

REGISTERED NUMBER - 04258802

EASTERN REGION MINISTRY COURSE
(a company limited by guarantee)

ACCOUNTS

For the year ended 31 August 2019

**EASTERN REGION MINISTRY COURSE
(a company limited by guarantee)**

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EASTERN REGION MINISTRY COURSE

TRUSTEES AND DIRECTORS

Rt. Revd Richard William Bryant Atkinson OBE (Chair)
Revd William Douglas Fitzgerald Gulliford
Ms Susan Elizabeth Pope
Revd Stephen Michael Benoy
Revd David Brereton Foster
Revd Nicholas Ian Moir
Revd Dr Alexander Soenderup Jensen
Professor Joyce Margaret Hill
Revd Timothy Llewellyn Jones
The Venerable Alexander James Hughes
Revd Dr Quentin David Chandler

COMPANY SECRETARY

Revd Dr Alexander Soenderup Jensen

PRINCIPAL OFFICE

1a the Bounds
Westminster College
Lady Margaret Road
Cambridge
CB3 0BJ

BANKERS

Barclays Bank PLC
28 Chesterton Road
Cambridge
CB4 3AZ

AUDITORS

Chater Allan LLP
Beech House
4a Newmarket Road
Cambridge
CB5 8DT

REGISTERED NUMBER

04258802

CHARITY NUMBER

1090989

**EASTERN REGION MINISTRY COURSE
TRUSTEES' ANNUAL REPORT (Incorporating the Directors' Report)
FOR THE YEAR ENDED 31 AUGUST 2019**

Trustees and Directors Report

The Trustees and Directors of the Council are pleased to present their annual report for the year ended 31st August 2019 under the Charities Act 2011, together with the audited accounts for the year and confirm that the latter comply with the requirements of the Act, the memorandum and articles of association and the Charities SORP 2015.

Reference and Administrative Information

The charity is registered with the Charity Commission under charity number 1090989 and is a company limited by guarantee, number 04258802. The registered office is 1a The Bounds, Westminster College, Lady Margaret Road, Cambridge, CB3 0BJ. Particulars of the Charity's Trustees, Council members and professional advisers are listed on Page 1.

Structure, Governance and Management

The Charity is a Limited Company and its Directors are members of the Governing Council.

Members of the Board are appointed according to the Articles of Association and must not exceed twenty or reduce to less than two. The Governing Council, which meets termly, receives reports on the progress of the Course from the Principal, Senior Students and on financial matters from the Finance and General Purposes Committee.

The Governing Council formed the Finance and General Purposes Committee at its meeting in November 2018, replacing the Finance Sub-Group. The new committee is to act as a general purposes and executive committee with the power to act on all day-to-day matters with particular responsibility for the oversight of the ERMC's financial affairs in accordance with legislative requirements, regulations and guidelines.

The Governing Council is responsible for the submission of the annual financial statements and ensuring the Course maintains proper accounting records. The Finance and General Purposes Committee oversees these on a regular basis and reports to the Council. The Council is also responsible for safeguarding the assets of the Course and thereby taking reasonable steps to ensure the prevention and detection of fraud and irregularities.

The Council holds an annual away day, at which it reviews and develops strategy and priorities for the following year.

Most Council Members are nominated by stakeholders in accordance with the Articles of Association; these are then elected by the Council. The Council also has co-opted members, who bring expertise needed to the Council. These are identified and approached by the Chair and Principal, and then, after consultation and scrutiny proposed to the Council and elected.

We provide an induction pack and, if required, an induction session for new trustees.

Risk Management

The Governing Council is responsible for the management of the risks faced by the Course. Risks are identified, assessed and control established throughout the year.

A formal review of the charity's risk management processes is undertaken on an annual basis.

The Council is satisfied that the major risks identified have been adequately managed where necessary. It is recognised that control systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

**EASTERN REGION MINISTRY COURSE
TRUSTEES' ANNUAL REPORT (Incorporating the Directors' Report)
FOR THE YEAR ENDED 31 AUGUST 2019**

Objectives and Activities

The Charity's Objectives are to advance the Christian religion through the provision of theological education and ministerial training to recognised candidates for ordained ministry in the Church of England, the Methodist Church, the United Reformed Church and in other mainstream Christian Churches and, where appropriate, for the preparation of suitable candidates for lay ministry.

