

REGISTERED NUMBER - 04258802

EASTERN REGION MINISTRY COURSE
(a company limited by guarantee)

ACCOUNTS

For the year ended 31 August 2018

EASTERN REGION MINISTRY COURSE

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EASTERN REGION MINISTRY COURSE

TRUSTEES AND DIRECTORS

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

COMPANY SECRETARY

Revd Dr Alexander Soenderup Jensen

PRINCIPAL OFFICE

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

BANKERS

Barclays Bank PLC
28 Chesterton Road
Cambridge
CB4 3AZ

AUDITORS

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

REGISTERED NUMBER

04258802

CHARITY NUMBER

1090989

Eastern Region Ministry Course 2017-2018

Trustees and Directors Report

The Trustees and Directors of the Council are pleased to present their annual report for the year ended 31st August 2018 under the Charities Act 2011, together with the audited accounts for the year and confirm that the latter comply with the requirements of the Act, the memorandum and articles of association and the Charities SORP 2015.

Reference and Administrative Information

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

Structure, Governance and Management

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

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

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

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

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

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

Risk Management

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

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

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

Objectives and Activities

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

EASTERN REGION MINISTRY COURSE

Objectives and Activities (continued)

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

Achievements and Performance

The first cohort on our full time contextual pathway has now completed the course and been ordained. The feedback from students, training ministers, DDOs and some regional bishops was very positive. After an initial informal review we have made some minor changes and we are planning to review this course more formally after the second cohort has completed.

Last year was characterised by significant changes for ERMIC. As foreshadowed in the last year's report the Cambridge Theological Federation had to adopt a new business plan and make significant structural changes very quickly in order to remain a going concern. As part of this it was agreed that ERMIC would move its academic accreditation out of the Federation and become a TEI (Theological Education Institution) in its own right. This means that we relate to Durham University directly for the purpose of our academic accreditation. In all other respects we remain a member of the Federation, with the status of an associate member. The Federation continues to provide library and online services for our students, staff development for our faculty, and communal life including worship and social events. We applied to Ministry Division and Durham University to be recognised as a TEI in our own right in January 2018. The application made heavy demands on staff at a time of change but our application was approved and our new relationship with Durham and the Federation took effect in September 2018.

The Director of Practical Theology resigned and left ERMIC at the end of the autumn term. Her departure led us to move forward a staffing review that had been planned for later that year. As a result, the part-time positions of Vice Principal/Director of Studies and Director of Practical Theology were declared redundant and a new full-time position of Director of Contextual Education was established. The Vice Principal left us half way through the autumn term. Both Elizabeth Harper as Vice Principal and Emma Rothwell as Director of Practical Theology have made significant contributions to ERMIC and we wish them well for the future.

We made interim appointments until the end of the academic year, appointing Lucy Dallas as part-time Director of Contextual Education (in addition to her continuing part-time appointment as and David Herrick as Director of Studies. David Herrick had worked with us before as Lay Reader Training Officer for the Diocese of St Edmundsbury and Ipswich. We were unable to make a permanent appointment for 2018/19 and extended the interim appointments for another year. The Trustees are grateful to the staff who enabled the work of the course to continue at a time of considerable disruption.

An important initiative last year was a rebranding exercise, leading to a new logo and corporate design. This was not merely a design exercise but led to important discussions about our corporate identity. As a result, a proposed name change was rejected and the close relationship with our partner dioceses affirmed.

As part of this exercise we also launched a new website which is much more attractive and provides more relevant and up-to-date information than the old one. It has already become an important recruitment tool. We also have established a social media presence on Facebook and Twitter. We are aware that we cannot just rely on or partner dioceses to send us sufficient numbers of students. We are now much more proactively recruiting students in a competitive environment.

We were pleased to bring our negotiation with Westminster College concerning the lease for 1a The Bounds to a successful conclusion and have now signed a 25 year lease for our premises.

EASTERN REGION MINISTRY COURSE

Financial Review

The Course continues to be funded by fees received from the Church of England and its viability is dependent on the number of students it can attract annually. The Council reports a deficit of £35,110 after the actuarial gain on the defined benefit schemes. We were disappointed that student numbers had declined substantially. We are confident, though, that this was an exception rather than the beginning of a trend. For the following year student numbers are back to a sustainable level. The Finance Sub-Committee continues to review expenditure so the ERMCM will be sustainable in the long term.

