

REGISTERED COMPANY NUMBER: 1987227 (England and Wales)  
REGISTERED CHARITY NUMBER: 517324

# Union

REPORT OF THE TRUSTEES AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021  
FOR  
UNION FOUNDATION

Watts Gregory LLP  
Chartered Accountants & Statutory Auditors  
Elfed House  
Oak Tree Court  
Cardiff Gate Business Park  
CARDIFF  
County of Cardiff  
CF23 8RS

**UNION FOUNDATION**

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

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|   | <b>Page</b>     |
|---|-----------------|
| <b>Report of the Trustees</b>             | <b>1 to 7</b>   |
| <b>Report of the Independent Auditors</b> | <b>8 to 10</b>  |
| <b>Statement of Financial Activities</b>  | <b>11</b>       |
| <b>Balance Sheet</b>                      | <b>12</b>       |
| <b>Cash Flow Statement</b>                | <b>13</b>       |
| <b>Notes to the Cash Flow Statement</b>   | <b>14</b>       |
| <b>Notes to the Financial Statements</b>  | <b>15 to 25</b> |

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## UNION FOUNDATION

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021

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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 August 2021. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

#### OBJECTIVES AND ACTIVITIES

Union's vision is the reformation of Christ's church worldwide, and its mission is growing leaders, growing churches.

As School, Publishing, Research and Mission work together, Union provides a mission ecosystem that can accelerate healthy, sustainable church growth.

The following four strategies (from our Strategic Plan) are employed to enable Union to realise its vision and achieve its mission:

- o **Research - We fortify the Church's mission through theological excellence.**  
Union Research nurtures the theologians, authors and teachers of the future to ensure the ongoing mission of the church is healthy and robust. Our community of scholars and PhD students produce the finest evangelical theology to bolster our school, publishing, and mission.
- o **School of Theology - We form men and women to grow Christ's church.**  
At Union School of Theology, we offer courses from pre-degree to degrees from BA to PhD, shaping our students to be theologically rigorous, biblically faithful, and Christlike. In all our academic programmes, our formation of leaders, and our training of preachers, we want to see our students delighting in God and captured by the glory of Christ.  
  
Our campus is Union's home and base for residential study. Our Learning Communities around the world provide accessible, affordable theological education in the context of the local church for those who want to study part-time and continue in existing ministry or work.
- o **Publishing - We fuel reformation in churches and lives.**  
Union Publishing invests in the next generation of leaders with theology that gives them a taste for a deeper knowledge of God. From books to our free content at [unionpublishing.org](http://unionpublishing.org), we are committed to producing excellent resources that will refresh, transform and grow believers and their churches.
- o **Mission - We foster church growth through people and finances.**  
Union Mission facilitates the planting and revitalisation of churches and their ministries in the UK, Europe and world-wide. We work collaboratively to deploy and support church leaders, and help our hubs plant churches by giving them access to potential funding.

#### Criteria or measures the charity uses to assess success in the reporting period.

We measure achievement according to our four strategies:

**Research** - Engagement with pastors, theologians and scholars, nationally and internationally; theological publishing, conferences and other high-level input to theological research; helping to realise the potential of theological scholars.

**School of Theology** - Numbers of students; increasing numbers of healthy learning communities with sustained numbers of students; the quality of the students' academic achievement and the level of their spiritual growth and maturity as developing leaders; the collective increase in fee income.

**Publishing** - Engagement and consumption of Union media; magazines, books, video, articles, podcasts, conference attendance etc.; web traffic demonstrating engagement and usefulness of materials published on the [www.unionpublishing.org](http://www.unionpublishing.org) website; social media engagement.

**Mission** - Capture and publication of mission stories from students and alumni; monitoring numbers of students across the School who go on to mission, resourcing church planting or church rejuvenation with finance and people; activities of learning hubs involved in mission in their local context.

#### Public benefit

The organisation's trustees can confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

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## **UNION FOUNDATION**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021**

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#### **Public benefit**

Union Foundation is a Christian ministry which primarily benefits the international church constituency it serves and enables healthy growth. These benefits stem from the four strategies which work together to ensure health and growth for the church around the world. Through the School of Theology, the blessings of the Christian Gospel are extended through preaching and teaching, youth work, social care, community work and the many other areas in which our graduates impact society at large.

Union covers a range of learning: at a high academic level, our published research benefits the knowledge base of the international church and church lay leaders are equipped by the provision of free articles and inexpensive books for their personal growth. Union is keen to maximise the effectiveness of its students by seeing them strategically deployed where they can be most useful in mission. We do this by working closely with many churches, networks and agencies who offer great expertise and specific geographical knowledge. A number of new churches, which are now serving and helping local communities in the UK and in Europe, have been established with support from Union Mission funding.

Union's premises and facilities are made available as an ongoing resource to benefit and serve the needs of local churches and host conferences on issues of local, national and global significance.

#### **ACHIEVEMENT AND PERFORMANCE**

##### **Significant charitable activities and achievements against objectives.**

Union's Research activities have greatly increased thanks to the launch of a new research centre in Oxford called Newton House. This new ministry is run by our new Head of Operations under our Director. A new property has been secured in Oxford that serves as an office and study centre. We continue to build through an increasing number of new PhD students on the course validated by Vrije Universiteit Amsterdam (Free University of Amsterdam). Our Research website has been replaced by [www.newtonhouse.ust.ac.uk](http://www.newtonhouse.ust.ac.uk).

Our School of Theology (UST) is validated by the Open University as well as ECTE for its undergraduate and graduate taught programmes. UST has maintained quality assurance from the QAA for its degree programmes validated by the OU. As a result, UST is able to sponsor international students under the Tier 4 visa regulations, and our UK courses are designated for student finance. Two more Learning Communities for Graduate Diploma and Masters' students have been established bringing the total number established to 40 in North America and Europe. Our School has enjoyed their third full year of OU validated undergraduate and postgraduate courses (with student finance and visas) and the uptake has been very encouraging.

The last two academic years are particularly encouraging because they represent growth through the pandemic, while the Higher Education landscape is continually changing. This growth reflects the robustness of our model. The number of registered degree students stands at 245, with Priscilla and the Anglican Theology and Practice course bringing the total registered to 270.

Throughout the pandemic Union's Publishing team have been producing video media for social media and website teaching content, and conference talks with live stream. We launched our branded series with a major Christian publisher for eight book volumes in January.

Union Mission's grants have resourced 18 church projects during the year, with around £111k having been awarded to churches. Union has awarded £1.12 million for church planting since 2017. Some of our students and Alumni are being referred to this facility as well as new projects to Union through partner donors. Projects have been reported on with some contributing to the Union Mission blog on [www.union-mission.org](http://www.union-mission.org).