The Course trains men and women for the ministry of the Churches of a region which includes the Anglican Dioceses of Ely, St Edmundsbury and Ipswich, Norwich, Peterborough, St Albans and Chelmsford. The Course also serves the Anglican Diocese in Europe. Unfortunately, due to changes in their policies, the Methodist and United Reformed Churches no longer send candidates to ERMIC.

Achievements and Performance

In March 2019 we had our Periodic External Review as part of the Church of England's and Durham University's quality assurance. As the university had already visited us in the previous year as part of our accreditation this was a smaller than usual PER. Four reviewers visited ERMIC in March, attended a residential weekend and met students and other stakeholders. They also reviewed the Ely LLM Training Course and the Norwich Reader Training Course, for which we provide most of the academic content. All three courses were rated highly by the review team led by Dr Sally Buck from the Diocese of Lincoln. The reviewers were impressed by the high standards of teaching and learning and especially by the sense of community and support. The report lists eight areas singled out for commendation and then makes several recommendations which will help us to improve our already good practice. Among other areas commended are the strong leadership of the three courses and the clear sense of vision embodied in the training. The overall judgement was 'confidence with qualifications'.

We have now completed our first year as a TEI in our own right. The new accreditation arrangements, under which we relate directly to Durham for academic accreditation and remain a member of the Cambridge Theological Federation in all other respects, have worked very well and we are enjoying the new-found flexibility and responsibility for our own courses. Interaction with Durham works very smoothly. We employed the Revd Rachel Simons as Academic Registrar and she has overseen the implementation of the new arrangements very successfully.

The Council approved our new vision statement and strategic plan, headed by the vision statement 'Forming and equipping lay and ordained ministers for a growing Church'. The PER established that the new articulation of our vision is shared widely by students and staff already. We are now working on the implementation of the strategic plan.

The Revd David Herrick left his position as interim Director of Studies at the end of the academic year. We appointed Dr Rebecca Watson, who used to work for ERMIC a long time ago and was most recently working as Director of Studies at St Hild's. She is a research active scholar and author as well as an experienced teacher and will make important contributions to the life of ERMIC. Rebecca joined us at the beginning of the 2019/20 academic year.

Financial Review

The Course continues to be funded by fees received from the Church of England and its viability is dependent on the number of students it can attract annually. The Council reports a surplus of £18,816 after the actuarial gain on the defined benefit schemes. We were pleased that student numbers had increased significantly. This shows that the smaller numbers in the previous year were, as hoped, a blip rather than a trend. For the following year student numbers are again at a healthy level. The Finance and General Purposes Committee continues to review expenditure so the ERMIC will be sustainable in the long term.

**EASTERN REGION MINISTRY COURSE
TRUSTEES' ANNUAL REPORT (Incorporating the Directors' Report)
FOR THE YEAR ENDED 31 AUGUST 2019**

Reserves Policy

The Council operates a reserves policy which states that the Trustees are satisfied that ERMC can operate with the equivalent of two months' worth of expenditure as a reserve; this would be the equivalent of £69,000 in 2019. However, over the longer term, it is desirable to hold three months, provided that there is no detrimental effect on the running of the course. This would not provide against a change in Ministry Division funding arrangements, but would give the Trustees the opportunity to consider and respond to such a change. It is not considered necessary or appropriate to hold reserves against such changes. The Trustees note that the total unrestricted free reserves at the year-end were £104,463. It will be important, though, to monitor this carefully until ERMC returns to a regular annual surplus (before any actuarial losses). Total reserves at 31st August 2019 are £109,963.

Public benefit

The Trustees have reviewed the activities of the past year in line with Charity Commission guidelines on public interest benefit. The aims and objectives of ERMC are within those guidelines interpreted by ERMC as providing specific benefit to those being trained for authorised church ministry and through them to the Anglican parishes and Methodist Circuits and wider communities in the region which we serve.

Plans for the future

We are working with one of our partner dioceses, St Albans, on a new course for lay pioneer ministers and a new access course to prepare students to study theology at level 4. We are hoping that one or two others of our partner dioceses are going to join this collaboration. The courses are expected to be operating in 2020/21.

