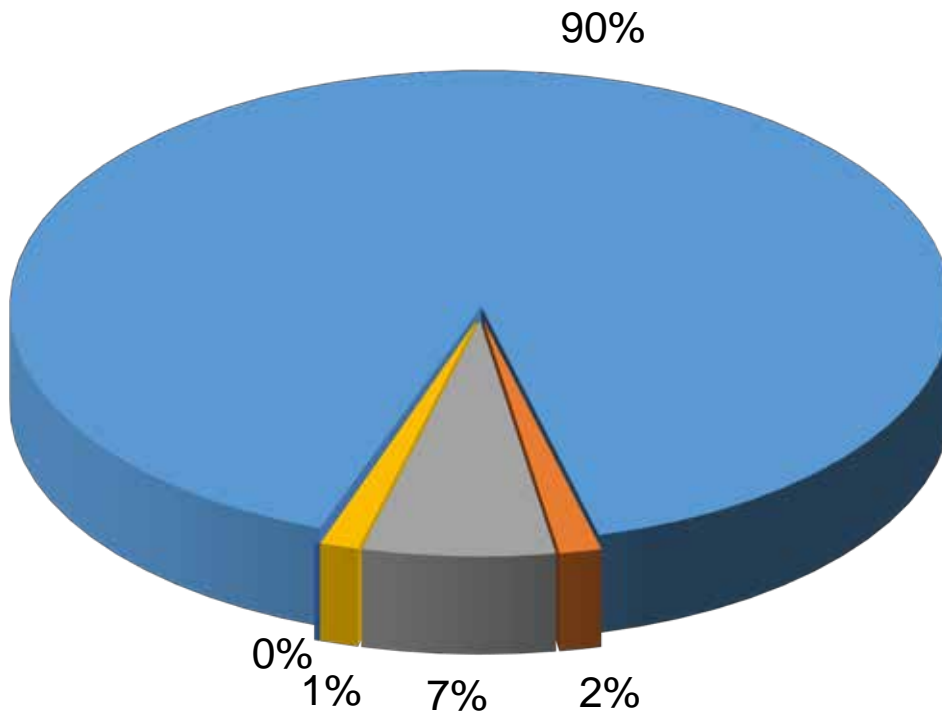
Ministry and Mission Fund contributions

The pie chart on page 13 gives a visual picture of total unrestricted income, showing that 90% of our unrestricted income comes from Ministry and Mission Fund contributions, which totalled just under £18 million. Despite the Covid-19 pandemic, a great effort was made by churches and Synods to get as close to the amount pledged as possible. We are extremely grateful for the faithful and regular giving that this represents, enabling the Church to support ministry and mission across our three nations, and sustain the major way in which all members of the Church fund, in partnership, all our work for the kingdom of God. The pie chart of total unrestricted expenditure on page 14 shows that 81% of our unrestricted expenditure, totalling £16,345k, is used to provide ministry and a further 10% (£2,058k) is used to provide financial resources to train and equip people for ministry.

Donations, grants and legacies

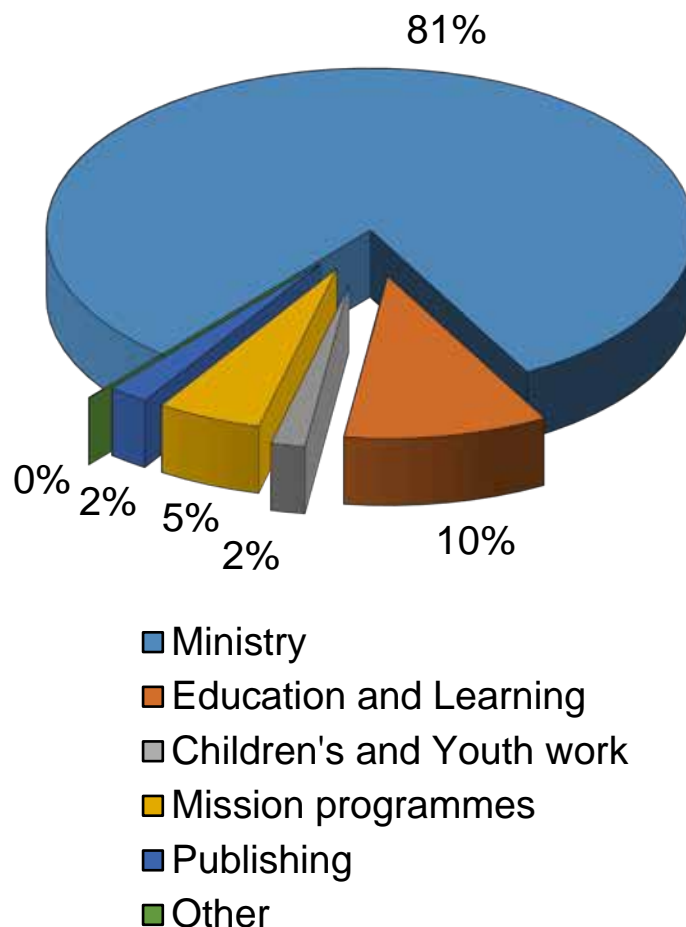
We are very grateful for regular grants from a number of trusts, detailed in note 2(b) to the financial statements, as well as for many other donations. Apart from general donations the Trust received some donations from the synods which, following the encouragement by Mission Council, donating a portion of the sales proceeds of church buildings towards helping pay the deficit contribution to the Ministers' Pension Fund. Commitment for Life donations from churches and individuals were down on the 2019 level, decreasing from £330k to £253k largely due to the effects of Covid-19. 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 £716k (2019: £693k). Grants paid from this fund totalled £19k in 2020 (2019: £54k) with a further £69k included in creditors having been committed for future payment.

Unrestricted Income - £19.8m Year ended 31 December, 2020



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

Unrestricted Expenditure - £20.2m Year ended 31 December, 2020



Investment income

Total investment income includes rental income on the mixed motive property. The 2020 figure shows a slight increase in the overall figure of £66k from £1,884k to £1,950k. Interest rates on cash deposits remained at historically low levels.

Trading income/cost of raising funds

The bed and breakfast accommodation and conferences and events business through Westminster College Trading Limited was hard hit by the Covid-19 pandemic. Income fell from £788k in 2019 to £279k. There was a corresponding fall in expenditure in this area from £651k to £399k.

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 (£414k) 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 2020, 6 properties were bought and 5 were sold.

Expenditure – Charitable activities

These costs are analysed in note 5 on page 28 and include a share of support costs.

TRUSTEES' REPORT CONTINUED

Ministry: £17,220k. The maintenance of ministry is the most important charge on the Church's resources. This sum pays for the stipends, social security and pension costs of our stipendiary ministers and CRCWs (who averaged 392 in number over the year) and includes all costs of the Synod Moderators. In 2020 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: £3,258k. The considerable commitment of resources to training ministers has continued. This sum includes our support for our Resource Centres for Learning, which reflects their wider role in providing learning opportunities for the whole Church, as well as direct support of those training for ministry. Other costs relate to ongoing lay development, including the Stepwise programme. It also includes the relevant costs of Westminster College.

Children's and Youth Work: £353k. Due to the Covid-19 Pandemic, some of the usual activities of the Children's and Youth Work area moved to online events which resulted in some savings in costs, however, it is hoped that these events will take place in person in the not too distant future.

Mission Programmes: £1,282k. The Mission Committee and team continue to progress longer-term strategies, including the Walking the Way missional discipleship emphasis and Commitment for Life programme. Commitment for Life grants were down on last year in line with the decrease in donations received. There was continued support for the Joint Public Issues Team and various interdenominational and interfaith organisations.

Publishing: £411k. 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. There was a further drive to increase the merchandise available from the on-line bookshop including the popular Advent Packs. The denomination continued to subsidise the iChurch website support.

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. Despite the Covid-19 pandemic, financial markets performed quite well during 2020 and the year ended with the investment up £3,581k on the value at the start of the year. A revaluation of investment property added £257k to the gain. Investment gains and losses over time are shown in the five year summary on page 48.