##### **Summary of charity's progress against its objectives.**

Union is committed to developing its ministry model globally to serve the Church for healthy and sustainable growth. This is resulting in a growing international profile in the area of theological resources, education and church mission.

Evidence of the charity's progress, measured by the achievement of its strategic plan, demonstrates that the ministry model is working in the way it is serving the church. Union Publishing continues to produce world-class resources which help Christians enjoy God and serve his church, mobilising potential leaders to be trained for ministry. We hear of pastors studying our resources for sermon preparation and friends reading articles together on Zoom. Our School of Theology has made theological education more accessible through its Learning Communities and flexible BA along with scholarships. It has secured great collaborative partners for degree validation, excellence with the Quality Assurance Agency, student finance and tier 4 student visas. This has allowed the charity to move forward and achieve its strategic objectives in a timely manner. UST currently operates 27 learning communities established in North America and Europe. 25% of UST graduates are establishing a new church or re-establishing a dying one, either during or after their studies, with some accessing the church planting fund. All are resulting in growth of the church through the Union family.

## **UNION FOUNDATION**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021**

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#### **FINANCIAL REVIEW**

We are pleased to report positive growth in our finances this year.

##### **Income**

Total income was £1.41m (£1.32m last year). Fee income from students on our various courses was £566k (2020: £504k), an increase of £62k (12%) during a difficult pandemic year. General donations, legacies and grants in support of Union's operations and development were £691k, an increase of £115k. Substantial donations were made to help us continue developing our online learning platform and regional learning hubs. We also received funds of £127k (2020: £210k) for making grants to church planting projects in the UK and Europe.

##### **Expenditure**

Total expenditure was £1.34m (£1.36m last year). Our general operating expenditure (before mission grants) increased by £109k. Much emphasis has been placed this year on the development of our online learning provision. The higher spending also reflects the granting of more scholarships, the increased cost of salaries following a Board review, higher level COVID cleaning, and the development of our publishing ministry. Some savings were made in the areas of travel expenses, library costs and food provision again due to the effects of COVID.

##### **Net income**

We finished the year with a surplus of £74k, reversing last year's deficit of £38k

##### **Principal risks and uncertainties and summary of plans and strategies for managing the risks.**

The principal risks faced by Union as outlined in our corporate Risk Register are the challenges of a small-sized enterprise with potential administrative and faculty shortages as a consequence, and some pressure on cash flow as Union grows, with investment on online development as well as broadening its activities into research, publishing and mission.

##### **Coronavirus risk**

The risk of pandemic had been identified in our Business Continuity Plan. It was a particularly unpredictable risk from the outset and as such the course of action was reactionary and it was important to follow government guidance and legislation. As an alternative HE provider we had our own specific guidance from the Welsh Government. It was critical to have risk assessment to be carried out prior to reoccupation of the campus, but also critical to assess the risk to business continuity. Fortunately, Union was in a position to adapt easily to remote operations for as long as needed without detriment to operations or service to our students. Our vulnerability is in the form of staffing and the dangers outlined below posed by Covid.

##### **UST faculty staff shortages**

There is a moderate risk that UST may experience staff shortages due to ill health or pandemic which could impact on the delivery of specialised modules. UST's policy enables us, in the event of staff absences, to rearrange classes at another convenient date or provide an alternative lecturer to deliver lectures. A number of modules are taught by integrated teams, and others in the team can substitute for absences of others in the staff team. Because the teaching delivered in Learning Communities is pre-recorded in advance of the academic year, there is no risk of non-delivery of this material, and Learning Communities are allowed backup copies in case there is interruption to the live online delivery.

If due to staff shortages we are unable to provide students with the modules that were agreed when they entered the programme, students will be offered suitable alternatives. The School has appointed more faculty members as well as admin staff to help mitigate this risk.

##### **Cash flow**

Union has undergone a transformation from a seminary with a vision to educate pastors into a larger ministry with a larger vision to enable healthy church growth through investing in leaders and churches. This change in vision has meant changes to the organisation, its structure, its training model & provision and its processes, and a complete re-branding exercise. This comes with significant investment.

We continue to be challenged by the increasing costs of providing theological education, including the cost burden of regulatory compliance and programme validation. However, there are a number of good developments and plans to ensure we have adequate funds to meet these challenges and additional risk posed by the pandemic:

- Our more flexible validated programmes are bringing an increase in students and associated income for the School whether studying on campus or in community where they live.
- Union has established a 501 (c) (3) charitable foundation to attract tax-efficient funding from churches, trusts and individuals in the US, which is proving very successful. More developments are progressing to grow our US constituency further.

## **UNION FOUNDATION**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021**

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- Union's growing profile, nationally and globally, has resulted in invitations to apply for significant grant funding, particularly to help with Union's development of learning hubs and infrastructure, which we believe will become a regular source of financial support.
- Union is being approached to supply theological services to other like-minded organisations in line with our aim to make theological education widely accessible, which will provide an additional line of income.

#### **Reserves policy**

The trustees aim to maintain sufficient resources to fund the running and development of the Foundation and the ownership of the buildings and other fixed assets, in accordance with the charitable objects. The aim over time would be to obviate the need to use an overdraft facility. Subject to funds being available, it is our policy is to maintain a reserve of approximately 25% of annual expenditure.

At 31 August 2021 total reserves were £1,832,960 (2020: £1,758,953). Of which £55,512 (2020: £21,799) is represented by restricted funds. At the Balance Sheet date £2,030,341 (2020: £2,038,431) has been invested in the charity's fixed assets and therefore the charity is currently left with no free reserves.

#### **Funds**

Funds received for specific purposes are shown as restricted funds in the accounts. In addition, the trustees designate some of the donations received towards scholarships for students.

#### **FUTURE PLANS**

Union's strategic vision is the reformation of Christ's church worldwide. We want to help recruit, raise, deploy and support church leaders to grow the church. Union aims to have a specific impact in Europe by making grant funding available for graduates seeking to establish a new church or rejuvenate an existing one. Union plans to level up it's network of alumni, learning communities and church planting hubs by creating the Reformation Fellowship. This will carry it's own membership, regular magazine and regional gatherings.

Newton House is being developed and expanded to be a national centre for theological research. Union will keep developing its four key areas in order to serve the church more effectively according to its model. The Foundations Course is being developed as an onramp into formal theological education which is very accessible and designed to be done in community. This is a key development area for Union in the next year and will be unaffected by COVID.

