

REGISTERED COMPANY NUMBER: 01555990 (England and Wales)

REGISTERED CHARITY NUMBER: 282729

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021
FOR**

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

THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

YEAR ENDED 31 DECEMBER 2021

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THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

YEAR ENDED 31 DECEMBER 2021

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 2021. 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 2021).

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 - <i>deceased 18 December 2021</i> |
| Revd Clare Downing | Mr John Sinclair - <i>appointed 11 February 2021</i> |
| Mr Raymond M Dunnett - <i>Deputy Convener</i> | Mr Peter J Stevenson |
| Mr Andrew N Gibb | - <i>Synod Treasurer, retired 13 March 2021</i> |
| Mr Colin F MacBean | - <i>resigned as a Trustee 12 March 2022</i> |
| Revd Glyn Millington - <i>appointed 9 Sep 2021</i> | Revd Anthea J Wickens - <i>resigned 30 April 2022</i> |

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

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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:

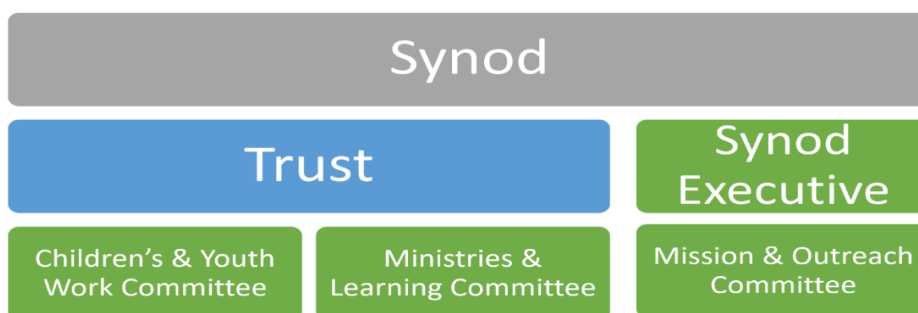


Figure 1 Synod/Trust governance relationship

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;

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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:

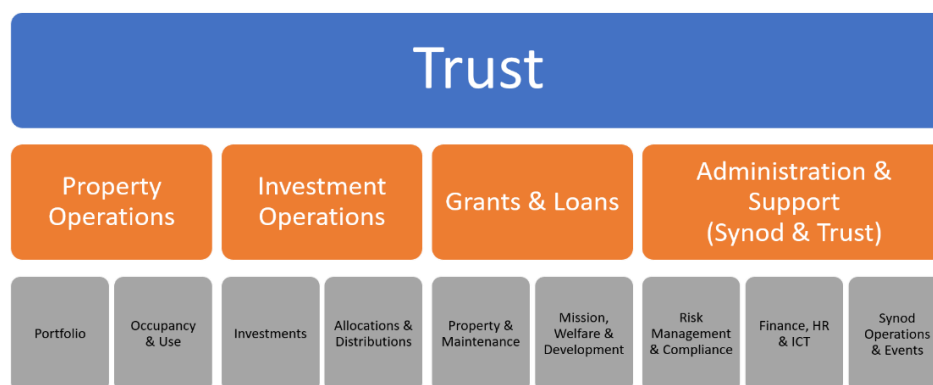


Figure 2 The Operational activities of the Trust

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;

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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.

ACHIEVEMENTS 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 116 (2020: 121) local church congregations, including 33 Local Ecumenical Partnerships (2020: 33). These resolutions-to-close were passed in 2021:

- 1st August 2021: Chandler's Ford United Reformed Church.
- 22nd August 2021: Longfleet United Reformed Church, Poole.
- 24th October 2021: Walkford United Reformed Church, Christchurch.
- 2nd December 2021: Hope Church Freshwater Bay (formerly Freshwater United Reformed Church).

Two further churches, Weybridge United Reformed Church and St. Andrew's United Reformed Church, Walton-on-Thames resolved to unite as one congregation in 2021.

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 2022, Andover United Reformed Church resolved on 6th March 2022 to close on 17th July 2022, Summertown United Reformed Church, Oxford (a Local Ecumenical Partnership) resolved on 3rd April 2022 to close on 29th May 2022 and Sarisbury Green United Reformed Church resolved on 31st May 2022 to close on 31st July 2022.

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At the end of the year there were 36 (2020: 38 restated) manses occupied by ministers and 22 (2020: 20 restated) further manses held pending possible future occupation by a minister, of which 17 (2020: 18 restated) were let to tenants, 5 (2020: 2) were vacant pending refurbishment and occupation by tenants, and 0 (2020: 0) were 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 Acquisitions

No new properties were acquired during the year (2020: 1 retirement property).

Throughout the year, the Trustees have been exploring options to acquire new premises to house the Synod and Trust offices.

Property Disposals

The redundant former Student Hall of Residence in Reading, known as Trinity Hall and two redundant manses were sold during the year (2020: 1) at 14b Lacon Close, Southampton and 14 Oviat Close, Totton.

It proved difficult to sell any redundant church site during a year in which activity was suppressed by the COVID-19 pandemic (2020: 0). At the end of the year 12 (2020: 9) redundant church sites were at different stages of disposal, being:

| | | |
|--------------------------|----------------------------|------------------------|
| Chandler's Ford | Bury Road (Gosport) | Finchdean |
| Freemantle (Southampton) | Hope Church Freshwater Bay | Lytchett Minster |
| Medstead | Newbury | Pheasant's Hill |
| Stanford-in-the Vale | Walkford (Christchurch) | Worplesdon (Guildford) |

10 (2020: 12 restated) former manses have been identified by the Company at the year-end as redundant, of which 5 (2020: 5) are on church sites and let to tenants or in other use, 3 were let to tenants (2020: 3 restated) and 2 (2020: 4 restated) properties (1 Ruffield Close and 14 Oakmount Avenue) were vacant and for sale.

