

**Company Number: 01337047**  
**Charity Number: 507027**

**THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2019**

**MHA MACINTYRE HUDSON**  
**Chartered Accountants and Registered Auditors**  
**Rutland House**  
**148 Edmund Street**  
**Birmingham**  
**B3 2FD**

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Contents

	<b>Page</b>
Annual Report	1 to 15
Independent Auditor's Report	15 to 17
Statement of Financial Activities	18
Balance Sheet	19
Statement of Cash Flow	20
Notes to the Financial Statements	21 to 40

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Annual Report

Year Ended 31 December 2019

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### Reference and Administrative Information

#### Registered Office

Digbeth-in-the-Field United Reformed Church  
Moat Lane  
Yardley  
Birmingham B26 1TW

#### Directors and Trustees

Mr D.S. Black  
Mr T. Dicker  
Revd S.M. Faber  
Mr G. Justham (appointed 1 January 2019)  
Mrs M.F. Marshall  
Mr A. Mottram  
Mr G.W. Potter (Treasurer to March 2020)  
Mr S.M. Powell (Treasurer from March 2020)  
Mr K. Thomas  
Revd D.M. Walton (Chair of Trust)

#### Bankers

Lloyds TSB Bank  
(Kings Heath branch)  
P O Box 1000  
BX1 1LT

#### Legal Advisors

Towns Needham Solicitors Limited  
Brook House, 64-72 Spring Gardens  
Manchester M2 2BQ

Veale Wasbrough Vizards LLP  
Second Floor, 3 Brindley Place  
Birmingham B1 2JB

#### Auditor

MHA MacIntyre Hudson  
Rutland House, 148 Edmund Street  
Birmingham B3 2FD

#### Investment Manager

Smith & Williamson  
9 Colmore Row  
Birmingham B3 2BJ

#### Synod Officers

Moderator – Revd S.M. Faber  
Synod Clerk – Mrs. M.F. Marshall (until March 2020 then Mr R. Lockley)  
Synod Treasurer – Mr G.W. Potter (until March 2020 then Mr S.M. Powell))  
Children's and Youth Development Officer – Rev C. Burgham until 28 February 2019  
Training and Development Officer – Revd S.P. Scott  
Evangelist – Revd N. Stanyon  
Trust Officer – Mrs R. Wakeman until 31 July 2019 then Mrs K. Harris  
Finance Officer – Mr M.N. Davies  
Property Officer – Mr B. Goldsby

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Annual Report

Year Ended 31 December 2019

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### **Structure, Governance and Management**

The United Reformed Church (West Midlands) Trust Limited ("The Trust") holds the assets and liabilities of the West Midlands Synod of the United Reformed Church ("Synod"). The Trust is a company limited by guarantee formed on 2 November 1977 and a registered charity. It is governed by its Memorandum and Articles of Association as revised in 2008.

### **Trustees**

The directors of the company, who are also trustees of the charity for the purposes of charity law, serve as members of the Board. All members of the Board give their time voluntarily and receive no benefits from the Trust other than the honorarium and reimbursed expenses shown in note 5 to the financial statements.

Trustees serving on the Board during the year were as follows:

Mr D.S. Black, Mr T. Dicker, Revd S.M. Faber, Mr A. Mottram, Mr G.W. Potter (Treasurer), Mr S.M. Powell, Mrs M.F. Marshall, Mr K. Thomas, Mr G Justham and Revd D.M. Walton (Chair of Trust).

### **Appointment of new trustees**

The Synod, which has the sole power to appoint members of the Board, delegates its power to the Synod Mission Council (a sub-committee of the Synod) in between meetings. The Synod Mission Council considers individuals with relevant experience who are eligible for appointment.

Members of the Board must be a member of the United Reformed Church ("URC") or of a Local Ecumenical Partnership involving the URC. There is no formal programme for the induction and training of trustees although all are encouraged to attend relevant seminars arranged by the Trust's professional advisors.

### **Organisational structure**

Whilst the Trust holds the assets and liabilities of the Synod, it is the Synod which sets policy subject to Trust endorsement and further details of the constitution of the Synod are given below. Any decisions made by the Synod which have financial implications for the Trust must be referred to the Board for approval before being implemented and would normally only have been made by the Synod in the light of advice from the Trust.

Following agreement at the October 2018 Synod to restructure, the new Synod Resources and Compliance Committee took over the remit of the Synod Finance Committee and Synod Property Committee, with its membership consisting of Synod Officers, their Line Managers, and others with appropriate skills to be identified and appointed by Synod Mission Council. The first meeting was held in February 2019, and there is an ongoing process of defining the terms of reference and looking at membership.

A Reference Committee has authority to approve urgent transactions between Board meetings, provided that they meet normal qualifications and are reported to the next committee. It does not normally take decisions which involve substantial sums of money. The Reference Committee consisted of the Moderator, Synod Clerk and Synod Treasurer together with the Trust or Finance or Property Officer. Another Trustee was co-opted as a voting member when urgent decisions were required and key officers were not all available and the Chair of Trust assisted where consensus could not be reached. The procedure is under review as part of the ongoing process of defining terms of reference.

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Annual Report

Year Ended 31 December 2019

---

### ***Constitution of the Synod***

Synod is constituted in accordance with the Scheme of Union and the United Reformed Church Acts of 1972, 1981 and 2000 ([www.urc.org.uk](http://www.urc.org.uk)). It has oversight of the URC in the West Midlands (covering an area from the Welsh Border across to Rugby and from Leek in North Staffordshire down to Wotton-under-Edge in Gloucestershire) fulfilling consultative, legislative and executive functions. Synod meets twice a year and consists of ministers, representatives of each local church and ecumenical representatives together with Synod Officers.

The Trust has responsibility for all Synod finance related matters except for Ministry and Mission Fund matters (by which churches pay for ministry) for which the Resources and Compliance Committee has delegated responsibility. Ministers' stipends are paid centrally with Synods agreeing with their local churches the level of payments to the central Ministry and Mission Fund. The remit of the Resources and Compliance Committee includes delegated authority for agreeing grants, particularly for property, within criteria and budgets set by the Trust.

Other business between Synod meetings is dealt with by Synod Mission Council and its committees. Synod Mission Council comprises some Synod Officers, Convenors of Synod Committees and representatives from the Areas within Synod (see [www.urcwestmidlands.org.uk](http://www.urcwestmidlands.org.uk)). During the year there were seven Areas. The work of Synod Mission Council is organised through committees with responsibility for specific aspects within the life of the Church. At the October 2018 Synod it was agreed to reduce the number of committees from eight to three to better resource the work, it having been identified that the large number of committee places were difficult to fill and the number of committees and meetings was proving a burden for the Synod as its membership has declined.

### ***Relationships with the URC General Assembly***

The Synod acts as a bridge between the work of the local church and the General Assembly. It carries an oversight function for the local churches within the context of the General Assembly's policies. The councils of the United Reformed Church (Church Meeting, Synod and General Assembly) have a covenantal relationship which means that they have an awareness of and responsiveness to the needs and mission of the whole Church. This is expressed in many ways but not least in the Plan for Partnership through which ministry is supported and in the resource sharing arrangements between Synods.

### ***Related parties***

Local United Reformed Churches operating in the West Midlands area are separate independent charities. There is no common control or unity of administration with any of these bodies and they are not deemed to be connected charities within the understanding of the Charities SORP 2015.

### ***Property Holding Trustee***

The Trust acts as trustee on behalf of most of the United Reformed Churches in the West Midlands holding properties on trust for them in accordance with the Statutory Trusts as set out in the United Reformed Church Acts. The insured value of these properties exceeds £100 million and there are guidelines in place to minimise the risk to the Trust of actions by local churches in respect of these assets.

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Annual Report

Year Ended 31 December 2019

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### ***Custodian Trustee***

The Trust acts as custodian trustee for some churches and other URC related organisations, holding investments separately on their behalf. The investments have a value of approximately £1,095,680 and the local churches and other URC groups have objects consistent with those of the Synod. The investments are held in deposits and investments separate from those of the Trust and identified as such. The funds are recorded and reconciled on a regular basis and reported to the appropriate church or group on an annual basis.

### ***Risk management***

Synod has undertaken a thorough Risk Assessment review and aims to revisit it on an annual basis. This process considers the risks to which the Synod and Trust are exposed and agrees policies and actions to minimise any potential exposure to those risks. The reserves policy and investment policy of the Trust are considered to play a key part in mitigating the major risk of having insufficient resources to provide the appropriate level of support to United Reformed Churches within the Synod area. The format of the Risk Assessment has been based on a model produced by the central United Reformed Church. This is currently subject to review and it is intended to similarly revise the format for the Synod.

### ***Objectives and activities***

The objects of the Trust, as set out in the company's memorandum of association, are:-

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

The aim of the Trust, through the work of the Synod, is to provide financial, pastoral, educational and technical support to local URC congregations, their Ministers, Elders and lay people in their life and mission. It is also to share the vision of the United Reformed Church's General Assembly with the local churches. This it has done through the development of a Synod strategy which is heavily based on the Assembly's Vision 2020 initiative – a framework for developing the United Reformed Church's mission towards 2020. The Board has overall responsibility for decisions relating to the assets held at Synod and local church level.

### ***Ensuring delivery of the Trust's aims and public benefit***

The trustees have referred to the general guidance issued by the Charity Commission on public benefit when considering the delivery of activities in furtherance of the aims and objectives. The Trust, through the work of the Synod, supports 111 churches in the region with 3,681 United Reformed Church members. Our support of these churches and their congregations aims to further their purposes in advancing the Christian religion.

Although from time to time churches to which trustees may belong are beneficiaries of financial support, there are agreed procedures to ensure that no trustee derives a private benefit and that no undue bias arises in considering the merits of the application. Potential conflicts of interest are declared and noted in relation to trustees, Synod Officers and others. Minutes and other appropriate records are kept including how discussion and decision making has subsequently been carried out.

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Annual Report

Year Ended 31 December 2019

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### ***Financial support and grant making policies***

A range of loans, sometimes held as programme related investments, and grants are available to local churches to assist them with their mission and with improvement and maintenance of properties and to local ministers to support ministerial training, development and sabbaticals.