We plan to keep investing in online infrastructure and decentralised learning, so, should there be longer term impact of COVID we will be able to adapt to such a scenario, which isn't too removed from our mode of operation. Our ministry model is to be flexible and accessible for the church, which will mean how people access Union will be robust enough to cope with any future lockdowns or travel restrictions. The Post-COVID era expects this from all Higher Education providers and Union has been in the providential position to have invested and developed in this direction for many years. The pandemic has merely accelerated what was already happening in the sector.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Governing document**

Union Foundation is a company limited by guarantee governed by its Memorandum and Articles of Association dated 7 February 1986 and amended on 20 June 2003 and 2 March 2006 and again on 27 Feb 2011. It is registered as a charity with the Charity Commission. Day to day management is undertaken by the President, under authority delegated by the Board of Trustees.

##### **Recruitment and appointment of new trustees**

Trustees are appointed to represent the global Christian community across various denominational and non-denominational groupings making up the conservative (largely Reformed) Christian constituency which the School serves. Trustees are appointed who have an appropriate range of skills and experience for the effective strategic management of the charity. They are recruited internationally to reflect the governance and structure of Union. The charity is able to benefit from trustees who bring a greater range of strategic and management expertise and experience from national and international business and charitable organisations.

## **UNION FOUNDATION**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021**

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#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Induction and training of new trustees**

New Board Members are carefully chosen for the particular skills and experience they bring to the School. Each new trustee receives a copy of the latest annual accounts, the Memorandum and Articles and the Charity Commission's advice on trustee responsibility. Most new Board Members already have considerable experience as charity trustees. The President liaises with Board Members, particularly via the Chairman, providing them with information about the activities and general operations. This facilitates decision-making by the Board with regard to strategic initiatives. Trustees are required to carry out a self-appraisal periodically, a board development plan being created from the feedback to ensure the health of the Board.

##### **Organisational structure**

The Board of Trustees administers the charity and meets three times a year. The President was appointed by the trustees to manage the day-to-day operations of the charity and present regular reports to the trustees.

The Executive Director serves the Trustee Board as Company Secretary, who with the Associate Director are the President's Executive Team.

The Provost was appointed by the President to manage the day-to-day operations of the School of Theology. School board meetings are held rotationally on a weekly basis to facilitate the smooth running and to maintain good communication.

##### **Key management remuneration**

A new salary scale was adopted by the Board in 2013/14. The university sector, combined with research into other charitable companies, formed the benchmark. Since then, Union has fully brought salaries into line with the scale and address anomalies as necessary. We normally apply a 2% pay increase to keep up with inflation. The trustees have carried out a full review of key staff remuneration in 2021.

##### **Related parties**

Union has a strong working partnership with SaRang Church in South Korea. The leaders and congregation in Seoul have been very supportive of the partnership over a number of years. Union Foundation US was set up by Union Foundation to help Union fundraise in the US and operates as fiscal sponsor.

##### **Risk management**

Union has a robust Risk Management Framework for the School of Theology which includes a risk register co-owned by several lead staff, identifying major risks to which the School is exposed. There is a comprehensive IT Disaster Recovery plan in place. The trustees are satisfied that the right systems are in place to meet major risks and ensure Union is prepared to tackle challenging scenarios through Union's Business Continuity Management and Plan. This has been achieved in collaboration with the Board.

The annual financial accounts are professionally audited externally, and management accounts are provided to the trustees on a monthly basis. Insurance cover is reviewed annually, informed by an independent expert. All health and safety systems are regularly scrutinised.

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

##### **Registered Company number**

1987227 (England and Wales)

##### **Registered Charity number**

517324

##### **Registered office**

Bryntirion  
BRIDGEND  
CF31 4DX

## **UNION FOUNDATION**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021**

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#### **Trustees**

|                               |                               |
|-------------------------------|-------------------------------|
| Rev Sam Ko (Chairman)         |                               |
| Sung Joo Kim                  | - resigned 11 September 2020  |
| Ki Il Kim                     | - resigned 11 September 2020  |
| Rev Michael P Tindall         |                               |
| Rev Dr Douglas Birdsall       |                               |
| Joong Myung Jung              | - resigned 1 January 2021     |
| Rev Steve Levy                |                               |
| Prof Michael Joyston Fernando |                               |
| Joongja Kim                   |                               |
| Sean Shepley                  |                               |
| Dr Daniel Shin                | - appointed 11 September 2020 |
| Yun Lee                       | - appointed 26 February 2021  |
| Dr Gwenfair Adams             | - appointed 10 September 2021 |

#### **Auditors**

Watts Gregory LLP  
Chartered Accountants & Statutory Auditors  
Elfed House  
Oak Tree Court  
Cardiff Gate Business Park  
CARDIFF  
County of Cardiff  
CF23 8RS

#### **Solicitors**

Loosemores  
Alliance House  
18-19 High Street  
CARDIFF  
CF10 1PT

#### **Senior staff**

|                             |                       |
|-----------------------------|-----------------------|
| President of Union          | Rev Dr Michael Reeves |
| Executive Director of Union | Dr Joel Morris        |
| Provost                     | Dr Dustin Benge       |



**UNION FOUNDATION**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also the directors of Union Foundation 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 SORP;
- make judgements and estimates that are reasonable and prudent;
- 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.

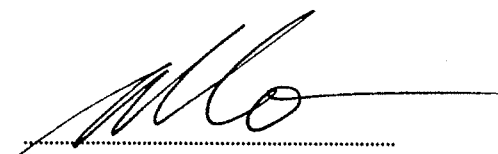
In so far as the trustees are aware:

- 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.

**AUDITORS**

The auditors, Watts Gregory LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the Board of Trustees on .....25/2/2022..... and signed on its behalf by:

  
.....  
S Ko - Trustee

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF UNION FOUNDATION**

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### **Opinion**

We have audited the financial statements of Union Foundation (the 'charitable company') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 (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 August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

In auditing the financial statements, we have concluded that the directors' 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 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern in exceptional or unforeseen circumstances.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF UNION FOUNDATION**

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, 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.

### **Our 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 a Report of the Independent Auditors 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.

Based on our understanding of the group and the parent charitable company and industry, we identified the principal risks of non-compliance with laws and regulations, including those related to UK tax legislation and considered the extent to which any non-compliance might have 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 Companies Act 2006 and ensured that all those involved in the audit undergo regular update training, including on how to identify or recognise fraud and non-compliance with laws and regulations.