Actuarial gains on pension obligations

The Trust is required to take full account of actuarial gains and losses arising each year in the United Reformed Church Ministers' Pension Fund (MPF). In 2020 the lower discount rate resulted in an increase in the pension liabilities. This was offset to some degree by good gains on the fund's diversified investment. The overall net actuarial loss for the year was £10m. The Church continued to make the required deficit contributions to fund the deficit mainly from contributions from local churches to the Ministry and Mission Fund.

The United Reformed Church Final Salary Scheme (FSS), which is mainly for lay staff, reported an actuarial gain of £1.2m mainly due to an increase in the scheme assets. This has resulted in a net asset position in this scheme but because the Trust does not have an unconditional right to the surplus, this has not been recognised.

More details are given in notes 22 to 24 to the financial statements on pages 40 to 44.

TRUSTEES' REPORT CONTINUED

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements: and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

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

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

CONCLUSION

The Trustees have approved this Report, and as directors of the company have approved the Strategic Report included within it. Those wanting more information or explanations about any aspect of the Church's finances are encouraged to address their enquiries to the Treasurer.

Signed on behalf of the Trustees.

Valerie Morrison

18 May, 2021

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

Opinion

We have audited the financial statements of United Reformed Church Trust for the year ended 31 December, 2020 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December, 2020 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

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

Use of our report

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

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

Devonshire House
60 Goswell Road
London
EC1M 7AD

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	Unrestricted £'000	Designated £'000	Restricted £'000	Capital Funds £'000	2020 Total funds £'000	2020 Trust Only £'000	2019 Total funds £'000
Donations and legacies								
Ministry and Mission Fund contributions	2(a)	17,908	0	0	0	17,908	17,908	18,817
Grants receivable	2(b)	184	22	484	0	690	369	304
Legacies		0	20	319	0	339	20	811
Commitment for Life donations		0	0	253	0	253	253	330
Other donations	2(c)	101	0	82	4	187	120	714
		285	42	1,138	4	1,469	762	2,159
Charitable activities								
Ministry	3	0	0	719	0	719	0	718
Education and Learning		2	0	250	0	252	2	509
Children's and Youth work		13	0	0	0	13	13	14
Mission programmes		0	0	0	0	0	0	0
Publishing		249	0	0	0	249	249	180
		264	0	969	0	1,233	264	1,421
Other trading activities								
Investment income	4	0	0	279	0	279	0	788
		1,309	26	615	0	1,950	1,899	1,884
Other income								
Gains on sale of properties		18	0	378	0	396	18	1,899
Other income		19	0	0	0	19	19	40
		37	0	378	0	415	37	1,939
<i>Total income and endowments</i>		19,803	68	3,379	4	23,254	20,870	27,008
Expenditure on:								
Raising funds:								
Trading expenditure		0	0	399	0	399	0	651
Charitable activities								
Ministry	5	16,345	10	865	0	17,220	16,740	17,378
Education and Learning		2,058	2	1,198	0	3,258	2,127	3,142
Children's and Youth work		346	3	4	0	353	356	385
Mission programmes		1,056	4	222	0	1,282	1,296	1,537
Publishing		409	0	2	0	411	405	162
Other expenditure		0	0	0	0	0	0	0
		20,214	19	2,291	0	22,524	20,924	22,604
<i>Total expended</i>		20,214	19	2,690	0	22,923	20,924	23,255
Surplus from charitable and trading activities		(411)	49	689	4	331	(54)	3,753
Net gains/ (Loss) on investment assets		1,103	51	788	1,648	3,590	3,491	8,392
<i>Net income</i>		692	100	1,477	1,652	3,921	3,437	12,145
Transfers between funds								
Actuarial gains/(losses) on pension schemes	22	(13)	0	13	0	0	0	0
		(10,966)	0	792	0	(10,174)	(10,174)	332
<i>Net movement in funds</i>		(10,287)	100	2,282	1,652	(6,253)	(6,737)	12,477
Reconciliation of Funds								
Total funds brought forward		20,111	1,564	56,030	29,588	107,293	65,441	94,816
Total funds carried forward		9,824	1,664	58,312	31,240	101,040	58,704	107,293

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 24 to 47 form an integral part of these financial statements.

CONSOLIDATED AND TRUST BALANCE SHEETS AS AT 31 DECEMBER 2020

	<i>Consolidated</i>	<i>Consolidated</i>	<i>Trust</i>	<i>Trust</i>	
Note	2020	2019	2020	2019	
	£'000	£'000	£'000	£'000	
Fixed assets					
Intangible assets	11	96	65	88	50
Tangible assets	11				
Houses for retired ministers		39,979	38,654	396	396
Houses for serving ministers		5,517	5,021	5,517	5,021
Other properties		8,297	8,415	2,671	2,697
Total properties		53,793	52,090	8,584	8,114
Cars and equipment		338	398	84	97
		54,227	52,553	8,756	8,261
Investments and loans					
Mixed motive investment property	12	2,222	2,000	2,222	2,000
Mixed use investment property	12a	856	695	856	695
Investments	13	56,283	53,075	54,593	51,484
Programme-related investments	14	242	242	242	242
Loans, excluding inter-fund loans	15	155	142	6,671	7,912
		59,758	56,154	64,584	62,333
Current assets					
Stock		27	27	27	27
Debtors	16	3,311	3,243	3,607	2,939
Bank balances and money on call		8,245	9,482	7,661	9,022
		11,583	12,752	11,295	11,988
Current liabilities					
Net current assets	17	(1,298)	(1,550)	(2,701)	(4,525)
		10,285	11,202	8,594	7,463
Total assets less current liabilities		124,270	119,909	81,934	78,057
Defined benefit pension scheme liability	22-24	(20,872)	(9,466)	(20,872)	(9,466)
Other pension obligations	23	(2,358)	(3,150)	(2,358)	(3,150)
		101,040	107,293	58,704	65,441
Net assets including pension liability					
Unrestricted income funds					
General reserves		24,229	23,895	24,229	23,895
Revaluation reserve - investments		4,585	3,865	4,585	3,865
Revaluation reserve - property		1,882	1,817	1,882	1,817
Designated funds		1,664	1,564	1,664	1,564
Total unrestricted income funds before pension reserve		32,360	31,141	32,360	31,141
Pension reserve		(20,872)	(9,466)	(20,872)	(9,466)
Restricted income funds		58,312	56,030	17,140	15,292
Capital funds		31,240	29,588	30,076	28,474
TOTAL FUNDS	19-20	101,040	107,293	58,704	65,441

Approved by the Trustees on 18 May, 2021 and signed on their behalf by:

Valerie Morrison
Chair

Ian Hardie
Treasurer

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

The notes on pages 24 to 47 form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER, 2020**

	2020	2019
	£'000	£'000
Cash flows from operating activities		
Net income before other recognised gains and losses (see page 21)	3,922	12,145
Adjustments for:		
Increase in stocks	-	(21)
Increase in debtors	(68)	(1,152)
Decrease in creditors	(129)	(100)
Increase/ (Decrease) in sums held for synods and congregations	(123)	186
Gain on investment assets	(3,591)	(8,392)
Profit on sale of tangible fixed assets	(396)	(1,898)
Depreciation and impairment	259	281
Other investment income	(1,950)	(1,884)
Cash endowment received	(4)	(4)
Cash endowment paid	-	-
Difference between pension contributions and actuarial cost	440	(1,490)
Cash flows generated from operations	(1,640)	(2,329)
Cash flows from investing activities		
Payments to acquire tangible fixed assets	(2,648)	(1,332)
Payments to acquire intangible fixed assets	(44)	(41)
Receipts from sales of tangible fixed assets	1,154	3,820
Payments to acquire fixed asset investments	-	(1,017)
Receipts from sales of fixed asset investments	-	125
Loans and advances made to ministers	(34)	(7)
Loans repaid by ministers	21	25
Loans and advances to churches	-	-
Investment income	1,950	1,884
	399	3,467
Cash flows from financing		
Addition to capital endowment	4	4
Payments capital endowments	-	-
	4	4
Net increase (decrease) in Cash (note 26)	(1,237)	1,142

The notes on pages 24 to 47 form an integral part of these 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. The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July, 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April, 2005 which has since been withdrawn.

