

**REGISTERED COMPANY NUMBER: 01555990 (England and Wales)**

**REGISTERED CHARITY NUMBER: 282729**

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

**THE UNITED REFORMED CHURCH (WESSEX)  
TRUST LIMITED**

# THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

YEAR ENDED 31 DECEMBER 2020

## CONTENTS

REPORT OF THE TRUSTEES	3
<i>Reference and Administrative details</i>	3
<i>Objectives and Activities</i>	4
<i>Ensuring delivery of the Company's aims</i>	4
<i>Charity Objectives</i>	4
<i>Principal Activities</i>	4
<i>Grant-making Policy</i>	5
<i>Public Benefit</i>	6
<i>Achievement and Performance</i>	6
<i>Grants and Grant Commitments</i>	7
<i>Future Events</i>	9
<i>Structure, Governance and Management</i>	10
Financial Review	15
<i>Future Plans</i>	17
<i>Custodian Trusteeship</i>	17
STATEMENT OF TRUSTEES' RESPONSIBILITIES	18
Auditors' Opinion	19
STATEMENT OF FINANCIAL ACTIVITIES	22
BALANCE SHEET	23
CASH FLOW STATEMENT	24
NOTES TO THE FINANCIAL STATEMENTS	25

# THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

YEAR ENDED 31 DECEMBER 2020

## REPORT OF THE TRUSTEES

The Trustees who are also directors of the Charity for the purposes of the Companies Act 2006, present their report with the financial statements of the Charity for the year ended 31 December 2020. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charities Act 2011 and the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2020).

## REFERENCE AND ADMINISTRATIVE DETAILS

### Registered Company number

01555990 (England and Wales)

### Registered Charity number

282729

### Registered office

120 Alma Road  
Southampton  
Hampshire  
SO14 6UW

### Trustees

Revd Nigel J W Appleton	Revd Julian J Macro
Mrs Susan A Brown	Revd Dr Romilly W Micklem - <i>Convener</i>
Mrs Margaret R Carrick Smith	Mr Peter M Pay
Revd Clare Downing	Mr John Sinclair - <i>appointed 11 February 2021</i>
Mr Raymond M Dunnnett - <i>Deputy Convener</i>	Mr Peter J Stevenson - <i>Synod Treasurer until March 2021</i>
Mr Andrew N Gibb	Revd Anthea J Wickens
Mr Colin F MacBean	

All the Trustees give their time voluntarily and receive no benefits from the Company. Any expenses reclaimed from the Company are set out in note 11.

### Company Secretary

Mr Stuart MacLean

### Auditors

Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

### Bankers

CAF Bank Limited, Kings Hill, West Malling, Kent, ME19 4TA

### Legal Advisers

Lester Aldridge LLP, Russell House, 31 Oxford Road, Bournemouth, Dorset, BH8 8EX

# THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

YEAR ENDED 31 DECEMBER 2020

## OBJECTIVES AND ACTIVITIES

The charitable purpose of the Company, as set out in the 'objects' clause contained in the Company's Memorandum of Association, is:

- The advancement of the Christian religion for the benefit of the public in accordance with the doctrines, principles and usages of the United Reformed Church, in particular (but without prejudice to the generality of the foregoing) by supporting the work of the Wessex Synod of that Church.

The aims of the Company are to support local churches in their outreach and mission, both directly through its staff, and indirectly through the Synod and its committees, groups and officers, and by the provision of resources, both financial and technical.

## ENSURING DELIVERY OF THE COMPANY'S AIMS

The Trustees review the aims, objectives and activities of the Company on a regular basis and determine which activities to resource based on contribution to those agreed aims and objectives.

This is how we are accountable to the Wessex Synod:

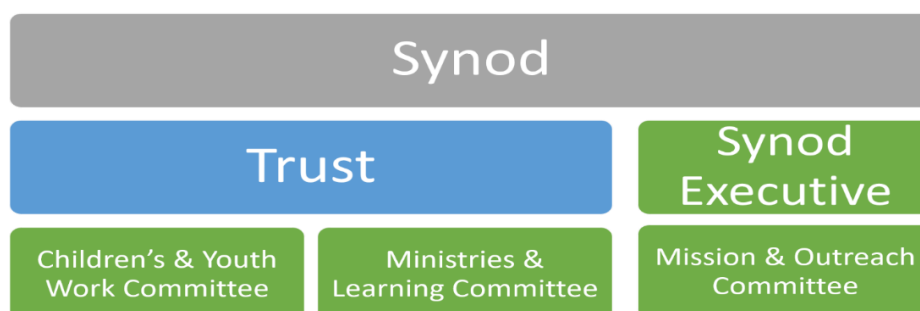


Figure 1 Synod/Trust governance relationship

## CHARITY OBJECTIVES

The main purpose of the Unrestricted Funds is to meet the financial needs of the Wessex Synod and the wider church, and to support the constituent local churches in a wide range of activities which further generally the Wessex Synod strategy and the religious purposes of the United Reformed Church. With regard to the financial needs of the wider church, the Wessex Synod continues to make significant annual grants to Inter-Synod Resource Sharing as a step towards addressing the significant differences in wealth, and hence potential for funding mission, that exists between all 13 Synods of the United Reformed Church.

## PRINCIPAL ACTIVITIES

The principal activities of the Company include:

- The short, medium and long-term management, as trustee, of the Unrestricted Funds of the Company, which consist primarily of investment property, managed funds, cash, and loans to local churches and ministers;
- The realisation of best value from the disposal of redundant church buildings and manses, and the letting of temporarily vacant manses, pursuant to the resolution of the local Church Meeting and the approval of the Synod Executive;
- Trusteeship of the other funds shown in the financial statements, whose assets consist almost exclusively of managed funds and cash;
- The oversight of functional charity property, consisting almost exclusively of church buildings and manses, in legal matters and in advice or the provision of professional advice;
- Acting as employer for staff of the Company and of the Synod;

# THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

YEAR ENDED 31 DECEMBER 2020

## PRINCIPAL ACTIVITIES, *continued*

- Various tasks, primarily related to finance and property, in support of the work of the Wessex Synod and local churches, including making grants and loans towards projects within agreed budgets;
- Supporting the development and implementation of the Wessex Synod strategy, especially as it relates to matters of finance and property;
- Developing and proposing overall plans, policies and procedures regarding finance and property for presentation to the Synod for approval;
- Implementing and monitoring the financial and property plans, policies and procedures agreed by the Synod;
- Overseeing and proposing any changes to the Synod Ministry and Mission Fund formula and contributions and considering the Synod's annual offer to the Ministry and Mission Fund. Any change to the formula would require the approval of the Synod;
- Ensuring that local churches are kept fully aware of Synod financial and property policy and relevant legislation in whatever form is most appropriate;
- Enabling, supporting and overseeing the work of the Listed Buildings Advisory Committee, and taking any action arising therefrom; and
- Acting as the Provincial Property Committee, receiving advice from the Listed Buildings Advisory Committee under Ecclesiastical Exemption concerning developments and alterations to Listed Buildings and buildings in Conservation Areas, and giving or withholding permission for such works in accordance with the Planning (Listed Buildings and Conservation Areas) Act 1990, conducting and recording that part of its business in accordance with the statutory requirement.

This is where our efforts are focused:

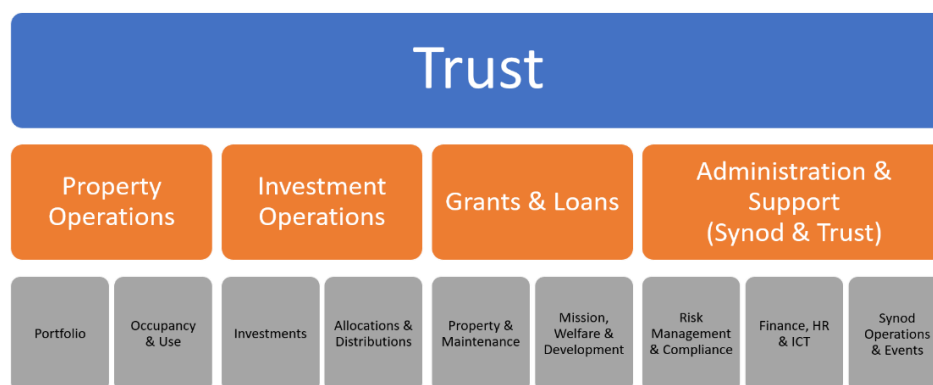


Figure 2 The Operational activities of the Trust

## GRANT-MAKING POLICY

Policies for grant-giving have been agreed by the Wessex Synod and application forms and procedures ensure the full production of supporting information for all grant applications. Grants can be categorised as follows:

- Annual grants to local churches which will be paid in accordance with existing agreements;
- Grants for work supported by the Wessex Synod;
- Grants for the maintenance, repair and / or improvement of manses to provide suitable housing for ministers;
- Grants for ministerial housing allowances;

## THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

YEAR ENDED 31 DECEMBER 2020

### GRANT-MAKING POLICY, *continued*

- Grants to local churches for church mission;
- Grants to local churches for uniting congregations;
- Grants for work supported by the General Assembly of the United Reformed Church;
- Grants to other Synods of the United Reformed Church pursuant to Inter-Synod Resource Sharing; and
- Grants to chaplaincies in higher education, industrial missions and other ecumenical situations.

Grants to local churches are made to assist their ministry as they seek to fulfil all current mission initiatives in their own situation, through:

- Responding to the needs of the community in which the church works; and
- Meeting the challenges and claims of the Gospel in today's church and the world.

### PUBLIC BENEFIT

The Trustees confirm that they had due regard to the Charity Commission's guidance (PB1 to PB3) on public benefit when exercising any powers or duties to which the guidance is relevant. Examples of this are given in this report.

### ACHIEVEMENT AND PERFORMANCE

#### Property Operations

The Company manages the portfolio of residential and investment properties on behalf of the Synod and supports churches in managing their places of worship and assembly. This includes professional oversight of significant capital projects. The Company also realises the best value of redundant property by a programme of disposals.