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 risk related to posting inaccurate journals. We addressed these risks by carrying out specifically targeted procedures, which included:

- discussions with management, including consideration of any known or suspected instances of non-compliance with laws and regulations and/or fraud;
- reading minutes of meetings of those charged with governance;
- the appropriateness of journal entries and other adjustments;
- evaluating the reasons for any large or unusual transactions;
- reviewing disclosures in the financial statements to underlying supporting documentation

As outlined above, reasonable assurance is a high level of assurance, but is not a guarantee that a material misstatement may always be detected. The extent to which our procedures are capable of detecting material misstatements or irregularities, including fraud, is therefore subject to the inherent limitations of an audit. There is therefore, an unavoidable risk that a material misstatement may not come to light, in particular, where non-compliance with laws and regulations are remote from events and transactions reflected in the financial statements or where fraud or errors arise due to intentional misrepresentation, forgery, concealment, management override and/or collusion.

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
UNION FOUNDATION**

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**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 auditors' 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.

Julia Mortimer (Senior Statutory Auditor)  
for and on behalf of Watts Gregory LLP  
Chartered Accountants & Statutory Auditors  
Elfed House  
Oak Tree Court  
Cardiff Gate Business Park  
CARDIFF  
County of Cardiff  
CF23 8RS

2 March 2022

**UNION FOUNDATION**

**STATEMENT OF FINANCIAL ACTIVITIES  
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2021**

|                                    | Notes | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | 2021<br>Total<br>funds<br>£ | 2020<br>Total<br>funds<br>£ |
|------------------------------------|-------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| <b>INCOME AND ENDOWMENTS FROM</b>  |       |                            |                          |                             |                             |
| Donations and legacies             | 3     | 593,802                    | 97,207                   | 691,009                     | 575,608                     |
| Mission grants                     |       | 2,121                      | 124,824                  | 126,945                     | 209,927                     |
| <b>Charitable activities</b>       | 6     |                            |                          |                             |                             |
| Theological training               |       | 566,076                    | -                        | 566,076                     | 503,710                     |
| Other trading activities           | 4     | 25,953                     | -                        | 25,953                      | 28,852                      |
| Investment income                  | 5     | 8                          | -                        | 8                           | 66                          |
| Other income                       |       | 2,006                      | -                        | 2,006                       | 2,590                       |
| <b>Total</b>                       |       | <b>1,189,966</b>           | <b>222,031</b>           | <b>1,411,997</b>            | <b>1,320,753</b>            |
| <b>EXPENDITURE ON</b>              |       |                            |                          |                             |                             |
| <b>Charitable activities</b>       | 7     |                            |                          |                             |                             |
| Theological training               |       | 1,112,812                  | 76,106                   | 1,188,918                   | 1,092,517                   |
| Mission grants                     |       | 23,988                     | 112,212                  | 136,200                     | 265,814                     |
| Union publishing                   |       | 12,872                     | -                        | 12,872                      | -                           |
| <b>Total</b>                       |       | <b>1,149,672</b>           | <b>188,318</b>           | <b>1,337,990</b>            | <b>1,358,331</b>            |
| <b>NET INCOME/(EXPENDITURE)</b>    |       | <b>40,294</b>              | <b>33,713</b>            | <b>74,007</b>               | <b>(37,578)</b>             |
| <b>RECONCILIATION OF FUNDS</b>     |       |                            |                          |                             |                             |
| <b>Total funds brought forward</b> |       | <b>1,737,154</b>           | <b>21,799</b>            | <b>1,758,953</b>            | <b>1,796,531</b>            |
| <b>TOTAL FUNDS CARRIED FORWARD</b> |       | <b><u>1,777,448</u></b>    | <b><u>55,512</u></b>     | <b><u>1,832,960</u></b>     | <b><u>1,758,953</u></b>     |

The notes form part of these financial statements

UNION FOUNDATION

BALANCE SHEET  
31 AUGUST 2021

|  | Notes | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | 2021<br>Total<br>funds<br>£ | 2020<br>Total<br>funds<br>£ |
|--|-------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| <b>FIXED ASSETS</b>                          |       |                            |                          |                             |                             |
| Tangible assets                              | 14    | 2,030,341                  | -                        | 2,030,341                   | 2,038,431                   |
| <b>CURRENT ASSETS</b>                        |       |                            |                          |                             |                             |
| Debtors                                      | 15    | 44,307                     | 10,000                   | 54,307                      | 57,555                      |
| Cash at bank and in hand                     |       | <u>112,510</u>             | <u>45,512</u>            | <u>158,022</u>              | <u>68,772</u>               |
|  |       | 156,817                    | 55,512                   | 212,329                     | 126,327                     |
| <b>CREDITORS</b>                             |       |                            |                          |                             |                             |
| Amounts falling due within one year          | 16    | (180,019)                  | -                        | (180,019)                   | (165,597)                   |
| <b>NET CURRENT ASSETS</b>                    |       | <u>(23,202)</u>            | <u>55,512</u>            | <u>32,310</u>               | <u>(39,270)</u>             |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | 2,007,139                  | 55,512                   | 2,062,651                   | 1,999,161                   |
| <b>CREDITORS</b>                             |       |                            |                          |                             |                             |
| Amounts falling due after more than one year | 17    | (229,691)                  | -                        | (229,691)                   | (240,208)                   |
| <b>NET ASSETS</b>                            |       | <u>1,777,448</u>           | <u>55,512</u>            | <u>1,832,960</u>            | <u>1,758,953</u>            |
| <b>FUNDS</b>                                 | 21    |                            |                          |                             |                             |
| Unrestricted funds                           |       |                            |                          | 1,777,448                   | 1,737,154                   |
| Restricted funds                             |       |                            |                          | <u>55,512</u>               | <u>21,799</u>               |
| <b>TOTAL FUNDS</b>                           |       |                            |                          | <u>1,832,960</u>            | <u>1,758,953</u>            |

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 25/2/2022 and were signed on its behalf by:

  
S Ko - Trustee

The notes form part of these financial statements

**UNION FOUNDATION**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2021**

|   | Notes | 2021<br>£       | 2020<br>£        |
|---|-------|-----------------|------------------|
| <b>Cash flows from operating activities</b>                               |       |                 |                  |
| Cash generated from operations  | 1     | 191,725         | (7,124)          |
| Interest paid   |       | <u>(20,934)</u> | <u>(17,819)</u>  |
| Net cash provided by/(used in) operating activities                       |       | <u>170,791</u>  | <u>(24,943)</u>  |
| <b>Cash flows from investing activities</b>                               |       |                 |                  |
| Purchase of tangible fixed assets   |       | (48,438)        | (26,993)         |
| Interest received   |       | <u>8</u>        | <u>66</u>        |
| Net cash used in investing activities                                     |       | <u>(48,430)</u> | <u>(26,927)</u>  |
| <b>Cash flows from financing activities</b>                               |       |                 |                  |
| New loans in year   |       | -               | 270,000          |
| Loan repayments in year   |       | <u>(33,111)</u> | <u>(264,817)</u> |
| Net cash (used in)/provided by financing activities                       |       | <u>(33,111)</u> | <u>5,183</u>     |
| <b>Change in cash and cash equivalents in the reporting period</b>        |       | 89,250          | (46,687)         |
| <b>Cash and cash equivalents at the beginning of the reporting period</b> |       | <u>68,772</u>   | <u>115,459</u>   |
| <b>Cash and cash equivalents at the end of the reporting period</b>       |       | <u>158,022</u>  | <u>68,772</u>    |