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GRANTS AND GRANT COMMITMENTS

See notes 8, 20 and 23, below. Our ability to make grants depends on churches initiating projects to support!

Grants paid out in the year amounted to £526,062 (2020: £618,983). 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 £683,818 (2020: £483,236) were made and £112,886 (2020: £70,000) 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 £1,093,309 (2020: £993,222).

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. At the end of the year, the Church Mission Fund and the Special Reserve Fund had £25,111 (2020: £136,407) and £692,865 (2020: £826,744) respectively of unallocated grant funding available. Within the Special Reserve Fund is a sub-reserve made in 2016 of £200,000 (2020: £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.

| TOTAL GRANTS | Note Ref | Total liabilities number | £ |
|------------------------------------|-----------------|---------------------------------|-------------------|
| Current Liabilities | 19 | 95 | £757,104 |
| Amounts falling due after one year | 20 | 25 | £336,205 |
| TOTAL | | 110* | £1,093,309 |

*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.*

Special Reserve Fund

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

| Church | Project | £ committed |
|-------------------------------|----------------|--------------------|
| Mission Development Group | Employment | 107,786 |
| Twyford Bucks [9E18] | Building works | 85,000 |
| Banbury URC: The Haven [9E03] | Accommodation | 30,000 |
| TOTAL | | £222,786 |
| 2020 | | £111,640 |

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Church Mission Fund

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

| Church | Project | £ committed |
|--|---------------------------------|--------------------|
| Oxford: St Columba [9E26] | Community Devt Worker 4 years | 33,061 |
| Gosport [9C05] | C&F Worker 3 years | 18,000 |
| Abingdon: Trinity Learning Centre [9E01] | Education Worker 2 years | 15,000 |
| Camberley: High Cross [9D05] | Building works | 12,000 |
| Southampton: ASA [9B98] | Community Devt Worker 2 yr extn | 12,000 |
| TOTAL | | £ 90,061 |
| 2020 | | £ 116,750 |

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

| Church | Project | £ committed |
|---|----------------|--------------------|
| Basingstoke: London Street [9D02] | Audio-visual | 5,000 |
| Guildford: Portsmouth Road [9D15] | Audio-visual | 5,000 |
| Hindhead: Beacon Hill [9D24] | Audio-visual | 5,000 |
| Salisbury [9B15] | Audio-visual | 5,000 |
| Southampton: ASA [9B98] | Audio-visual | 5,000 |
| Hayling: South Hayling [9C08] | Building works | 3,000 |
| Reading: St Andrew's [9E34] | Audio-visual | 2,755 |
| Reading: Park [9E33] | Audio-visual | 2,750 |
| Oxford: Wheatley [9E44] | Audio-visual | 2,103 |
| Chandlers Ford: Valley Park [9B31] | Audio-visual | 2,000 |
| Bournemouth: Southbourne, Immanuel [9A13] | Building works | 1,680 |
| West Moors: St Martin's [9A52] | Building works | 1,500 |
| Swanage [9A47] | Audio-visual | 1,314 |
| Abingdon: Peachcroft [9E49] | Audio-visual | 1,071 |
| Swanage [9A47] | Audio-visual | 925 |
| Egham UM [9D08] | Audio-visual | 696 |
| Windsor: Christ Church URC [9E47] | Audio-visual | 420 |
| TOTAL | | £ 45,214 |
| 2020 | | £ 49,282 |

Grants paid out from all funds in 2021 **£ 526,062** (2020: £618,983)

New grants committed from all funds in 2021 **£ 683,818** (2020: £483,236)

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FUTURE EVENTS

United Reformed Church Ministers' Pension Fund deficit

At its meeting on 12 March 2022, the Wessex Synod endorsed the Trustees' decision to make an offer to contribute up to £9m over the period 2022 - 2030 towards the deficit. This offer was made with the condition that the current 'defined benefit' scheme be closed.

A payment schedule of £1.2million per annum for the five years 2022-26 has been agreed with the URC Trust, with a review to be made following the next actuarial valuation. Four further annual payments of £0.75m may then be made.

The General Assembly in 2021 agreed in principle to close the defined benefit scheme. The URC Treasurer and General Secretariat expect to bring a formal resolution to the URC's General Assembly in July 2022 to close the defined benefit scheme to future accruals from 1 January 2023. Assuming this resolution is passed, we expect to make the first payment of £1.2m in October 2022.

The following Trustees declare an interest in the URC Ministers' Pension Fund as contributing members or pensioner members of the scheme: Revd Clare Downing, Revd Julian Macro, Revd Dr Romilly Micklem and Revd Anthea Wickens.

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YEAR ENDED 31 DECEMBER 2021

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 and agreed at the Synod meeting on 13 March 2021 and were considered at the Annual General Meeting of the Company on 1 July 2021.

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.

COVID-19 Pandemic response and support

General Impact

At the time of writing, the effects COVID-19 pandemic on church activities are easing gradually. In-person attendance figures and income are recovering but have not yet reached pre-lockdown levels. During 2020 the Trustees, in conjunction with staff of the URC's General Assembly, developed modes and forms of financial support, including direct emergency loan advances to churches in 2020 and 2021.

Trustees took a prudential view of these emergency loans. These loans were formally written-off by converting them to grants. A total of £41,000 was so treated. In addition, a number of other church loans became distressed and were remitted by conversion to grants. These amounted to £34,077.

The volume and value of building works able to be undertaken by churches during the 2020 and 2021 lockdowns was significantly suppressed. We see evidence in 2022 of bounce-back of demand, with challenges on supply of skilled contractors and materials.

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Direct 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.

Audit fieldwork was conducted off-site, facilitated by an electronic document repository provided by Haysmacintyre. This was received as highly beneficial by all and its use continues.