The regular activities of the Company include:

- Fielding and responding to enquiries from ministers and church officers, agents and tenants;
- Managing residential occupancy: safety certifications, agreements, inventories and deposits;
- Effecting residential property repairs, maintenance and refurbishments, planned and unplanned;
- Managing rents, collections, delinquency and - occasionally - evictions;
- Capital enhancements and extensions;
- Exceptional acquisitions and disposals for best value;
- Managing major church building contracts, contractors and professional advisors; and
- Providing specialist legal and property management advice and guidance.

#### Church Congregations and Manses

At the end of the year there were 121 (2019: 122) local church congregations, including 33 Local Ecumenical Partnerships (2019: 33). This resolution to close was passed in 2020:

- On 16 February 2020, Worplesdon United Reformed Church, Guildford.

When a church elects to close, any remaining assets following closure are, subject to receipt of all necessary approvals, transferred to the Company.

The sale of any redundant church building normally involves:

- Retaining expert advice;
- Developing options for realising best value in a manner consistent with Charity Commission requirements; and
- Managing the approvals process, marketing and disposal in a safe and exemplary manner.

So far in 2021, Chandler's Ford United Reformed Church resolved on 1 August 2021 to close on 15 August 2021 and Longfleet United Reformed Church resolved on 22 August 2021 to close on 31 December 2021.

## THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

### YEAR ENDED 31 DECEMBER 2020

At the end of the year there were 36 (2019: 39) manses occupied by ministers and 14 (2019: 16) further manses held pending possible future occupation by a minister, of which 12 (2019: 11) were let to tenants, 2 (2019: 4) were vacant and available for let to tenants, and Nil (2019: 1) was vacant pending refurbishment and occupation by a minister.

Some of the manses do not conform to the agreed Synod manse standard and so they will be let and sold in due course. Additional manses will only be purchased if required to house ministers.

#### Property Acquisition

14 Hotspur Close, Hythe was acquired to serve as a retirement property during the year (2019: 1 manse). It is provided under the Synod's purpose of specific welfare support and will be re-let for the same purpose or sold if vacated and no longer required.

#### Property Disposals

One redundant manse was sold during the year (2019: 2) at 66 Mayfair Gardens, Southampton.

It was not possible to sell any redundant church site during a year in which activity was suppressed by the COVID-19 pandemic (2019: 1). At the end of the year 9 (2019: 8) redundant church sites at Finchdean, Gosport (Bury Road), Lytchett Minster, Medstead, Newbury, Pheasant's Hill, Southampton (Freemantle), Stanford-in-the Vale and Worplesdon, and 1 redundant former Student Hall of Residence, known as Trinity Hall, were at different stages of disposal and 20 (2019: 16) manses had been identified by the Company as redundant, of which 5 (2019: 5) were on church sites and let to tenants or in other use, 15 were let to tenants (2019: 9) and 5 properties (Tara Cottage, 14b Lacon Close, 14 Oviat Close, 14 Oakmount Avenue and 1 Ruffield Close) were vacant and for sale (2019: 2).

#### GRANTS AND GRANT COMMITMENTS

Our ability to make grants depends on churches initiating projects to support!

Grants paid out in the year amounted to £618,983 (2019: £723,450). When grants are offered by the Company they are recorded as future commitments and drawn down as projects continue, sometimes over several years. In the year additional grant commitments of £483,236 (2019: £581,235) were made and £70,000 (2019: £0) of previous grant commitments were written back into the funds as a result of projects not proceeding or not requiring the committed funds. At the end of the year the total grant commitments outstanding were £993,222 (2019: £1,198,969).

Grants for church mission projects are made from the Church Mission Fund and the Special Reserve Fund in support of building projects, the costs of church workers and other smaller projects. The Synod meeting on 10 October 2020 agreed that a further £50,000 should be transferred by the Company from the General Fund to the Church Mission Fund. At the end of the year, the Church Mission Fund and the Special Reserve Fund had £136,407 (2019: £171,789) and £826,744 (2019: £913,174) respectively of unallocated grant funding available. Within the Special Reserve Fund is a sub-reserve made in 2016 of £200,000 (2019: £200,000) designated to potentially meet the direct costs of some very early-stage conceptual pioneer ministry projects in such situations as large-scale housing developments. In 2021, just such a project was presented to Trustees, and an initial draw-down of £107,786 for a 3-year employment was approved.

Other grants to churches may be made from the General Fund, for example to assist with the cost of urgent repairs due to storm damage. The Company also supports from its General Fund several ecumenical projects, Inter-Synod Resource Sharing and General Assembly's Commitment for Life programme.

<b>TOTAL GRANTS</b>	<b>Note Ref</b>	<b>Total Grants number</b>	<b>£</b>
Current Liabilities	19	79	£525,410
Amounts falling due after one year	20	17	£467,812
<b>TOTAL</b>		<b>96*</b>	<b>£993,222</b>

*nb \* care should be taken with this 'total' as single grant awards have been apportioned between the two periods. There are no grant awards which do not contain a 'current' portion.*

**THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED**

**YEAR ENDED 31 DECEMBER 2020**

**Church Mission Fund**

Grants greater than £10,000 committed during the year from the Church Mission Fund are as follows:

<b>Church</b>	<b>Project</b>	<b>£ committed</b>
Abingdon: Peachcroft [9E49]	Children & Youth worker (3 years)	£ 15,000
Camberley: High Cross [9D05]	Audio-Visual	£ 30,000
Oxford: Wheatley [9E44]	Children & Youth worker (3 years)	£ 26,500
Reading: St. Andrew's [9E34]	Building enhancements	£ 13,000
Swanage [9A47]	Building enhancements	£ 32,250
<b>TOTAL</b>		<b>£ 116,750</b>
<b>2019</b>		<b>£ 226,500</b>

Grants up to £10,000 committed during the year from the Church Mission Fund are as follows:

<b>Church</b>	<b>Project</b>	<b>£ committed</b>
Abingdon: Peachcroft [9E49]	Audio-Visual	£ 3,929
Basingstoke: London Street [9D02]	Community Development Worker	£ 6,000
Bishop's Waltham UFC [9C03]	Audio-Visual	£ 814
Guildford: Westborough [9D16]	Community Development Worker	£ 9,120
Henley-on-Thames [9E08]	Building enhancements	£ 3,750
Hythe: Cornerstone [9B11]	Community Development Worker	£ 5,393
Isle of Wight: Shanklin [9C12]	Building works	£ 5,730
Marlow: Christ Church [9E14]	Building works	£ 1,000
Romsey: Braishfield [9B14]	Audio-Visual	£ 1,995
Twyford (Bucks) [9E18]	Audio-Visual	£ 5,000
Walton-on-Thames [9D27]	Audio-Visual	£ 1,551
Woking [9D54]	Audio-Visual	£ 5,000
<b>TOTAL</b>		<b>£ 49,282</b>
<b>2019</b>		<b>£ 61,734</b>

**Special Reserve Fund**

Grants greater than £10,000 committed during the year from the Special Reserve Fund are as follows:

<b>Church</b>	<b>Project</b>	<b>£ committed</b>
Farnham [9D10]	Design phase	£ 14,000
Woking [9D54]	Warm Welcome (building) – phase 2	£ 37,640
Woking [9D54]	Community Development Worker	£ 60,000
<b>TOTAL</b>		<b>£ 111,640</b>
<b>2019</b>		<b>£ 89,000</b>

Grants up to £10,000 committed during the year from the Special Reserve Fund are as follows:

<b>Church</b>	<b>Project</b>	<b>£ committed</b>
-	-	-
<b>TOTAL</b>		<b>£ NIL</b>
<b>2019</b>		<b>£ NIL</b>

**Grants paid out from all funds in 2020** **£ 618,983** (2019: £723,450)

**New grants committed from all funds in 2020** **£ 483,236** (2019, £581,235)



## THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

YEAR ENDED 31 DECEMBER 2020

### FUTURE EVENTS

#### United Reformed Church Ministers' Pension Fund deficit

The URC Ministers' Pension Fund (MPF) is in deficit. It has enough money for pensions currently in payment, but it does not have enough investments to cover all the future pension payments which have been earned by ministers of the United Reformed Church.

General Assembly and the MPF Trustees calculate that the MPF will need an additional £45 million over the next ten years in order to meet the Pensions Regulator's requirements for funding existing pension commitments. All Synods have been asked to find this extra funding. The Ministry and Mission Fund has been making extra payments into the MPF, but it cannot shoulder any more of the burden. The URC Trust has provided guarantees to support the MPF and paid an additional £1.5 million into the fund in 2020.

The Wessex Synod is one of the wealthiest Synods partly because of higher property prices in the South and South Midlands and partly because it has also benefited from good stewardship in its structures and policies. The Trustees readily recognise that the Synod has a shared responsibility to pay a significant sum into the MPF over the next ten years and during 2020 indicated to General Assembly that they are open to paying up to £10 million - but with some conditions.

The Trustees are not willing to hand over any invested assets because they are not prepared to reduce the current core operations of the Company and the Synod but believe that the Company can contribute an average of £1 million a year for ten years, from the proceeds of planned sales of redundant properties.

The Trustees believe that the MPF in its current form is no longer the right way of providing ministers with a decent pension. In order to reduce the risk of the MPF running into deficit again in the future, the current scheme would require a total overall contribution rate in excess of 30% of a minister's stipend. This would mean putting 30p or more of every pound paid into the Ministry and Mission Fund into the MPF, through a combination of ministers' contributions and the URC's contribution - which is not sustainable and would increase the pressure to reduce ministerial numbers.