The notes form part of these financial statements

UNION FOUNDATION

NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2021

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

|  | 2021<br>£      | 2020<br>£      |
|--|----------------|----------------|
| Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities) | 74,007         | (37,578)       |
| Adjustments for:   |                |                |
| Depreciation charges   | 56,528         | 53,852         |
| Interest received  | (8)            | (66)           |
| Interest paid  | 20,934         | 17,819         |
| Decrease in debtors  | 3,248          | 21,319         |
| Increase/(decrease) in creditors   | 37,016         | (62,470)       |
| Net cash provided by/(used in) operations  | <u>191,725</u> | <u>(7,124)</u> |

2. ANALYSIS OF CHANGES IN NET DEBT

|                                 | At 1/9/20<br>£   | Cash flow<br>£ | At 31/8/21<br>£  |
|---------------------------------|------------------|----------------|------------------|
| <b>Net cash</b>                 |                  |                |                  |
| Cash at bank and in hand        | <u>68,772</u>    | <u>89,250</u>  | <u>158,022</u>   |
|                                 | <u>68,772</u>    | <u>89,250</u>  | <u>158,022</u>   |
| <b>Debt</b>                     |                  |                |                  |
| Debts falling due within 1 year | (29,092)         | 833            | (28,259)         |
| Debts falling due after 1 year  | <u>(220,908)</u> | <u>10,517</u>  | <u>(210,391)</u> |
|                                 | <u>(250,000)</u> | <u>11,350</u>  | <u>(238,650)</u> |
| <b>Total</b>                    | <u>(181,228)</u> | <u>100,600</u> | <u>(80,628)</u>  |

The notes form part of these financial statements



## UNION FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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#### 1. STATUTORY INFORMATION

Union Foundation is a company limited by guarantee, incorporated in Wales within the United Kingdom. The registered office is Bryntirion, Bridgend CF31 4DX.

The financial statements are prepared in Sterling (£), the company's functional currency, and rounded to the nearest pound.

The principal activities and nature of the charity's operations is to provide rigorous biblical and accessible education, training and resources for church leaders and church members to enable their personal and corporate growth in Christ.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

#### 2. ACCOUNTING POLICIES

##### Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

##### Going concern

At 31 August 2021 there were net current assets of £32,3210 (2020 – current liabilities of £39,270). Union has continued to grow its international profile, as evidenced by the calibre of recent faculty appointments. Union is also continuing to experience a growth in student numbers and learning communities. The establishment of Union US has proved helpful in raising additional financial support, and this will be developed further. A number of plans are in hand to develop courses and extend our reach, which will each bring financial benefit to the organisation. Consequently, the trustees are confident that last year's positive move towards a net current asset position will continue, and as such consider the going concern basis adopted for the preparation of the financial statements to be appropriate.

##### Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably. This includes capital grants.

##### Donations and legacies income

Donations and legacies income includes donations, gifts and grants that provide core funding or are of a general nature and are recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when the donor specifies it must be used in future accounting periods or the donor has imposed conditions which must be met before the charity has unconditional entitlement.

##### Income from charitable activities

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions. This income is recognised as the related services are provided and there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Income is deferred when the amounts received are in advance of the performance of the service or event to which they relate.

##### Income from other trading activities

Income from other trading activities includes income received under contract. This income is recognised as the related services are provided and there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Income is deferred when the amounts received are in advance of the performance of the service or event to which they relate.

##### Investment income

Investment income is recognised on a receivable basis.

**2. ACCOUNTING POLICIES - continued**

**Basis of recognition of liabilities**

Expenditure is recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs are those costs that, whilst necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. This includes governance costs which are those costs associated with meeting the constitutional and statutory requirements of the charity and include the accountancy fees and costs linked to the strategic management of the charity as well as a proportion of salaries based on an approximation of time spent in this area.

**Allocation and apportionment of costs**

All costs are allocated between the expenditure categories on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis. Allocation of expenses has occurred between direct expenditure and support costs for some wages and salaries and related costs based on an estimate of time spent in those areas. A similar allocation has occurred for the premises and related costs based on an estimate of the areas used.

**Tangible fixed assets**

All fixed assets are initially recorded at cost. The charity has taken advantage of the option available on transition to FRS 102 to treat revalued assets as recorded at deemed cost.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

|                                   |                   |
|-----------------------------------|-------------------|
| Fixtures, furniture and equipment | 20% straight line |
| Property                          | 2% straight line  |
| Website                           | 20% straight line |
| Land                              | Nil               |

**Taxation**

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

**Debtors**

Trade debtors and other debtors are recognised at the settlement amount due after any trade discounts offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Creditors**

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

## UNION FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 AUGUST 2021

#### 2. ACCOUNTING POLICIES - continued

##### Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the Balance Sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to the Statement of Financial Activities over the relevant period. The capital element of the future payments is treated as a liability.

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 charitable company operates a defined contribution pension scheme, and it contributes to employees' individual personal pension plans. Contributions payable to the schemes are charged to the Statement of Financial Activities in the period to which they relate.

##### Termination payments

The charitable company recognises termination benefits as a liability and an expense only when the entity is demonstrably committed either to terminate the employment of an employee or group of employees before the normal retirement date or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

##### Fund accounting

Unrestricted funds are those which may be used for general charitable purposes at the discretion of the trustees.

Restricted funds have been received with specific stipulations from the donor as to their use and may only be used for such purposes.