All office-based employees were able to return to office working following Step 2 of the Roadmap to exit Lockdown 2 on 12 April 2021.

Trustees have decided to resume in-person meetings in the summer months of 2022. In the interest of good environmental stewardship, they will continue to meet by video conference for two or three of their meetings. Committee-work and other engagements by Synod and Trust staff with churches continue predominantly by video conference. 'Hybrid' meetings (part in person, part by video) are rare and discouraged.

Managers continue to monitor the impacts of this on staff wellbeing and effectiveness of working.

Investments

The Company's investment portfolio saw continued recovery in market value from its lows in March / April 2020. There has since been a good recovery, although values remain volatile.

The Trustees manage investments to maximise Total Return on investment and authorise Trust staff to cover operating costs by 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 its fund managers and share information with other URC investment bodies and through its 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 prepared by the retired Synod Treasurer. It was based on the realistic assumption of continued steady recovery from COVID-19 in 2021 and 2022.

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 to eliminate the deficit in the 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 properties.

Accordingly, the Trustees are content that company continues to operate as a Going Concern for at least 12 months from the date of signing their report.

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.

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The current Trustees who also hold or have in the year to 31 December 2021 held significant posts either on behalf of the Synod or on behalf of General Assembly are:

| Name | Synod | Synod Executive | Other |
|---|-----------|-----------------|--|
| 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 | - |

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

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 met twice in 2021 as the Wessex Synod to support, enable and co-ordinate the work of the Synod and its local churches.

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At its meeting on 12 March 2022, the Synod approved a proposal to move one 'full' Synod meeting in-person, in October, plus 2 'business' meetings per year, online.

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 manse, 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.

Staffing (including Key Management Personnel)

THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

YEAR ENDED 31 DECEMBER 2021

The Company employed 12 (2020: 12) members of staff, many of them part-time. The full-time equivalent resources are 9.4 (2020: 9.4).

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 5 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 2021

FINANCIAL REVIEW

Reserves Policy

The total amount of reserves held in the Unrestricted Funds at the end of the year were £46,617,066 (2020: £42,306,671), the increase being due to:

- | | | |
|---|------------|--------------------|
| • Donations of more closed churches | £1,470,000 | (2020: £780,340); |
| • Increased gains on investment assets: | £2,368,176 | (2020: £642,321); |
| • Realised gains on property disposals: | £ 813,370 | (2020: £ 65,000) |
| • Gains on revalued properties | £ 99,750 | (2020: £ NIL); and |
| • constrained direct charitable costs | £ 211,371 | (2020: £325,859) |

offset by

- | | | |
|--------------------------------|-----------|-----------------------|
| • 12.5% increase on support: | £ 554,186 | (2020: £413,236); and |
| • 33% increase in Property Ops | £ 413,114 | (2020: £311,260). |

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. The Trinity Hall Designated Fund was closed with the sale of that property, the small net gain being £169,743. At the end of the year all designated funds totalled £14,643,312 (2020: £16,472,637). The large reduction is because the Trinity Hall Designated Fund was undesignated following the sale of the Trinity Hall building. 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 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 firstly to donations to the URC Trust to enable it to cover the deficit within the URC Ministers' Pension Fund and to close it. Attention is drawn to **Future Events – United Reformed Church Ministers' Pension Fund** deficit on page 10 above. Once the pattern of forecast sales is shown to cover this commitment, a portion of the annual surplus will be allocated to the Company's 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 2021 accounts. Attention is drawn to the statements about the uncertainties created in 2019 by the COVID-19 pandemic under **COVID-19 Pandemic response and support** on page 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.

THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

YEAR ENDED 31 DECEMBER 2021

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 its continued investments in those funds:

- by **CCLA Investment Management Ltd** through its COIF Charities Ethical Investment Fund;
- by **Newton Investment Management Ltd** through its Sustainable Global Equity Income Fund; and
- by **Cazenove Capital** through its **Responsible Multi-Asset Accumulation Fund**.

(During 2021, the Company divested itself of its holdings in the **Charity Property Fund**, managed by Cordia Savills Investment Management Limited.)

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:

| | |
|---|-------------|
| The COIF Charities Ethical Investment Fund | 53.4% |
| The Newton Sustainable Global Equity Income Fund | 41.1% |
| The Cazenove Charity Responsible Multi-Asset Fund | 4.5% |
| <i>Sundry others</i> | <i>1.0%</i> |

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 2021

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, is summarised in the table below.

| | Value at 31 Dec 2021 £ | Total Return over 2021 % | Total Return over 2020 % |
|---|---------------------------|--------------------------------|--------------------------------|
| CCLA COIF Charities Ethical Investment Fund | £11,808,914 | 16.76% | 9.76% |
| Newton Sustainable Global Equity Income Fund | £ 9,278,400 | 15.8% | 3.93% |
| Cazenove Charity Responsible Multi-Asset Fund | £ 1,016,463 | 14.3% | n/a |

Own comparative benchmarks:

| | | |
|---------------------------|--------|-------|
| CCLA Composite Comparator | 17.02% | 3.95% |
| FTSE World Index | 22.07% | 12.0% |
| Consumer Price Index + 4% | 9.6% | 4.6% |

Returns are expressed 'Gross' i.e. before management fees and charges to aid comparability.

Sources: funds' own factsheets and comparators

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 2021.

Cash

The year-end cash position was £1.975m (2020: £507,687). This includes the proceeds of the disposal of Trinity Hall, which completed at the end of December. 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 investment income units 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.

The Company has committed to make £9 million of contributions towards the deficit in the Ministers' Pension Fund over the period 2022-2030. We therefore expect large cash balances to accumulate because of timing differences between the sale of properties to fund these and their disbursement.