The Trustees have therefore indicated that the offer of up to £10 million over ten years to the MPF is conditional upon the MPF in its current form being closed. The Wessex Synod is not alone: other Synods have also indicated that they think the MPF in its current form is not sustainable. If the MPF in its current form were to close; existing pensions and pension entitlements would not be affected; ministers could still be offered a decent pension scheme, with a significant contribution from the URC; and, the pressure on the Ministry and Mission Fund would be reduced, and it might even create some headroom for a modest expansion of stipendiary ministry in the medium term. The meeting of the URC's General Assembly in July 2021 formally agreed a decision in principle to close the defined benefit pension scheme to all future accruals of benefits, with a view to this taking effect no earlier than 1 January 2023. The Trustees have agreed that this decision by the General Assembly meets the condition set for their offer.

The Trustees have considered the consequences for churches in the Wessex Synod if an offer of £10 million is made to the MPF. Over the 10-year period the Trustees would anticipate a significant reduction in funding for grants to churches, compared with recent years and for this period the Company's capacity to respond to a future crisis would be curtailed, but the Company would still be able to continue to support the life and mission of the Synod over this ten-year period, adapting to changing circumstances.

An outline deficit recovery agreement was reached between the MPF and the Synods in June 2021. A schedule of contributions from all Synods is currently being finalised to meet the £45 million funding requirement over 10 years. This will ask the Company to provide up to £9 million over 9 to 10 years. A resolution to formalise this offer will be brought to the Trustees' meeting on 25 November 2021; a supporting resolution is being prepared to be put before the 12 March 2022 meeting of the Wessex Synod.

# THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

YEAR ENDED 31 DECEMBER 2020

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Governing document

The Company is limited by guarantee as defined by the Companies Act 2006 and is a charity and a trust corporation within the terms of the Law of Property (Amendment) Act 1926.

The Company's objects and powers are declared in its Memorandum of Association dated 15 December 1980, as amended by special resolutions dated 25 June 1998, 22 September 2005 and 27 April 2017, and provision for its governance and administration is made in its Articles of Association. The Company was incorporated on 14 April 1981.

The Wessex Synod is one of the 13 Synods of the United Reformed Church and has the sole power of electing Trustees to the Company. The Synod has given the Trustees' meeting authority to appoint new Trustees, but any Trustee so appointed may not serve for more than 1 year without being elected by the Synod. The maximum registrable membership of the Company is 24, with the members also being Trustees of the Company. At least 75% of the Trustees must be members of the United Reformed Church.

Once in each calendar year 1/3 of the Trustees for the time being, or, if their number is not a multiple of 3, then the number nearest to but not exceeding 1/3 shall retire from office. The Trustees to retire on each occasion include, so far as necessary to obtain the number required, any Trustee who wishes to retire and not offer themselves for re-election, and any further Trustees to retire shall be those who have been the longest in office since their last election. A retiring Trustee shall be eligible for re-election.

The applicable elections and re-elections were considered at the Annual General Meeting of the Company on 17 September 2020 and were considered and agreed at the Synod meeting on 10 October 2020.

### Risk Assessment and Management

The Trustees have a duty to identify and review the risks to which the Company is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The Company and the Synod have undertaken and documented an annual joint Risk Assessment and have undertaken or are going to undertake the necessary actions arising from their review of the outcomes of those assessments.

The Trustees have identified that the nature of the Company's operations is such that the greatest principal risk to the Company's operations is its small number of staff and the risk of their absence, for example because of prolonged illness. The Trustees manage the risks associated with the health and well-being of its staff through existing line management systems, practical support from volunteers, and the Human Resources and Facilities Committee, and guard against fraud and error by undertaking periodic reviews with staff of all internal controls and operating procedures of the Company. The resulting documented procedures are annually reviewed by the Auditors against current best practice and are well understood by the Trustees and the staff and are rigorously enforced.

Additionally as the Company's long term grant-making capacity is dependent on the sporadic income from sales of redundant church property, a financial cap has been placed on its grant-making to local churches that is reviewed annually and fixed so as to smooth the changing level and availability of such grants, whilst still enabling the Company to continue to meet its other priorities, such as the purchase and renovation of manses for ministers and its grants towards meeting the financial needs of the wider church.

In 2020 that review process led to the Synod meeting on 10 October 2020 agreeing that a further £50,000 should be transferred by the Company from the General Fund to the Church Mission Fund.

### COVID-19 Pandemic response and support

#### General Impact

At the time of writing, the COVID-19 pandemic continues to have a significant effect on church activities, in-person attendance and income. During 2020 the Trustees, in conjunction with staff of the URC's General Assembly, have been developing modes and forms of financial support, including direct emergency loan payments to churches. Trustees are taking a prudential view of this emergency loan scheme and the working assumption is that these loans will be written off through a formal process of converting them to grants.

## THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

YEAR ENDED 31 DECEMBER 2020

### **Immediate effect on the Company**

Operations: after a short period of adjustment, the Registered Office was able to function in a COVID-secure manner from mid-April 2020, through a combination of homeworking, changes to the office layout and the introduction of distancing protocols and sanitising / hygiene stations. As a result of these measures the Company has been able to continue operations with only modest impairment, and without having to furlough staff. The Company moved swiftly to acquire and adopt video conferencing facilities and has been able to continue with regular business and governance meetings. Trustees met by video conference on 7 May 2020, 2 July 2020, 17 September 2020 and 26 November 2020.

Investments: the Company's investment portfolio saw a significant fall in market value in March / April 2020. There has since been a good recovery, although values remain volatile. The most recent valuation (Q2 2021) of the Unrestricted Funds portfolio is: £18.95 million (Q4 2020: £18.61 million).

At their meeting on 29 April 2021, the Trustees agreed to change the basis of management of their investments because they consider that the future dividends and income declarations by their current holdings will not yield the cash returns to cover operational costs, as is their ongoing policy. The Trustees accepted a proposal to manage investments to maximise Total Return on investment and to instruct staff to be more active in realising cash through incremental sales of holdings as they grow in value.

The Company is not to any significant extent dependent upon asset value in its investment portfolio, which is held on a long-term basis. Trustees continue to monitor the performance and management of the portfolio in accordance with the Company's investment policy and with reference to agreed ethical investment benchmarks. The Trustees are in regular contact with their fund managers and share information with other URC investment bodies and through their membership of the Church Investors Group.

### **Going Concern assessment**

The Company has a large and diversified balance sheet, and it is holding sufficiently large cash reserves during the COVID-19 pandemic.

At their meeting on 29 April 2021, Trustees received and approved a 3-year Funds Flow forecast. It was based on the realistic assumption of continued steady recovery from COVID-19 in 2021.

The Trustees accepted that the forecast supported the following conclusions:

- That investment income was on a downward trend whilst values continued upward;
- Gains from planned property sales would be sufficient to cover current commitments, including contributions towards eliminating the deficit in the URC Minsters' Pension Fund; and
- Taken in conjunction with property sales forecast by the Executive Officer, the depletion of liquid General Funds likely to be incurred in realistic scenarios is easily covered by realisable investments and / or vacant property sales.

Accordingly, the Trustees were content that the Company continues to operate as a Going Concern for at least 12 months from the date of signing the Report of the Trustees.

### **Recruitment, Appointment and Training of Trustees**

The most important qualification for appointment to the Company as a Trustee is a thorough awareness of the workings of the United Reformed Church and of the Wessex Synod in particular. Ideally, this should have been gained through an active role in the life of the Synod and / or the wider church. Expertise and experience in such areas as law, finance and property are particularly useful if gained in the context of the councils and operations of the United Reformed Church. The combined expertise and experience of the Trustees has so far proved very adequate for the full range of the Company's activities.

The current Trustees who also hold or have in the year to 31 December 2020 held significant posts either on behalf of the Synod or on behalf of General Assembly are:

## THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

**YEAR ENDED 31 DECEMBER 2020**

<b>Name</b>	<b>Synod</b>	<b>Synod Executive</b>	<b>Other</b>
Revd Clare Downing	Moderator	Member	General Assembly Ministerial Moderator-2020-22
Mr Raymond Dunnett (Trust Deputy Convener)	-	Member	-
Revd Dr Romilly Micklem (Trust Convener)	-	Member	-
Mr Peter Pay	Ministry and Mission Fund Secretary	-	General Assembly Elder Moderator 2020-22
Revd Julian Macro			URC Investment Committee

Prospective Trustees are proposed by the Synod Nominations Group and then usually meet with the Chair of the Company, Executive Officer and one other Trustee who explain and discuss the responsibilities of the task and the ways of working of the Trustees. A copy of the latest Annual Report and Accounts is provided to aid understanding, but prospective Trustees are also invited to attend a Trustees' meeting before making any decision. An appointment would normally then be made by the Trustees' meeting on the recommendation of the group that met the prospective Trustee and would be subject to the new Trustee signing a declaration indicating his or her eligibility to act. A new Trustee is also provided with electronic copies of the Charity Commission publications CC3 and CC3a and an electronic copy of the Synod's Information Centre which details all the minutes and associated documents of the Trustees' meetings and of the former Synod Finance and Property Committee from September 1982 to February 2019. A secure link to a SharePoint folder additionally provides access to all the minutes and associated documents of the Trustees' meetings from March 2019 to date.

Training for new and existing Trustees is largely limited to that which is gained during service. Many matters are discussed in some detail at Trustees' meetings and the style of the meetings is such as to encourage sharing of knowledge and provide an opportunity for exploration of relevant regulations and legal requirements. Annual visits by the Company's two main Investment Managers provide an excellent opportunity for in-depth appreciation of this important aspect of the Company's activities. The Trustees are encouraged to attend the seminars offered by the Company's professional advisers and report back to the Trustees on their thoughts and findings. The Trustees also have in-house training on topical issues when necessary.