Transfers are made from restricted to unrestricted funds once the conditions for the restriction have been met.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

#### 3. DONATIONS AND LEGACIES

|                                  | 2021           | 2020           |
|----------------------------------|----------------|----------------|
|                                  | £              | £              |
| Gifts and donations              | 638,103        | 560,315        |
| Donations towards Mission Grants | 126,945        | 209,927        |
| Legacies                         | 41,044         | 532            |
| Grants                           | <u>11,862</u>  | <u>14,761</u>  |
|                                  | <u>817,954</u> | <u>785,535</u> |

Grants received, included in the above, are as follows:

|                                 | 2021          | 2020          |
|---------------------------------|---------------|---------------|
|                                 | £             | £             |
| HMRC Job Retention Scheme Grant | <u>11,862</u> | <u>14,761</u> |

#### 4. OTHER TRADING ACTIVITIES

|                          | 2021          | 2020          |
|--------------------------|---------------|---------------|
|                          | £             | £             |
| Conference centre income | 1,786         | 3,555         |
| Rental income            | <u>24,167</u> | <u>25,297</u> |
|                          | <u>25,953</u> | <u>28,852</u> |

# UNION FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 AUGUST 2021

### 5. INVESTMENT INCOME

|                          | 2021     | 2020      |
|--------------------------|----------|-----------|
|                          | £        | £         |
| Bank interest receivable | <u>8</u> | <u>66</u> |

### 6. INCOME FROM CHARITABLE ACTIVITIES

|  | 2021           | 2020           |
|--|----------------|----------------|
|  | £              | £              |
| Income from college fees      Activity<br>Theological training | <u>566,076</u> | <u>503,710</u> |

### 7. CHARITABLE ACTIVITIES COSTS

|                      | Direct<br>Costs (see<br>note 8) | Support<br>costs (see<br>note 9) | Totals           |
|----------------------|---------------------------------|----------------------------------|------------------|
|                      | £                               | £                                | £                |
| Theological training | 969,471                         | 219,447                          | 1,188,918        |
| Mission grants       | 112,212                         | 23,988                           | 136,200          |
| Union publishing     | <u>12,872</u>                   | <u>-</u>                         | <u>12,872</u>    |
|                      | <u>1,094,555</u>                | <u>243,435</u>                   | <u>1,337,990</u> |

### 8. DIRECT COSTS OF CHARITABLE ACTIVITIES

|                                    | 2021             | 2020             |
|------------------------------------|------------------|------------------|
|                                    | £                | £                |
| Staff costs                        | 518,673          | 486,726          |
| DIS life assurance cover           | 4,092            | 3,404            |
| Rates and water                    | 15,333           | 15,133           |
| Insurance                          | 7,988            | 9,219            |
| Light and heat                     | 24,119           | 25,414           |
| Telephone                          | 7,348            | 7,723            |
| Postage and stationery             | 7,420            | 4,889            |
| Bursary donations                  | 37,770           | 4,210            |
| Visiting lecturers' expenses       | 22,250           | 28,438           |
| Library                            | 23,042           | 30,535           |
| University invigilation fees       | 54,589           | 60,153           |
| IT                                 | 35,014           | 38,121           |
| Repairs and maintenance            | 30,556           | 21,316           |
| Service contracts                  | 1,276            | 1,920            |
| Cleaning                           | 22,808           | 12,870           |
| Provisions/Catering                | 11,151           | 17,140           |
| Staff expenses                     | 9,482            | 6,804            |
| Miscellaneous expenses             | 3,325            | 3,946            |
| Provision for bad debts            | 8,126            | -                |
| Grants to Church Planting projects | 112,212          | 240,224          |
| Learning Hubs, studio & editing    | 15,315           | 14,383           |
| Theological services               | 56,612           | 39,078           |
| Union publishing                   | 12,872           | -                |
| Depreciation                       | <u>53,182</u>    | <u>50,767</u>    |
|                                    | <u>1,094,555</u> | <u>1,122,413</u> |

# UNION FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 AUGUST 2021

### 9. SUPPORT COSTS

|                      | Staff<br>costs<br>£ | Depreciation<br>£ | Other<br>£     | Governance<br>costs<br>£ | Totals<br>£    |
|----------------------|---------------------|-------------------|----------------|--------------------------|----------------|
| Theological training | 85,052              | 3,011             | 115,064        | 16,320                   | 219,447        |
| Mission grants       | <u>9,450</u>        | <u>335</u>        | <u>12,390</u>  | <u>1,813</u>             | <u>23,988</u>  |
|                      | <u>94,502</u>       | <u>3,346</u>      | <u>127,454</u> | <u>18,133</u>            | <u>243,435</u> |

### 10. NET INCOME/(EXPENDITURE)

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

|                             | 2021<br>£ | 2020<br>£     |
|-----------------------------|-----------|---------------|
| Auditors' remuneration      | 4,500     | 4,759         |
| Depreciation - owned assets | 56,528    | 53,852        |
| Hire of plant and machinery | 4,092     | 3,404         |
| Staff pension contributions | <u>-</u>  | <u>30,665</u> |

### 11. TRUSTEES' REMUNERATION AND BENEFITS

There was no trustees' remuneration or other benefits for the year ended 31 August 2021 or for the year ended 31 August 2020.

#### Trustees' expenses

Expenses totalling £189 (2020 - £190) were paid on behalf of 1 (2020 - 1) trustee during the year for travel and accommodation costs. No further amounts were paid to trustees.

### 12. STAFF COSTS

|                       | 2021<br>£      | 2020<br>£      |
|-----------------------|----------------|----------------|
| Wages and salaries    | 534,518        | 503,674        |
| Social security costs | 46,360         | 42,667         |
| Other pension costs   | <u>32,297</u>  | <u>30,665</u>  |
|                       | <u>613,175</u> | <u>577,006</u> |

The average monthly number of employees during the year was as follows:

| 2021      | 2020      |
|-----------|-----------|
| <u>20</u> | <u>18</u> |

No employees received emoluments in excess of £60,000.

The total key management personnel remuneration benefits paid during the year were £172,482 (2020 - £146,832).

UNION FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

|                                    | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>funds<br>£     |
|------------------------------------|----------------------------|--------------------------|-------------------------|
| <b>INCOME AND ENDOWMENTS FROM</b>  |                            |                          |                         |
| Donations and legacies             | 568,748                    | 216,787                  | 785,535                 |
| <b>Charitable activities</b>       |                            |                          |                         |
| Theological training               | 503,710                    | -                        | 503,710                 |
| Other trading activities           | 28,852                     | -                        | 28,852                  |
| Investment income                  | 66                         | -                        | 66                      |
| Other income                       | <u>2,590</u>               | <u>-</u>                 | <u>2,590</u>            |
| <b>Total</b>                       | <b>1,103,966</b>           | <b>216,787</b>           | <b>1,320,753</b>        |
| <b>EXPENDITURE ON</b>              |                            |                          |                         |
| <b>Charitable activities</b>       |                            |                          |                         |
| Theological training               | 1,088,307                  | 4,210                    | 1,092,517               |
| Mission grants                     | <u>23,100</u>              | <u>242,714</u>           | <u>265,814</u>          |
| <b>Total</b>                       | <b>1,111,407</b>           | <b>246,924</b>           | <b>1,358,331</b>        |
| <b>NET INCOME/(EXPENDITURE)</b>    | <b>(7,441)</b>             | <b>(30,137)</b>          | <b>(37,578)</b>         |
| Transfers between funds            | <u>2,885</u>               | <u>(2,885)</u>           | <u>-</u>                |
| Net movement in funds              | (4,556)                    | (33,022)                 | (37,578)                |
| <b>RECONCILIATION OF FUNDS</b>     |                            |                          |                         |
| Total funds brought forward        | <u>1,741,710</u>           | <u>54,821</u>            | <u>1,796,531</u>        |
| <b>TOTAL FUNDS CARRIED FORWARD</b> | <b><u>1,737,154</u></b>    | <b><u>21,799</u></b>     | <b><u>1,758,953</u></b> |