Reserves Policy

The Council operates a reserves policy which states that the Trustees are satisfied that ERMCM can operate with the equivalent of two months' worth of expenditure as a reserve. However, over the longer term, it is desirable to hold three months, provided that there is no detrimental effect on the running of the course. This would not provide against a change in Ministry Division funding arrangements, but would give the Trustees the opportunity to consider and respond to such a change. It is not considered necessary or appropriate to hold reserves against such changes. The Trustees note that the total unrestricted free reserves at the year-end were £90,817. It will be important, though, to monitor this carefully until ERMCM returns to a regular annual surplus (before any actuarial losses).

Public benefit

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

Plans for the future

In 2017/18 we began the process to formulate a new vision and strategic plan for ERMCM. After the many disruptions of the previous years we decided to start with a two-year plan, in order to stabilise the organisation after the many changes of the past few years and then to make long-term plans. After wide consultation the vision statement and strategic plan were approved by the Council at its November meeting, but this is beyond the remit of this report.

In the meantime, our main priority is to make our new relationships with Durham and the Federation work smoothly. Under the new arrangements we have a lot of freedom to start new programmes and to do things differently, and it will be important to use this freedom wisely and creatively.

Responsibilities of the Board of Trustees

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

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

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

Rt. Revd Richard William Bryant Atkinson OBE (Chair)



Signed on behalf of the Council

Date:

15th March 2019

REPORT OF THE INDEPENDENT AUDITORS TO THE COUNCIL OF MEMBERS

We have audited the financial statements of Eastern Region Ministry Course for the year ended 31 August 2018 which comprise Statement of Financial Activities, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2018 and of the Course's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the Council Members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

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

We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITORS TO THE COUNCIL OF MEMBERS (CONTINUED)

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Council Members

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

EASTERN REGION MINISTRY COURSE

REPORT OF THE INDEPENDENT AUDITORS TO THE COUNCIL OF MEMBERS (CONTINUED)

Use of report

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

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

Date: 27 March 2019

EASTERN REGION MINISTRY COURSE
STATEMENT OF FINANCIAL ACTIVITIES (Income and expenditure account)
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Income from:					
Donations		7,169	-	7,169	6,451
Charitable activities:					
- Theological education and ministerial training		366,890	-	366,890	401,318
- Other		6,940	-	6,940	11,343
Investments		267	-	267	34
Total		<u>381,267</u>	<u>-</u>	<u>381,267</u>	<u>419,146</u>
Expenditure					
Charitable activities	2	427,377	-	427,377	407,873
Total		<u>427,377</u>	<u>-</u>	<u>427,377</u>	<u>407,873</u>
Net income/(expenditure)		(46,110)	-	(46,110)	11,273
Transfer between funds		-	-	-	-
Other recognised gains/(losses)					
Actuarial gains/(losses) on defined benefit pension schemes	7	11,000	-	11,000	(26,000)
Net movement in funds		<u>(35,110)</u>	<u>-</u>	<u>(35,110)</u>	<u>(14,727)</u>
Reconciliation of funds:					
Total funds brought forward		125,927	330	126,257	140,984
Total funds carried forward		<u>90,817</u>	<u>330</u>	<u>91,147</u>	<u>126,257</u>

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

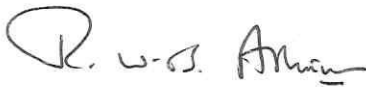
**EASTERN REGION MINISTRY COURSE
BALANCE SHEET
AS AT 31 AUGUST 2018**

REGISTERED NUMBER - 04258802

	Note	2018		2017	
FIXED ASSETS		£	£	£	£
Tangible Assets	4		4,997		4,179
CURRENT ASSETS					
Debtors	5	32,553		46,925	
CBF Deposit Account		160		159	
Cash at Bank		139,718		169,157	
Petty Cash		9		9	
TOTAL CURRENT ASSETS		<u>172,440</u>		<u>216,250</u>	
CURRENT LIABILITIES					
Creditors	6	<u>72,990</u>		<u>65,872</u>	
		72,990		65,872	
NET CURRENT ASSETS			<u>99,450</u>		<u>150,378</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			104,447		154,557
DEFINED BENEFIT PENSION SCHEME LIABILITY	7		(13,300)		(28,300)
NET ASSETS			<u><u>91,147</u></u>		<u><u>126,257</u></u>
THE FUNDS OF THE CHARITY:					
Unrestricted Fund:					
General Fund			90,817		125,927
Restricted Fund	9		330		330
TOTAL CHARITY FUNDS			<u><u>91,147</u></u>		<u><u>126,257</u></u>

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

Approved by the Council on 15th March 2019
and signed by:



Rt. Revd Richard William Bryant Atkinson OBE (Chair)


Revd Dr A S Jensen

**EASTERN REGION MINISTRY COURSE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1) ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention and are in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows.