Fundraising approach and performance

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

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 £1,037 (2020: £1,121) were held by the Company as custodian trustee for the Willats' Almshouse Charity. During the year, the incoming resources of this fund were £50 (2020: £50) and this sum was allocated to the Charity in 2021, although not distributed. The market value of the Charity's investments at the end of the year were £1,130 (2020: £1,037).

THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

YEAR ENDED 31 DECEMBER 2021

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 2021 the Company also held as custodian trustee for Mere United Reformed Church investments valued at £328,393 (2020: £450,972) and cash of £NIL (2020: £234,763), the difference in the year being capital project spend by the church itself.

THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

YEAR ENDED 31 DECEMBER 2021

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 15th September 2022 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 2021 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 2021 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 20, 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;
- Reviewing valuations of investments; and
- Challenging assumptions and judgements made by management in their critical accounting estimates. These related to depreciation.

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of 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**

15 September 2022

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 2021

STATEMENT OF FINANCIAL ACTIVITIES

| | | Unrestricted funds £ | Restricted funds £ | Endowment funds £ | 2021 Total funds £ | 2020 Total funds £ |
|--|-------|----------------------------|--------------------------|-------------------------|--------------------------|--------------------------|
| | Notes | | | | | |
| INCOME AND ENDOWMENTS FROM | | | | | | |
| Donations and legacies | 2 | 1,476,560 | - | - | 1,476,560 | 826,216 |
| Charitable activities | 4 | | | | | |
| Supporting the Wessex Synod | | 3,292 | - | - | 3,292 | 2,375 |
| Trinity Hall | | - | - | - | - | 1,160 |
| Investment income | 3 | 1,029,581 | 42,406 | - | 1,071,987 | 1,079,933 |
| Other Income | | 74,269 | - | - | 74,269 | - |
| Sale of fixed assets | | 141,151 | - | - | 141,151 | 56,638 |
| Total | | 2,724,853 | 42,406 | - | 2,767,259 | 1,966,322 |
| EXPENDITURE ON | | | | | | |
| Raising funds | 5 | 413,114 | - | - | 413,114 | 311,260 |
| Charitable activities | 6 | | | | | |
| Supporting the Wessex Synod | | 1,275,658 | 27,669 | - | 1,303,327 | 1,227,800 |
| Trinity Hall | | 6,982 | - | - | 6,982 | 1,977 |
| Total | | 1,695,754 | 27,669 | - | 1,723,423 | 1,541,037 |
| | | 1,029,099 | 14,737 | - | 1,043,836 | 425,285 |
| Gains/(losses) on investment assets | | 2,368,176 | 169,140 | 28,754 | 2,566,070 | 642,321 |
| Investment properties | | 913,120 | - | - | 913,120 | 65,000 |
| Net income | | 4,310,395 | 183,877 | 28,754 | 4,523,026 | 1,132,606 |
| Transfers between funds | 23 | - | - | - | - | - |
| Net movement in funds | | 4,310,395 | 183,877 | 28,754 | 4,523,026 | 1,132,606 |
| RECONCILIATION OF FUNDS | | | | | | |
| Funds brought forward | | 42,306,671 | 1,456,481 | 273,536 | 44,036,688 | 42,904,082 |
| TOTAL FUNDS CARRIED FORWARD | | 46,617,066 | 1,640,358 | 302,290 | 48,559,714 | 44,036,688 |

All income and expenditure derive from continuing activities.
The notes on pages 27 to 42 form part of the financial statements.

THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2021

BALANCE SHEET

Registered Company number 01555990 (England and Wales)

| | Notes | 2021 £ | 2020 £ |
|--|-------|-------------------|-------------------|
| FIXED ASSETS | | | |
| Tangible assets | 14 | 14,579,239 | 14,906,140 |
| Investments | | | |
| Investments | 15 | 22,670,079 | 19,640,525 |
| Investment property | 16 | <u>6,622,600</u> | <u>7,922,600</u> |
| | | 43,871,918 | 42,469,265 |
| CURRENT ASSETS | | | |
| Debtors | 17 | 255,270 | 321,519 |
| Investments | 18 | 3,675,000 | 1,930,250 |
| Cash at bank | | <u>1,974,765</u> | <u>507,687</u> |
| | | 5,905,035 | 2,759,456 |
| CREDITORS | | | |
| Amounts falling due within one year | 19 | <u>(881,034)</u> | <u>(724,221)</u> |
| NET CURRENT ASSETS | | <u>5,024,001</u> | <u>2,035,235</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 48,895,919 | 44,504,500 |
| CREDITORS | | | |
| Amounts falling due after more than one year | 20 | <u>(336,205)</u> | <u>(467,812)</u> |
| NET ASSETS | | <u>48,559,714</u> | <u>44,036,688</u> |
| FUNDS | 23 | | |
| General fund | | 31,972,663 | 25,834,034 |
| Designated funds | | <u>14,644,403</u> | <u>16,472,637</u> |
| Total unrestricted funds | | 46,617,066 | 42,306,671 |
| Restricted funds | | 1,640,358 | 1,456,481 |
| Endowment funds | | <u>302,290</u> | <u>273,536</u> |
| TOTAL FUNDS | | <u>48,559,714</u> | <u>44,036,688</u> |

The financial statements were approved by the Board of Trustees on 15th September 2022 and were signed on its behalf by:



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

The notes on pages 27 to 42 form part of the financial statements.

THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

**CASH FLOW STATEMENT
AT 31 DECEMBER 2021**

CASH FLOW STATEMENT

| | 2021 | 2020 |
|---|--------------------|--------------------|
| | £ | £ |
| Reconciliation of Net Incoming Resources to Cash | | |
| Inflow from Operating Activities | | |
| Changes in resources before revaluations | 1,043,836 | 425,285 |
| Returns on investment | (1,071,987) | (1,079,933) |
| Depreciation | 3,229 | 2,888 |
| Surplus on disposal of tangible fixed assets | (141,151) | (56,639) |
| Closed churches donated | (1,470,000) | (780,250) |
| Decrease in debtors | 18,615 | 210,823 |
| Increase/(decrease) in creditors | 25,206 | (224,588) |
| | <hr/> | <hr/> |
| Net cash inflow from operating activities | (1,592,252) | (1,502,414) |
| | <hr/> | <hr/> |
| Cash flows from investing activities | | |
| Returns on investment | 1,080,573 | 1,087,394 |
| Payments to acquire tangible fixed assets | (744) | (189,069) |
| Receipts from sale of tangible fixed assets | 465,567 | 433,774 |
| Payments to acquire investments | (1,198,380) | - |
| Receipts from sales of investments | 734,896 | - |
| Receipts from sales of investment properties | 1,469,743 | - |
| Receipts from sales of current asset investment | 468,627 | - |
| Repayment of loans from ministers and churches | 92,236 | 166,239 |
| New loans to ministers and churches | (53,188) | (79,269) |
| | <hr/> | <hr/> |
| Change in cash and cash equivalents in the year | 1,467,078 | (83,345) |
| Cash and cash equivalents at the beginning of the year | 507,687 | 591,032 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at the end of the year | 1,974,765 | 507,687 |
| | <hr/> | <hr/> |

THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 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. The Trustees continue actively to monitor the impacts of global inflation and Russia's aggression in Ukraine but do not consider these to call Going Concern into question.

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

THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Church Mission Fund must be claimed within 1 year of the date of the grant commitment unless an extension of time is given.

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 2021**

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 2021**

2. DONATIONS AND LEGACIES

| | 2021 | 2020 |
|--------------------------------|-------------------------|-----------------------|
| | £ | £ |
| Donations | 6,560 | 45,876 |
| Donations from closed churches | <u>1,470,000</u> | <u>780,340</u> |
| | <u><u>1,476,560</u></u> | <u><u>826,216</u></u> |

3. INVESTMENT INCOME

| | 2021 | 2020 |
|------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Property income | 451,666 | 464,208 |
| Commercial property income | | |
| - Bitterne and Windsor shops | 55,996 | 61,702 |
| Investment income – managed | 564,223 | 551,819 |
| Investment income – interest | <u>102</u> | <u>2,204</u> |
| | <u><u>1,071,987</u></u> | <u><u>1,079,933</u></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

| | | 2021 | 2020 |
|---------------------|-----------------------------|---------------------|---------------------|
| | Activity | £ | £ |
| Interest from loans | Supporting the Wessex Synod | 3,292 | 2,375 |
| Trinity Hall | Trinity Hall | <u>-</u> | <u>1,160</u> |
| | | <u><u>3,292</u></u> | <u><u>3,535</u></u> |

THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. RAISING FUNDS

Investment management costs

| | 2021 £ | 2020 £ |
|--------------------------------------|----------------|----------------|
| Staff costs | 42,163 | 44,579 |
| Property - maintenance and utilities | 269,568 | 188,985 |
| Property management fees | 5,355 | 12,135 |
| Professional fees re disposals | 42,433 | 15,151 |
| Premises insurance | 23,872 | 24,138 |
| Newton investment management fees | 29,723 | 26,272 |
| | <u>413,114</u> | <u>311,260</u> |

Analysis of Property - maintenance and utilities, only costs per property totalling over £7,500:

| | 2021 £ |
|--------------------------------------|----------------|
| Sandpipers | 73,474 |
| 120 Alma Road | 19,751 |
| Windsor Offices | 19,146 |
| Balcony Cottage, Mere | 14,488 |
| 14 Hotspur Close, Hythe | 12,969 |
| 1 Ruffield Close | 10,187 |
| 26 Queens Road | 9,559 |
| 48 Melville Street | 8,851 |
| 14 Oakmount Avenue | 7,950 |
| 12 St Stephens Road Flats Grnd & 1st | 7,799 |
| Other (80 churches & manses) | 85,394 |
| Total | <u>269,583</u> |

6. CHARITABLE ACTIVITIES COSTS

| | Direct costs (see note 7) £ | Grant funding of activities (see note 8) £ | Support Costs (see note 9) £ | Totals 2021 £ |
|-----------------------------|-----------------------------------|---|---------------------------------------|---------------------|
| Supporting the Wessex Synod | 204,389 | 554,186 | 544,752 | 1,303,327 |
| Trinity Hall | 6,982 | - | - | 6,982 |
| | <u>211,371</u> | <u>554,186</u> | <u>544,752</u> | <u>1,310,309</u> |

Comparative analysis:

| | 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 |
| | <u>325,859</u> | <u>413,236</u> | <u>490,682</u> | <u>1,229,777</u> |

THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

| | 2021 | 2020 |
|---|----------------|----------------|
| | £ | £ |
| Ministerial and lay training | 67 | 9,983 |
| Manse policy | 62,229 | 42,750 |
| Manse maintenance allowance | 16,399 | 64,095 |
| Closed Temple Cowley URC Ministry and Mission Fund contribution | - | 115 |
| Children and Youth Development Officer (South) | 1,592 | 54,061 |
| Events and activities | 9,760 | 13,876 |
| Sundry expenses | 277 | 249 |
| Ordained Synod staff – Stipends | 102,949 | 100,925 |
| Housing allowance | 2,435 | - |
| Insurance for manses | 6,285 | 35,581 |
| Development and support activities | 2,396 | 2,247 |
| Trinity Hall | 6,982 | 1,977 |
| | <u>211,371</u> | <u>325,859</u> |