In addition, a Synod Mission Fund of £1 million was established in 2010. The Synod created the fund as part of its responsibility to encourage, enable and support local churches in their mission activities. The Fund is a resource to enable mission to develop and, in particular, as a financial support to Mission pledges, an idea introduced in 2009 as part of the Vision 2020 process.

Another important aspect of the support offered to churches is through the Synod Manse Policy. In addition to grants and short-term loans for improving existing manses, capital investment is often made when purchasing replacement manses to improve standards. The Trust has enabled the purchase of replacement houses before sale of the existing manse in certain instances. The Trust also provides contributions from the sale of redundant church buildings to support The Ministers Pension Fund.

The Trust has an approved grant making policy, which is kept under review. During 2019 the Trust increased the rate of Property Grants from 20% to 25% subject to a maximum of £30,000 in any three year period. Grants are charged in the year in which they are approved and there is a clear application procedure for all potential beneficiaries. The grant making policy for ministerial training is based on national guidelines. In all cases grant awards are made after consideration of the mission statement and financial situation of the applicant.

### ***Pastoral and Educational support***

The role of the Moderator is to work with Synod Officers and Committees to provide spiritual, strategic and pastoral leadership to churches within the West Midlands Synod. This objective is met by the care, encouragement, support and challenging of ministers and churches through meetings, conferences, visits and training events and being responsive when difficulties arise.

The Synod is divided up into Areas to help communication and pastoral support to develop more readily across the region. A key body in this process is the Ministry Development Committee. It comprises the Area Ministers from each Area with the Moderator and key Synod Officers and it is chaired by a Minister of the Synod. In the context of the Areas the Moderator is instrumental in encouraging conversations about pastorates and calling of ministers.

The Synod Training and Development Officer and the Synod Evangelist are Ministers of Word and Sacraments, inducted to their Synod roles following a call issued and accepted recognising their appropriate skills and experience. The Children and Youth Development Officer is a salaried post, with recruitment also based on skills and experience.

The role of the Synod Training and Development Officer is to implement those parts of the Synod Mission Strategy concerned with establishing, developing and control of lay training, and to implement those parts of the Synod Mission Strategy concerned with EM1, EM2 and EM3 (Education for Ministry Phases 1-3) as a lifelong and ongoing process for Ministers and Church Related Community Work Ministers, and to provide advice, support and guidance as appropriate in relation to training in other aspects of mission and ministry in the Synod.

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Annual Report

Year Ended 31 December 2019

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The Synod Evangelist works with local congregations encouraging and responding to invitations from local churches to be involved in specific outreach projects. He also offers training in evangelism and explores with elders, churches and individuals how they can be responding to opportunities to share their faith.

Work in the local churches with Youth and Children continued with only limited support from the Synod as the previous Children and Youth Development Officer (CYDO) retired from February 2019. His replacement has been recruited and he started in role at the beginning January 2020. He is already being effective in encouraging and equipping young people in several parts of the Synod.

### ***Technical support***

The Synod Property, Finance and Trust Officers are paid staff recruited on the basis of their professional experience and skills to enable day to day operations.

Where churches are Listed buildings, Synod has a statutory role under Ecclesiastical Exemption, which the Property Officer carries out with the assistance of other officers of the wider United Reformed Church. In addition, Synod seeks to provide advice and guidance to assist churches to meet their obligations as Listed Buildings while developing their mission and vision. Support is also provided in other areas where changes in policy or legislation have to be implemented on a practical basis at local church level and training and/or advice is made available to these churches including the provision of an annual conference for church treasurers and those interested in finance and the provision of Health and Safety awareness to Church Elders.

In some cases, churches may need legal or other professional advice. The Trust continues to encourage appropriate use of external advice and assist with securing services which are effective and provide best value. Following a review of legal services in 2017 when the decision was made to work with more than one firm of Solicitors, the Trust has continued to work with Towns Needham as well as Veale Wasbrough with the former providing support particularly in areas requiring specialist knowledge of the URC Acts.

Technical support is of particular relevance where churches are facing closure or entering into local ecumenical projects and partnerships and decisions have to be made about surplus properties. The Trust provides support through the decision-making process and legalities both technically and pastorally. On occasions financial support is also made available on a temporary bridging basis.

The Synod Property Officer continues to provide technical support to local churches in the maintenance and enhancement of their church buildings. This includes working closely with local church leadership to resolve practical and technical issues regarding a number of proposed major projects including Ansty Road URC, Foleshill Road URC and the completion of a new Church at Lillington.

In addition to being in charge of the Accounts, the Synod Finance Officer is Secretary to the Synod Mission Fund Panel and assists local Churches with their grant applications and other areas of church finance.



# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Annual Report

### Year Ended 31 December 2019

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The Synod Trust Officer is Secretary to the Board and Synod Resources and Compliance Committee. She offers support to local Churches and other officers particularly in the areas of governance and charity law, working with solicitors and others as appropriate.

#### **Achievements and performance**

Financial support in the form of grants was made to local churches during the year to assist with the improvement and maintenance of church buildings and manses, details of which can be found in note 4 to the financial statements.

With the new Manse Guidelines, developed and brought through a robust discussion process in 2014, and formally adopted at Spring Synod in 2015, the programme of inspection of Manses currently occupied by a Minister, along with the inspection of other Manse properties continued. During 2019, the Property Officer continued to deliver a programme of investment into the manse stock required to meet future ministerial deployment across the Synod bringing consistency in the improvement, maintenance/repair and energy efficiency of the property portfolio. Following approval of the new Synod Manse Policy in 2018, the Synod Property Officer in consultation with the Synod Finance Officer committed £100,000 per year to support improvement works to nine manses. The majority of these works have been completed in 2019 with the balance due for completion in early 2020.

The network of Architects and Surveyors, established in 2014 to support the Quinquennial Survey programme, continued to progress the programme commenced in the latter part of 2014, with all listed churches having been surveyed along with all non-listed churches. Completed Quinquennial Reports continue to be circulated to Area ministers and churches, with the response that the information contained within the reports has assisted churches to plan and budget for short, medium and long term maintenance/repair programmes.

The Synod Property Officer in 2019 continued to work with a health and safety consultant to deliver a training presentation to support churches with compliance with relevant health and safety legislation. The training was delivered at Synod Area meetings, Elders Training, seminars and local church meetings.

The Synod Mission Fund is now in its eighth year of operation and continues to support local churches in mission activity and the achievement of mission pledges. We have amended the criteria to make it more accessible to smaller churches. During the year financial support was committed to seven new projects.

Grants were awarded to support: -

- Nailsworth LEP
- Weoley Hill URC
- Beacon URRCR, Rubery
- Holyhead Road
- Uttoxeter
- Four projects of £1,000 or less

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Annual Report

### Year Ended 31 December 2019

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The Synod Mission Fund balance is £583,515 which includes £20,441 from a legacy for use in the Coventry Area. Grants of £33,961 have been awarded in 2019.

During 2019 our global partnership with the Diocese of Durgapur was maintained with continued involvement of the Trust in managing further release of the legacy which financed the Colin Choyce Hostel for children at risk or rescued from human trafficking and now contributes to running costs.

The work of the Synod Training and Development Officer has included the planning and delivery of the annual Ministers' Conference, oversight of the Local Ministry and Mission Review process, the planning of Ministers' Days, the delivery of refresher training for "Safer Sacred Space", leading training sessions for lay preachers and lay presidency and arranging Elders' days, raising awareness of the "Walking the Way" initiative and the planning and delivery of prayer events as a contribution to it, publicising the "Stepwise" discipleship resources, arranging shadowing experience for prospective ministers and sharing in the review of those in training, supporting and encouraging training for Ministers, lay preachers and others, endorsing grant applications for lay training and for Ministers' ongoing training and sabbatical study leave, arranging opportunities for training in dementia awareness and Mental Health First Aid and delivering other learning and reflection with individuals and local churches. The Officer also attends meetings within the Synod, with colleagues across the denomination and ecumenically, and regularly leads worship across the Synod. From October to December the post holder was on sabbatical study leave, exploring the theology and practice of ministry in the United Reformed Church past, present and future.

The Synod Evangelist has begun a second five year term in the post. He spent much of 2019 off work with serious illness. However, he began a phased return to work in December and will have reached full time by March 2020. He has continued to try to encourage churches in mission through the sharing of 'Good News stories', looking at new ways of sharing these stories. He has also continued to work with the Training Officer to encourage churches in engaging with 'Walking the Way: living the Life of Jesus today'.

He has continued to promote and use initiatives and resources such as "Church where the people are", "Prayers for every household", "Praying the way" and "Talking Jesus". A project in 2020 is to find or create training in faith sharing specifically aimed at the over 60's. The Evangelist has also continued to develop the networks of chaplains and outreach workers in the Synod and preached regularly. In 2020 he will co-ordinate a gathering to explore new forms of ministry in the central Synods, hoping that these Synods can learn from each other's experience and perhaps share resources.

The Synod Children's and Youth Development Officer (CYDO) retired during the year and a replacement was recruited to commence employment at the beginning of 2020. The Officer supports individual churches as requested and given the opportunity to do so. Particularly in this regard the former Officer, prior to his retirement, has contributed to elders' training events while also offering guidance and support in other aspects relating to the development of work among children and young people. Churches have been encouraged and supported in engaging with and pursuing the Child-friendly Church Award. During the year a number of projects including holiday clubs were grant funded along with supporting one young person to take part in a project with Tear Fund in Tanzania. The former CYDO was also responsible for Safeguarding but following his retirement a new post of Synod Safeguarding Officer was created with the successful candidate commencing in 2020.

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Annual Report

### Year Ended 31 December 2019

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A comprehensive ministerial deployment plan for the next ten years was completed in 2017 and accepted by Synod Pastoral Committee (now the Synod Ministry Development Committee), identifying how we intend to use decreasing ministerial resource over this period. Implementation of the plan is now underway, whilst accepting that circumstances will inevitably change during the life of the plan.