Income

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

Expenditure

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

Depreciation of Fixed Assets

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

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

Pension Costs

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

Going Concern

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

Debtors

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

Creditors and provisions

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

**EASTERN REGION MINISTRY COURSE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018**

2) CHARITABLE ACTIVITY EXPENDITURE

Theological education and ministerial training

Direct costs:

	2018	2017
	£	£
Tutorial staff	137,161	132,930
Staff travel, training and book allowances	6,559	8,273
Tutors' fees and expenses	23,992	22,153
Centre teacher expenses	15,942	13,531
Other academic costs	51,405	46,870
Tutorial support staff	35,340	29,253
Recruitment & meals costs	2,577	2,640
Insurance	1,340	1,274
Other direct premises costs	15,595	14,735
Residential weekends and summer	89,488	95,172
Staff housing costs	12,519	10,449
Depreciation charge	1,384	1,110
Pension provision interest cost	1,000	-
	<u>394,301</u>	<u>378,390</u>

Support costs:

Service charges	3,088	789
Printing, stationery and photocopying	3,213	3,572
Postage and telephone	878	1,719
Branding and web design	1,738	2,918
IT costs	4,509	930
Gas & Electricity	782	139
Removal costs	-	3,638
Governance- Audit fees	2,100	3,540
Council expenses	756	507
Professional fees	15,336	11,190
Other support costs	677	541
	<u>33,076</u>	<u>29,483</u>

Total costs

<u>427,377</u>	<u>407,873</u>
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3) ANALYSIS OF STAFF COSTS AND REMUNERATION TO KEY PERSONNEL

	2018	2017
	£	£
Wages and salaries	126,894	119,542
Social security costs	7,562	9,965
Pension costs	18,536	25,543
Staff book allowances	643	457
	<u>153,636</u>	<u>155,507</u>

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

	2018	2017
Academic staff	4	4
Tutorial support staff	2	2
	<u>6</u>	<u>6</u>

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

£236 was paid to one trustee for council expenses.

During the year one trustee Revd Dr Jensen received £40,755 in his capacity as Principal.

Key management personnel

During the year remuneration received by key management personnel totalled £49,755

**EASTERN REGION MINISTRY COURSE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018**

4) FIXED ASSETS

Cost	Computer Equipment £	Office Equipment & Furniture £	Library £	Total £
At 1 September 2017	2,227	7,760	20,216	30,203
Additions	2,201	-	-	2,201
Disposals	-	-	-	-
At 31 August 2018	<u>4,428</u>	<u>7,760</u>	<u>20,216</u>	<u>32,404</u>
Depreciation				
At 1 September 2017	1,784	4,051	20,189	26,024
Charge for Year	944	412	27	1,384
Eliminated on disposal	-	-	-	-
At 31 August 2018	<u>2,728</u>	<u>4,463</u>	<u>20,216</u>	<u>27,409</u>
Net Book Value:				
At 31 August 2018	<u>1,700</u>	<u>3,297</u>	<u>-</u>	<u>4,997</u>
At 31 August 2017	<u>443</u>	<u>3,709</u>	<u>27</u>	<u>4,179</u>

All assets are used for charitable purposes.

5) DEBTORS

	2018 £	2017 £
Fees outstanding	5,155	576
Prepayments and accrued income	27,398	46,349
Other debtors	-	-
	<u>32,553</u>	<u>46,925</u>

6) CREDITORS

	2018 £	2017 £
Trade creditors	41,467	35,966
Accruals and deferred income	14,463	12,933
Other creditors	3,214	6,273
Pension deficit reduction provision	13,845	10,700
	<u>72,990</u>	<u>65,872</u>

7) PENSION PROVISIONS

	2018 £	2017 £
Balance as at 1st September	39,000	19,000
Deficit contributions (paid)/incurred	(5,000)	(6,000)
Interest cost	1,000	-
Remaining change to the balance sheet liability	(11,000)	26,000
Balance as at 31 August	<u>24,000</u>	<u>39,000</u>
Due in less than one year	10,700	10,700
Due in more than one year	<u>13,300</u>	<u>28,300</u>

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

**EASTERN REGION MINISTRY COURSE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018**

8) OPERATING LEASE COMMITMENTS

At 31 August 2018 the charity had total commitments under non-cancellable operating leases expiring as follows:

	Office Equipment 2018 £	2017 £
Expiring:		
In less than one year		
Between one and five years	<u>3,180</u>	<u>3,180</u>

Lease payment rentals recognised as an expense for the year amounted to £1,029.