We are now working on the implementation of the strategic plan. We have incorporated the recommendations made by the PER into the plan and will be addressing them over the next year.

Responsibilities of the Board of Trustees

Under company law, the directors are required to prepare financial statements for each financial year which give a true and fair view of the state of the Company and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing these financial statements the Board is responsible for

- keeping accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Board is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
- the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as the trustees are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the charity's auditors are unaware, and each trustee has taken steps that he or she ought to have taken as trustee in order to make himself or herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Rt. Revd Richard William Bryant Atkinson OBE (Chair)

Signed on behalf of the Council

Date: 16.4.20.

**EASTERN REGION MINISTRY COURSE
REPORT OF THE INDEPENDENT AUDITORS TO THE COUNCIL OF MEMBERS**

We have audited the financial statements of Eastern Region Ministry Course for the year ended 31 August 2019 which comprise Statement of Financial Activities, Balance Sheet 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, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2019 and of the Course's surplus for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Council Members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**EASTERN REGION MINISTRY COURSE
REPORT OF THE INDEPENDENT AUDITORS TO THE COUNCIL OF MEMBERS (CONTINUED)**

Opinion on other matter 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Council Members' report.

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

- adequate accounting records have not been kept, or returns adequate for 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the Council Members were not entitled to prepare the financial statements in accordance with the small companies' regime when not eligible and to take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the Council Members' Report.

Responsibilities of the Council Members

As explained more fully in the trustees' responsibilities statement, the trustees 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 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

EASTERN REGION MINISTRY COURSE
REPORT OF THE INDEPENDENT AUDITORS TO THE COUNCIL OF MEMBERS (CONTINUED)

Use of report

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

Stuart Graham Berriman (Senior Statutory Auditor)
for and on behalf of Chater Allan LLP,
Chartered Accountants & Statutory Auditor,
Beech House
4a Newmarket Road
Cambridge

Date:

**EASTERN REGION MINISTRY COURSE
STATEMENT OF FINANCIAL ACTIVITIES (Income and expenditure account)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £	Total Funds 2018 £
Income from:					
Donations		2,460	-	2,460	7,170
Charitable activities:					
- Theological education and ministerial training		442,165	-	442,165	366,890
- Other		7,547	-	7,547	6,940
Investments		512	-	512	267
Total		452,684	-	452,684	381,267
Expenditure					
Charitable activities	2	410,868	-	410,868	427,377
Total		410,868	-	410,868	427,377
Net income/(expenditure)		41,816	-	41,816	(46,110)
Transfer between funds		-	-	-	-
Other recognised gains/(losses)					
Actuarial (losses)/gains on defined benefit pension schemes	11	(23,000)	-	(23,000)	11,000
Net movement in funds		18,816	-	18,816	(35,110)
Reconciliation of funds:					
Total funds brought forward		90,817	330	91,147	126,257
Total funds carried forward as restated		109,633	330	109,963	91,147

None of the Course's activities were acquired or discontinued during the above two financial years.

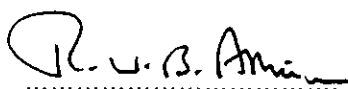
**EASTERN REGION MINISTRY COURSE
BALANCE SHEET
AS AT 31 AUGUST 2019**

REGISTERED NUMBER - 04258802

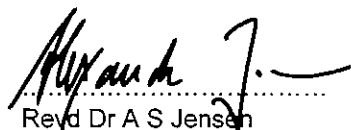
	Note	2019		2018	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	4		5,170		4,997
CURRENT ASSETS					
Debtors	5	28,585		32,553	
CBF Deposit Account		161		160	
Cash at Bank		182,617		139,718	
Petty Cash		9		9	
TOTAL CURRENT ASSETS		<u>211,372</u>		<u>172,440</u>	
CURRENT LIABILITIES					
Creditors	6	<u>72,579</u>		<u>72,990</u>	
		72,579		72,990	
NET CURRENT ASSETS			<u>138,793</u>		<u>99,450</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			143,963		104,447
DEFINED BENEFIT PENSION SCHEME LIABILITY	7		(34,000)		(13,300)
NET ASSETS			<u><u>109,963</u></u>		<u><u>91,147</u></u>
THE FUNDS OF THE CHARITY:					
Unrestricted Fund:					
General Fund			109,633		90,817
Restricted Fund	9		330		330
TOTAL CHARITY FUNDS			<u><u>109,963</u></u>		<u><u>91,147</u></u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to the small companies.