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

A separate Statement of Financial Activities and Cash Flow Statement have not been presented for United Reformed Church Trust itself because it has made use of the exemptions afforded by Section 408 of the Companies Act 2006.

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

Going concern

The Trustees have considered possible events and conditions that might cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees have made their assessment for a period of at least one year from the date of approval of these financial statements. In particular the Trustees have considered the Trust's forecasts and projections and have considered the potential impact of the Covid-19 pandemic on the viability of the Trust. Whilst there has been an impact on Ministry and Mission Fund contributions, steps have been taken to curtail expenditure and this combined with the significant reserves available has led the Trustees to conclude that there is a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. The Trust therefore continues to adopt the going concern basis in preparing its financial statements.

The principal accounting policies, which have been applied consistently throughout the year, are set out below:

(i) Scope

The consolidated financial statements show the combined income, expenditure, assets and liabilities of the charitable funds administered by the Trust for the purposes of the United Reformed Church under the overall authority of the General Assembly, and include the total financial operations of Westminster College ("the college"), Westminster College Trading Limited (company registration number 8855396) and of the United Reformed Church Retired Ministers' Housing Society Limited ("the society"). The college is a registered charity (number 311449), while the society is a separate exempt charity registered under the Co-operative and Community Benefit Societies Act 2014. Each is accounted for as a separate fund and branch of the Church in accordance with the SORP, and details are also given to reflect their legal status as subsidiary charities.

(ii) Classification of funds

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The main funds included in these financial statements, and their classification, are shown in notes 18 to 21.

(iii) Income

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

a. Donations and legacies

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

b. Grants receivable

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

c. Ministry and Mission Fund contributions, investment income and other income

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

d. Gains and losses on investments

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

(iv) Expenditure

Expenditure is accounted for on an accruals basis and allocated to the appropriate heading in the financial statements. Any irrecoverable VAT is included with the costs to which it relates. Directly attributable costs are allocated to the main charitable activities; details are shown in notes 5 to 8. The support costs, including governance costs, included in note 7 relate to the whole of the charity's activities and a proportion of these costs is allocated to expenditure headings on a basis that is consistent with the use of the resources. Outgoing grants are accounted for on a payable basis. Grants payable are included in the Statement of Financial Activities when approved and this has been communicated to the applicant. The value of such grants unpaid at the end of the year is accrued.

(v) Taxation

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

(vi) Pensions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 except where the scheme is in surplus and there is no unconditional right to that surplus. In this situation the scheme surplus is recognised at nil value in accordance with FRS102.

(vii) Intangible and tangible fixed assets

Intangible and tangible fixed assets having an initial cost of £1,000 or less are written off on acquisition. Assets having an initial cost greater than £1,000 are stated at cost when purchased and at valuation when received in specie. Property repairs are normally written off when incurred. Many properties used as houses for retired ministers are owned jointly with tenants or Synods of the United Reformed Church. The value in the Balance Sheet of such properties is the cost (less any impairment charged) to the charity of the charity's share in the property.

Properties are maintained in a state of sound repair. The Finance Committee considers whether any impairment is necessary considering the lives of the properties and their residual value. Any material deficit between the anticipated recoverable amount of freehold property and its carrying value shown in the financial statements is 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 as a percentage of cost as follows:

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

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

(viii) Heritage assets

Westminster College owns certain manuscripts and artefacts that are not in regular use, but are held for their historical or artistic qualities. They were largely acquired by the founders and donated to the College at or soon after its foundation. No formal valuations have been obtained for these assets as the cost of obtaining such valuations would outweigh the benefit. As a result these assets are not included on the Balance Sheet.

(ix) Operating leases

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

(x) Mixed motive investment properties

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

(xi) Mixed use investment properties

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

(xii) 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.

(xiii) Programme-related investments

Programme-related investments comprise investments in entities whose aims are aligned to the charitable objectives of the trust and are shown at cost.

(xiv) 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.

(xv) 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(xvi) Critical accounting judgements and estimation

Significant areas of judgement in applying accounting policies are as follows:

- Provision is made for retirement obligations where advice is taken from independent actuaries
- Valuation of mixed motive and mixed use investments where use has been made of relevant market indices to update the formal valuations obtained in previous years
- Recoverability of concessionary loans based on management's assessment of recovery
- Impairment of houses held for serving and retired ministers

NOTE 2 VOLUNTARY INCOME

(a)

Synods	2020 £'000	2019 £'000
Northern	786	769
North Western	1,673	1,919
Mersey	937	986
Yorkshire	888	958
East Midlands	1,045	1,143
West Midlands	1,664	1,706
Eastern	1,930	1,902
South Western	1,205	1,354
Wessex	2,006	2,056
Thames North	2,049	2,170
Southern	2,592	2,624
Wales	467	499
Scotland	666	731
	17,908	18,817

(b) Grants Receivable

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

	2020 £'000	2019 £'000
Congregational Memorial Hall Trust	103	98
Council for World Mission	87	40
The Cheshunt Foundation	61	60
Other grants	439	106
	690	304

Congregational Memorial Hall Trust

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

The Council approved grants totalling £238k to be paid over 3 years to be used for the Walking the Way programme. By the end of 2020, £238k of the total had been received and £197k of that had been expensed.

The Cheshunt Foundation

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.

(c) Donations

	2020 £'000	2019 £'000
Other donations received	197	714

Included above are £95k (2019: £23k) received by Westminster College, and £88k (2019: £538k) received from Synods as a contribution towards the pension fund deficit.

NOTE 3 INCOME FROM CHARITABLE ACTIVITIES

These comprise:	2020	2019
	£'000	£'000
Retired Ministers' Housing rents	719	718
Westminster College - accommodation, conferences, catering and fees	250	509
Publication and resource sales	123	55
Reform magazine - subscriptions and advertising	126	122
Other programmes - fees, grants and sales	15	17
	<u>1,233</u>	<u>1,421</u>

NOTE 4 INVESTMENT INCOME

	2020	2019
	£'000	£'000
Unitised funds	1,764	1,726
Interest on short-term investment and bank deposits	16	32
Rental income	170	126
	<u>1,950</u>	<u>1,884</u>

NOTE 5 ANALYSIS OF EXPENDITURE

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

2020	Direct programme expenditure	Grant funding (note 6)	Support costs (note 7)	2020 Total
	£'000	£'000	£'000	£'000
Ministry	14,287	706	2,227	17,220
Education and Learning	2,253	576	429	3,258
Children's and Youth work	255	4	94	353
Mission programmes	657	373	252	1,282
Publishing	363	-	48	411
Other expenditure	-	-	-	-
	<u>17,815</u>	<u>1,659</u>	<u>3,050</u>	<u>22,524</u>

2019	Direct programme expenditure	Grant funding (note 6)	Support costs (note 7)	2019 Total
	£'000	£'000	£'000	£'000
Ministry	14,842	605	1,931	17,378
Education and Learning	2,329	446	367	3,142
Children's and Youth work	237	80	68	385
Mission programmes	752	572	213	1,537
Publishing	123	-	39	162
Other expenditure	-	-	-	-
	<u>18,283</u>	<u>1,703</u>	<u>2,618</u>	<u>22,604</u>

NOTE 6 ANALYSIS OF GRANTS

2020	Grants to individuals	Grants to institutions	2020 Total
	£'000	£'000	£'000
Pension grants	227	-	227
Welfare and other ministry grants	382	-	382
Student maintenance and training	391	170	561
Local churches - mission and facilities	-	-	-
Chaplaincies	-	37	37
Ecumenical church bodies	-	239	239
Commitment for Life programme	-	184	184
Other programmes	29	-	29
	<u>1,029</u>	<u>630</u>	<u>1,659</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2019	Grants to individuals £'000	Grants to institutions £'000	2019 Total £'000
Pension grants	-	305	305
Welfare and other ministry grants	7	254	261
Student maintenance and training	-	446	446
Local churches - mission and facilities	127	-	127
Chaplaincies	40	-	40
Ecumenical church bodies	85	-	85
Commitment for Life programme	298	-	298
Other programmes	141	-	141
	698	1,005	1,703

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

<u>Organisation</u>	<u>Type</u>	<u>2020</u> <u>£'000</u>	<u>2019</u> <u>£'000</u>
Christian Aid	Commitment for Life	128	247
Council for World Mission	Ecumenical	25	55
Global Justice Now	Commitment for Life	8	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, and governance costs. These costs have been apportioned across the areas of charitable activity on the basis and in the amounts shown below.