8. GRANTS PAYABLE

| | 2021 | 2020 |
|-----------------------------|----------------|----------------|
| | £ | £ |
| Supporting the Wessex Synod | <u>554,186</u> | <u>413,236</u> |

The total grants committed to institutions in the year, net of write-backs, was as follows:

| | 2021 | 2020 |
|---|----------------|----------------|
| | £ | £ |
| Ecumenical grants | 88,108 | 38,029 |
| URC Inter-Synod Resource Sharing grants | 125,000 | 110,000 |
| Commitment for Life grants | 11,673 | 35,008 |
| Church Mission Fund grants | 152,328 | 155,382 |
| Church Mission Fund grants written back | (23,979) | (70,000) |
| Local church grants | 271,994 | 117,877 |
| Local church grants written back | (105,653) | - |
| Synod General Fund grants | 34,395 | 10,304 |
| Other grants | (2,759) | 9,801 |
| | <u>551,107</u> | <u>406,401</u> |
| Total institutional grants | <u>551,107</u> | <u>406,401</u> |
| Welfare grants | <u>3,079</u> | <u>6,835</u> |
| | <u>554,186</u> | <u>413,236</u> |

9. SUPPORT COSTS

| | Management | Governance costs | Totals |
|------------------------------------|----------------|------------------|----------------|
| | £ | £ | £ |
| Supporting the Wessex Synod - 2021 | <u>515,491</u> | <u>29,261</u> | <u>544,752</u> |
| Supporting the Wessex Synod - 2020 | <u>461,391</u> | <u>29,291</u> | <u>490,682</u> |

THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. SUPPORT COSTS – continued

Management

| | 2021 Supporting the Wessex Synod £ | 2020 Supporting the Wessex Synod £ |
|--------------------------------|--|--|
| Wages | 309,956 | 259,767 |
| Social security | 19,701 | 15,274 |
| Pensions | 49,308 | 32,433 |
| Car lease | 4,401 | 14,472 |
| Office utilities | 56,804 | 22,519 |
| Office costs | 39,422 | 37,906 |
| Staff recruitment and training | 2,370 | 16,996 |
| Staff travel costs | 26,578 | 11,034 |
| Subscriptions | 4,407 | 4,555 |
| Resources | 2,210 | 2,021 |
| Honoraria and gifts | 300 | 500 |
| Bank charges | - | 13 |
| Professional fees | 8,823 | 5,523 |
| Accountancy fees | 2,184 | 12,692 |
| Depreciation | 3,229 | 2,888 |
| Bad debts | (15,000) | 22,294 |
| Other | 798 | 504 |
| Loss on sale of fixed assets | - | - |
| | <u>515,491</u> | <u>461,391</u> |

Governance costs

| | 2021 Supporting the Wessex Synod £ | 2020 Supporting the Wessex Synod £ |
|------------------------|--|--|
| Wages | 10,541 | 11,145 |
| Auditors' remuneration | 18,720 | 17,820 |
| Meeting expenses | - | 326 |
| | <u>29,261</u> | <u>29,291</u> |

10. NET INCOME/(EXPENDITURE)

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

| | 2021 £ | 2020 £ |
|--------------------------------------|---------------|---------------|
| Auditors' remuneration – net of VAT | 15,600 | 14,850 |
| Depreciation - owned assets | 3,229 | 2,888 |
| Other operating leases | 2,831 | 12,375 |
| Auditors' remuneration for non-audit | - | - |
| | <u>21,660</u> | <u>30,113</u> |

11. TRUSTEES' REMUNERATION AND BENEFITS

Trustees received no emoluments during the year (2020: £Nil). During the year 1 Trustee (2020: Nil) was reimbursed out of pocket expenses mainly for travelling expenses totalling £321 (2020: £Nil).

THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. STAFF COSTS

| | 2021 | 2020 |
|-------------------------|-----------------------|-----------------------|
| | £ | £ |
| Gross salaries | 446,056 | 442,753 |
| Employers NIC | 25,341 | 24,047 |
| Employers pension costs | <u>58,205</u> | <u>51,069</u> |
| | <u><u>529,602</u></u> | <u><u>517,869</u></u> |

The average number of employees was 12 (2020: 12).

Key management personnel payments for salary, benefits, pension and employer NIC contributions amounted to £ 70,761 (2020: £71,902) during the year.

No employee received emoluments in excess of £60,000 (2020: None).

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

| | Unrestricted funds £ | Restricted funds £ | Endowment funds £ | 2020 Total funds £ |
|--|----------------------------|--------------------------|-------------------------|--------------------------|
| INCOME AND ENDOWMENTS FROM | | | | |
| Donations and legacies | 826,216 | - | - | 826,216 |
| Charitable activities | | | | |
| Supporting the Wessex Synod | 2,375 | - | - | 2,375 |
| Trinity Hall | 1,160 | - | - | 1,160 |
| Investment income | 1,041,663 | 38,270 | - | 1,079,933 |
| Sale of fixed assets | <u>56,638</u> | <u>-</u> | <u>-</u> | <u>56,638</u> |
| Total | 1,928,052 | 38,270 | - | 1,966,322 |
| EXPENDITURE ON | | | | |
| Raising funds | 311,260 | - | - | 311,260 |
| Charitable activities | | | | |
| Supporting the Wessex Synod | 1,200,872 | 26,928 | - | 1,227,800 |
| Trinity Hall | <u>1,977</u> | <u>-</u> | <u>-</u> | <u>1,977</u> |
| Total | 1,514,109 | 26,928 | - | 1,541,037 |
| | <u>413,943</u> | <u>11,342</u> | <u>-</u> | <u>425,285</u> |
| Gains/(losses) on investment assets | 588,940 | 40,337 | 13,044 | 642,321 |
| Investment properties | <u>65,000</u> | <u>-</u> | <u>-</u> | <u>65,000</u> |
| Net income | 1,067,883 | 51,679 | 13,044 | 1,132,606 |
| Transfers between funds | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net movement in funds | 1,067,883 | 51,679 | 13,044 | 1,132,606 |

THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. TANGIBLE FIXED ASSETS

| | Freehold property £ | Manses £ | Computers & equipment £ | Fixtures and fittings £ | Totals £ |
|-----------------------|---------------------------|-------------------|-------------------------------|-------------------------------|-------------------|
| COST | | | | | |
| At 1 January 2021 | 974,465 | 13,923,373 | 32,410 | 3,235 | 14,933,483 |
| Additions | - | - | 744 | - | 744 |
| Disposals | - | (324,416) | - | - | (324,516) |
| At 31 December 2021 | <u>974,465</u> | <u>13,598,957</u> | <u>33,154</u> | <u>3,235</u> | <u>14,609,811</u> |
| DEPRECIATION | | | | | |
| At 1 January 2021 | - | - | 24,108 | 3,235 | 27,343 |
| Charge for year | - | - | 3,229 | - | 3,229 |
| Disposals | - | - | - | - | - |
| At 31 December 2021 | <u>-</u> | <u>-</u> | <u>27,337</u> | <u>3,235</u> | <u>30,572</u> |
| NET BOOK VALUE | | | | | |
| At 31 December 2021 | <u>974,465</u> | <u>13,598,957</u> | <u>5,817</u> | <u>-</u> | <u>14,579,239</u> |
| At 31 December 2020 | <u>974,465</u> | <u>13,923,373</u> | <u>8,302</u> | <u>-</u> | <u>14,906,140</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 2021**

15. FIXED ASSET INVESTMENTS

| | Listed investments £ |
|-------------------------|----------------------------|
| MARKET VALUE | |
| At 1 January 2021 | 19,640,525 |
| Additions | 1,198,380 |
| Disposals | (734,901) |
| Net gain on revaluation | <u>2,566,075</u> |
| At 31 December 2021 | <u>22,670,079</u> |

Analysis of investments by type:

| | 2021 £ | 2020 £ |
|---|-------------------|-------------------|
| Equities | 22,541,753 | 19,503,233 |
| Fixed interest securities | 128,326 | 137,292 |
| Cash held within the investment portfolio | <u> </u> | <u>-</u> |
| | <u>22,670,079</u> | <u>19,640,525</u> |

Geographical analysis of investments:

| | 2021 £ | 2020 £ |
|---------------------------------|-------------------|-------------------|
| Held inside the United Kingdom | 22,670,079 | 19,640,525 |
| Held outside the United Kingdom | <u>-</u> | <u>-</u> |
| | <u>22,670,079</u> | <u>19,640,525</u> |

THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. INVESTMENT PROPERTY

| | £ |
|---------------------------------------|-------------------------|
| MARKET VALUE | |
| At 1 January 2021 | 7,922,600 |
| Additions | - |
| Disposals | (1,300,000) |
| Transfer to Current Asset Investments | (425,000) |
| Revaluation | 425,000 |
| | <hr/> |
| At 31 December 2021 | <u><u>6,622,600</u></u> |

4 investment properties were revalued by Kempton Carr Croft Surveyors and Primmer Olds BAS Chartered Surveyors as at 31 December 2021. 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

| | 2021 £ | 2020 £ |
|---|-----------------------|-----------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 5,592 | 36,096 |
| Other debtors | 157,015 | 162,043 |
| Loans to employees | 7,636 | 865 |
| Loans to ministers | 744 | 3,188 |
| Loans to churches | 13,240 | 28,040 |
| Prepayments and accrued income | <u>26,697</u> | <u>18,366</u> |
| | <u><u>210,924</u></u> | <u><u>248,598</u></u> |
| Amounts falling due after more than one year: | | |
| Loans to ministers | 13,145 | 5,133 |
| Loans to churches | <u>31,201</u> | <u>67,788</u> |
| | <u><u>44,346</u></u> | <u><u>72,921</u></u> |
| Aggregate amounts | <u><u>255,270</u></u> | <u><u>321,519</u></u> |

THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. DEBTORS – continued

| Loans to Churches, Ministers and Employees | 2021 | 2020 |
|---|---------------|-----------------|
| | £ | £ |
| Opening balance | 105,014 | 191,984 |
| New loan advances | 53,188 | 79,269 |
| Repayments | (92,236) | (146,239) |
| Provisions/converted to grants | <u>-</u> | <u>(20,000)</u> |
| Closing balance | <u>65,966</u> | <u>105,014</u> |

Analysed as follows:

| | £ | £ |
|---------------------------------|---------------|----------------|
| Loans repayable within one year | 21,620 | 32,093 |
| Loans repayable after one year | <u>44,346</u> | <u>72,921</u> |
| Closing balance | <u>65,966</u> | <u>105,014</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 2021 | 1,930,250 |
| Additions | 1,470,000 |
| Transfer from Investment Property | 425,000 |
| Disposals | (475,000) |
| Revaluation | 324,750 |
| | <u> </u> |
| At 31 December 2021 | <u>3,675,000</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 | - |
| Freemantle Church, 257-259 Shirley Road, Southampton, SO15 3HS | 740,000 |
| Medstead Church, South Town Road, Medstead, Alton, GU34 5ES | 140,000 |
| Worpleston URC Church, Perry Hill, Guildford, Surrey, GU3 3PH | 570,000 |
| Chandler's Ford church and manse, 5 Kings Road, SO53 2EY | <u>1,550,000</u> |
| | <u>3,675,000</u> |

THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2021 | 2020 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 39,963 | 118,695 |
| PAYE and NIC | 6,713 | 8,579 |
| Grant commitments | 757,104 | 525,410 |
| Accrued expenses and deferred income | <u>77,254</u> | <u>71,537</u> |
| | <u>881,034</u> | <u>724,221</u> |