### **Relationship with the Wessex Synod of the United Reformed Church**

*Also see Figure 1 Synod/Trust governance relationship, above*

The Company holds the financial assets of the Wessex Synod of the United Reformed Church in trust. The different categories of trusteeship are as follows:

- The church buildings and manses of local churches are held on the Statutory Trusts of the United Reformed Church Acts 1972, 1981 and 2000 ('the Statutory Trusts') and decisions concerning such property are governed by Schedule 2 of the United Reformed Church Act 1972 (as amended) ('the 1972 Act'), under which approval of both the local Church Meeting and the Synod is required in order for the Company to let or dispose of any such property.
- The Unrestricted Funds have arisen almost entirely as a result of the disposal of interests in redundant property. Under the terms of the Statutory Trusts, under which such property was formerly held, the Unrestricted Funds may be used for other charitable purposes connected with the work of the United Reformed Church. In accordance with Synod policy, local churches in the Synod normally resolve that such proceeds of sale will be added to the Unrestricted Funds of the Company.
- There are several Restricted and Endowment Funds for which the Company is Charity Trustee, and which are governed by Trust Instruments other than the United Reformed Church Acts. The Company acts in its sole discretion within the terms of such Trust Instruments and in response to the needs of the beneficiaries.

### **Wessex Synod**

The Synod Officers and the appointed representatives of the constituent local churches in the Wessex Synod meet twice a year as the Wessex Synod to support, enable and co-ordinate the work of the Synod and its local churches.

## **THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED**

**YEAR ENDED 31 DECEMBER 2020**

### **Synod Executive**

The Synod Executive acts on behalf of the Wessex Synod in overseeing and co-ordinating the work of the Synod.

The Synod Executive oversees and supports the various Synod committees and Synod groups, particularly as regards Safeguarding. It receives and acts upon reports, requests and resolutions from all Synod committees, groups and officers, and the Trust Company, and submits and progresses reports, requests and resolutions to those bodies and individuals from the Synod. Its Nominations Group also oversees the nominations process for membership of all committees and groups and for the Company.

The Synod Executive also has the delegated power to give or withhold approval on behalf of the Synod in matters concerned with the Synod's powers under Schedule 2 of the 1972 Act.

### **Synod Committees and Synod Groups**

The Synod has 3 standing committees which report initially to the Synod Executive but are ultimately accountable to Synod. The other Synod groups and committees report initially to their relevant standing committee and through them to Synod. Each committee manages its own budget. Brief details of each standing committee are provided below:

The Children and Youth Work Committee supports and enables the Synod's work related to children and young people and is serviced by 2 full-time Children and Youth Development Officers. It supports the Synod Youth Executive which runs Synod wide events for all young people linked to the Synod aged between 14 and 25 years old, such as the Synod Youth Day and annual summer camp.

The Ministries and Learning Committee is serviced by 2 full-time Development and Support Officers who are ministers of the United Reformed Church. Responsibilities extend to overseeing and enabling the development and deployment of ministers, and supporting candidate ministers, lay-preachers and local churches in their development. The committee also oversees the 4 Synod Pastoral Committees and the Silence and Retreats Group.

The Mission and Outreach Committee acts as an umbrella committee for the work of the Church and Society Group, the Mission Development Group and the World Church Group.

Further information about the responsibilities of the Synod Executive and the further Synod committees and groups described above are available on the Synod website.

### **Organisational Structure of the Company**

The Trustees normally meet 5 times a year, or as often as is necessary to effectively discharge their terms of reference. The business includes policy making, receiving and acting upon reports from its committees, the Ministry and Mission Fund Secretary, the Synod Treasurer and the Executive Officer, meeting Investment Managers and considering and approving matters relevant to churches and manses, and grants and loans towards projects within agreed budgets. The business of the Trustees in their capacity as the Synod Provincial Property Committee also includes receiving and acting upon reports from the Listed Buildings Advisory Committee.

The Company has 4 standing committees which have delegated authority to deal with certain areas of the Company's work and meet as often as is necessary to effectively discharge their terms of reference. Each committee provides reports to the Company on their work and, where applicable, the decisions taken on behalf of the Company. The committees are the: Human Resources and Facilities Committee; Investment Committee; Property Disposals Committee; and Welfare Committee.

### **Indemnity Insurance**

Indemnity insurance is in place to cover, up to £1,000,000, the liability of the Trustees in relation to negligence, default, breach of duty or breach of trust. This cover has been arranged through Ansvar Insurance Company Limited.

## **THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED**

**YEAR ENDED 31 DECEMBER 2020**

### **Staffing (including Key Management Personnel)**

The Company employed 12 (2019: 11, as corrected) members of staff, many of them part-time. The full-time equivalent resources are 9.4 (2019: 8.9, as corrected).

The day-to-day administration of the Company is undertaken by the Executive Officer, Mr Stuart MacLean, supported by 5 members of staff, 3 of whom are based at the Registered Office and 2 of whom work from home. All staff are required to act within the policies and specific resolutions of the Trustees, but are given considerable discretion in the day-to-day operations of the Company, such as in the appointment of professional advisers and the negotiation of approved leases and tenancies, the management of cash flow, and the selection of the professional advisers and contractors for approved large buildings works.

The day-to-day administration of the Synod and its work related to children and young people is undertaken by 6 other members of staff, 2 of whom are based at the Registered Office and 4 of whom, the 2 Children and Youth Development Officers, the Safeguarding Officer and the Synod Clerk, work from home.

In addition, 2 Development and Support Officers work for the Synod but, as ministers of the United Reformed Church, they are deployed by the central church. The services of the Synod Employment Adviser are bought in from the Southampton District of the Methodist Church.

Pay and conditions for all staff are initially considered by the Human Resources and Facilities Committee and the final decisions are made by the Trustees. The committee recommends to the Trustees any salary changes following an external assessment of job size and after due consideration of appropriate market salary comparisons, including those within the United Reformed Church. The committee also recommends to the Trustees appropriate salary ranges for new staff appointments following a similar assessment and will appoint new staff within the approved range. Annual cost of living salary increases in line with that adopted by the United Reformed Church Trust for lay staff at Church House are also confirmed by the committee.

# THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

YEAR ENDED 31 DECEMBER 2020

## FINANCIAL REVIEW

### Reserves Policy

The total amount of reserves held in the Unrestricted Funds at the end of the year were £42,306,671 (2019: £41,238,788), the increase being due to the gains on unrestricted investment assets of £653,940 and a significantly reduced net grants to the Wessex Synod, at £413,236 (2019: £581,235) and direct costs down to £325,859 (2019: £530,713). If these are considered to be in the nature of one-off items, any remaining additions to the unrestricted reserves mean that the Company continues to achieve its stated policy of holding sufficient assets to allow the Company to operate from its income without having to impose a cost on the local churches of the Wessex Synod to contribute towards the costs of sustaining its charitable objectives. The need to hold any funds in excess of that level will be regularly reviewed and justified, or alternatively plans will be developed and implemented for those funds to be used in furtherance of the Company's stated charitable objectives.

The Church Mission and Special Reserve Designated Funds are held to fund grants to churches and the Trinity Hall Designated Fund represents the value of the property held within investment properties. At the end of the year all designated funds totalled £16,472,637 (2019: £16,975,391). The Church Mission and Special Reserve Designated Funds are used to fund grants to churches every year and examples of such grants are detailed in the Grants and Grant Commitments section of this report. The Trinity Hall Designated Fund will be undesignated following the sale of the Trinity Hall building, which is currently expected to be sold in 2021.

The Company is presently concentrating its resources on progressing several difficult sales of redundant church property and following those disposals will again review the level of reserves that are required to allow the Company to operate from its investment income. The surplus will be allocated towards the deficit in the URC Minsters' Pension Fund and to its grant-making policy which will seek to at least maintain for the foreseeable future enough regular allocation to the Church Mission Fund and allocate additional funds to the Special Reserve Fund. The Company will then also review its grant-making policy again with the aim of releasing all the increased Special Reserve Fund over up to 10 years.

There have been no significant events which have had a financial effect of sufficient quantifiable reliability on the Company to warrant adjusting the 2020 accounts. Attention is drawn to the statements about the uncertainties created in 2020 by the COVID-19 pandemic under **COVID-19 Pandemic response and support** on pages 10 to 11 above.

### Investment Policy

The Company is Trustee of a wide range of charities for differing purposes as categorised below:

- 1. Unrestricted funds for the benefit of the United Reformed Church, with particular preference for the Wessex Synod of the United Reformed Church**  
The investment objective for these funds is to maximise total return with a view to a steady increase in both income and underlying asset value by investing for the longer term.
- 2. Restricted and endowment funds for the benefit of local churches**  
The beneficiaries of these funds fall into 2 distinct sub-categories: those who wish to maximise income regardless of the consequential effect on capital and those who are willing to limit short-term income in order to improve the prospect of long-term growth in both income and underlying asset value. The Company recommends that the first category, in current market conditions with low interest rates, consider also adopting a policy of maximising long-term income and capital growth, but will follow the wishes of the beneficiaries.
- 3. Endowment funds for specific purposes generally connected with the United Reformed Church**  
The Company has decided that the investment objective for these funds should be to achieve a rising income with the prospect of growth in underlying asset value.

### Social Investment Policy

The Company has not made any programme-related investments but supports those made by **CCLA Investment Management Limited** through its COIF Charities Ethical Investment Fund and by **Newton Investment Management Limited** through its Sustainable Global Equity Income Fund, by its continued investments in those funds.

## THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

YEAR ENDED 31 DECEMBER 2020

### Investment Management Strategy

The Company has formulated the following elements of investment strategy:

**1. Diversification of investments**

As a matter of prudence, the Company's investments in equities will be diversified over as wide a range of equities as is commensurate with the size of its portfolio.

**2. Common Investment Funds and Unit Trusts**

In order to minimise administration and consequential costs and to fulfil most effectively the above diversification strategy, common investment funds and unit trusts ('pooled funds') will be used in preference to direct equity holdings.

**3. Diversification of fund management**

In view of the size of the Company's assets and the differing investment objectives for the various funds that it holds, it is deemed appropriate to use more than one fund manager, but the Company agreed at its meeting on 28 January 2016 that the stated policy of manager diversification should no longer take precedence over other factors.