Following decisions taken at General Assembly in 2016, Synod discussed a policy on Authorised Elders in relation to presidency at the sacraments of baptism and communion when a minister of Word and Sacrament is not available either at short-notice or is known ahead of time. The policy was agreed with processes for the appointment of Authorised Elders, limits on authorisation, and the requirement for training to the agreed syllabus at the direction of the Synod Training and Development Officer. Guidelines on conduct and behaviour of Authorised Elders were also agreed.

## Financial review

### ***Financial Statements***

The financial statements, including the notes, have been prepared in compliance with the new Statement of Recommended Practice "SORP2015 (FRS102)". The analysis of income and expenditure reflects the classification of activities, together with costs relating to administration. The Synod and Trust do not sell goods or services, nor are there any other trading activities.

A financial review document is made available to all members of Synod, and local churches if requested. This document highlights the main features of these financial statements. The review includes a comparison between the budget and the final operating income resources and expenditure.

### ***Statement of Financial Activities***

The Statement of Financial Activities is shown on page 18, with a more detailed analysis of income and expenditure on pages 25 to 28.

The total operating income for the year reduced by 7.5% to £557,446 as a result of reducing the Synod Levy paid by our churches to support the work of the Synod. There was a 10.8% increase in investment income as a result of an additional £1m being invested arising from the sale of properties. In addition a surplus of £609,579 was realised from sale of two Manses and £1,576,605 on the sale of four churches. One of those sales was for an on-going congregation and net proceeds were credited to a Designated Fund for their future use. Two new manses were purchased at a cost of £599,845 and capitalised in the balance sheet.

The total operating expenditure of £683,010 was a reduction on last year's figure of £742,256. Ministry and Mission Grants were similar at £98,405 compared to £98,257 in 2018. Again, there were fewer applications to the Mission Fund. However, we did release £9,000 from a Restricted Legacy to the Church of North India for the running costs of a Children's Hostel. Despite an increase in the proportion of grant funding available Church property and Quinquennial Inspection grants decreased from £59,758 and £17,776 to £31,007 and £15,660 respectively, Manse grants increased from £93,931 to £112,188 as a result of the Synod's programme to fund Manse improvements.

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Annual Report

### Year Ended 31 December 2019

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Training grants and training costs for Ministers, Lay Preachers and Members was similar to 2018 and the Trust is fully committed to supporting the training cost of those at all levels with the Synod. Other incoming resources consist of surplus on disposal of manses at Newcastle under Lyme and Walsall and the sale of churches at:

Olton  
Brierley  
Wellington  
Gloucester

These proceeds are held in the Synod Manse Fund and allow the Synod to advance capital for the upgrade and replacement of manses so that they are of a suitable standard.

There was no call on funds to the Ministers Pension Fund nor the Retired Ministers Housing Society, although it continues to be the policy of the Trust to allocate a proportion of proceeds of sale of closed churches to these funds and during the year we paid £64,272 to the Ministers Pension Fund.

A rise in the stock market resulted in unrealised gains of £2,791k following a loss of over £1,088k last year.

### **Balance Sheet**

Reference has been made above to the increase in the funds balance. An analysis of the funds movements is shown on page 30.

Programme Related Investments stood at £2,429,250 relating to 17 manses. These are funds invested by Synod to assist local churches to purchase or update the properties and to assist certain individuals.

### **Reserves policy**

The Trust holds funds under a number of different terms. Funds which are restricted or endowed may only be used as directed by the funder at the time they were granted to the Trust. Details of the specific restrictions of those individual funds are disclosed in note 8 to the financial statements.

Other funds are unrestricted and can be used at the discretion of the trustees in furtherance of the Trust's objects. It is the policy of the trustees to designate certain funds for particular purposes as agreed from time to time and details of the purpose and use of those designated funds can be found in note 8 to the financial statements.

The remaining general unrestricted funds are required to cover the support costs and grants awarded. The policy of the trustees is to aim to hold sufficient investments and deposits that the income generated will cover one full year's total expenditure, net of grants received. Due to the current economic climate the funds do not currently meet this objective and are dependent on the additional income arising on disposals of properties.

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Annual Report

Year Ended 31 December 2019

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### ***Investment policy***

The agreed investment objectives are:-

- To maintain adequate liquidity;
- To maintain the security of any investments;
- To minimise capital loss;
- To maintain a mixed portfolio of fixed and equity investments whilst providing a balance between income and growth;
- To adhere to any restrictions as defined from time to time by Synod, including an ethical policy; and
- To obtain the optimum yield, subject to complying with the above criteria.

The current restrictions defined by Synod are that investments should avoid those companies that have significant involvement in armaments, pornography, supply of alcoholic drinks, gambling and tobacco manufacture.

During 2019 the URC Mission Council resolved to Divest from Fossil fuels by the time of General Assembly in July 2020, and Synod Trusts and Churches were encouraged to do the same. The Trust had previously sold any holdings in companies with income derived from Tar Sands and Coal and agreed to sell any holdings in companies that derived more than 10% of their turnover from the extract, processing or sale of other fossil fuel. The Trust also asked its investment managers in association with MSCI to assess the Environmental, Social and Governance (ESG) ratings of its portfolio. Our portfolio has been assessed as being AA with an upward trend in ratings, with no company below B. This puts us above the median of all shares. Our portfolio was also judged to have a low carbon risk. The Trust and Investment subcommittee will continue to monitor the ESG ratings and carbon risk of its holdings.

An investment portfolio is managed by Smith & Williamson and investment advice is sought from them as required. Individual purchases and sales are made by the investment manager in accordance with a working practice that included two meetings during the year with the Trust Investment Committee, a sub group of the Executive Committee which includes the treasurer, finance officer and four other members with the relevant knowledge and experience.

In addition to this portfolio, funds were also invested with Epworth Investment Management Limited, and with the Charities Official Investment Fund (COIF) managed by CCLA.

### **Asset Allocation**

The current allocation of investments is as follows: -

- 80.94% of the Unrestricted General Funds are invested by Smith and Williamson, 11.45% in the COIF Charities Ethical Investment Fund, managed by CCLA Investment Management Limited (CCLA) and 7.61%, managed by Epworth Investment Management. The Company keeps under review the extent to which the ethical and corporate governance criteria of the funds are in line with the policy set out under 'Ethical Considerations'.
- Designated, Restricted and Endowment Funds are mainly invested with the same Investment Manager as the Unrestricted General Funds.
- Equities 91.87%, Fixed Interest 7.66% and cash 0.47%

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Annual Report

### Year Ended 31 December 2019

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#### Investment Performance

The trustees in consultation with the Company's Investment Managers are content that the Company's medium to long term strategy remains sound. The investment performance of the Trust's portfolio is summarised in the table below.

	Total Return after Charges over 2019 %	Income yield at 31 December 2019 %
Smith and Williamson – Investment Managers	21.30	2.14
CCLA (COIF Charities Ethical Investment Fund)	21.42	3.52
Epworth Investment Management	18.30	3.48

#### Comparative Measures -

FTSE All-Share Index	19.17%
FTSE 100	13.32%
Bench Mark	18.24%

#### Cash

For many years it has been the Company's policy to hold sufficient cash within the Unrestricted General Funds to fund its operational needs, grant commitments and capital expenditure commitments. In response to the sustained low yields available on such cash and the reduced need for capital expenditure the Investment Sub Committee agreed in 2016 to maximise its managed investment income by limiting the amount of cash held at all times, with any excess over short term cash flow requirements being invested in managed investments until required. The cash and deposits held at the end of the year was £677,766, which was higher than the targeted level as there were significant known spending plans requiring funding

#### Future plans

The Synod's support for local churches continues to be determined by the Synod Mission Strategy in which we are committed to the United Reformed Church's Statements of Mission Purpose towards 2020. These have been adapted to reflect the needs the Synod's churches have identified as priority requirements for them. The Synod Strategy reminds us that we are called to be disciples of Jesus and to live the life of Jesus and is encouraging local churches in being disciples, making disciples and transforming disciples. Conversations are under way with Area Ministers and other key officers as to how the current strategy should be updated for the current context. Because of denominational policy the Synod faces a year-on-year decline of the number of Stipendiary Ministers available to local churches, and Synod Officers are actively managing plans for that reduction and continuing to look at ways in which to increase the range of lay leadership and ministries to compensate for the reduction in ordained Ministers.

We have successfully recruited a half-time professional Synod Safeguarding Officer (SSO) who will work with local churches to ensure that children and adults at risk are protected to the best of our ability. She will be responsible for co-ordinating safeguarding training around the Synod and ensuring that the revised policies and procedures for safeguarding in fifth edition of the United Reformed Church's Good Practice Guide are implemented. Good Practice 5 is due to be published in the early spring of 2020. The SSO commences her employment in February 2020.

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Annual Report

### Year Ended 31 December 2019

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In addition in 2020 the following are planned within our strategy:-

- Continued development of vision and strategy for the Synod Evangelist, Children and Youth Development Officer and Training and Development Officer
- Advocacy and delivery of the United Reformed Church's "Stepwise" resources for lay training (launched in 2018).
- More encouragement and training for local churches in faith sharing and outreach.
- The continuation of regular newsletters from the three Officers to bring training opportunities to the attention of ministers and churches.
- A continued focus on outreach through the Evangelist's car-boot ministry and work with Open the Book in schools together with exploration and support for chaplaincy and fresh expressions across the Synod.
- Encouragement of Prayer for Mission and Evangelism in our churches.
- Discernment and response to the training needs of ministers and others in leadership, particularly through one-to-one conversation, sabbatical leave, CME and ministers days.
- As a continuing priority, discern and respond to worship needs in the Synod's churches, with particular attention to the advocacy and recruitment of lay preachers/worship leaders and to include attention to the provision of resources for these people.
- Continue and broaden the pattern of elders' training to include other areas of responsibility.
- Continue to engage with and respond to the "Walking the Way – living the life of Jesus today" initiative, encouraging and enabling the use of the "Holy Habits" materials.
- Provide a further opportunity for the training and support for Church Secretaries.
- With the Synod's consultant for dementia awareness, continue to explore and respond to training opportunities in this area.
- Continued emphasis on Safeguarding Training across the Synod.
- Continued use of the Child Friendly Church Award to enable churches to evaluate their ministry to children and young people.
- Continued liaison with our international partner church, the Church of North India, including reciprocal visits.
- Continuing work with the manse inspection team to conduct regular manse inspections to support churches as they provide manses for ministers and their families in accordance with the Plan for Partnership. With the support of the Resources and Compliance Committee, we will continue to inspect manses on a three yearly cycle to ensure routine maintenance and repairs are progressed.
- To continue the Quinquennial Survey programme for properties, with work on linking the inspections with the Local Ministry & Mission Review (LMMR) programme. It is planned to consolidate a 5-yearly inspection programme.
- Continue the work of monitoring the environmental impact of buildings and encouraging green credentials in line with the Synod Strategy.
- Continue to support those churches considering or actively pursuing major repair and development projects.
- To continue the work commenced in 2017 to develop a database of key property related information to assist the Synod Property Officer and Resources and Compliance Committee in determining future resource to support local churches in managing church and associated properties.
- To continue to signpost advice and training suitable for local churches on subjects such as GDPR.
- To review the repairing responsibilities relating to properties.