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

| | 2021 | 2020 |
|-------------------|----------------|----------------|
| | £ | £ |
| Grant commitments | <u>336,205</u> | <u>467,812</u> |

Analysis of Grant Commitments

| | £ |
|---|------------------|
| Grant commitments brought forward | 1,065,185 |
| Grants paid during the year | (526,062) |
| Grant written back during the year (note 8) | (129,632) |
| Grant commitments during the year (note 8) | <u>683,818</u> |
| | <u>1,093,309</u> |

Amounts falling due within one year (note 19) 757,104

Amounts falling due after more than one year 336,205

21. OPERATING LEASE COMMITMENTS

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

| | 2021 | 2020 |
|---|----------|----------|
| | £ | £ |
| Not later than one year | 450 | 1,890 |
| Later than one year but not later than five years | <u>-</u> | <u>-</u> |

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds | Restricted funds | Endowment funds | 2021 Total funds | 2020 Total funds |
|-----------------------|--------------------|------------------|-----------------|---------------------|---------------------|
| | £ | £ | £ | £ | £ |
| Fixed assets | 14,579,239 | - | - | 14,579,239 | 14,906,140 |
| Investments | 27,634,137 | 1,410,515 | 248,027 | 29,292,679 | 27,563,125 |
| Current assets | 5,620,929 | 229,843 | 54,263 | 5,905,035 | 2,759,456 |
| Current liabilities | (881,034) | - | - | (881,034) | (724,221) |
| Long term liabilities | <u>(336,205)</u> | <u>-</u> | <u>-</u> | <u>(336,205)</u> | <u>(467,812)</u> |
| | <u>46,617,066</u> | <u>1,640,358</u> | <u>302,290</u> | <u>48,559,714</u> | <u>44,036,688</u> |

THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS – Comparative figures

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

23. MOVEMENT IN FUNDS

| | At 1.1.21 £ | Net movement in funds £ | Transfers between funds £ | At 31.12.21 £ |
|--|-------------------|----------------------------------|------------------------------------|-------------------|
| Unrestricted funds | | | | |
| General Fund | 25,834,034 | 4,522,286 | 1,617,434 | 31,973,754 |
| Church Mission Designated Fund | 136,407 | (111,296) | - | 25,111 |
| Special Reserve Designated Fund | 826,744 | (133,879) | - | 692,865 |
| Wessex Synod Designated Fund (The Macro Fund) | 153,753 | 26,055 | - | 179,808 |
| Local Churches Designated Fund | 132,360 | 14,211 | - | 146,571 |
| Manse Designated Fund | 13,923,373 | | (324,416) | 13,598,957 |
| Trinity Hall Designated Fund | <u>1,300,000</u> | <u>(6,982)</u> | <u>(1,293,018)</u> | <u>-</u> |
| | 42,306,671 | 4,310,395 | - | 46,617,066 |
| Restricted funds | | | | |
| Wessex Synod Restricted Fund | 27,336 | 7,996 | - | 35,332 |
| Local Churches Restricted Fund | 1,426,986 | 175,881 | - | 1,602,867 |
| Cromwell Place Roadway Restricted Fund | <u>2,159</u> | <u>-</u> | <u>-</u> | <u>2,159</u> |
| | 1,456,481 | 183,877 | - | 1,640,358 |
| Endowment funds | | | | |
| Local Churches Endowment Fund | 27,371 | 2,419 | - | 29,790 |
| Specific Purposes Endowment Fund | <u>246,165</u> | <u>26,335</u> | <u>-</u> | <u>272,500</u> |
| | 273,536 | 28,754 | - | 302,290 |
| TOTAL FUNDS | <u>44,036,688</u> | <u>4,523,026</u> | <u>-</u> | <u>48,559,714</u> |

THE UNITED REFORMED CHURCH (WESSEX) TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

23. MOVEMENT IN FUNDS – Comparative figures

| | At 1.1.20 £ | Net movement in funds £ | Transfers between funds £ | At 31.12.20 £ |
|---|-------------------|----------------------------------|------------------------------------|-------------------|
| Unrestricted funds | | | | |
| 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 | 1,300,000 | (818) | 818 | 1,300,000 |
| | 41,238,788 | 1,067,883 | - | 42,306,671 |
| Restricted funds | | | | |
| 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 | 2,159 | - | - | 2,159 |
| | 1,404,802 | 51,679 | - | 1,456,481 |
| Endowment funds | | | | |
| Local Churches Endowment Fund | 25,919 | 1,452 | - | 27,371 |
| Specific Purposes Endowment Fund | 234,573 | 11,592 | - | 246,165 |
| | 260,492 | 13,044 | - | 273,536 |
| TOTAL FUNDS | <u>42,904,082</u> | <u>1,132,606</u> | <u>-</u> | <u>44,036,688</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 (2020: £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 2021

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 contributed £12,151 (2020: £12,910) to The United Reformed Church Final Salary Scheme, a pension scheme principally for lay staff which is administered by TPT Retirement Solutions Trust (formerly The Pensions Trust). The scheme is a defined benefit scheme but the Company is unable to identify its share of the underlying assets and liabilities – each member in the scheme pays a common contribution rate.

The most recent formal actuarial review of the scheme was at 30 September 2020, when the scheme had a surplus of £2,689,000. The assumptions underlying that valuation include:

- Discount rate of 1.4% pa
- Pensionable earnings growth of 2.5% for three years, 2.75% thereafter
- Price inflation and pension increases of 2.55%
- Retirement age (active members) of 65, with maximum commutation

25. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 December 2021 (2020: None).

26. ULTIMATE CONTROLLING PARTY

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