### Ethical considerations

In response to the wishes of the Wessex Synod, and after taking professional advice, the Company has resolved that its investments should be consistent with the moral stance and teachings of the United Reformed Church. The Company is satisfied that limited exclusions from the full range of equities need not significantly impair investment performance over the longer term and at the same time benefits in performance are likely to accrue from a policy that supports companies which take their social responsibilities seriously.

The United Reformed Church offers guidance, from time to time, on ethical investment which the Company seeks to follow where practicable and consistent with the strategy described above.

In furtherance of these ethical considerations the Company is a member of the Church Investors Group and has adopted a set of statements in line with the UK Stewardship Code.

### Investment Asset Allocation

The allocation of investments at the end of the year was as follows:

- The Sustainable Global Equity Income Fund, managed by Newton Investment Management Limited ('Newton');
- The COIF Charities Ethical Investment Fund, managed by CCLA Investment Management Limited ('CCLA'); and
- The Charities Property Fund managed by Cordia Savills Investment Management Limited.

The Company keeps under review the extent to which the ethical and corporate governance criteria of the funds are in line with the policy set out under 'Ethical considerations'.

Designated, Restricted and Endowment Funds are mainly invested with the same Investment Managers as the Unrestricted General Funds.

In addition to these pooled fund investments, the Company owns several properties from which it receives income. The Company will not normally purchase property as an investment. The property holdings arise from retaining an interest in land or buildings which are no longer useful for their functional charitable purpose. Decisions on whether to retain such an interest or to dispose of it are made by the Trustees and the Synod Executive in the light of circumstances prevailing at that time.



## THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

### YEAR ENDED 31 DECEMBER 2020

#### Investment Performance of Pooled Funds

The Trustees in consultation with the Company's Investment Managers are content that the Company's medium to long term strategy remains sound. The investment performance of the Unrestricted General Funds of the Company's portfolio, which has been in line with relevant indices, is summarised in the table below.

	Holding at 31 Dec 2020 £	Total Return over 2020 %	Total Return over 2019 %
CCLA COIF Charities Ethical Investment Fund	£ 9,715,092	9.76%	10.1%
Newton Sustainable Global Equity Income Fund	£ 8,170,400	3.9%	5.03%
Charities Property Fund	£ 722,544	1.3%	2.06%

The Trustees receive regular reviews of performance and prospects from their fund managers. On the basis of these and other inputs, they regularly review and, as necessary, adjust their investments to meet their longer-term objectives. On the basis of these procedures, the Trustees are satisfied with the returns delivered in 2020.

#### Cash

The cash level has been managed down to the year-end position of £149,104 (2019: £591,032). The Company always aims to maximise its managed investment income by seeking to limit the level of cash held, with any excess over short term cash flow requirements being invested in managed funds until required. However, the Company's income and expenditure is often sporadic and significant with large sums being realised from property disposals and being required for grant payments or manse purchases. This can lead to substantial cash balances from time to time.

#### Fundraising approach and performance

The Charity does not normally undertake any fundraising activity but does occasionally receive some unsolicited donations and legacies.

In 2020 the Synod Executive asked Trustees to act as collecting and remitting agents for funds raised from local churches in response to an Emergency Hardship Relief appeal for partner churches in Zambia. The Synod Executive also requested that Trustees should match fund the appeal 1:1. Trustees agreed to act as agents and to award a grant to match fund the appeal, initially up to a limit of £10,000 (February 2020, Minute 20T45). This grant was extended to a limit of £17,500 in response to the success of the appeal (May 2020, Minute 20T81). Under this grant award a total of £15,547 was remitted to the United Church of Zambia Lusaka Presbytery, accounted for as an Ecumenical Grant from General Funds.

#### FUTURE PLANS

One of the challenges that the Company faces is responding to its broad remit as a facilitating, sharing and enabling body for the Wessex Synod, its individual local churches and the wider United Reformed Church. The Company therefore seeks to encourage grant applications for projects with a significant mission focus but is aware of the need to release funds on a steady basis within the available resources. The Company's short and medium range plans draw upon the Wessex Synod strategy in order to establish the areas and activities that require special focus and ensure that the Company's grants and loans resources are available to meet prioritised objectives.

#### CUSTODIAN TRUSTEESHIP

At the beginning of the year, assets with a market value of £1,121 (2019: £987) were held by the Company as custodian trustee for the Willats' Almshouse Charity. During the year, the incoming resources of this fund were £50 (2019: £42) and this sum was allocated to the Charity in 2020, although not distributed. The market value of the Charity's investments at the end of the year were £1,037 (2019: £1,121). As the assets of the Charity consist entirely of income shares of The National Associations of Almshouses Common Investment Fund, and as the Company holds no other shares in this fund, there is no concern over safe custody and segregation from the Company's own assets.

At 31 December 2020 the Company also held as custodian trustee for Mere United Reformed Church investments valued at £450,972 (2019: £410,730) and cash of £234,763 (2019: £249,151).

# THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

YEAR ENDED 31 DECEMBER 2020

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of The United Reformed Church (Wessex) Trust Limited for the purposes of company law) are responsible for preparing the Report of the Trustees 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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity Statement Of Recommended Practice (SORP);
- make judgements and estimates that are reasonable and prudent; 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 which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company 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 auditors are 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 auditors are aware of that information.

## SMALL COMPANY EXEMPTIONS

In preparing this report the directors have taken advantage of small company exemptions.

Approved by order of the Board of Trustees on 28 September 2021 and signed on its behalf by:



.....  
Revd Dr Romilly Wakefield Micklem – Trust Convener

# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

## AUDITORS' OPINION

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

In our opinion, the financial statements:

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

### Basis for opinion

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

### Conclusions relating to going concern

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (which incorporates the Directors' Report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report (which incorporates the Directors' Report prepared for the purposes of company law) has been prepared in accordance with applicable legal requirements.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED**

### **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 Report (which incorporates the Directors' Report).

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

### **Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on page 18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the use of restricted funds in accordance with trust law and compliance with employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities SORP and the Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the recognition of income from legacies and donations. Audit procedures performed by the engagement team included:

- Inspecting minutes of Trustees' meetings;
- Reviewing allocations and disclosures relating to restricted funds;
- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Reviewing valuations of investments; and

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED**

- Challenging assumptions and judgements made by management in their critical accounting estimates. These related to depreciation.

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

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



**Adam Halsey (Senior Statutory Auditor)  
for and on behalf of Haysmacintyre LLP (Statutory Auditor)**

**10 Queen Street Place  
London  
EC4R 1AG**

29 September  
..... 2021

Haysmacintyre LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**STATEMENT OF FINANCIAL ACTIVITIES**

		Unrestricted funds £	Restricted funds £	Endowment funds £	2020 Total funds £	2019 Total funds £
	Notes					
<b>INCOME AND ENDOWMENTS FROM</b>						
Donations and legacies	2	826,216	-	-	826,216	34,329
<b>Charitable activities</b>	4					
Supporting the Wessex Synod		2,375	-	-	2,375	1,128
Trinity Hall		1,160	-	-	1,160	2,100
Investment income	3	1,041,663	38,270	-	1,079,933	1,122,866
Sale of fixed assets		<u>56,638</u>	<u>-</u>	<u>-</u>	<u>56,638</u>	<u>758,719</u>
<b>Total</b>		1,928,052	38,270	-	1,966,322	1,919,142
<b>EXPENDITURE ON</b>						
Raising funds	5	311,260	-	-	311,260	336,620
<b>Charitable activities</b>	6					
Supporting the Wessex Synod		1,200,872	26,928	-	1,227,800	1,534,880
Trinity Hall		<u>1,977</u>	<u>-</u>	<u>-</u>	<u>1,977</u>	<u>9,848</u>
<b>Total</b>		1,514,109	26,928	-	1,541,037	1,881,348
		<u>413,943</u>	<u>11,342</u>	<u>-</u>	<u>425,285</u>	<u>37,794</u>
<b>Gains/(losses) on investment assets</b>		588,940	40,337	13,044	642,321	2,445,662
<b>Investment properties</b>		<u>65,000</u>	<u>-</u>	<u>-</u>	<u>65,000</u>	<u>(7,425)</u>
<b>Net income</b>		1,067,883	51,679	13,044	1,132,606	2,476,031
<b>Transfers between funds</b>	23	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net movement in funds</b>		1,067,883	51,679	13,044	1,132,606	2,476,031
<b>RECONCILIATION OF FUNDS</b>						
<b>Funds brought forward</b>		41,238,788	1,404,802	260,492	42,904,082	40,428,051
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>42,306,671</u>	<u>1,456,481</u>	<u>273,536</u>	<u>44,036,688</u>	<u>42,904,082</u>

All income and expenditure derive from continuing activities.

The notes on pages 25 to 41 form part of the financial statements.

**THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

**BALANCE SHEET**

Registered Company number 01555990 (England and Wales)

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Tangible assets	14	14,906,140	15,097,096
<b>Investments</b>			
Investments	15	19,640,525	18,998,204
Investment property	16	<u>7,922,600</u>	<u>7,857,600</u>
		42,469,265	41,952,900
<b>CURRENT ASSETS</b>			
Debtors	17	321,519	626,772
Investments	18	1,930,250	1,150,000
Cash at bank		<u>507,687</u>	<u>591,032</u>
		2,759,456	2,367,804
<b>CREDITORS</b>			
Amounts falling due within one year	19	(724,221)	(905,604)
<b>NET CURRENT ASSETS</b>		<u>2,035,235</u>	<u>1,462,200</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		44,504,500	43,415,100
<b>CREDITORS</b>			
Amounts falling due after more than one year	20	(467,812)	(511,018)
<b>NET ASSETS</b>		<u>44,036,688</u>	<u>42,904,082</u>
<b>FUNDS</b>	23		
General fund		25,834,034	24,263,397
Designated funds		<u>16,472,637</u>	<u>16,975,391</u>
Total unrestricted funds		42,306,671	41,238,788
Restricted funds		1,456,481	1,404,802
Endowment funds		<u>273,536</u>	<u>260,492</u>
<b>TOTAL FUNDS</b>		<u>44,036,688</u>	<u>42,904,082</u>

The financial statements were approved by the Board of Trustees on 28 September 2021 and were signed on its behalf by:



Revd Dr Romilly Wakefield Micklem – Trust Convener

The notes on pages 25 to 41 form part of the financial statements.

**THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED**

**CASH FLOW STATEMENT  
AT 31 DECEMBER 2020**

**CASH FLOW STATEMENT**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Reconciliation of Net Incoming Resources to Cash</b>		
<b>Inflow from Operating Activities</b>		
Changes in resources before revaluations	425,285	37,794
Returns on investment	(1,079,933)	(1,122,866)
Depreciation	2,888	2,692
Surplus on disposal of tangible fixed assets	(56,638)	(758,719)
Closed churches donated	(780,250)	-
Decrease/(increase) in debtors	210,823	(243,747)
(Decrease) in creditors	(224,588)	(87,278)
	<hr/>	<hr/>
	(1,502,414)	(2,172,124)
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>		
<b>Cash flows from investing activities</b>	(1,502,414)	(2,172,124)
Returns on investment	1,087,394	1,071,540
Payments to acquire tangible fixed assets	(189,069)	(783,362)
Receipts from sale of tangible fixed assets	433,775	1,106,769
Payments to acquire investments	-	(8,000,000)
Receipts from sales of investments	-	8,029,343
Receipts from sale of investment properties	-	492,575
Receipts from sale of current asset investments	-	80,000
Repayment of loans from ministers and churches	166,239	76,622
New loans to ministers and churches	(79,269)	(14,952)
	<hr/>	<hr/>
Change in cash and cash equivalents in the year	(83,345)	(113,589)
Cash and cash equivalents at the beginning of the year	591,032	704,621
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	507,687	591,032
	<hr/>	<hr/>



# THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. ACCOUNTING POLICIES

##### **Basis of accounting**

The financial statements are prepared under the historical cost convention as modified to include the revaluation of investment assets. The format of the financial statements has been presented to comply with the Companies Act 2006, the Charities Act 2011, FRS102 *The Financial Reporting Standard applicable in the UK and Ireland* and the Statement of Recommended Practice for Charities (SORP 2019). The Charity is a Public Benefit Entity as defined by FRS102. Figures are presented in sterling and rounded to the nearest pound.

##### **General information**

The Charity is a company limited by guarantee, incorporated in England and Wales (company number: 01555990) and a Charity registered in England and Wales (Charity number: 282729). The Charity's registered office address is 120 Alma Road, Southampton, Hampshire, SO14 6UW.

##### **Going concern**

The Trustees consider that there are no material uncertainties which would cast doubt on the Charity's ability to continue as a going concern. See **COVID-19 Pandemic response and support** and **Going Concern Assessment** on pages 10 to 11 above for more information.

##### **Significant judgements and estimates**

In preparing these financial statements the Trustees have had to make estimates and assumptions that affect the amounts recognised in these financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The only key area subject to judgement where adjustments would have a material effect on the accounts is investment properties.

##### **Income**

All income and endowments are recognised when the criteria of entitlement, measurement and probability of receipt have been satisfied.

Donations, including closed churches, are recognised when the conditions of entitlement and probability are met, and the economic benefit can be measured reliably. Legacies are recognised on a receivable basis, when the conditions of entitlement, probability and measurement are met. Where the measurement criteria for legacies and donations are not satisfied as at the balance sheet date but subsequent events resolve the uncertainty such that the criteria are met, an adjustment is made to recognise the income.

Investment income, including interest receivable, and other miscellaneous income are accounted for on a receivable basis.

##### **Expenditure**

Expenditure is recognised as soon as the related liability is incurred and has been classified under headings that aggregate all costs relating to that category. Liabilities are recognised as soon as there is a legal or constructive obligation committing the Charity to the expenditure. Irrecoverable VAT is included with the category of expenses to which it relates.

Costs of charitable activities consist of all expenditure directly relating to the objects of the Charity. Support costs which cannot be directly allocated are apportioned between charitable activities and governance costs on the basis of an estimate of the time spent on the relevant functions.

Employment benefits, including holiday pay, are recognised in the period in which they are earned. Termination benefits are recognised in the period in which the decision is made and communicated to the relevant employee(s).

Grants are accrued for when approved, the recipient has been notified and any condition attached to the grant is outside the control of the Synod. Grants offered subject to conditions which have not been met at the year-end date are noted as a commitment but not accrued as expenditure. Grants from the Church Mission Fund must be claimed within 1 year of the date of the grant commitment unless an extension of time is given.

# THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 1. ACCOUNTING POLICIES – continued

#### **Tangible fixed assets**

Tangible fixed assets are initially recognised at cost. Items of furniture, apparatus and equipment, other than computers, costing less than £500 are charged against income in the year of purchase.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- Straight Line over 10 years
Fixtures and fittings	- 10% to 25% on cost
Computer and equipment	- 25% on cost

Freehold property is not being depreciated on the basis that it would be immaterial due to all properties having high residual values. The carrying values of tangible fixed assets are reviewed for impairment in accordance with the requirements of FRS102. Long leasehold properties will be depreciated over the final 50 years of the leasehold.

#### **Financial instruments**

The Charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and investments in stocks and shares. The measurement basis used for these financial instruments is detailed below.

#### **Investments**

Investments are valued at fair value on the balance sheet date. Investment properties are stated at a valuation carried out by a qualified Chartered Surveyor. Gains/losses on investments are calculated as the difference between opening market value and closing market value after adjusting for additions and disposals during the period. No distinction is made between realised and unrealised gains in the financial statements.

#### **Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### **Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### **Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### **Taxation**

The Charity is exempt from corporation tax on its charitable activities.

# THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 1. ACCOUNTING POLICIES – continued

#### **Fund accounting**

Unrestricted funds comprise the accumulated surplus or deficit from the Statement of Financial Activities which is not restricted nor designated funds. They are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity.

Designated funds comprise funds that have been set aside at the discretion of the Trustees for specific purposes. The purpose and use of the designated unrestricted funds are set out in the notes to the accounts.

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

Endowment Funds are permanent endowments which are required to be retained, but the income from these funds can be used for the benefit of the Company, subject in certain cases to specific restrictions contained in the original endowment.

#### **Operating lease commitments**

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

#### **Pension costs and other post-retirement benefits**

The Company contributes into staff personal pension plans. Contributions payable to the plans are charged to the Statement of Financial Activities in the period to which they relate.

The Company has previously offered a defined benefit scheme, the United Reformed Church Final Salary Scheme (now administered by TPT Retirement Solutions (formerly The Pensions Trust)) which is a multi-employer scheme where the underlying assets and liabilities are not separately identifiable on a consistent and reasonable basis. In accordance with FRS 102 it is accounted for as a defined contribution scheme. Contributions are charged as expenditure as they become payable in accordance with the rules of the scheme.

**THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. DONATIONS AND LEGACIES**

	2020	2019
	£	£
Donations	45,876	2,228
Donations from closed churches	<u>780,340</u>	<u>32,101</u>
	<u>826,216</u>	<u>34,329</u>

**3. INVESTMENT INCOME**

	2020	2019
	£	£
Property income	464,208	413,294
Commercial property income		
- Bitterne and Windsor shops and offices	61,702	59,102
Investment income – managed	551,819	646,796
Investment income – interest	<u>2,204</u>	<u>3,674</u>
	<u>1,079,933</u>	<u>1,122,866</u>

Property income includes income derived from manses let on the open market pending occupation by a minister. All investment income is derived from assets held in the United Kingdom.

**4. INCOME FROM CHARITABLE ACTIVITIES**

		2020	2019
	<b>Activity</b>	£	£
Interest from loans	Supporting the Wessex Synod	2,375	1,128
Trinity Hall	Trinity Hall	<u>1,160</u>	<u>2,100</u>
		<u>3,535</u>	<u>3,228</u>

**THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**5. RAISING FUNDS**

**Investment management costs**

	2020 £	2019 £
Staff costs	44,579	40,908
Property - maintenance and utilities	188,985	152,976
Property management fees	12,135	15,305
Professional fees re disposals	15,151	86,871
Premises insurance	24,138	27,647
Newton investment management fees	26,272	12,913
	<hr/>	<hr/>
	<u>311,260</u>	<u>336,620</u>

**Analysis of Property - maintenance and utilities, only costs per property totalling over £7,500 in the year stated**

	£
7 High Tree Drive	30,673
46 Foxglove Way	24,901
31 Paddock Gardens	11,979
Balcony Cottage	10,968
23 Pierces Hill	10,123
14 Oviat Close	9,767
Gosport URC (Bury Road)	9,410
Other (67 churches and manses)	81,164
	<hr/>
Total	<u>188,985</u>

**6. CHARITABLE ACTIVITIES COSTS**

	Direct costs (see note 7) £	Grant funding of activities (see note 8) £	Support Costs (see note 9) £	Totals 2020 £
Supporting the Wessex Synod	323,882	413,236	490,682	1,227,800
Trinity Hall	1,977	-	-	1,977
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>325,859</u>	<u>413,236</u>	<u>490,682</u>	<u>1,229,777</u>

**Comparative analysis:**

	Direct costs (see note 7) £	Grant funding of activities (see note 8) £	Support Costs (see note 9) £	Totals 2019 £
Supporting the Wessex Synod	520,865	581,235	432,780	1,534,880
Trinity Hall	9,848	-	-	9,848
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>530,713</u>	<u>581,235</u>	<u>432,780</u>	<u>1,544,728</u>

**THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**7. DIRECT COSTS OF CHARITABLE ACTIVITIES**

	2020	2019
	£	£
Ministerial and lay training	9,983	7,046
Manse policy	42,750	155,257
Manse maintenance allowance	64,095	126,370
Closed Temple Cowley URC Ministry and Mission Fund contribution	115	-
Children and Youth Development Officer (South)	54,061	56,300
Events and activities	13,876	19,614
Sundry expenses	249	1,881
Ordained Synod staff – Stipends	100,925	97,940
Housing allowance	-	1,703
Insurance for manses	35,581	34,815
Development and support activities	2,247	19,939
Trinity Hall	1,977	9,848
	<u>325,859</u>	<u>530,713</u>