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Annual Report

Year Ended 31 December 2019

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### Covid 19

Since the year end, in common with many other charities and organisations, the Trust has had to deal with effects of Covid 19. The Trusts principal source of income is from investment income which the Board believes will be adversely affected but cannot quantify the exact effect. The nature of the Trust Company is to support its churches and plans have drawn up to expand the financial support for the Churches within the Synod. The Trust has sufficient reserves and cash available to finance such plans without affecting its ability to function. The Board and Officers continue to monitor the position and revise their plans as appropriate. Whilst the value of investments has fallen since the year end there are no plans to make withdrawals from our investments which would crystallise those, as yet, unrealised losses.

The staff and board continue to carry out their functions working from home whilst utilising such technology as is necessary to communicate, conduct meetings and take decisions in a similar manner and to the same time scales as would have otherwise have been the case. Plans are in place for revised working practices as and when it is safe to return to work.

### Trustees' Responsibilities

Company law requires the trustees as directors to prepare financial statements for each year, which give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources, including the net income or expenditure, of the charity for the year. In preparing these financial statements, the trustees are required to:-

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether the policies adopted are in accordance with applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:-

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

On behalf of the Board

**Revd. D.M. Walton – Chair of Trust**

Date: 23 June 2020



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED**

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**Opinion**

We have audited the financial statements of The United Reformed Church (West Midlands) Trust Limited (the 'charitable company') for the year ended 31 December 2019 which comprise Statement of Financial Activities, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 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 of 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 of 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED**

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**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' 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.

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

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

- the information given in the trustees' report (incorporating the directors' 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' 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 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 prepare the financial statements in accordance with the small companies exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED**

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**Responsibilities of trustees**

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

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

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

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

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

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

**Helen Blundell LLB, FCA, FCIE, DChA (Senior Statutory Auditor)**

**For and on behalf of MHA MacIntyre Hudson**

Chartered Accountants and Statutory Auditor

Rutland House

148 Edmund Street

Birmingham

B3 2FD

Date:

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Statement of Financial Activities (Incorporating Income and Expenditure Account) Year Ended 31 December 2019

2018 Total Funds £	Income from:	Notes	2019 Total Funds £	Unrestricted General £	Designated £	Restricted £
	<i>Charitable activities:</i>					
158,721	Grants received	2a	<b>67,660</b>	66,846	-	814
3,450	Other income	2a	<b>2,000</b>	2,000	-	-
	<i>Investments</i>					
436,600	Investment income	2a	<b>483,786</b>	217,861	265,925	-
<u>3,750</u>	Rents	2a	<u><b>4,000</b></u>	<u>-</u>	<u>4,000</u>	<u>-</u>
	<i>Incoming resources from charitable activities:</i>					
602,521	<b>Total Operating Income</b>	2a	<b>557,446</b>	286,707	269,925	814
<u>1,664,216</u>	Income on sale of properties	2a	<u><b>2,186,184</b></u>	<u>782,874</u>	<u>1,403,310</u>	<u>-</u>
<u>2,266,737</u>	<b>Total Income</b>		<u><b>2,743,630</b></u>	<u>1,069,581</u>	<u>1,673,235</u>	<u>814</u>
	<b>Expenditure on:</b>					
77,169	Generating funds	2b	<b>86,033</b>	63,076	22,957	-
<u>665,087</u>	Charitable expenditure	2b	<u><b>596,977</b></u>	<u>375,948</u>	<u>211,154</u>	<u>9,875</u>
	<b>Net Loss on Investments and Total Operating Expenditure</b>	2b	<b>683,010</b>	439,024	234,111	9,875
1,087,998	<b>Net (gains)/losses on investments</b>	7	<b>(2,791,343)</b>	(1,822,568)	(961,897)	(6,878)
	Payment to Ministers Pension Fund	4	<u><b>64,272</b></u>	<u>-</u>	<u>64,272</u>	<u>-</u>
<u>1,866,208</u>	<b>Total Expenditure</b>		<u><b>(2,044,061)</b></u>	<u>(1,383,544)</u>	<u>(663,514)</u>	<u>2,997</u>
<u>(139,735)</u>	<b>Net Expenditure on Operating account</b>	2b	<u><b>(125,564)</b></u>	<u>(152,317)</u>	<u>35,814</u>	<u>(9,061)</u>
<u>400,529</u>	<b>Net Income for the Year</b>		<u><b>4,787,691</b></u>	<u>2,453,125</u>	<u>2,336,749</u>	<u>(2,183)</u>
	<b>Other recognised Gains &amp; Losses</b>					
-	Transfer between reserves	8a	-	(104,356)	104,356	-
400,529	<b>Net Movement in Funds for the year</b>		<b>4,787,691</b>	2,348,769	2,441,105	(2,183)
<u>16,982,137</u>	<b>Funds Balances brought forward</b>		<u><b>17,382,666</b></u>	<u>6,940,919</u>	<u>10,401,069</u>	<u>40,678</u>
<u>17,382,666</u>	<b>Fund Balances carried forward</b>	8a	<u><b>22,170,357</b></u>	<u>9,289,688</u>	<u>12,842,174</u>	<u>38,495</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

**THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED**  
**COMPANY NUMBER 01337047**  
**Balance Sheet**

**As at 31 December 2019**

2018	Notes	2019
£		£
<b>Fixed Assets</b>		
270,123 Tangible assets	9	258,083
15,432,894 Investments	10	19,201,115
<u>1,824,306</u> Programme related investments	11	<u>2,424,250</u>
<u>17,527,323</u>		<u>21,883,448</u>
<b>Current Assets</b>		
90,672 Debtors	12	109,041
<u>334,231</u> Cash and short-term deposits	13	<u>677,763</u>
424,903		786,804
<u>(552,600)</u> Creditors: Amounts falling due within one year	14	<u>(484,371)</u>
<u>(127,697)</u> Net Current (Liabilities)Assets		302,433
<u>17,399,626</u> Total Assets less Current Liabilities		<u>22,185,881</u>
<u>(16,960)</u> Creditors: Amounts falling due after more than one year	14	<u>(15,524)</u>
<u>17,382,666</u> Net Assets		<u>22,170,357</u>
<b>Funds:</b>		
<i>Restricted Funds</i>		
40,678 Other	27,265	
- Revaluation reserve	<u>11,230</u>	
40,678		38,495
<i>Unrestricted funds</i>		
General		
4,911,458 - Other	5,834,295	
<u>2,029,461</u> - Revaluation reserve	<u>3,455,393</u>	
6,940,919		9,289,688
Designated		
10,214,242 - Other	11,761,446	
<u>186,827</u> - Revaluation reserve	<u>1,080,728</u>	
<u>10,401,069</u>		<u>12,842,174</u>
<u>17,382,666</u> Total Funds	15	<u>22,170,357</u>

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

Approved by the Trust Board on 23 June 2020 and signed on its behalf by

Revd D.M. Walton - Chair of Trust  
Mr S.M. Powell - Director and Treasurer

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Statement of Cash Flows

Year ended 31 December 2019

	Notes	2019 £	2018 £
<b>Cash flow from operating activities:</b>			
<b>Net cash provided/used in operating activities</b>	A	<b><u>(652,127)</u></b>	<b><u>(742,962)</u></b>
<b>Cash flows from investing activities:</b>			
Investment income		487,786	440,350
Proceeds from programme related investments		2,186,183	1,618,971
Purchase of programme related investment		(599,944)	(339,962)
Proceeds from sale of investments		1,575,276	1,656,209
Purchase of investments		<u>(2,952,270)</u>	<u>(2,784,361)</u>
Net (decrease)/increase cash provided by investing activities		<u>697,031</u>	<u>591,207</u>
<b>Net (decrease)/increase in cash and cash equivalents in the reporting period</b>		<b>44,904</b>	<b>(151,755)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b><u>723,392</u></b>	<b><u>875,147</u></b>
<b>Cash and cash equivalents at the end of the reporting period</b>	B	<b><u>768,296</u></b>	<b><u>723,392</u></b>
<b>Notes to the statement of cash flows</b>			
A) <b>Reconciliation of net income/expenditure to net cash flow from operating activities</b>			
<b>Net income for the reporting period (as per the statement of financial activities)</b>		<b>4,787,691</b>	<b>400,529</b>
<b>Adjustments for:</b>			
(Gains) and losses on investments		(2,689,858)	1,089,393
Depreciation		12,040	12,040
Surplus on sale of programme related investments		(2,186,183)	(1,511,902)
Investment income and rents		(487,786)	(440,350)
Increase/(decrease) in debtors		(18,368)	(32,664)
Increase/(decrease) in creditors		<u>(69,663)</u>	<u>(260,008)</u>
<b>Net cash used in operating activities</b>		<b><u>(652,127)</u></b>	<b><u>(742,962)</u></b>
B) <b>Analysis of cash and cash equivalents</b>			
Cash at bank and in hand		50,882	42,026
Deposit accounts		626,884	292,205
Cash held by investment manager		<u>90,530</u>	<u>389,161</u>
		<b><u>768,296</u></b>	<b><u>723,392</u></b>

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Notes to the Financial Statements

Year Ended 31 December 2019

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### 1. Accounting Policies

#### General Information

The United Reformed Church (West Midlands) Trust Limited is a charitable company limited by guarantee and registered in England and Wales. In the event of the charity being wound up the liability in respect of the guarantee is limited to £1 per member. The registered office is shown on page 1. The nature of the charity's operations and principal activities are the advancement of the Christian religion by supporting the work of West Midlands URC Synod.