**UNION FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021**

**14. TANGIBLE FIXED ASSETS**

|                        | Freehold<br>property<br>£ | Fixtures,<br>furniture<br>and<br>equipment<br>£ | Website<br>£  | Totals<br>£      |
|------------------------|---------------------------|---|---------------|------------------|
| <b>COST</b>            |                           |   |               |                  |
| At 1 September 2020    | 2,361,076                 | 289,794   | 60,246        | 2,711,116        |
| Additions              | -                         | 23,238  | 25,200        | 48,438           |
| Disposals              | -                         | (13,283)  | -             | (13,283)         |
| At 31 August 2021      | <u>2,361,076</u>          | <u>299,749</u>                                  | <u>85,446</u> | <u>2,746,271</u> |
| <b>DEPRECIATION</b>    |                           |   |               |                  |
| At 1 September 2020    | 389,474                   | 240,403   | 42,808        | 672,685          |
| Charge for year        | 25,622                    | 17,733  | 13,173        | 56,528           |
| Eliminated on disposal | -                         | (13,283)  | -             | (13,283)         |
| At 31 August 2021      | <u>415,096</u>            | <u>244,853</u>                                  | <u>55,981</u> | <u>715,930</u>   |
| <b>NET BOOK VALUE</b>  |                           |   |               |                  |
| At 31 August 2021      | <u>1,945,980</u>          | <u>54,896</u>                                   | <u>29,465</u> | <u>2,030,341</u> |
| At 31 August 2020      | <u>1,971,602</u>          | <u>49,391</u>                                   | <u>17,438</u> | <u>2,038,431</u> |

Included in freehold property is land recorded at deemed cost of £1,080,000 which is not depreciated.

**15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                | 2021<br>£     | 2020<br>£     |
|--------------------------------|---------------|---------------|
| Trade debtors                  | 29,111        | 47,008        |
| Other debtors                  | 1,455         | 991           |
| Prepayments and accrued income | <u>23,741</u> | <u>9,556</u>  |
|                                | <u>54,307</u> | <u>57,555</u> |

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

|   | 2021<br>£      | 2020<br>£      |
|---|----------------|----------------|
| Bank loans and overdrafts (see note 18) | 28,259         | 29,092         |
| Social security and other taxes         | 13,684         | 13,485         |
| Other creditors                         | 10,591         | 15,457         |
| Interest free loans                     | 13,499         | 35,259         |
| Accruals and deferred income            | <u>113,986</u> | <u>72,304</u>  |
|   | <u>180,019</u> | <u>165,597</u> |

Included in Accruals and deferred income is:

|                                 | 2020<br>£        | 2019<br>£        |
|---------------------------------|------------------|------------------|
| Deferred income brought forward | 112,839          | 112,031          |
| Fees received in advance        | 64,380           | 112,839          |
| Released to fees                | <u>(112,839)</u> | <u>(112,031)</u> |
| Deferred income carried forward | <u>64,380</u>    | <u>112,839</u>   |

UNION FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021

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

|                          | 2021           | 2020           |
|--------------------------|----------------|----------------|
|                          | £              | £              |
| Bank loans (see note 18) | 210,391        | 220,908        |
| Interest free loans      | <u>19,300</u>  | <u>19,300</u>  |
|                          | <u>229,691</u> | <u>240,208</u> |

Amounts falling due in more than 5 years:

|                                   |                |                |
|-----------------------------------|----------------|----------------|
| Bank loans payable by instalments | <u>104,541</u> | <u>129,177</u> |
|-----------------------------------|----------------|----------------|

18. LOANS

An analysis of the maturity of loans is given below:

|   | 2021          | 2020          |
|---|---------------|---------------|
|   | £             | £             |
| Amounts falling due within one year on demand:  |               |               |
| Bank loans                                      | <u>28,259</u> | <u>29,092</u> |
| Amounts falling between one and two years:      |               |               |
| Bank loans                                      | <u>28,799</u> | <u>29,092</u> |
| Amounts falling due between two and five years: |               |               |
| Bank loans - 2-5 years                          | <u>87,275</u> | <u>87,275</u> |

Amounts falling due in more than five years:

|                                |        |         |
|--------------------------------|--------|---------|
| Repayable by instalments:      |        |         |
| Bank loans more 5 yr by instal | 94,317 | 104,541 |

19. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

|                            | 2021          | 2020          |
|----------------------------|---------------|---------------|
|                            | £             | £             |
| Within one year            | 10,209        | 5,742         |
| Between one and five years | <u>25,314</u> | <u>7,473</u>  |
|                            | <u>35,523</u> | <u>13,215</u> |

20. SECURED DEBTS

The following secured debts are included within creditors:

|            | 2021           | 2020           |
|------------|----------------|----------------|
|            | £              | £              |
| Bank loans | <u>238,650</u> | <u>250,000</u> |

The bank borrowings are secured by a first legal charge over the property.



UNION FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021

21. MOVEMENT IN FUNDS

|                           | At 1/9/20<br>£   | Net<br>movement<br>in funds<br>£ | At<br>31/8/21<br>£ |
|---------------------------|------------------|----------------------------------|--------------------|
| <b>Unrestricted funds</b> |                  |                                  |                    |
| General fund              | 964,030          | 40,294                           | 1,004,324          |
| Revaluation reserve       | <u>773,124</u>   | <u>-</u>                         | <u>773,124</u>     |
|                           | 1,737,154        | 40,294                           | 1,777,448          |
| <b>Restricted funds</b>   |                  |                                  |                    |
| Bursary gifts             | 2,106            | (1,399)                          | 707                |
| Welsh publications        | 1,290            | -                                | 1,290              |
| SaRang scholarship fund   | 7,443            | 10,000                           | 17,443             |
| SaRang projects fund      | 8,687            | 12,612                           | 21,299             |
| Chairman's expenses fund  | 2,273            | -                                | 2,273              |
| Language Prize Fund       | -                | 2,500                            | 2,500              |
| Newton House fund         | <u>-</u>         | <u>10,000</u>                    | <u>10,000</u>      |
|                           | <u>21,799</u>    | <u>33,713</u>                    | <u>55,512</u>      |
| <b>TOTAL FUNDS</b>        | <u>1,758,953</u> | <u>74,007</u>                    | <u>1,832,960</u>   |