Approved by the Council on
and signed by:



Rt. Revd Richard William Bryant Atkinson OBE (Chair)



Revd Dr A S Jensen

1) ACCOUNTING POLICIES

Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Charity constitutes a public benefit entity as defined by FRS 102.

Financial reporting standard 102 - reduced disclosure exemptions

The charity has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

- the requirements of Section 7 Statement of Cash Flows.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item of income have been met, it is probable that the income will be received and the amount can be measured reliably. Interest is fully accrued at the balance sheet date.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Grants and donations payable are accounted for when a legal or constructive obligation arises. A constructive obligation arises where the other party has a reasonable expectation of receipt.

Depreciation of Fixed Assets

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

Furniture	10 years on cost
Equipment	5 years on cost
Computers and computer equipment	3 years on cost
Library	15 years on cost

Pension Costs

The company operates two defined benefits pension schemes. Contributions payable to these schemes are charged to the Income and Expenditure account so as to spread the cost of the pension over the employees' expected working life. The pension charge is calculated on the basis of actuarial advice. These contributions are invested separately from the course's assets. Under Section 28 of FRS 102 provision is made for agreed deficit recovery payments.

Going Concern

The Trustees have considered the financial position of the charity and believe it is well placed to manage its business risks successfully. The trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis of preparation in preparing the financial statements.

Debtors

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

Creditors and provisions

Creditors and provisions 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 and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**EASTERN REGION MINISTRY COURSE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019**

2) CHARITABLE ACTIVITY EXPENDITURE

Theological education and ministerial training

Direct costs:

	2019 £	2018 £
Tutorial staff	130,072	137,161
Staff travel, training and book allowances	7,552	6,559
Tutors' fees and expenses	24,538	23,992
Centre teacher expenses	15,575	15,942
Other academic costs	22,755	51,405
Tutorial support staff	57,886	35,340
Recruitment & meals costs	3,526	2,577
Insurance	1,416	1,340
Other direct premises costs	17,625	15,595
Residential weekends and summer	90,448	89,488
Staff housing costs	12,411	12,519
Depreciation charge	2,110	1,384
Grants payable	500	-
Bad debts	522	-
Pension provision interest cost	-	1,000
	<u>386,936</u>	<u>394,301</u>

Support costs:

Service charges	3,055	3,088
Printing, stationery and photocopying	3,608	3,213
Postage and telephone	561	878
Branding and web design	580	1,738
IT costs	1,992	4,509
Gas & Electricity	586	782
Governance- Audit fees	1,954	2,100
Council expenses	133	756
Professional fees	10,584	15,336
Other support costs	880	677
	<u>23,933</u>	<u>33,076</u>

Total costs

410,868 427,377

3) ANALYSIS OF STAFF COSTS AND REMUNERATION TO KEY PERSONNEL

	2019 £	2018 £
Wages and salaries	136,828	130,272
Social security costs	7,993	5,842
Pension costs	25,261	23,536
Staff book allowances	942	643
	<u>171,025</u>	<u>160,293</u>

The average number of persons employed by the Course during the year was: -

	2019	2018
Academic staff	4	4
Tutorial support staff	3	2
	<u>7</u>	<u>6</u>

There were no employees paid in excess of £60,000 in the year.

£277 was paid to one trustee for council expenses.

During the year one trustee Revd Dr Jensen received £43,907 in his capacity as Principal.

Key management personnel

During the year remuneration received by key management personnel totalled £52,907.