The company's functional and presentational currency is British Pound Sterling (£).

#### Basis of Accounting

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (SORP FRS102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice (UK GAAP) as it applies from 1 January 2015.

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

The significant accounting policies adopted, are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

Programme related investments – a judgement made as to whether impairment is required. These judgements are based on the current property market.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Contingent assets and liabilities – estimations are made based on information available at the point of approval of the financial statements as to the probability and value of the transactions.

#### Going concern basis

The financial statements have been prepared on a going concern basis. The directors have considered budgets, cash flows and the impact of subsequent events, including that of COVID19. Whilst the economic shutdown in response to COVID19 has a significant impact on the charity's operations, the directors are satisfied that the charity has sufficient available resources, both in terms of cash and investments that can be converted to cash, such that there is no material uncertainty and the going concern basis of preparing the financial statements continues to be appropriate.

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Notes to the Financial Statements

Year Ended 31 December 2019

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### 1. Accounting Policies *(continued)*

#### **Funds Incorporated**

The financial statements show the combined income, expenditure, assets and liabilities of the following funds which are administered for the benefit of the United Reformed Church within the West Midlands Synod :-

General Purposes Fund  
Church Buildings Fund  
Manse Fund  
Retired Ministers Housing Fund  
Mission Fund  
Choyce Legacy  
Stretton Fund

Funds administered on behalf of local churches are not included.

#### **Description and Use of Funds**

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

Unrestricted income funds may be spent generally for furthering the Christian and charitable work of the United Reformed Church in the West Midlands. The main fund in this category is the General Purposes Fund. Certain funds have been allocated for Church Buildings or Manses, although the committee retains authority to re-allocate such funds and so they are treated as Designated Funds within Unrestricted Income Funds.

#### **Contribution to Pension Funds**

The charity operates a defined contribution pension scheme. Contributions are charged as expenditure as they become payable in accordance with the rules of the scheme.

#### **Income Recognition**

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Fixed asset gifts in kind are recognised when receivable and are included at fair value. They are not deferred over the life of the asset.

The charity receives grants which are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.



# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Notes to the Financial Statements

Year Ended 31 December 2019

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### 1. Accounting Policies *(continued)*

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

#### **Resources Expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes costs of managing investments and programme related investments;
- Expenditure on charitable activities includes costs of ministry, mission, training and property grants; and
- Other expenditure represents those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose. Grants payable to local churches, organisations and individuals are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

#### **Individual Church Property, including Manse**

The Trust is sole trustee of the land and buildings of most local URCs but they are not the property of the Synod and are not shown in the financial statements. Sale proceeds from redundant properties or from part thereof which come into Synod funds are treated as unrestricted income from general funds. The income is recognised when the amount can be measured reliably and it is probable that the income will be received.

In certain circumstances a local URC may be permitted to apply for a grant from these funds and where this arises, a time-limited designated fund is created.

#### **Support Costs Allocation**

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include premises costs, office costs, governance costs, and salary costs. They are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Notes to the Financial Statements

Year Ended 31 December 2019

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### 1. Accounting Policies *(continued)*

#### **Depreciation**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their estimated useful economic lives as follows:-

Property	- over fifty years
Integral features of property	- over fifteen years
Office equipment	- over four years

No amounts under £2,500 are capitalised.

#### **Investments**

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains/(losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably.

Programme related investments are those held to further our charitable purposes. Programme related investments include investment in a percentage share of properties and bridging or other loans.

Investments in properties are stated at cost subject to any adjustment arising from impairment which is considered on an annual basis. Gains on disposal of these investments are shown as other income in the SoFA. Investments by way of loans are stated at cost. Interest is charged on the loans at the COIF rate of interest, being the rate of interest the Trust would otherwise have earned.

#### **Debtors and creditors receivable/payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

#### **Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

#### **Provisions**

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Notes to the Financial Statements

Year Ended 31 December 2019

### 2. Income and Expenditure

#### a) Analysis of Total Incoming Resources

2018 Total Funds £		2019 Total Funds £	Unrestricted £	Designated £	Restricted £
	<b>Income from Investments</b>				
433,672	Listed Investments	<b>478,543</b>	214,425	264,118	-
<u>2,928</u>	Interest	<u>5,243</u>	<u>3,436</u>	<u>1,807</u>	-
436,600		<b>483,786</b>	217,861	265,925	-
<u>3,750</u>	Rents	<u>4,000</u>	-	<u>4,000</u>	-
<u>440,350</u>		<u>487,786</u>	<u>217,861</u>	<u>269,925</u>	-
	<b>Income from Charitable Activities:</b>				
147,698	Grants – Ministry & Mission	<b>63,591</b>	63,591	-	-
8,811	- Training	<b>3,249</b>	3,249	-	-
<u>2,212</u>	- Donations	<u>820</u>	<u>6</u>	-	814
<u>158,721</u>		<u>67,660</u>	<u>66,846</u>	-	<u>814</u>
	<b>Other income</b>				
3,000	Investment charge – The Redditch Trust	<b>2,000</b>	2,000	-	-
<u>450</u>	Transfer of funds from Local Church Trust	-	-	-	-
<u>3,450</u>		<u>2,000</u>	<u>2,000</u>	-	-
602,521	<b>Total Operating Income</b>	<b>557,446</b>	<b>286,707</b>	<b>269,925</b>	<b>814</b>
	<b>Income from sale of properties</b>				
152,314	Of closed Churches	<b>1,576,605</b>	782,874	793,731	-
	<b>Transfer from churches to Trust Funds</b>				
<u>1,511,902</u>	On disposal of manses	<u>609,579</u>	-	<u>609,579</u>	-
<u>2,266,737</u>	<b>Total Incoming Resources</b>	<u><b>2,743,630</b></u>	<u>1,069,581</u>	<u>1,673,235</u>	<u>814</u>

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Notes to the Financial Statements

Year Ended 31 December 2019

### 2. Income and Expenditure (Continued)

#### b) Analysis of Total Operating Resources Expended

2018 Total Funds £		2019 Total Funds £	Unrestricted £	Designated £	Restricted £
<b>Costs of Generated Funds</b>					
53,000	Investment Management Fees	<b>56,751</b>	35,742	21,009	-
498	Other property costs	<b>1,948</b>	-	1,948	-
<u>23,671</u>	Shared Indirect costs (Note 3)	<u><b>27,334</b></u>	<u>27,334</u>	<u>-</u>	<u>-</u>
<u>77,169</u>	<b>Total Cost of Generating Funds</b>	<u><b>86,033</b></u>	<u>63,076</u>	<u>22,957</u>	<u>-</u>
<b>Charitable Activities</b>					
<b>Ministry &amp; Mission:-</b>					
98,257	Grants (Note 4)	<b>98,405</b>	54,569	33,961	9,875
-	Residential synod	<b>11,984</b>	11,984	-	-
46,512	Support Costs	<b>43,589</b>	35,907	7,682	-
20,000	Resource sharing (Note 4)	<b>20,000</b>	20,000	-	-
<u>67,965</u>	Shared Indirect Costs (Note 3)	<u><b>89,055</b></u>	<u>89,055</u>	<u>-</u>	<u>-</u>
<u>232,734</u>		<u><b>263,033</b></u>	<u>211,515</u>	<u>41,643</u>	<u>9,875</u>
<b>Training:-</b>					
14,885	Ministers (Note 4)	<b>6,968</b>	6,968	-	-
660	Students (Note 4)	<b>550</b>	550	-	-
2,075	Members (Note 4)	<b>2,734</b>	2,734	-	-
842	Local Ministry and Mission review	<b>839</b>	839	-	-
733	Church Treasurers and staff	<b>348</b>	348	-	-
72,449	Training – staff costs	<b>34,269</b>	31,383	2,886	-
167	Support Costs	<b>430</b>	430	-	-
<u>37,994</u>	Shared Indirect Costs (Note 3)	<u><b>21,944</b></u>	<u>21,944</u>	<u>-</u>	<u>-</u>
<u>129,805</u>		<u><b>68,082</b></u>	<u>65,196</u>	<u>2,886</u>	<u>-</u>
<b>Property:-</b>					
59,758	Church Repairs (Note 4)	<b>31,007</b>	200	30,807	-
-	Write back grants from prior years	<b>(40,000)</b>	-	(40,000)	-
93,931	Manse Repairs (Note 4)	<b>112,188</b>	-	112,188	-
23,520	Release of Church Sale Proceeds	<b>25,099</b>	-	25,099	-
12,156	Manse Expenses	<b>10,751</b>	-	10,751	-
17,776	Church surveys (Note 4)	<b>15,660</b>	-	15,660	-
22,649	Staff costs	<b>24,240</b>	12,120	12,120	-
1,784	Legal and Support Costs	<b>647</b>	647	-	-
<u>70,974</u>	Shared Indirect Costs (Note 3)	<u><b>86,270</b></u>	<u>86,270</u>	<u>-</u>	<u>-</u>
<u>302,548</u>		<u><b>265,862</b></u>	<u>99,237</u>	<u>166,625</u>	<u>-</u>
<u><b>665,087</b></u>	<b>Total Charitable Expenditure</b>	<u><b>596,977</b></u>	<u><b>375,948</b></u>	<u><b>211,154</b></u>	<u><b>9,875</b></u>
<u>742,256</u>	<b>Total Operating Resources Expended</b>	<u><b>683,010</b></u>	<u>439,024</u>	<u>234,111</u>	<u>9,875</u>
<u><b>(139,735)</b></u>	<b>Net (Expenditure) on operating account</b>	<u><b>(125,564)</b></u>	<u>(152,317)</u>	<u>35,814</u>	<u>(9,061)</u>