	<u>Premises</u> <u>costs</u> <u>£'000</u>	<u>Computer</u> <u>costs</u> <u>£'000</u>	<u>Staff and</u> <u>office</u> <u>costs</u> <u>£'000</u>	<u>2020</u> <u>Total</u> <u>£'000</u>	<u>2019</u> <u>Total</u> <u>£'000</u>
Basis of apportionment	Area	Staff	Actual costs		
Ministry	16	23	2,188	2,227	1,931
Education and Learning	14	22	393	429	367
Children's and Youth work	17	32	45	94	68
Mission	20	44	188	252	213
Publishing	14	17	17	48	39
	81	138	2,831	3,050	2,618

NOTE 8 GOVERNANCE COSTS

Governance costs are included in support costs and total £191k (2019: £242k). This figure includes the remuneration of the auditors, amounting to £68k (2019: £38k) of which £36k relates to the audit of the Trust which includes an under accrual of £8k and the balance of £29k relates to the audits of subsidiary charities. Other services provided by the auditors amounts to £3k. The main difference from the previous year's was that General Assembly was held online rather in person, making for substantial cost savings.

NOTE 9 NOTIFIED LEGACIES

The Trust had not been notified of any legacies (2019: one) that had been received but not included in the financial statements because the conditions for recognition have not yet been met. The value of the 2019 legacy was £20k.

NOTE 10 STIPEND AND SALARY COSTS

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

		2020	2019
		£'000	£'000
Ministers and CRCWs: 392 (2019: 389)	Gross stipends	10,255	10,085
	Social security costs	957	950
	Other pension costs	2,747	2,710
		<u>13,959</u>	<u>13,745</u>

All stipend costs above are included within the costs of Ministry

Lay staff: 106 (2019: 109)	Gross salaries	2,663	2,712
	Social security costs	251	254
	Other pension costs	862	877
	Redundancy costs	19	12
		<u>3,795</u>	<u>3,855</u>

Salary costs have been apportioned as follows:

Ministry	1,520	1,156
Education and Learning	1,279	1,515
Children's and Youth work	241	270
Mission programmes	532	513
Publishing	223	401
	<u>3,795</u>	<u>3,855</u>

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

One employee received emoluments, excluding employer pension contributions, of between £60k and £70k during 2020. There was one employee whose emoluments, excluding employer pension contributions, exceeded £60k during 2019.

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 2020 was £236k (2019: £244k).

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 13 individuals during the year ended 31 December, 2020 totalling £1,236 (2019: 14 individuals totalling £3,627).

NOTE 11 TANGIBLE & INTAGIBLE FIXED ASSETS

(a) Consolidated:

	Houses for retired ministers £'000	Houses for serving ministers £'000	Other propertie s £'000	Cars and equipme nt £'000	Total Tangible Fixed assets £'000	Computer Software £'000
Cost						
At 1 January, 2020	39,077	5,077	9,232	1,345	54,731	90
Additions	1,776	803	21	48	2,648	43
Disposals	(462)	(307)	-	-	(769)	-
At 31 December, 2020	40,391	5,573	9,253	1,393	56,610	133
Accumulated depreciation and impairment						
At 1 January, 2020	423	56	817	947	2,243	25
Charge for year	-	-	139	108	247	12
Disposals	(11)	-	-	-	(11)	-
Re-classification	-	(5)	5	-	-	-
At 31 December, 2020	412	51	961	1,055	2,479	37
Net book value						
At 31 December, 2020	39,979	5,522	8,292	338	54,131	96
At 31 December, 2019	38,654	5,021	8,415	398	52,488	65

Of the land and buildings included above, £5,433k (2019: £4,667k) are leasehold. At 31 December, 2020 300 (2019: 312) houses were owned for housing retired ministers and 16 (2019: 17) houses for serving ministers. Although the total market value of all properties is not practicable to quantify, it is considerably in excess of the carrying value shown above.

Other properties include premises improvements at United Reformed Church House and the Yardley Hastings Centre, and building improvement costs capitalised at Westminster College. At the Yardley Hastings property, which has a carrying value of £628k, the local church continues to use part of the premises and the remainder is leased to a local charity under a long-term lease. With the exception of certain improvements and additions, including the costs of the major refurbishment in 2013-14, the buildings of Westminster College are not included in the Balance Sheet since the use of the College was originally a gift to the Church, the value of which cannot readily be ascertained without excessive cost. In addition, there is a covenant in perpetuity restricting the Church's ability to use the College for purposes wider than that of a theological college; hence an open market value cannot be applied.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(b) Trust:	Houses for retired ministers £'000	Houses for serving ministers £'000	Other propertie s £'000	Cars and equipmen t £'000	Total Tangible fixed assets £'000	Computer software £'000
Cost						
At 1 January 2020	421	5,077	2,835	489	8,822	50
Additions	-	803	-	18	821	44
Disposals	-	(307)	-	-	(307)	-
At 31 December 2020	421	5,573	2,835	507	9,336	94
Accumulated depreciation and impairment						
At 1 January 2020	25	56	138	392	611	-
Charge for year	-	-	26	31	57	6
Disposals	-	-	-	-	-	-
At 31 December 2020	25	56	164	423	668	6
Net book value						
At 31 December 2020	396	5,517	2,671	84	8,668	88
At 31 December 2019	396	5,021	2,697	97	8,211	50

* Reclassification of mixed use portion URC Church House (see note 12a).

(c) Heritage Assets

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

NOTE 12 MIXED MOTIVE INVESTMENT PROPERTY

	Consolidated		Trust	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Fixed asset investments				
Carrying value at beginning of year	2,000	1,905	2,000	1,905
Additions	-	43	-	43
Net gains/(losses) on revaluation	222	52	222	52
Carrying value at end of year	<u>2,222</u>	<u>2,000</u>	<u>2,222</u>	<u>2,000</u>

Mixed motive investment property consists of the second floor of URC Church House which is rented out on a commercial let to another charity. The property was formally valued by Allsop LLP on 6 November, 2017. The value of the mixed motive investment property at 31 December, 2020 was calculated using rental yields.

NOTE 12a MIXED USE INVESTMENT PROPERTY

	Consolidated		Trust	
	2020	2019	2020	2019
Fixed asset investments	£'000	£'000	£'000	£'000
Carrying value at beginning of year		-		-
Additions	695	38	695	38
Transfer from fixed assets at NBV*	-	200	-	200
Net gains/(losses) on revaluation	161	457	161	457
Carrying value at end of year	<u>856</u>	<u>695</u>	<u>856</u>	<u>695</u>

* Reclassification of mixed use portion of URC Church House.

Mixed use investment property consists of the third floor of URC Church House which is rented out on a commercial let for residential purposes. The property was formally valued by Allsop LLP on 6 November, 2017. The value of the mixed use investment property at 31 December, 2020 was calculated using rental yields.