**8. GRANTS PAYABLE**

	2020	2019
	£	£
Supporting the Wessex Synod	<u>413,236</u>	<u>581,235</u>

The total grants committed to institutions during the year was as follows:

	2020	2019
	£	£
Ecumenical grants	38,029	19,375
URC Inter-Synod Resource Sharing grants	110,000	100,000
Commitment for Life grants	35,008	16,694
Church Mission Fund grants	155,382	240,844
Church Mission Fund grants written back	(70,000)	-
Annual church grants	-	125
Local church grants	117,877	154,408
Synod General Fund grants	10,304	22,634
Other grants	<u>9,801</u>	<u>23,665</u>
Total institutional grants	406,401	577,745
Welfare grants	<u>6,835</u>	<u>3,490</u>
	<u>413,236</u>	<u>581,235</u>

**9. SUPPORT COSTS**

	Management	Governance costs	Totals
	£	£	£
Supporting the Wessex Synod - 2020	<u>461,391</u>	<u>29,291</u>	<u>490,682</u>
Supporting the Wessex Synod - 2019	<u>398,662</u>	<u>34,118</u>	<u>432,780</u>

**THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**9. SUPPORT COSTS – continued**

**Management**

	2020 Supporting the Wessex Synod £	2019 Supporting the Wessex Synod £
Wages	259,767	227,852
Social security	15,274	23,846
Pensions	32,433	45,450
Car lease	14,472	14,078
Office utilities	22,519	8,661
Office costs	37,906	39,246
Staff recruitment and training	16,996	215
Staff travel costs	11,034	29,812
Subscriptions	4,555	2,160
Resources	2,021	3,328
Honoraria and gifts	500	330
Bank charges	13	79
Professional fees	5,523	1,346
Accountancy fees	12,692	1,577
Depreciation	2,888	2,692
Bad debts	22,294	(2,230)
Other	504	220
Loss on sale of fixed assets	-	-
	<u>461,391</u>	<u>398,662</u>

**Governance costs**

	2020 Supporting the Wessex Synod £	2019 Supporting the Wessex Synod £
Wages	11,145	10,227
Auditors' remuneration	17,820	16,800
Meeting expenses	326	7,091
	<u>29,291</u>	<u>34,118</u>

**10. NET INCOME/(EXPENDITURE)**

Net income/(expenditure) is stated after charging/(crediting):

	2020 £	2019 £
Auditors' remuneration – net of VAT	14,850	14,000
Depreciation - owned assets	2,888	2,692
Other operating leases	12,375	12,219
Auditors' remuneration for non-audit	-	-
	<u>          </u>	<u>          </u>

**11. TRUSTEES' REMUNERATION AND BENEFITS**

Trustees received no emoluments during the year (2019: £Nil). During the year 1 Trustee (2019: 13) was reimbursed out of pocket expenses mainly for travelling expenses totalling £797 (2019: £4,378).

**THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**12. STAFF COSTS**

	2020	2019
	£	£
Gross salaries	442,753	413,631
Employers NIC	24,047	27,594
Employers pension costs	<u>51,069</u>	<u>58,045</u>
	<u>517,869</u>	<u>499,270</u>

The average number of employees was 12 (2019: 11).

Key management personnel payments for salary, benefits, pension and employer NIC contributions amounted to £71,902 (2019: £71,090) during the year.

No employee received emoluments in excess of £60,000 (2019: None).

**13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted funds £	Restricted funds £	Endowment funds £	2019 Total funds £
Notes				
<b>INCOME AND ENDOWMENTS FROM</b>				
Donations and legacies	34,329	-	-	34,329
<b>Charitable activities</b>				
Supporting the Wessex Synod	1,128	-	-	1,128
Trinity Hall	2,100	-	-	2,100
Investment income	1,062,002	60,864	-	1,122,866
Sale of fixed assets	<u>600,793</u>	<u>157,926</u>	<u>-</u>	<u>758,719</u>
<b>Total</b>	1,700,352	218,790	-	1,919,142
<b>EXPENDITURE ON</b>				
Raising funds	336,620	-	-	336,620
<b>Charitable activities</b>				
Supporting the Wessex Synod	1,512,137	22,743	-	1,534,880
Trinity Hall	<u>9,848</u>	<u>-</u>	<u>-</u>	<u>9,848</u>
<b>Total</b>	1,858,605	22,743	-	1,881,348
	<u>(158,253)</u>	<u>196,047</u>	<u>-</u>	<u>37,794</u>
<b>Gains/(losses) on investment assets</b>	2,227,984	186,202	31,476	2,445,662
<b>Investment properties</b>	<u>(7,425)</u>	<u>-</u>	<u>-</u>	<u>(7,425)</u>
<b>Net income</b>	2,062,306	382,249	31,476	2,476,031
<b>Transfers between funds</b>	<u>(3,806)</u>	<u>-</u>	<u>3,806</u>	<u>-</u>
<b>Net movement in funds</b>	2,058,500	382,249	35,282	2,476,031



**THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**14. TANGIBLE FIXED ASSETS**

	Freehold property £	Manses £	Computers & equipment £	Fixtures and fittings £	Totals £
<b>COST</b>					
At 1 January 2020	787,918	14,300,510	29,888	3,235	15,121,551
Additions	186,547	-	2,522	-	189,069
Disposals	-	(377,137)	-	-	(377,137)
At 31 December 2020	<u>974,465</u>	<u>13,923,373</u>	<u>32,410</u>	<u>3,235</u>	<u>14,933,483</u>
<b>DEPRECIATION</b>					
At 1 January 2020	-	-	21,220	3,235	24,455
Charge for year	-	-	2,888	-	2,888
Disposals	-	-	-	-	-
At 31 December 2020	<u>-</u>	<u>-</u>	<u>24,108</u>	<u>3,235</u>	<u>27,343</u>
<b>NET BOOK VALUE</b>					
At 31 December 2020	<u>974,465</u>	<u>13,923,373</u>	<u>8,302</u>	<u>-</u>	<u>14,906,140</u>
At 31 December 2019	<u>787,918</u>	<u>14,300,510</u>	<u>8,668</u>	<u>-</u>	<u>15,097,096</u>

Long leasehold properties with a cost and net book value of £116,213 are included in freehold properties above.

**THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**15. FIXED ASSET INVESTMENTS**

	Listed investments £
<b>MARKET VALUE</b>	
At 1 January 2020	18,998,204
Additions	-
Disposals	-
Net gain on revaluation	<u>642,321</u>
At 31 December 2020	<u>19,640,525</u>

Analysis of investments by type:

	2020 £	2019 £
Equities	19,503,233	18,865,318
Fixed interest securities	137,292	132,886
Cash held within the investment portfolio	<u>-</u>	<u>-</u>
	<u>19,640,525</u>	<u>18,998,204</u>

Geographical analysis of investments:

	2020 £	2019 £
Held inside the United Kingdom	19,640,525	18,998,204
Held outside the United Kingdom	<u>-</u>	<u>-</u>
	<u>19,640,525</u>	<u>18,998,204</u>

**THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**16. INVESTMENT PROPERTY**

	£
<b>MARKET VALUE</b>	
At 1 January 2020	7,857,600
Additions	-
Revaluation	<u>65,000</u>
At 31 December 2020	<u><u>7,922,600</u></u>

4 investment properties were revalued by Kempton Carr Croft Surveyors and Primmer Olds BAS Chartered Surveyors as at 31 December 2020. The other investment properties have been revalued by Landmark Chartered Surveyors and Primmer Olds BAS Chartered Surveyors as at 31 December 2017. The Trustees have reviewed and do not believe there has been a significant material change in the fair value of the other investment properties that have not been revalued this year since those properties were last valued on 31 December 2017.

**17. DEBTORS**

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	36,096	55,668
Other debtors	162,043	163,357
Proceeds due from sale of property	-	195,871
Loans to employees	865	2,417
Loans to ministers	3,188	4,221
Loans to churches	28,040	118,243
Prepayments and accrued income	<u>18,366</u>	<u>19,892</u>
	<u><u>248,598</u></u>	<u><u>559,669</u></u>
Amounts falling due after more than one year:		
Loans to ministers	5,133	4,137
Loans to churches	<u>67,788</u>	<u>62,966</u>
	<u><u>72,921</u></u>	<u><u>67,103</u></u>
Aggregate amounts	<u><u>321,519</u></u>	<u><u>626,772</u></u>

**THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**17. DEBTORS – continued**

<b>Loans to Churches, Ministers and Employees</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Opening balance	191,984	253,654
New loan advances	79,269	14,952
Repayments	(146,239)	(76,622)
Provisions/converted to grants	<u>(20,000)</u>	<u>-</u>
Closing balance	<u>105,014</u>	<u>191,984</u>

Analysed as follows:

	<b>£</b>	<b>£</b>
Loans repayable within one year	32,093	124,881
Loans repayable after one year	<u>72,921</u>	<u>67,103</u>
Closing balance	<u>105,014</u>	<u>191,984</u>

The normal rate of interest on loans to churches, ministers and employees is 3% per annum.