Net movement in funds, included in the above are as follows:

|                           | Incoming<br>resources<br>£ | Resources<br>expended<br>£ | Movement<br>in funds<br>£ |
|---------------------------|----------------------------|----------------------------|---------------------------|
| <b>Unrestricted funds</b> |                            |                            |                           |
| General fund              | 1,189,966                  | (1,149,672)                | 40,294                    |
| <b>Restricted funds</b>   |                            |                            |                           |
| Bursary gifts             | 9,507                      | (10,906)                   | (1,399)                   |
| SaRang scholarship fund   | 10,000                     | -                          | 10,000                    |
| SaRang projects fund      | 124,824                    | (112,212)                  | 12,612                    |
| E Union                   | 65,200                     | (65,200)                   | -                         |
| Language Prize Fund       | 2,500                      | -                          | 2,500                     |
| Newton House fund         | <u>10,000</u>              | <u>-</u>                   | <u>10,000</u>             |
|                           | <u>222,031</u>             | <u>(188,318)</u>           | <u>33,713</u>             |
| <b>TOTAL FUNDS</b>        | <u>1,411,997</u>           | <u>(1,337,990)</u>         | <u>74,007</u>             |

# UNION FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 AUGUST 2021

### 21. MOVEMENT IN FUNDS - continued

#### Comparatives for movement in funds

|                           | At 1/9/19<br>£   | Net<br>movement<br>in funds<br>£ | Transfers<br>between<br>funds<br>£ | At<br>31/8/20<br>£ |
|---------------------------|------------------|----------------------------------|------------------------------------|--------------------|
| <b>Unrestricted funds</b> |                  |                                  |                                    |                    |
| General fund              | 968,586          | (7,441)                          | 2,885                              | 964,030            |
| Revaluation reserve       | <u>773,124</u>   | <u>-</u>                         | <u>-</u>                           | <u>773,124</u>     |
|                           | 1,741,710        | (7,441)                          | 2,885                              | 1,737,154          |
| <b>Restricted funds</b>   |                  |                                  |                                    |                    |
| Bursary gifts             | 2,106            | -                                | -                                  | 2,106              |
| Welsh publications        | 1,290            | -                                | -                                  | 1,290              |
| SaRang scholarship fund   | 7,443            | -                                | -                                  | 7,443              |
| SaRang projects fund      | 2,218            | 6,469                            | -                                  | 8,687              |
| Building and roofing fund | -                | 2,885                            | (2,885)                            | -                  |
| Chairman's expenses fund  | 2,273            | -                                | -                                  | 2,273              |
| Europe Collaboration fund | <u>39,491</u>    | <u>(39,491)</u>                  | <u>-</u>                           | <u>-</u>           |
|                           | <u>54,821</u>    | <u>(30,137)</u>                  | <u>(2,885)</u>                     | <u>21,799</u>      |
| <b>TOTAL FUNDS</b>        | <u>1,796,531</u> | <u>(37,578)</u>                  | <u>-</u>                           | <u>1,758,953</u>   |

Comparative net movement in funds, included in the above are as follows:

|                           | Incoming<br>resources<br>£ | Resources<br>expended<br>£ | Movement<br>in funds<br>£ |
|---------------------------|----------------------------|----------------------------|---------------------------|
| <b>Unrestricted funds</b> |                            |                            |                           |
| General fund              | 1,103,966                  | (1,111,407)                | (7,441)                   |
| <b>Restricted funds</b>   |                            |                            |                           |
| Bursary gifts             | 450                        | (450)                      | -                         |
| SaRang scholarship fund   | 3,760                      | (3,760)                    | -                         |
| SaRang projects fund      | 171,071                    | (164,602)                  | 6,469                     |
| Building and roofing fund | 2,885                      | -                          | 2,885                     |
| Europe Collaboration fund | <u>38,621</u>              | <u>(78,112)</u>            | <u>(39,491)</u>           |
|                           | <u>216,787</u>             | <u>(246,924)</u>           | <u>(30,137)</u>           |
| <b>TOTAL FUNDS</b>        | <u>1,320,753</u>           | <u>(1,358,331)</u>         | <u>(37,578)</u>           |

Bursary gifts are donations made towards the fees of students at the college.

The Welsh Publications fund represents a donation received for the purpose of funding the publication of books in the Welsh language.

The SaRang scholarships fund consists of donations received from the SaRang Community Church to provide assistance for students towards their fees.

The SaRang projects fund is for the purpose of supporting mission projects, mainly in the UK and Europe. These are, generally, either the planting of new churches or the revitalization of existing churches.

The Chairman's expenses fund represents donations received from SaRang Community Church to cover the travel expenses of the Chairman and sundry other costs at his discretion.

## UNION FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 AUGUST 2021

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#### 21. MOVEMENT IN FUNDS - continued

The Europe Collaboration fund is a funding platform for church planting in Europe. Union acted as the fiscal sponsor to administer and distribute funds between 2017-18 and 2019-20. During 2019-20 the partnership came to an end; all nominated funds were distributed, and the balance of funds was returned to Europe Collaboration.

Newton House is Union's theological research centre in Oxford. A fund has been created to receive donations from those who wish to support its development. In 2020-21, a donation of £10,000 was made into the fund.

##### Language Prize

In accordance with the donor's wishes, a fund has been created to help support and encourage training in the biblical languages. The fund will be used to award prizes to the best performing students in Greek and Hebrew, as decided by the Programme Leaders.

##### E-Union

Funds were received for the purpose of developing Union's online theological education provision globally, to make it accessible and affordable to all who wish to train for church ministry. The funds were released throughout the year to expenditure on staff costs, IT and editorial work.

#### 22. EMPLOYEE BENEFIT OBLIGATIONS

The company operates a defined contribution pension scheme and contributes to employees' personal pension plans. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions paid by the company and amounted to £32,297 (2020 - £30,665). At the year end there were contributions of £5,028 (2020 - £6,426) outstanding.

#### 23. RELATED PARTY DISCLOSURES

An interest free loan of £5,000 (2020 - £13,760) was owed to Rev S Ko at the year end.

A salary of £1,050 was paid to a close relation of key management personnel during the year.

Union Foundation and SaRang Church have a formal agreement to work together. During 2021 SaRang donated a total of £397,745 (2020 - £364,381).

Union Foundation received donations of £182,248 (2020 - £209,753) from Union Foundation US (a not-for-profit organisation incorporated in the United States). Joel Morris and Mike Reeves, key management personnel with Union Foundation are directors of Union Foundation US.