NOTE 13 INVESTMENTS

	Consolidated		Trust	
	2020	2019	2020	2019
Fixed asset investments	£'000	£'000	£'000	£'000
Carrying value at beginning of year	53,085	44,381	51,484	43,037
Additions to investments at cost	-	935	-	935
Sales proceeds	-	(125)	-	(125)
Net gains/(losses) on revaluation	3,198	7,884	3,108	7,637
Carrying value at end of year	<u>56,283</u>	<u>53,075</u>	<u>54,593</u>	<u>51,484</u>

	Consolidated		Trust	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Investments comprise units in UK based Common Investment Funds at market value, as follows:				
COIF Charities Ethical Investment Fund	55,197	51,931	53,507	50,340
COIF Charities Property Fund	1,086	1,144	10,86	1,144
	<u>56,283</u>	<u>53,075</u>	<u>54,593</u>	<u>51,484</u>
Investments at book cost	<u>34,880</u>	<u>34,880</u>	<u>33,859</u>	<u>33,859</u>

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

Included within investments held in the COIF Charities Ethical Investment Fund is £4,971k held to meet the 'other pension obligation' as set out in note 23.

Financial assets measured at fair value are £56,283k.

NOTE 14 PROGRAMME-RELATED INVESTMENTS

Programme-related investments are investments made in pursuit of the Trust's charitable purposes, the primary motivation for which is not financial but to further our objectives and programme. The principal programme-related investment is £200k as a Founder Member of Luther King House Educational Trust, which owns the property that houses our resource centre for learning at Northern College. Smaller investments are held in Oikocredit, the Churches' Mutual Credit Union and Traidcraft plc. These smaller investments held as social investments and are held at cost and not revalued.

NOTE 15 CONCESSIONARY LOANS

	Consolidated		Trust	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
External loans comprise:				
To ministers	71	58	71	58
To Churches	84	84	84	84
Inter-fund concessionary loans	-	-	6,516	7,770
	155	142	6,671	7,912

Loans to ministers are generally interest free and repayable over 3 to 5 years. Movement on the loan balances was as follows:

	Consolidated		Trust	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Balance at 1 January	58	76	58	76
Repaid in the year	(21)	(25)	(21)	(25)
Advanced in the year	34	7	34	7
Balance at 31 December	71	58	71	58

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	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Debtors comprise:				
Amounts owed by group undertakings	-	-	439	215
Tax recoverable	2	1	2	1
Other debtors	2,460	2,056	2,433	2,029
Prepayments and accrued income	849	1,186	733	694
	3,311	3,243	3,607	2,939
Financial assets measured at amortised cost	2,460	2,072	2,872	2,244

NOTE 17 CREDITORS: amounts falling due within one year

	Consolidated		Trust	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Current liabilities comprise:				
Amounts owed to group undertakings	-	-	1,673	3,441
Sums held for Synods and congregations	90	213	38	3
Other creditors including taxation and social security	945	601	859	614
Accruals	148	498	92	371
Deferred income	115	238	39	96
	1,298	1,550	2,701	4,525
Financial liabilities measured at amortised cost	1,093	1,097	2,624	4,426

Included within Other creditors are amounts totalling £52k which are held in trust on behalf of other organisations.

Movements in deferred income

	Consolidated		Trust	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Balance at 1 January	238	115	97	-
Received in the year	102	427	39	97
Refunded during the year	(10)	-	-	-
Transferred to income	(215)	(304)	(97)	-
Balance at 31 December	115	238	39	97

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.

These funds include £23.8million 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 £17.6million the capital is expendable by decision of the Trustees.

NOTE 19 SUMMARY OF FUND MOVEMENTS

2020 Fund Movements

	Funds at 1 Jan 2020 £'000s	Incoming resources £'000s	Resources expended £'000s	Transfers between funds £'000s	Gains/ (Losses) on investment assets £'000s	Actuarial (losses)/ gains £'000s	Funds at 31 Dec 20 £'000s
UNRESTRICTED FUNDS							
Ministry and Mission Fund	20,111	19,245	(20,164)	495	1,103	(10,966)	9,824
Maintenance of the Ministry Fund	-	63	-	(63)	-	-	-
Ministerial Training Fund	-	495	(50)	(445)	-	-	-
Consolidated & Trust	20,111	19,803	(20,214)	(13)	1,103	(10,966)	9,824
DESIGNATED FUNDS							
Legacy Fund	693	42	(19)	-	-	-	716
Discipleship Development Fund	871	26	-	-	51	-	948
Consolidated & Trust	1,564	68	(19)	-	51	-	1,664
RESTRICTED FUNDS							
Church Buildings Fund	4,275	143	(53)	-	266	-	4,631
Retired Ministers' Housing Fund	5,393	14	(20)	-	-	-	5,387
Welfare Fund	7	49	(66)	11	-	-	1
Retired Ministers' Funds	1,019	123	(185)	-	212	-	1,169
Commitment For Life Fund	47	302	(206)	-	-	-	143
Other Funds	4,551	368	(162)	2	260	792	5,811
Total Trust Funds	15,292	999	(692)	13	738	792	17,142
Westminster College Funds	6,698	949	(1,269)	-	50	-	6,428
Retired Ministers' Housing Society	34,040	1,431	(729)	-	-	-	34,742
Total Consolidated Funds	56,030	3,379	(2,690)	13	788	792	58,312
CAPITAL FUNDS							
Ministry and Mission Fund	8,104	-	-	-	372	-	8,476
Maintenance of the Ministry Fund	1,045	-	-	-	81	-	1,126
Ministerial Training Fund	13,427	-	-	-	812	-	14,239
Church Buildings Funds	184	-	-	-	-	-	184
Retired Ministers' Housing Funds	391	-	-	-	-	-	391
Welfare Funds	912	-	-	-	57	-	969
Retired Ministers' Funds	654	-	-	-	21	-	675
Other Funds	3,757	4	-	-	255	-	4,016
Total Trust Funds	28,474	4	-	-	1,598	-	30,076
Westminster College Funds	1,114	-	-	-	50	-	1,164
Total Consolidated Funds	29,588	4	-	-	1,648	-	31,240

Transfers between funds generally represents use of restricted funds to cover items of expenditure in the general funds that fall within the objects of the specific restricted fund.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2019 Fund Movements

	Funds at 1 Jan 2019 £'000s	Incoming resources £'000s	Resources expended £'000s	Transfers between funds £'000s	Gains/ (Losses) on investment assets £'000s	Actuarial gains £'000s	Funds at 31 Dec 19 £'000s
UNRESTRICTED FUNDS							
Ministry and Mission Fund	15,519	20,984	(19,329)	323	2,282	332	20,111
Maintenance of the Ministry Fund	-	41	-	(41)	-	-	-
Ministerial Training Fund	-	458	-	(458)	-	-	-
Consolidated & Trust	15,519	21,483	(19,329)	(176)	2,282	332	20,111
DESIGNATED FUNDS							
Legacy Fund	729	-	(57)	21	-	-	693
Discipleship Development Fund	850	13	(1)	-	9	-	871
Consolidated & Trust	1,579	13	(58)	21	9	-	1,564
RESTRICTED FUNDS							
Church Buildings Fund	3,572	139	(83)	-	647	-	4,275
Retired Ministers' Housing Fund	4,894	647	(28)	(120)	-	-	5,393
Welfare Fund	6	48	(59)	12	-	-	7
Retired Ministers' Funds	376	256	(251)	-	638	-	1,019
Commitment For Life Fund	34	330	(317)	-	-	-	47
Other Funds	3,872	377	(90)	(135)	527	-	4,551
Total Trust Funds	12,754	1,797	(828)	(243)	1,812	-	15,292
Westminster College Funds	6,836	1,429	(2,089)	398	124	-	6,698
Retired Ministers' Housing Society	32,708	2,283	(951)	-	-	-	34,040
Total Consolidated Funds	52,298	5,509	(3,868)	155	1,936	-	56,030
CAPITAL FUNDS							
Ministry and Mission Fund	6,965	-	-	-	1,139	-	8,104
Maintenance of the Ministry Fund	883	-	-	-	162	-	1,045
Ministerial Training Fund	11,507	-	-	-	1,920	-	13,427
Church Buildings Funds	184	-	-	-	-	-	184
Retired Ministers' Housing Funds	391	-	-	-	-	-	391
Welfare Funds	771	-	-	-	141	-	912
Retired Ministers' Funds	552	-	-	-	102	-	654
Other Funds	3,175	4	-	-	578	-	3,757
Total Trust Funds	24,428	4	-	-	4,042	-	28,474
Westminster College Funds	992	-	-	-	122	-	1,114
Total Consolidated Funds	25,420	4	-	-	4,164	-	29,588