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Notes to the Financial Statements

Year Ended 31 December 2019

### 2018 Comparative figures

#### a) Analysis of Total Incoming Resources

	2018 Total Funds £	Unrestricted £	Designated £	Restricted £
<b>Income from Investments</b>				
Listed Investments	433,672	290,453	143,219	-
Interest	<u>2,928</u>	<u>2,204</u>	<u>724</u>	-
	436,600	292,657	143,943	-
Rents	<u>3,750</u>	-	<u>3,750</u>	-
	<u>440,350</u>	<u>292,657</u>	<u>147,693</u>	-
<b>Income from Charitable Activities:</b>				
Grants – Ministry & Mission	147,698	114,483	33,215	-
- Training	8,811	8,811	-	-
- Donations	<u>2,212</u>	-	-	<u>2,212</u>
	<u>158,721</u>	<u>123,294</u>	<u>33,215</u>	<u>2,212</u>
<b>Other income</b>				
Investment charge – The Redditch Trust	3,000	3,000	-	-
Transfer of funds from Local Church Trust	<u>450</u>	<u>450</u>	-	-
	<u>3,450</u>	<u>3,450</u>	-	-
<b>Total Operating Income</b>	<b>602,521</b>	<b>419,401</b>	<b>180,908</b>	<b>2,212</b>
<b>Income from sale of properties</b>				
Of closed Churches	152,314	152,314	-	-
<b>Transfer from churches to Trust Funds</b>				
On disposal of manses	<u>1,511,902</u>	-	<u>1,511,902</u>	-
<b>Total Incoming Resources</b>	<b><u>2,266,737</u></b>	<b><u>571,715</u></b>	<b><u>1,692,810</u></b>	<b><u>2,212</u></b>

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Notes to the Financial Statements

Year Ended 31 December 2019

### 2. *Income and Expenditure* (Continued)

#### b) *Analysis of Total Operating Resources Expended*

	<b>2018 Total Funds £</b>	<b>Unrestricted £</b>	<b>Designated £</b>	<b>Restricted £</b>
<b>Costs of Generated Funds</b>				
Investment Management Fees	53,000	36,915	16,085	-
Other property costs	498	-	498	-
Shared Indirect costs (Note 3)	<u>23,671</u>	<u>23,671</u>	-	-
<b>Total Cost of Generating Funds</b>	<u>77,169</u>	<u>60,586</u>	<u>16,583</u>	-
<b>Charitable Activities</b>				
<b>Ministry &amp; Mission:-</b>				
Grants (Note 4)	98,257	55,685	27,572	15,000
Residential synod	-	-	-	-
Support Costs	46,512	36,148	10,364	-
Resource sharing (Note 4)	20,000	20,000	-	-
Shared Indirect Costs (Note 3)	<u>67,965</u>	<u>67,965</u>	-	-
	<u>232,734</u>	<u>179,798</u>	<u>37,936</u>	<u>15,000</u>
<b>Training:-</b>				
Ministers (Note 4)	14,885	14,885	-	-
Students (Note 4)	660	660	-	-
Members (Note 4)	2,075	2,075	-	-
Local Ministry and Mission review	842	842	-	-
Church Treasurers and staff	733	733	-	-
Training – staff costs	72,449	68,721	3,728	-
Support Costs	167	167	-	-
Shared Indirect Costs (Note 3)	<u>37,994</u>	<u>37,994</u>	-	-
	<u>129,805</u>	<u>126,077</u>	<u>3,728</u>	-
<b>Property:-</b>				
Church Repairs (Note 4)	59,758	200	59,558	-
Manse Repairs (Note 4)	93,931	-	93,931	-
Release of Church Sale Proceeds	23,520	-	23,520	-
Manse Expenses	12,156	-	12,156	-
Church surveys (Note 4)	17,776	-	17,776	-
Staff costs	22,649	10,539	12,110	-
Legal and Support Costs	1,784	1,784	-	-
Shared Indirect Costs (Note 3)	<u>70,974</u>	<u>70,974</u>	-	-
	<u>302,548</u>	<u>83,497</u>	<u>219,051</u>	-
<b>Total Charitable Expenditure</b>	<u>665,087</u>	<u>389,372</u>	<u>260,715</u>	<u>15,000</u>
<b>Total Operating Resources Expended</b>	<u>742,256</u>	<u>449,958</u>	<u>277,298</u>	<u>15,000</u>
<b>Net (Expenditure) on operating account</b>	<u>(139,735)</u>	<u>(30,557)</u>	<u>(96,390)</u>	<u>(12,788)</u>

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Notes to the Financial Statements

Year Ended 31 December 2019

### 3. INDIRECT COSTS

2018 Total Funds £		2019 Total Funds £	Unrestricted £	Designated £	Restricted £
	<b>Governance Costs</b>				
3,346	Synod Expenses	3,707	3,707	-	-
1,675	Synod Council	1,324	1,324	-	-
198	Assembly Expenses	-	-	-	-
	Staff Costs:-				
134,332	Trust Employment Costs	141,717	141,717	-	-
5,244	Honoraria	5,376	5,376	-	-
7,059	Officers Expenses	5,462	5,462	-	-
7,350	Audit	9,710	9,710	-	-
721	Legal and Professional	4,096	4,096	-	-
165	Bank Charges	207	207	-	-
2,172	Committee Support Costs	2,874	2,874	-	-
<u>162,262</u>	<b>Total Governance Costs</b>	<u>174,473</u>	<u>174,473</u>	<u>-</u>	<u>-</u>
	<b>Premises Costs:-</b>				
1,600	Rent	1,600	1,600	-	-
1,776	Insurance	1,806	1,806	-	-
2,648	Electricity	3,093	3,093	-	-
11,137	Depreciation of Synod Office	11,137	11,137	-	-
5,157	Repairs and Cleaning	9,053	9,053	-	-
<u>22,318</u>		<u>26,689</u>	<u>26,689</u>	<u>-</u>	<u>-</u>
	<b>Office Costs:-</b>				
1,043	Telephone	2,424	2,424	-	-
5,467	Printing, Stationery and Postage	5,155	5,155	-	-
5,340	Computers	9,789	9,789	-	-
-	Advertising	1,715	1,715	-	-
903	Equipment Depreciation	903	903	-	-
1,977	Furniture and equipment	438	438	-	-
1,294	Sundry costs	3,017	3,017	-	-
<u>16,024</u>		<u>23,441</u>	<u>23,441</u>	<u>-</u>	<u>-</u>
<u>200,604</u>	<b>Total Indirect Costs</b>	<u>224,603</u>	<u>224,603</u>	<u>-</u>	<u>-</u>

Charitable Activities						
2018 Total £		Total £	Raising Funds £	Ministry and Mission £	Training £	Property £
162,262	Governance costs	174,473	21,233	69,179	17,046	67,015
22,318	Premises costs	26,689	3,248	10,582	2,608	10,251
<u>16,024</u>	Office costs	<u>23,441</u>	<u>2,853</u>	<u>9,294</u>	<u>2,290</u>	<u>9,004</u>
<u>200,604</u>	<b>Total Indirect Costs</b>	<u>224,603</u>	<u>27,334</u>	<u>89,055</u>	<u>21,944</u>	<u>86,270</u>
100%	% of Direct costs	100%	12.2%	39.6%	9.8%	38.4%

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Notes to the Financial Statements

Year Ended 31 December 2019

### 2018 Comparative figures

3. INDIRECT COSTS		2018			
	Total	Unrestricted	Designated	Restricted	
	Funds				
	£	£	£	£	
<b>Governance Costs</b>					
Synod Expenses	3,346	3,346	-	-	
Synod Council	1,675	1,675	-	-	
Assembly Expenses	198	198	-	-	
Staff Costs:-					
Trust Employment Costs	134,332	134,332	-	-	
Honoraria	5,244	5,244	-	-	
Officers Expenses	7,059	7,059	-	-	
Audit	7,350	7,350	-	-	
Legal and Professional	721	721	-	-	
Bank Charges	165	165	-	-	
Committee Support Costs	<u>2,172</u>	<u>2,172</u>	-	-	
<b>Total Governance Costs</b>	<b><u>162,262</u></b>	<b><u>162,262</u></b>	-	-	
<b>Premises Costs:-</b>					
Rent	1,600	1,600	-	-	
Insurance	1,776	1,776	-	-	
Electricity	2,648	2,648	-	-	
Depreciation of Synod Office	11,137	11,137	-	-	
Repairs and Cleaning	<u>5,157</u>	<u>5,157</u>	-	-	
	<b><u>22,318</u></b>	<b><u>22,318</u></b>	-	-	
<b>Office Costs:-</b>					
Telephone	1,043	1,043	-	-	
Printing, Stationery and Postage	5,467	5,467	-	-	
Computers	5,340	5,340	-	-	
Web design	-	-	-	-	
Equipment Depreciation	903	903	-	-	
Furniture and equipment	1,977	1,977	-	-	
Sundry costs	<u>1,294</u>	<u>1,294</u>	-	-	
	<b><u>16,024</u></b>	<b><u>16,024</u></b>	-	-	
<b>Total Indirect Costs</b>	<b><u>200,604</u></b>	<b><u>200,604</u></b>	-	-	

Charitable Activities					
	Total	Raising	Ministry and	Training	Property
	£	Funds	Mission	£	£
	£	£	£	£	£
Governance costs	162,262	19,148	54,974	30,732	57,408
Premises costs	22,318	2,632	7,562	4,227	7,897
Office costs	<u>16,024</u>	<u>1,891</u>	<u>5,429</u>	<u>3,035</u>	<u>5,669</u>
<b>Total Indirect Costs</b>	<b><u>200,604</u></b>	<b><u>23,671</u></b>	<b><u>67,965</u></b>	<b><u>37,994</u></b>	<b><u>70,974</u></b>
% of Direct costs	100%	11.8%	33.9%	18.9%	35.4%



# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Notes to the Financial Statements

Year Ended 31 December 2019

### 4. Grants

The following grants have been charged in furtherance of the charitable objects during the year:-

	2019		2018	
	Number	Amount £	Number	Amount £
<b>Institutional Grants</b>				
Ministry and Mission:				
Ministers Pension Fund	1	64,272	1	35,954
Inter-Synod Resource Sharing	1	20,000	1	20,000
Educational Chaplaincy	4	27,225	3	24,000
Ecumenical Situations	11	17,669	12	18,541
Overseas Mission	1	9,875	1	15,000
Local Church Missions	11	36,511	10	34,772
Youth and Childrens Work	<u>3</u>	<u>7,056</u>	<u>6</u>	<u>6,111</u>
	<u>32</u>	<u>182,608</u>	<u>34</u>	<u>154,378</u>
Training:				
Ministers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Property:				
Church repairs	7	56,106	15	83,278
Manse repairs	20	112,188	7	93,931
Church surveys	<u>20</u>	<u>15,660</u>	<u>18</u>	<u>17,776</u>
	<u>47</u>	<u>183,954</u>	<u>40</u>	<u>194,985</u>
<b>Total Institutional Grants</b>	<u>79</u>	<u>366,562</u>	<u>74</u>	<u>349,363</u>
<b>Individual Grants</b>				
Youth	1	500	-	-
Training:				
Ministers	21	6,968	21	8,461
Members	19	3,598	25	2,438
Students	<u>2</u>	<u>550</u>	<u>3</u>	<u>660</u>
<b>Total Individual Grants</b>	<u>43</u>	<u>11,616</u>	<u>49</u>	<u>11,559</u>
<b>Total Grants Charged</b>	<u>122</u>	<u>378,178</u>	<u>123</u>	<u>360,922</u>

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Notes to the Financial Statements

Year Ended 31 December 2019

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### 5. Trustees' Expenses

These include Honoraria of £2,688 (2018: £2,622) paid to Mrs M. Marshall (Synod Clerk) and £2,688 (2018: £2,622) to Mr G W Potter (Synod Treasurer).

Reimbursed expenses were paid to 7 (2018: 6) trustees of the Board in aggregate of £3,331 (2018: £3,580). This figure includes expenses reimbursed to the Treasurer and Clerk for duties including, but not restricted to, Board meetings.

No other remuneration or expenses were paid to the trustees.

6. Employment Emoluments	2019 £	2018 £
Wages and salaries	145,324	181,416
Termination costs	13,660	-
Employers national insurance	7,826	11,228
Pension costs	12,443	17,085
	<u>179,253</u>	<u>209,729</u>

The average number of employees was	<u>10</u>	<u>10</u>
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No employee received £60,000 per annum or more in the current or prior year. All staff are employed by the company.

The company operates a defined contribution pension scheme and contributions are charged as expenditure as they become payable.

Key management personnel are the trustees as directors. Revd S M Faber (Moderator) receives a stipend from the United Reformed Church for his role with the charity. Some Trustees receive honoraria as detailed in note 5 in respect of their duties of URC West Midlands Synod.

7. Gains on Investments	2019 £	2018 £
Realised gain on investments sold	378,934	404,378
Gains previously recognised in Trust accounts	<u>(277,449)</u>	<u>(402,983)</u>
Net gain in the year on investments sold	101,485	1,395
Unrealised gains on investments for the year	<u>2,689,858</u>	<u>(1,089,393)</u>
Net Gains on Investments for the Year	<u>2,791,343</u>	<u>(1,087,998)</u>

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Notes to the Financial Statements

Year Ended 31 December 2019

### 8. Movement on Funds

a) Fund	Balance 1 January 2019 £	Income £	Expenditure £	Investment Gain/(Loss) £	Transfers Between Funds £	Balance 31 December 2019 £
<b>Unrestricted Designated Funds</b>						
Church Buildings	-	8,159	(4,467)	-	-	3,692
Retired Ministers Housing	56,325	-	(64,272)	-	7,947	-
Manse - General	7,559,585	777,480	(168,584)	961,897	264,343	9,394,721
- Churches	842,857	8,381	(2,000)	-	(264,343)	584,895
Church Property	980,535	879,215	(25,099)	-	-	1,834,651
Stretton	440,700	-	-	-	-	440,700
Mission Fund	521,067	-	(33,961)	-	96,409	583,515
	10,401,069	1,673,235	(298,383)	961,897	104,356	12,842,174
<b>Unrestricted General Funds</b>						
General Purposes	6,940,919	1,069,581	(439,024)	1,822,568	(104,356)	9,289,688
<b>Restricted Funds</b>						
Choyce legacy	40,678	814	(9,875)	6,878	-	38,495
<b>Total Funds</b>	<u>17,382,666</u>	<u>2,743,630</u>	<u>(747,282)</u>	<u>2,791,343</u>	<u>-</u>	<u>22,170,357</u>

### 2018 Comparative figures

a) Fund	Balance 1 January 2018 £	Income £	Expenditure £	Investment Gain/(Loss) £	Transfers Between Funds £	Balance 31 December 2018 £
<b>Unrestricted Designated Funds</b>						
Church Buildings	-	41,222	(77,334)	-	36,112	-
Retired Ministers Housing	92,279	-	(35,954)	-	-	56,325
Manse - General	6,400,366	1,643,178	(148,872)	(335,087)	-	7,559,585
- Churches	829,477	8,410	-	4,970	-	842,857
Church Property	1,004,055	-	(23,520)	-	-	980,535
Stretton	440,700	-	-	-	-	440,700
Mission Fund	525,792	-	(27,572)	-	22,847	521,067
	9,292,669	1,692,810	(313,252)	(330,117)	58,959	10,401,069
<b>Unrestricted General Funds</b>						
General Purposes	7,635,895	571,715	(449,958)	(757,774)	(58,959)	6,940,919
<b>Restricted Funds</b>						
Choyce legacy	53,573	2,212	(15,000)	(107)	-	40,678
<b>Total Funds</b>	<u>16,982,137</u>	<u>2,266,737</u>	<u>(778,210)</u>	<u>1,087,998</u>	<u>-</u>	<u>17,382,666</u>

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Notes to the Financial Statements

Year Ended 31 December 2019

### 8. Movement on Funds *(continued)*

#### Transfers between reserves

During the year the following transfers were made between reserves:-

	General purposes	Mission fund	Manse General	Manse Church	Retired Ministers fund
	Unrestricted £	Designated £	Designated £	Designated £	Designated £
Allocation of surplus on sale of churches to Mission Fund	(96,409)	96,409	-	-	-
Deficit on Retired Ministers Fund	-	-	-	-	7,947
Transfer balance of Church Manse fund to Synod Manse fund	-	-	264,343	(264,343)	-
	<u>(96,409)</u>	<u>96,409</u>	<u>264,343</u>	<u>(264,343)</u>	<u>7,947</u>

### b) Purpose of Funds

#### General Purposes Fund - Unrestricted

Unrestricted funds are needed to cover the support costs and grants for the above objects and the administration costs without which the Synod could not function.

#### Church Buildings Fund - Designated

To provide funds which could supplement those already available within local churches for the improvement and maintenance of their properties. Support may be in the form of grants or loans.

#### Retired Ministers Housing Fund - Designated

To provide the capital for long term loans to supplement the purchase of accommodation for retired ministers or their partners, together with Synod's share of the maintenance costs for those properties.

#### Manse General - Designated

Mainly accumulated from the proceeds of manse sales when a replacement manse is not required, this fund provides long term loans to local churches in order for them to purchase a manse at a time when they do not have sufficient funds, and to supplement funds already available within local churches for the improvement and maintenance of their properties.

#### Manse Churches - Designated

To hold the proceeds of manse sales when the church concerned is expecting to purchase a replacement. A separate fund for each church consists of the proceeds of sale together with interest thereon, which provides growth to the capital value. The total is available towards the cost of purchasing a new manse.

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Notes to the Financial Statements

Year Ended 31 December 2019

### 8. Movement on Funds *(continued)*

#### Mission Fund - Designated

Funds to support local churches in their mission activity.

#### Choyce Legacy - Restricted

To be shared between the Church of North India Children's Development Unit, the Mission Fund of the Synod and Hatherton Church in accordance with the Will of Colin Choyce.

#### Church property – Designated and

#### Stretton - Designated

Funds from the disposal of the properties of Stretton, Stoke Chapel and Hall Green Church pending a decision on their future use.

### 9. Tangible Fixed Assets

	Property £	Office Equipment £	Total £
<b>Cost</b>			
At 1 January 2019 and 31 December 2019	<u>379,684</u>	<u>10,968</u>	<u>390,652</u>
<b>Depreciation</b>			
At 1 January 2019	111,370	9,159	120,529
Charge for the year	<u>11,137</u>	<u>903</u>	<u>12,040</u>
<b>At 31 December 2019</b>	<u>122,507</u>	<u>10,062</u>	<u>132,569</u>
<b>Net Book Value</b>			
<b>At 31 December 2019</b>	<u><b>257,177</b></u>	<u><b>906</b></u>	<u><b>258,083</b></u>
At 31 December 2018	<u>268,314</u>	<u>1,809</u>	<u>270,123</u>

All assets are used for charitable purposes.