**18. CURRENT ASSET INVESTMENTS**

Properties held for sale

At 1 January 2020	1,150,000
Additions	780,250
Disposals	-
Gains on revaluation	<u>-</u>
At 31 December 2020	<u>1,930,250</u>

The Manse, 209 Broadway Lane, Throop, Bournemouth, BH8 0AE	550,000
Tara Cottage, 29 Marsh Street, Warminster, BA12 9PG	125,000
14 Oviat Close, Totton, Southampton, SO40 8EX	475,000
Freemantle Church, 257-259 Shirley Road, Southampton, SO15 3HS	740,000
Medstead Church, South Town Road, Medstead, Alton, GU34 5ES	40,250
	<u>1,930,250</u>

**THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade creditors	118,695	108,166
PAYE and NIC	8,579	5,840
Grant commitments	525,410	687,951
Accrued expenses and deferred income	<u>71,537</u>	<u>103,647</u>
	<u><u>724,221</u></u>	<u><u>905,604</u></u>

**20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2020	2019
	£	£
Grant commitments	<u><u>467,812</u></u>	<u><u>511,018</u></u>

**Analysis of Grant Commitments**

	£
Grant commitments brought forward	1,198,969
Grants paid during the year	(618,983)
Grant written back during the year (note 8)	(70,000)
Grant commitments during the year (note 8)	483,236
	<u><u>993,222</u></u>

Amounts falling due within one year (note 19) 525,410

Amounts falling due after more than one year 467,812

**21. OPERATING LEASE COMMITMENTS**

The Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£	£
Not later than one year	1,890	2,520
Later than one year but not later than five years	<u>-</u>	<u><u>1,890</u></u>

**22. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds	Restricted funds	Endowment funds	2020 Total funds	2019 Total funds
	£	£	£	£	£
Fixed assets	14,906,140	-	-	14,906,140	15,097,096
Investments	26,102,477	1,241,375	219,273	27,563,125	26,855,804
Current assets	2,490,087	215,106	54,263	2,759,456	2,367,804
Current liabilities	(724,221)	-	-	(724,221)	(905,604)
Long term liabilities	<u>(467,812)</u>	<u>-</u>	<u>-</u>	<u>(467,812)</u>	<u>(511,018)</u>
	<u><u>42,306,671</u></u>	<u><u>1,456,481</u></u>	<u><u>273,536</u></u>	<u><u>44,036,688</u></u>	<u><u>42,904,082</u></u>

**THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**22. ANALYSIS OF NET ASSETS BETWEEN FUNDS – Comparative figures**

	Unrestricted funds £	Restricted funds £	Endowment funds £	2019 Total funds £
Fixed assets	15,097,096	-	-	15,097,096
Investments	25,448,537	1,201,038	206,229	26,855,804
Current assets	2,109,777	203,764	54,263	2,367,804
Current liabilities	(905,604)	-	-	(905,604)
Long term liabilities	(511,018)	-	-	(511,018)
	<u>41,238,788</u>	<u>1,404,802</u>	<u>260,492</u>	<u>42,904,082</u>

**23. MOVEMENT IN FUNDS**

	At 1.1.20 £	Net movement in funds £	Transfers between funds £	At 31.12.20 £
<b>Unrestricted funds</b>				
General Fund	24,263,397	1,244,318	326,319	25,834,034
Church Mission Designated Fund	171,789	(85,382)	50,000	136,407
Special Reserve Designated Fund	913,174	(86,430)	-	826,744
Wessex Synod Designated Fund (The Macro Fund)	151,684	2,069	-	153,753
Local Churches Designated Fund	138,234	(5,874)	-	132,360
Manse Designated Fund	14,300,510	-	(377,137)	13,923,373
Trinity Hall Designated Fund	<u>1,300,000</u>	<u>(818)</u>	<u>818</u>	<u>1,300,000</u>
	41,238,788	1,067,883	-	42,306,671
<b>Restricted funds</b>				
Wessex Synod Restricted Fund	23,018	4,318	-	27,336
Local Churches Restricted Fund	1,379,625	47,361	-	1,426,986
Cromwell Place Roadway Restricted Fund	<u>2,159</u>	<u>-</u>	<u>-</u>	<u>2,159</u>
	1,404,802	51,679	-	1,456,481
<b>Endowment funds</b>				
Local Churches Endowment Fund	25,919	1,452	-	27,371
Specific Purposes Endowment Fund	<u>234,573</u>	<u>11,592</u>	<u>-</u>	<u>246,165</u>
	260,492	13,044	-	273,536
<b>TOTAL FUNDS</b>	<u>42,904,082</u>	<u>1,132,606</u>	<u>-</u>	<u>44,036,688</u>

**THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**23. MOVEMENT IN FUNDS – Comparative figures**

	At 1.1.19 £	Net movement in funds £	Transfers between funds £	At 31.12.19 £
<b>Unrestricted funds</b>				
General Fund	23,712,650	2,341,922	(1,791,175)	24,263,397
Church Mission Designated Fund	312,633	(240,844)	100,000	171,789
Special Reserve Designated Fund	-	(86,826)	1,000,000	913,174
Wessex Synod Designated Fund (The Macro Fund)	59,399	23,515	68,770	151,684
Local Churches Designated Fund	105,947	32,287	-	138,234
Manse Designated Fund	13,689,659	-	610,851	14,300,510
Trinity Hall Designated Fund	1,300,000	(7,748)	7,748	1,300,000
	39,180,288	2,062,306	(3,806)	41,238,788
<b>Restricted funds</b>				
Wessex Synod Restricted Fund	14,574	8,444	-	23,018
Local Churches Restricted Fund	1,005,820	373,805	-	1,379,625
Cromwell Place Roadway Restricted Fund	2,159	-	-	2,159
	1,022,553	382,249	-	1,404,802
<b>Endowment funds</b>				
Local Churches Endowment Fund	22,824	3,095	-	25,919
Specific Purposes Endowment Fund	202,386	28,381	3,806	234,573
	225,210	31,476	3,806	260,492
<b>TOTAL FUNDS</b>	<u>40,428,051</u>	<u>2,476,031</u>	<u>-</u>	<u>42,904,082</u>

**Designated Funds**

The Church Mission Designated Fund was established in 2008 to give grants to churches on the single criterion of the potential effectiveness of the project for church mission opportunity to the wider community.

The Special Reserve Designated Fund was established in 2013 so that the Company would be able to give larger grants to churches for major projects that cannot be funded from the Church Mission Designated Fund. Within the Special Reserve Designated Fund is a sub-reserve made in 2016 of £200,000 (2019: £200,000) designated to potentially meet the direct costs of some very early stage conceptual pioneer ministry projects in such situations as large-scale housing developments. These possible projects are still currently being planned by the Mission Development Group of the Synod on behalf of the Mission and Outreach Committee and the Synod Executive, and might not ultimately draw down any significant funding.

The Wessex Synod Designated Fund (also known as the Macro Fund) was established in 1990 to provide financial assistance to ministers of the United Reformed Church (which has also been interpreted to include Church Related Community Workers) who are being ordained and inducted to their first pastorate, and are consequently facing the costs of furnishing their first manse.

The Local Churches Designated Fund consists of several designated funds held for the benefit of particular local churches and have usually arisen from bequests or self-imposed income obligations.

Transfers are made to and from the Manse Designated Fund, so the balance equals the net book value of manses held per note 14 of the accounts.

The Trinity Hall Designated Fund represents the value of the property held within investment properties. This fund will be undesignated following the sale of the Trinity Hall building.

## THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### **Restricted Funds**

The Wessex Synod Restricted Fund consists of several restricted funds for which the Company is Charity Trustee, and which are governed by Trust Instruments other than the United Reformed Church Acts. The Company acts in its sole discretion within the terms of such Trust Instruments and in response to the needs of the beneficiaries.

The Local Churches Restricted Fund consists of several restricted funds held for the benefit of particular local churches and have usually arisen from past transactions such as the proceeds of the sale of redundant manses.

The Cromwell Place Roadway Restricted Fund holds the accumulated service charges collected by its former Trustees from the owners of the properties known as 6-12 Cromwell Place, Newbury, RG14 1AF, and has to be used to fund any ongoing costs associated with maintaining the right of way those properties enjoy over the car park of the former Newbury United Reformed Church.

#### **Endowment Funds**

The Local Churches Endowment Fund consists of several endowment funds held for the benefit of particular local churches and have usually arisen from Charity Commission orders or schemes.

The Specific Purposes Endowment Fund consists of several endowment funds held for specific purposes such as the promotion of education of children who are in need of financial assistance, and one or both of whose parents are members of a congregation meeting for religious worship at any central United Reformed Church in the Borough of Reading or the provision of grants towards the cost of a holiday for ministers and missionaries in particular need.

## **24. PENSION COMMITMENTS**

The Company contributes to a lay staff defined benefit pension scheme known as The United Reformed Church Final Salary Scheme ('the 'Final Salary' scheme'), a pension scheme principally for lay staff which is administered by TPT Retirement Solutions Trust (formerly The Pensions Trust) on behalf of the United Reformed Church. The United Reformed Church is the principal employer in the scheme, and eleven Synods (including the Company on behalf of the Wessex Synod) 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 since each employer in the scheme pays a common contribution rate.

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 £2,689,000 (30 September 2016: deficit of £5,445,000).

The assumptions underlying that valuation include:

Discount rates of 4.9% per annum pre-retirement and 1.8% per annum post-retirement  
Pensionable earnings growth of 2.45% for 3 years, 2.7% thereafter  
Price inflation and pension increases of 2.2%  
Retirement age (active members) of 65, with maximum commutation

During 2020, the Company contributed 32.6% of basic salary (2019: 25.1%) for its one active member of the Final Salary scheme, amounting to £12,910 (2019: £12,595), a sum not material to the Company's overall pension cost. At 31 December 2020, nil contributions were outstanding. The member sacrificed 7.5% of salary (2019: 7.5%) throughout the accounting period. As a result of the actuary's recommendations, contributions by participating employers will be paid at the rate of 30.3% of basic salary from 1 January 2021. The scheme is in surplus and annual contribution rates have fallen and so any liability under section 75 of the Pensions Act 1995 (as subsequently amended) which might in future be triggered is expected to then be quantified at a level that the Company expects to be able to fund in full.



**THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**25. RELATED PARTY DISCLOSURES**

There were no related party transactions for the year ended 31 December 2020 (2019: None).

**26. ULTIMATE CONTROLLING PARTY**

The Company is not under the control of another entity or any one individual.