NOTE 20 ANALYSIS OF CONSOLIDATED NET ASSETS BETWEEN FUNDS

2020 Analysis

ANALYSIS OF ASSETS BETWEEN FUNDS – CONSOLIDATED

	Unrestricted Funds	Designated Funds	Restricted Funds	Capital Funds	Total 2020
	£'000s	£'000s	£'000s	£'000s	£'000s
Intangible assets	87	-	9	-	96
Property	6,891	-	45,605	1,297	53,793
Cars and equipment	84	-	254	-	338
Investments	12,026	860	13,568	30,071	56,525
Investment properties	3,079	-	-	-	3,079
External loans	71	-	84	-	155
Inter fund loans	1,090	-	(1,090)	-	-
Net current assets	8,300	(69)	2,053	-	10,284
Pension reserve	(20,872)	-	(2,358)	-	(23,230)
Inter fund balances	(932)	873	187	(128)	-
Net assets	9,824	1,664	58,312	31,240	101,040

ANALYSIS OF ASSETS BETWEEN FUNDS – TRUST

	Unrestricted Funds	Designated Funds	Restricted Funds	Capital Funds	Total 2020
	£'000	£'000s	£'000	£'000	£'000
Intangible assets	88	-	-	-	88
Property	6,891	-	396	1,297	8,584
Cars and equipment	84	-	-	-	84
Investments	12,025	860	11,879	30,071	54,835
Investment properties	3,078	-	-	-	3,078
External loans	1,161	-	5,510	-	6,671
Net current assets	8,739	(69)	(76)	-	8,594
Pension reserve	(20,872)	-	(2,358)	-	(23,230)
Inter fund balances	(1,370)	873	1,789	(1,292)	-
Net assets	9,824	1,664	17,140	30,076	58,704

2019 Analysis

ANALYSIS OF ASSETS BETWEEN FUNDS – CONSOLIDATED

	Unrestricted Funds	Designated Funds	Restricted Funds	Capital Funds	Total 2019
	£'000s	£'000s	£'000s	£'000s	£'000s
Intangible assets	50	-	15	-	65
Property	6,652	-	44,141	1,297	52,090
Cars and equipment	97	-	301	-	398
Investments	11,703	809	12,534	28,271	53,317
Investment properties	2,695	-	-	-	2,695
External loans	58	-	84	-	142
Inter fund loans	2,340	-	(2,340)	-	-
Net current assets	10,813	(124)	513	-	11,202
Pension reserve	(9,466)	-	(3,150)	-	(12,616)
Inter fund balances	(4,831)	879	3,933	19	-
Net assets	20,111	1,564	56,031	29,587	107,293

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

ANALYSIS OF ASSETS BETWEEN FUNDS – TRUST

	Unrestricted Funds	Designated Funds	Restricted Funds	Capital Funds	Total 2019
	£'000	£'000s	£'000	£'000	£'000
Intangible assets	50	-	-	-	50
Property	6,652	-	488	974	8,114
Cars and equipment	97	-	-	-	97
Investments	11,704	809	11,732	27,480	51,725
Investment properties	2,695	-	-	-	2,695
External loans	58	-	84	-	142
Inter fund loans	2,340	-	5,432	-	7,772
Net current assets	10,811	(125)	-	-	10,686
Pension reserve	(9,466)	-	(3,150)	-	(12,616)
Inter fund balances	(4,830)	880	706	20	(3,224)
Net assets	20,111	1,564	15,292	28,474	65,441

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 6 and 15 give some details.

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

The whole of these funds is utilised by the RMHS Board in providing accommodation for ministers and ministers' widow/ers or civil partners in their retirement. Income in 2020 included £9k from donations and £321k 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 £2,358k.

(f) Commitment for Life Fund

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(g) Other funds

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

NOTE 22 PENSION OBLIGATIONS

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

	MPF		FSS		Total	
	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Recognised actuarial gains/(losses)	(10,966)	820	-	(488)	(10,966)	332
Net scheme assets/(liabilities)	(20,801)	(9,381)	(71)	(85)	(20,872)	(6,615)

Net scheme assets are not recognised in the balance sheet. The details of each scheme are set out in notes 23 and 24 below.

NOTE 23 THE UNITED REFORMED CHURCH MINISTERS' PENSION FUND

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

Triennial actuarial valuations of the pension scheme are performed by a qualified actuary. The actuarial valuation at 1 January, 2018 was formally agreed on 11 December, 2018. For the purpose of these financial statements, the actuary has updated that valuation at 31 December, 2020 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 17.1% while asset values have increased by 10.9%. This has resulted in an increase of £11.42 million 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 2020 totalled 21.95% of pensionable pay, together with a fixed annual amount of deficit funding, in 2020 £580k (2019: £565k), increasing in line with stipends. A further additional lump sum of £1.5m was paid into the pension fund during 2019. Members' contributions are 7.5% of pensionable pay. Church contributions totalled £2,073k in 2020 (2019: £4,252k). Following the latest valuation, contributions from January 2020 total 21.95% of pensionable pay, together with annual deficit funding of £580k, increasing in line with stipends.

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

	2020	2019
Discount rate at year end	1.40%	2.00%
Expected return on plan assets at year end	n/a	n/a
Future stipend increases	2.20%	2.15%
Future pension increases (RPI up to 5%)	2.90%	2.95%
Future deferred pension revaluation (CPI)	2.20%	2.15%
Life expectancy of male pensioners (age 65)	24.0	22.5
Life expectancy at female pensioners (age 65)	25.5	23.5

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

	2020	2019
	Value at 31 Dec	Value at 31 Dec
	£'000	£'000
Present value of obligations	(194,227)	(165,807)
Fair value of plan assets	173,426	156,426
Net (liability)	<u>(20,801)</u>	<u>(9,381)</u>

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

	2020	2019
	£'000	£'000
Charitable activities		
Current service cost	2,633	2,182
Administrative expenses	327	340
Financing cost:		
Interest on net defined liability	191	305
Total operating charge	<u>3,151</u>	<u>2,827</u>
Actuarial gains/(losses) on pension schemes)		
Asset gains arising during the year	(17,522)	(13,361)
Liability losses/(gains) arising during the year	28,488	12,541
	<u>10,966</u>	<u>(820)</u>
Total loss/(gain) recognised in the Statements of Financial Activities	<u>14,117</u>	<u>2,007</u>

d) Change in defined benefit obligation:

	2020	2019
	£'000	£'000
Opening defined benefit obligation	165,80	152,68
	7	9
Service cost (incl. employee contributions)	3,575	3,131
Interest expense on DBO	3,283	4,371
Actuarial (gains)/losses on liabilities	28,488	12,541
Benefits paid	<u>(6,926)</u>	<u>(6,925)</u>
Closing defined benefit obligation	<u>194,22</u>	<u>165,80</u>
	7	7

e) Change in fair value of plan assets:

	2020	2019
	£'000	£'000
Opening fair value of plan assets	156,42	141,06
	6	3
Interest income on assets	3,092	4,066
Actuarial gains (losses)	17,522	13,361
Contributions by employer	2,697	4,252
Contributions by employees	942	949
Administrative expenses	(327)	(340)
Benefits paid	<u>(6,926)</u>	<u>(6,925)</u>
Closing fair value of plan assets	<u>173,42</u>	<u>156,42</u>
	6	6

f) Future employer contributions:

The Church expects to contribute about £2,100,000 to the plan during the next accounting year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

g) Breakdown of plan assets:

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

	2020	2019
	Asset	Asset
	allocation	allocation
	%	%
Equities	39	37
Property	7	9
Bonds	54	53
Cash/other	0	1

h) Five year comparison

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

	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	(194,227)	165,807	152,689	167,115	161,763
Plan assets	173,426	156,426	141,063	140,023	133,477
Surplus/(deficit)	<u>(20,801)</u>	<u>(9,381)</u>	<u>(11,626)</u>	<u>(27,092)</u>	<u>(28,286)</u>

Other pension obligations

SORP 2015 requires that constructive obligations, although not legally binding, be recognised on a charity's balance sheet. United Reformed Church Trust considers that it has a long-term constructive obligation in respect of:

a) the pension supplements it pays to former ministers of the Congregational Church and the Churches of Christ and the widow/ers of those ministers, in order to bring their pension to a level of 95% of the pension that would have been paid if the minister's service had been to the former Presbyterian Church. An independent actuarial assessment of the net present value of these future payments was obtained at the time of the formal actuarial review as at 31 December, 2017, using comparable assumptions as for FRS 17 calculations; this value (£2,358k) has been deducted from the total of restricted Fund included in the Balance Sheet. Included within restricted fund investments is £4,657k held to meet this obligation, and;

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

NOTE 24 THE UNITED REFORMED CHURCH FINAL SALARY SCHEME

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

Triennial actuarial valuations of the whole Final Salary scheme are performed by a qualified independent actuary. The most recent formal actuarial review of the scheme was at 30 September, 2019, when the scheme had a surplus of £2,689k. For the purpose of these financial statements, the actuary has updated that valuation at 31 December, 2020 using assumptions that are consistent with the requirements of FRS102.

i) Contributions:

During 2020 the United Reformed Church contributed 22.8% (2019: 28.2%) of basic salary in respect of members of the scheme. The 2019 figure included 3.0% as deficit funding and 3.2% to meet expenses and levies which will be payable as a separate lump sum in 2020. Members contributed at the rate of 7.5% (2019: 7.5%) of pensionable salary throughout the accounting period.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

	2020	2019	2018
Discount rate at year end	1.40%	2.00%	2.75%
Inflation (RPI)	2.95%	3.05%	3.25%
Inflation (CPI)	2.55%	2.05%	2.25%
Future salary increases	2.50% for 3 years and thereafter	2.50% for 3 years and thereafter	2.50% for 3 years and thereafter
Future deferred pension revaluation (CPI)	2.50%	2.50%	2.50%
Life expectancy in years of males retiring in 2020 (age 65)	21.2	21.3	21.5
Life expectancy in years of females retiring in 2020 (age 65)	23.4	23.0	23.2
Life expectancy in years of males retiring in 2040 (age 65)	22.6	22.7	22.9
Life expectancy in years of females retiring in 2040 (age 65)	24.5	24.3	24.5

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

	2020 £'000	2019 £'000	2018 £'000
Present value of obligations	(37,495)	(31,450)	(27,808)
Fair value of plan assets	41,820	34,301	28,297
Adjustment to reflect asset limit	(4,325)	(2,851)	-
Pension asset/(liability)	-	-	489

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

	2020 £'000	2019 £'000
Charitable activities		
Current service cost	1,125	1,266
Administrative expenses	121	129
Net interest (credit)/cost:	59	(30)
Total operating charge	<u>1,305</u>	<u>1,365</u>
Actuarial gains/(losses) on pension schemes		
Asset gains/(losses) arising during the year	7,519	5,061
Liability gains/(losses) arising during the year	(6,045)	(2,698)
Effect of asset limit	4,325	2,851
	<u>5,799</u>	<u>5,214</u>

iv) Change in defined benefit obligation:

	2020 £'000	2019 £'000
Opening defined benefit obligation	31,450	27,808
Current service cost (inc. contributions by plan participants)	1,162	1,295
Interest expense on DBO	633	750
Actuarial losses/(gains) on liabilities	5,022	2,698
Benefits paid and death in service premiums	(772)	(1,101)
Closing defined benefit obligation	<u>37,495</u>	<u>31,450</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

v) Change in fair value of plan assets:

	2020	2019
	£'000	£'000
Opening fair value of plan assets	34,301	28,297
Interest income on assets	692	780
Expenses	(121)	(129)
Actuarial gains (losses)	6,226	5,061
Contributions by employers	1,457	1,364
Contributions by plan participants	37	29
Benefits paid	<u>(772)</u>	<u>(1,101)</u>
Closing fair value of plan assets	<u>41,820</u>	<u>34,301</u>

vi) Future employer contributions:

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

vii) Breakdown of plan assets:

The major categories of plan assets are as follows:

	2020	2019	2018
	£'000	£'000	£'000
Equity-Type assets	21,917	13,916	14,383
Fixed Interest Bonds	5,205	2,635	3,460
Index-Linked bonds	11,052	7,701	8,680
Fixed Interest Gilts	1,661	3,831	8
Property	1,464	1,485	1,543
Other	521	4,733	223
Total assets	<u>41,820</u>	<u>34,301</u>	<u>28,297</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, 2017, revealed a deficit of £131.5m, equivalent to a funding level of 85.8%. Its latest recovery plan includes a requirement for contributions from the Church over a period of 5.5 years from 1 April, 2019, including £17k in 2020. The Church now recognises a liability for the net present value of these future contributions, amounting to £71k at the balance sheet date (2019: £85k). The present value is calculated using a discount rate of 0.27% (2019: 1.13%), and the charge to the Statement of Financial Activities of £2k (2019: £48k) 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, 2020 there were no commitments in respect of the purchase of properties (2019: £nil), and contractual liabilities of £nil (2019: £nil). £51k (2019: £153k) was committed as grants payable from the Legacy Fund.

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

These variables include the number of ministers requiring assistance from the Society and the level of contributions able to be made by individual ministers towards the cost of their homes. During 2020 £1,779k was spent on acquiring housing for retired ministers, £345k on repairing and maintaining existing properties and profits of £378k were earned from the sale of homes no longer required. Exercises have been undertaken periodically by the Society's management committee to collect

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

information to assist more accurate long-term planning; these have confirmed a continuing need for assistance in the short to medium term. Future cash flow is kept under continuous review, and recent years have seen the Society become cash flow positive. This trend is expected to continue for the medium to long term.

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

NOTE 26 CASH FLOW INFORMATION

Reconciliation of net cash flow to movement in net cash funds

	2020 £'000	2019 £'000
Increase/(Decrease) in cash in the period	(1,237)	1,142
Net cash funds at 1 January	9,482	8,340
Net cash funds at 31 December	8,245	9,482

Net cash funds are represented by bank balances and money on call, as shown on the Consolidated Balance Sheet. Of the total, £7,661k 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 £304k (2019: 320k) to the United Reformed Church Retired Ministers' Housing Society Limited and paid £495k (2019: £398k) to Westminster College as a contribution to the teaching costs and other support costs of the College (£395k) and gave a further grant (£100k) to assist the college with the impact of Covid-19.