**EASTERN REGION MINISTRY COURSE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019**

4) FIXED ASSETS

Cost	Computer Equipment £	Office Equipment & Furniture £	Library £	Total £
At 1 September 2018	4,428	7,760	20,216	32,404
Additions	2,284	-	-	2,284
Disposals	-	-	-	-
At 31 August 2019	<u>6,712</u>	<u>7,760</u>	<u>20,216</u>	<u>34,688</u>
Depreciation				
At 1 September 2018	2,728	4,463	20,216	27,407
Charge for Year	1,699	412	-	2,111
Eliminated on disposal	-	-	-	-
At 31 August 2019	<u>4,427</u>	<u>4,875</u>	<u>20,216</u>	<u>29,519</u>
Net Book Value:				
At 31 August 2019	<u>2,285</u>	<u>2,885</u>	<u>-</u>	<u>5,170</u>
At 31 August 2018	<u>1,700</u>	<u>3,297</u>	<u>-</u>	<u>4,997</u>

All assets are used for charitable purposes.

5) DEBTORS

	2019 £	2018 £
Fees outstanding	3,115	5,155
Prepayments and accrued income	24,610	27,398
Other debtors	859	-
	<u>28,585</u>	<u>32,553</u>

6) CREDITORS

	2019 £	2018 £
Trade creditors	34,524	41,467
Accruals and deferred income	21,937	14,463
Other creditors	3,118	3,215
Pension deficit reduction provision	13,000	13,845
	<u>72,579</u>	<u>72,990</u>

7) PENSION PROVISIONS

	2019 £	2018 £
Balance as at 1st September	24,000	39,000
Deficit contributions (paid)/incurred	(7,000)	(5,000)
Interest cost	-	1,000
Remaining change to the balance sheet liability	30,000	(11,000)
Balance as at 31 August	<u>47,000</u>	<u>24,000</u>
Due in less than one year	13,000	10,700
Due in more than one year	<u>34,000</u>	<u>13,300</u>

The charity has entered into a deficit recovery plan in respect of the Church of England Funded Pension Scheme, see note 11. The pension provisions are based on the pension scheme's year end of 31 December ended in the charity's accounting year.

The charity has entered into a deficit recovery plan in respect of the Church Workers Pension Fund, see note 11. The pension provisions are based on the pension scheme's year end of 31 December ended in the charity's accounting year.

**EASTERN REGION MINISTRY COURSE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019**

8) OPERATING LEASE COMMITMENTS

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

	Office Equipment	
	2019	2018
Expiring:	£	£
In less than one year	969	969
Between one and two years	242	1,212

Lease payment rentals recognised as an expense for the year amounted to £1,018.

9) RESTRICTED FUND

	Liturgy Binders Fund	Total
	£	£
Balance as at 1 September 2018	330	330
Incoming resources	-	-
	<u>330</u>	<u>330</u>
Less outgoing resources	-	-
Transfer from Unrestricted Fund	-	-
Balance as at 31 August 2019	<u>330</u>	<u>330</u>

The Restricted Fund was set up in 2003 with a donation of £330 to purchase liturgy binders.

10) ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets	Net Current Assets	Pension Provisions	Total
	£	£	£	£
Restricted Funds	-	330	-	330
Unrestricted Funds:				
General Fund	5,170	138,463	(34,000)	109,633
	<u>5,170</u>	<u>138,793</u>	<u>(34,000)</u>	<u>109,963</u>

11) PENSION SCHEMES

a) Church Workers Pension Fund

Eastern Region Ministry Course (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

**EASTERN REGION MINISTRY COURSE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019**

11) PENSION SCHEMES (continued)

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA in the year contributions are payable towards benefits and expenses accrued in that year (2019: £3,655, 2018: £2,165), plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £11,656 for 2019 (2018: £2,165).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £26.2m.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £1,600 per year. In addition deficit payments of £2,056 per year have been agreed for 5 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2019	2018
Balance sheet liability at 1 January	-	-
Deficit contribution paid	(2,000)	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability*(recognised in SoFA)	10,000	-
Balance sheet liability at 31 December	<u>8,000</u>	<u>-</u>

* Comprises change in agreed deficit recovery plan and change in discount rate between year-ends.

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NOTES TO THE ACCOUNTS
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11) PENSION SCHEMES (continued)

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

	Dec-19	Dec-18	Dec-17
Discount rate	1.20%	1.90%	0.00%

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities.

The next valuation of the scheme is being carried out as at December 2019.

Pension Builder Scheme

Eastern Region Ministry Course participates in the Pension Builder Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and other participating employers.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pension Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each of the Pension Builder Scheme.

The Scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the SoFA in the year are contributions payable (2019: £6,882, 2018: £8,025).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2016.

For the Pension Builder Classic section, the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

The legal structure of the scheme is such that if another employer fails, Eastern Region Ministry Course could become responsible for paying a share of that employer's pension liabilities.

**EASTERN REGION MINISTRY COURSE
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11) PENSION SCHEMES (continued)

b) Clergy Pension Fund

Eastern Region Ministry Course participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which hold the assets of the schemes separately from those of the Responsible Bodies.

	December 2019	December 2018
Number of members at this Responsible Body	2	2

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2019: £19,008, 2018: £15,316), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of (£34,008) in 2019 (2018: £316).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average rate of 3.2%p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA VL tables, with allowance for future improvements in mortality rates in line with the CMI 2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5%p.a.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the contribution rates (as a percentage of pensionable stipends) were set out in the table below.

	January 2018 to December 2020	January 2021 to December 2022
% of pensionable stipends		
Deficit repair contributions	11.9%	11.9%

As at 31 December 2017 and 31 December 2018, the deficit repair contributions payable under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

As at 31 December 2019 the deficit repair contributions payable under the recovery plan in force were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

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11) PENSION SCHEMES (continued)

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2019	2018
Balance sheet liability at 1 January	24,000	39,000
Deficit contributions paid	(5,000)	(5,000)
Interest cost (recognised in SoFA)	-	1,000
Remaining change to the balance sheet liability* (recognised in SoFA)	20,000	(11,000)
Balance sheet liability at 31 December	<u>39,000</u>	<u>24,000</u>

* Comprises change in agreed deficit recovery plan and change in discount rate between year-ends

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

	December 2019	December 2018	December 2017
Discount rate	1.1%	2.1%	1.4%
Price inflation	2.8%	3.1%	3.0%
Increase to total pensionable payroll	1.3%	1.6%	1.5%

The legal structure of the scheme is such that if another Responsible Body fails, Eastern Region Ministry Course could become responsible for paying a share of that Responsible Body's pension liabilities

The valuations for the accounting year ending 31st August 2020 are as follows:

Church Workers Pension Fund (CWPF)

	2020	2019
Balance sheet liability at 1 January	8,000	-
Deficit contribution paid	(2,000)	(2,000)
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability*(recognised in SoFA)	1,000	10,000
Balance sheet liability at 31 December	<u>7,000</u>	<u>8,000</u>

Church of England Funded Pension Scheme (CEFPS)

	2020	2019
Balance sheet liability at 1 January	39,000	24,000
Deficit contribution paid	(6,000)	(5,000)
Interest cost (recognised in SoFA)	1,000	-
Remaining change to the balance sheet liability*(recognised in SoFA)	(21,000)	20,000
Balance sheet liability at 31 December	<u>13,000</u>	<u>39,000</u>

**EASTERN REGION MINISTRY COURSE
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FOR THE YEAR ENDED 31 AUGUST 2019**

12) STATEMENT OF FINANCIAL ACTIVITIES DETAIL FOR YEAR ENDED 31st AUGUST 2018

	General Fund £	Restricted Fund £	Total 2018 £
Income from:			
Donations	7,170		7,170
Charitable activities:			
- Theological education and ministerial training	366,890		366,890
- Other	6,940		6,940
Investments	267		267
Total	<u>381,267</u>	<u>-</u>	<u>381,267</u>
Expenditure			-
Charitable activities	427,377		427,377
Total	<u>427,377</u>	<u>-</u>	<u>427,377</u>
Net (expenditure)/income	(46,110)	-	(46,110)
Transfer between funds	-	-	-
Other recognised gains/(losses)			
Actuarial gains/(losses) on defined benefit pension schemes	11,000	-	11,000
Net movement in funds	<u>(35,110)</u>	<u>-</u>	<u>(35,110)</u>
Reconciliation of funds:			
Total funds brought forward	<u>125,927</u>	<u>330</u>	<u>126,257</u>
Total funds carried forward as restated	<u>90,817</u>	<u>330</u>	<u>91,147</u>

13) RELATED PARTY TRANSACTIONS

There were no related party transactions except as noted in note 3.