### 10. Fixed Asset Investments

	Listed Investments			
	Fixed Interest £	Equities £	Cash £	Total £
Market value at 1 January 2019	2,276,428	12,767,305	389,161	15,432,894
Additions	103,912	2,848,358	-	2,952,270
Sales and redemption	(972,116)	(603,160)	(298,631)	(1,873,907)
Net investment gains	<u>62,891</u>	<u>2,626,967</u>	<u>-</u>	<u>2,689,858</u>
<b>Market Value at 31 December 2019</b>	<u><b>1,471,115</b></u>	<u><b>17,639,470</b></u>	<u><b>90,530</b></u>	<u><b>19,201,115</b></u>
<b>Cost at 31 December 2019</b>				<u><b>14,526,486</b></u>

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Notes to the Financial Statements

Year Ended 31 December 2019

<b>11. Programme Related Investments</b>	<b>2019</b>	<b>2018</b>
	£	£
<b>Cost at 1 January 2019</b>	<b>1,824,306</b>	1,906,413
Repayments on investments/Manse purchased	<u>599,944</u>	<u>(82,107)</u>
<b>Cost at 31 December 2019</b>	<b><u>2,424,250</u></b>	<b><u>1,824,306</u></b>
	<b>2019</b>	<b>2018</b>
	£	£
These investments relate to:-		
- Manses	<b>2,418,226</b>	1,818,282
- Retired Ministers Housing	<u>6,024</u>	<u>6,024</u>
	<b><u>2,424,250</u></b>	<b><u>1,824,306</u></b>

No interest is charged on the initial value of the investment, but benefits should arise when the properties are sold and the company recovers a proportion of the proceeds relating to the investment proportion of the total original cost. Retired Ministers Housing shows return of a legal charge when a property was sold.

<b>12. Debtors</b>	<b>2019</b>	<b>2018</b>
	£	£
Loans due from United Reformed Church churches and ministers	<b>48,942</b>	55,139
Other debtors	<b>52,716</b>	34,838
Prepayments	<u>7,383</u>	<u>695</u>
	<b><u>109,041</u></b>	<b><u>90,672</u></b>

Loans granted to local churches and ministers are normally repayable between five and ten years and interest is charged at 5% on the outstanding balance. Included in the above loans is an amount of £39,865 (2018: £42,350) due after twelve months.

<b>13. Cash and Short Term Deposits</b>				
	<b>Bank</b>	<b>Charities</b>	<b>Epworth</b>	
	<b>Current</b>	<b>Official</b>	<b>Deposit</b>	
	<b>Account</b>	<b>Investment</b>	<b>Fund</b>	<b>Total</b>
	£	£	£	£
General purposes	50,256	1,317	624,109	675,682
Designated accounts	-	1,455	-	1,455
Restricted funds	<u>626</u>	<u>-</u>	<u>-</u>	<u>626</u>
<b>Balances as at 31 December 2019</b>	<b><u>50,882</u></b>	<b><u>2,772</u></b>	<b><u>624,109</u></b>	<b><u>677,763</u></b>

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Notes to the Financial Statements

Year Ended 31 December 2019

### 14. Creditors

a) Amounts falling due within one year	2019 £	2018 £
Amounts due to United Reformed Church and related Bodies	400,653	375,784
Accruals -	28,793	46,281
Mission grants approved	32,850	41,927
Building grants approved	22,075	88,608
	<u>484,371</u>	<u>552,600</u>

Included within amounts due to United Reformed churches is £332,680 (2018: £306,133) arising from property disposals being held pending applications from those churches within an agreed timescale for use of the proceeds.

b) Amounts falling due after more than one year	2019 £	2018 £
Amounts due to United Reformed Churches	<u>15,524</u>	<u>16,960</u>

### 15. Disposition of Funds as at 31 December 2019

Fund	Fixed Assets £	Investments £	Programme Related Investments £	Debtors/ Creditors £	Cash and Deposits £	Total £
<b>Designated Funds</b>						
Church building	-	-	-	3,692	-	3,692
Retired Ministers Housing	-	-	6,022	(6,022)	-	-
Manse- General	-	6,975,039	2,418,228	-	1,455	9,394,722
- Churches	-	584,894	-	-	-	584,894
Stretton Cottages	-	-	-	440,700	-	440,700
Church Property	-	1,834,651	-	-	-	1,834,651
Mission Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>583,515</u>	<u>-</u>	<u>583,515</u>
<b>Total Designated Funds</b>	-	9,394,584	2,424,250	1,021,885	1,455	12,842,174
<b>Unrestricted Funds</b>						
General Purposes	258,083	9,768,661	-	(1,412,739)	675,683	9,289,688
<b>Restricted Funds</b>						
Choyce Legacy	<u>-</u>	<u>37,870</u>	<u>-</u>	<u>-</u>	<u>625</u>	<u>38,495</u>
<b>Total Funds</b>	<u>258,083</u>	<u>19,201,115</u>	<u>2,424,250</u>	<u>(390,854)</u>	<u>677,763</u>	<u>22,170,357</u>

# THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

## Notes to the Financial Statements

Year Ended 31 December 2019

### 15. Disposition of Funds as at 31 December 2019 (continued)

#### 2018 Comparative figures

<i>Fund</i>	<i>Fixed Assets £</i>	<i>Investments £</i>	<i>Programme Related Investments £</i>	<i>Debtors/ Creditors £</i>	<i>Cash and Deposits £</i>	<i>Total £</i>
<b>Designated Funds</b>						
<i>Retired Ministers Housing</i>	-	-	6,024	50,301	-	56,325
<i>Manse- General</i>	-	5,725,521	1,818,282	-	15,782	7,559,585
<i>- Churches</i>	-	842,857	-	-	-	842,857
<i>Stretton Cottages</i>	-	-	-	440,700	-	440,700
<i>Church Property</i>	-	980,535	-	-	-	980,535
<i>Mission Fund</i>	-	-	-	521,067	-	521,067
<b>Total Designated Funds</b>	-	7,548,913	1,824,306	1,012,068	15,782	10,401,069
<b>Unrestricted Funds</b>						
<i>General Purposes</i>	270,123	7,845,515	-	(1,490,956)	316,237	6,940,919
<b>Restricted Funds</b>						
<i>Choyce Legacy</i>	-	38,466	-	-	2,212	40,678
<b>Total Funds</b>	<u>270,123</u>	<u>15,432,894</u>	<u>1,824,306</u>	<u>(478,888)</u>	<u>334,231</u>	<u>17,382,666</u>

### 16. Commitments

#### Property

The office is situated on land that is registered in the name of the United Reformed Church (West Midlands) Trust Limited and held on statutory trusts in favour of Digbeth-in-the-Field United Reformed Church. Under an informal agreement, the Trust company pays a nominal sum to the local church for the use of the land.

#### Guarantees

The United Reformed Church (West Midlands) Trust Limited has acted as guarantor on behalf of a number of churches who have sought external grant funding. The various terms and conditions of these grants may require repayment in the event of church closure within a specified period. At the year end the trustees had no reason to believe that the likelihood of repayment was anything other than remote and therefore no additional disclosure or provision has been made.

### 17. Contingent Assets

At the year end, the properties of one church and two manses, held on Statutory Trusts in accordance with the United Reformed Church Acts of 1972, 1981 and 2000 by the company, were held. The proceeds will revert to Synod on sale in accordance with the Statutory Trusts on which the properties are held. Professional advice is being sought prior to disposal of two churches and one manse.



## THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

### Notes to the Financial Statements

Year Ended 31 December 2019

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#### 18. Funds Held as Trustee

##### **Local Churches**

The United Reformed Church (West Midlands) Trust Limited ("the Trust") acts as Trustee of local church assets. A local church has no legal identity of its own and, therefore, cannot hold property in its own name. The title to its assets must be held on trust by a group of trustees and this can be achieved either by private trustees (individuals) or by a Trust Company. All of the local churches' properties in the West Midlands Synod (save 2) are held by the Trust.

The deeds to church property are vested in the name of the Trust. A Declaration of Trust records which local churches hold properties and, if jointly owned, the shares held by each. The Trust has a share in a few properties and that share is recorded in the Declaration of Trust because the deeds are in the name of the Trust, any legal documents are signed by the Trust, but they are entering into those documents on behalf of the local church.

Similarly, most of the investments and cash deposits owned by local churches in the Synod are held by the Trust as trustee.

In relation to local church buildings, the Trust is the charity trustee. In relation to local church cash, investments and other assets, the Trust is the custodian trustee and the local Elders are the managing trustees. The role of the Trust is to carry out the wishes of the local church expressed in Church Meeting resolutions. Providing the trustees of the Trust have no objections to what they are being asked to do and the appropriate approvals have been obtained, they will act according to the instructions which come from the Elders/local Church.

##### **Inter-Synod Resources Sharing**

In addition to the funds held for churches the Trust also holds funds on behalf of the URC Inter Synod Resource Sharing process which redistribute funds from wealthier Synods to those Synods in need of support. The funds totalling £379,617 at 31 December 2019 are held in separately identified deposit funds and investments. The funds are controlled by Resource Sharing Task Group drawn from amongst the Synod Treasurers. As a body the Trustees of the Trust play no part in directing the management of these funds.

## THE UNITED REFORMED CHURCH (WEST MIDLANDS) TRUST LIMITED

### Notes to the Financial Statements

Year Ended 31 December 2019

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#### 19. Related Party Transaction

The Trust is the corporate trustee of The James and Freeman Charity. During the year a charge of £2,000 (2018: £3,000) was made to The James and Freeman Charity for the administrative services provided by the Trust to the charity.

Owing to the nature of the charity's operations and the composition of the board of trustees being drawn from the local United Reformed Churches, grant awards may take place with churches from within the Trust's oversight. All discussions about grant awards or other transactions are undertaken without the presence of conflicted trustee. Following a change in the Manse Policy, all major repairs to manse are paid for by the Trust, for transparency all such repairs are recorded at grants to churches and noted below where they relate to a church where a trustee or officer would have otherwise considered to have a conflict.

The following transactions arose in the year:-

Beneficiary	Purpose	Committee	Value £	Related Party	Relationship
Cheltenham URC	Manse Repair	Finance	33,683	Mr D Black	Trustee
North Coventry Pastorate	Manse Repair	Finance	2,981	Mr S Powell	Trustee
Holyhead Road Shrewsbury	Church Repair	Mission Fund	797	Mr S Powell	Trustee
	Building	Trust	4,131	Mr G W Potter	Trustee
	Repair				
Shrewsbury	Youth Grant	Missional Discipleship Development	500	Mr M N Davies	Finance Officer

#### 20. Financial Instruments

Financial assets measured at fair value through net income comprise fixed asset investments with a value of £ 19,110,585 (2018: £15,043,733).