NOTE 28 LEASE COMMITMENTS

At 31 December, 2020 the trust had future minimum Lease payments under non-cancellable operating leases as follows:

	2020 £'000	2019 £'000
Due within 1 year	3	6
Due in more than 1 year but less than 5 years	4	10
Due in more than 5 years	-	-
Total	7	16

NOTE 29 LEASES RECEIVABLE

At 31 December, 2020 the principle future minimum lease payments receivable under non-cancellable leases are as follows:

	2020 £'000	2019 £'000
Due within 1 year	100	100
Due in more than 1 year but less than 5 years	75	175
Due in more than 5 years	-	-
Total	175	275

NOTE 30 SUBSIDIARY UNDERTAKINGS

The United Reformed Church Retired Ministers' Housing Society Limited ('RMHS') is an exempt charity registered under the Co-operative and Community Benefit Societies Act 2014, number 15986R. Under the rules of the Society, which were revised by agreement of the RMHS Board in 2019, the United Reformed Church Trust has the power to appoint a majority of the directors. 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	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Income	1,427	2,295	1,477	1,828
Expenditure	728	963	1,797	2,090
Net income/(expenditure)	699	1,332	(321)	(262)
Total net assets	34,738	34,039	7,592	7,812

NOTE 31 CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT

	2020 £'000	2019 £'000
Gross income from continuing operations	22,858	25,109
Net gains on disposal of fixed assets	396	1,899
Total income	23,254	27,008
Total expenditure	(22,923)	(23,255)
Net income for year	331	3,753

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 32

CONSOLIDATED STATEMENT OF FINANCIAL
ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER, 2019

		---- Income funds ----			---- Capital funds ----		2019 Total funds
	Note	Unrestricted £'000	Designated £'000	Restricted £'000	Unrestricted £'000	Restricted £'000	£'000
Donations and legacies							
Ministry and Mission Fund contributions	2(a)	18,817	-	-	-	-	18,817
Grants receivable	2(b)	98	-	206	-	-	304
Legacies		5	-	806	-	-	811
Commitment for Life donations		-	-	330	-	-	330
Other donations	2(c)	548	-	162	-	4	714
		651	-	1,504	-	4	2,159
Charitable activities							
Ministry	3	-	-	718	-	-	718
Education and Learning		-	-	509	-	-	509
Children's and Youth work		14	-	-	-	-	14
Mission programmes		-	-	-	-	-	-
Publishing		180	-	-	-	-	180
		194	-	1,227	-	-	1,421
Other trading activities							
Investment income	4	-	-	788	-	-	788
		1,286	13	585	-	-	1,884
Other income							
Gains on sale of properties		512	-	1,387	-	-	1,899
Other income		23	-	17	-	-	40
		535	-	1,404	-	-	1,939
<i>Total income and endowments</i>		21,483	13	5,508	-	4	27,008
Expenditure on:							
Raising funds:							
Trading expenditure		-	-	651	-	-	651
Charitable activities							
Ministry	5	16,054	9	1,315	-	-	17,378
Education and Learning		1,653	44	1,445	-	-	3,142
Children's and Youth work		385	-	-	-	-	385
Mission programmes		1,075	5	457	-	-	1,537
Publishing		162	-	-	-	-	162
Other expenditure		-	-	-	-	-	-
		19,329	58	3,217	-	-	22,604
<i>Total expended</i>		19,329	58	3,868	-	-	23,255
Surplus from charitable and trading activities		2,154	-	45	1,640	-	4
Net gains/ (Loss) on investment assets		2,282	9	1,937	3,221	943	8,392
<i>Net income</i>		4,436	-	36	3,577	3,221	947
Transfers between funds	-	176	21	155	-	-	-
Actuarial gains/(losses) on pension schemes	22	332	-	-	-	-	332
<i>Net movement in funds</i>		4,592	-	15	3,732	3,221	947
Reconciliation of Funds							
Total funds brought forward		15,519	1,579	52,298	19,355	6,065	94,816
Total funds carried forward		20,111	1,564	56,030	22,576	7,012	107,293

FIVE YEAR SUMMARY

	2016	2017	2018	2019	2020
	£'000	£'000	£'000	£'000	£'000
INCOME AND EXPENDITURE ACCOUNTS					
Income					
Ministry and Mission Fund contributions	19,260	19,104	19,016	18,817	17,908
Investment income	1,626	1,694	1,839	1,884	1,950
Income from charitable activities	1,448	1,346	1,547	1,421	1,233
Grants receivable	134	139	155	304	690
Legacies	206	322	1,036	811	339
Donations	621	476	398	1,044	440
Other income	3,399	3,403	1,606	2,727	694
	26,694	26,484	25,597	27,008	23,254
Expenditure					
Ministry	18,609	18,986	17,775	17,378	17,220
Education & Learning	3,202	3,246	2,967	3,142	3,258
Children's and Youth work	371	387	428	385	353
Mission programmes	1,541	1,493	1,893	1,537	1,282
Support activities (incl. publishing)	288	151	147	162	411
Trading activities	565	548	599	651	399
Other costs	361	223	50	-	-
	24,937	25,034	23,859	23,255	22,923
Net income	1,757	1,450	1,738	3,753	331
Investment gains	3,723	4,484	(1,142)	8,392	3,590
Actuarial gains/(losses)	(6,933)	3,261	17,292	332	(10,174)
Net increase/(decrease) in funds	(1,453)	9,195	17,888	12,477	(6,253)
CASH FLOW STATEMENTS					
Cash required for investment in					
Houses for retired ministers	(2,193)	(1,686)	679	(1,417)	946
Other properties	556	1,337	(714)	(1,473)	500
Cars and equipment	131	116	102	73	92
Loans to churches and ministers	67	5	20	(18)	13
	(1,439)	(228)	87	(2,835)	1,551
Source of cash					
Net incoming/(outgoing) resources for the year (see above)	1,756	1,450	1,738	3,656	331
Adjustment for items not resulting in a cash movement, for returns on investments, and for capital receipts	(1,932)	(2,198)	(1,351)	(4,461)	(21)
	(176)	(748)	387	(805)	310
Net increase in capital	5	4	5	4	4
Net decrease/(increase) in investments	(448)	-	85	(892)	0
Decrease/(increase) in bank balances	(820)	516	(390)	(1,142)	1,237
	(1,439)	(228)	87	(2,835)	1,551

FIVE YEAR SUMMARY Continued

	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2020 £'000
BALANCE SHEETS (Consolidated)					
Fixed assets					
Tangible assets					
Houses for retired ministers	38,311	38,070	39,115	38,654	39,979
Houses for serving ministers	5,534	5,364	5,364	5,021	5,517
Other properties	7,143	8,258	8,581	8,415	8,297
Cars, equipment and intangibles	680	621	533	463	434
	51,668	52,313	53,593	52,553	54,227
Investment Properties	-	1,755	1,905	2,695	3,078
Long term investments (incl.programme-related)	42,675	46,001	44,623	53,317	56,525
Loans to churches and ministers	134	139	160	142	155
	94,477	100,208	100,281	108,707	113,985
Net current assets/(liabilities)					
Current assets					
Debtors and stock	-	731	-	-	-
Debtors and stock	2,298	1,540	2,097	3,270	3,338
Bank balances and money on call	8,466	7,950	8,340	9,482	8,245
	10,764	10,221	10,437	12,752	11,583
less : current liabilities	1,544	1,435	1,464	1,550	1,298
	9,220	8,786	8,973	11,202	10,285
Net assets excluding pension liability	103,697	108,994	109,254	119,909	124,270
Defined benefit pension scheme liability	(31,929)	(28,916)	(11,288)	(9,466)	(20,872)
Other pension obligations	(4,035)	(3,150)	(3,150)	(3,150)	(2,358)
Net assets including pension liability	67,733	76,928	94,816	107,293	101,040
Unrestricted income funds	(5,387)	(1,176)	15,519	20,111	9,824
Designated funds	-	-	1,579	1,564	1,664
Restricted income funds	48,821	52,019	52,298	56,030	58,312
Capital funds	24,299	26,085	25,420	29,588	31,240
Total funds	67,733	76,928	94,816	107,293	101,040

NON-FINANCIAL STATISTICS

(from URC Year Book)

	2015	2016	2017	2018	2019
Members	52,060	49,517	46,881	44,788	43,208
Stipendiary ministers	438	401	398	377	364
Non-stipendiary ministers	65	57	58	58	62
Churches	1,426	1,406	1,383	1,354	1,331
Retired ministers	891	885	885	874	857
Ministry and Mission contribution per member	£367	£384	£401	£420	£414



United
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