9) RESTRICTED FUND

	Liturgy Binders Fund £	Total £
Balance as at 1 September 2017	330	330
Incoming resources	<u>-</u>	<u>-</u>
	330	330
Less outgoing resources	-	-
Transfer from Unrestricted Fund	-	-
Balance as at 31 August 2018	<u>330</u>	<u>330</u>

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

10) ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £	Net Current Assets £	Pension Provisions £	Total £
Restricted Funds	-	330		330
Unrestricted Funds:				
General Fund	4,997	99,120	(13,300)	90,817
	<u>4,997</u>	<u>99,450</u>	<u>(13,300)</u>	<u>91,147</u>

**EASTERN REGION MINISTRY COURSE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018**

11) PENSION SCHEMES

a) Church Workers Pension Fund

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

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

Defined Benefits Scheme

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

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

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

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year contributions are payable towards benefits and expenses accrued in that year (2018 £8,025, 2017: £9,560), plus any impact of deficit contributions (see below), giving a total charge of £8,025 for 2018 (2017: £9,560).

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

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2013. In this valuation, the Life Risk Section was shown to be in deficit by £4.9m and £4.3m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £12.9m.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 32.2% of pensionable salary and expenses of £1,100 per year.

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

**EASTERN REGION MINISTRY COURSE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018**

11) PENSION SCHEMES (continued)

	2017	2016
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability*(recognised in SoFA)	-	-
Balance sheet liability at 31 December	-	-

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

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

	Dec-17	Dec-16	Dec-15
Discount rate	0.00%	0.00%	0.00%

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

The next valuation of the scheme is being carried out as at December 2016.

Pension Builder Scheme

Eastern Region Ministry Course (PB 2014) participates in the Pension Builder Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and other participating employers.

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

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

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

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

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

The Scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the SoFA in the year are contributions payable (2018: £2,165, 2017: £3,280).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2013. This revealed, on the ongoing assumptions used, a surplus of £0.5m. There is no requirement for deficit payments at the current time.

Pension Builder 2014 will be valued in relation to the lump sum payable to members at normal pension age. There are no annual pension benefits. Pension Builder 2014 commenced in February 2014 so the first full valuation of that section will be carried out at the next CWPF valuation date, 31 December 2016 which was completed in March 2018.

**EASTERN REGION MINISTRY COURSE
NOTES TO THE ACCOUNTS
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11) PENSION SCHEMES (continued)

b) Clergy Pension Fund

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

	December 2017	December 2016
Number of members at this Responsible Body	1	2

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

possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2018:£15,316, 2016:£12,646), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £316 in 2017 (2016:£32,646).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2015. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- An investment strategy of :
 - for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030; and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns equivalent to 2.6% p.a. on gilts and 4.6% p.a. on return-seeking assets;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Mortality in accordance with 80% of the S2NMA and S2BFA tables, with allowance for future improvements in mortality rates in line with the CMI 2015 core projections, with a long term annual rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the contribution rates (as a percentage of pensionable stipends) were set out in the table below. Contributions since 2015 are shown as reference.

	January 2016 to December 2017	January 2018 to December 2025
% of pensionable stipends		
Deficit repair contributions	14.1%	11.9%

As at December 2015, the deficit repair contributions payable under the recovery plan in force were 14.1% of pensionable stipends until December 2025. As at December 2016 and December 2017 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

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

	2017	2016
Balance sheet liability at 1 January	39,000	19,000
Deficit contributions paid	(5,000)	(6,000)
Interest cost (recognised in SoFA)	1,000	-
Remaining change to the balance sheet liability* (recognised in SoFA)	(11,000)	26,000
Balance sheet liability at 31 December	<u>24,000</u>	<u>39,000</u>

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

**EASTERN REGION MINISTRY COURSE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018**

11) PENSION SCHEMES (continued)

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

	December 2017	December 2016	December 2015
Discount rate	1.4%	1.5%	2.5%
Price inflation	3.0%	3.1%	2.4%
Increase to total pensionable payroll	1.5%	1.6%	0.9%

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

12) STATEMENT OF FINANCIAL ACTIVITIES DETAIL FOR YEAR ENDED 31st AUGUST 2017

	General Fund £	Restricted Fund £	Total 2017 £
Income from:			
Donations	6,451		6,451
Charitable activities:			
- Theological education and ministerial training	401,318		401,318
- Other	11,343		11,343
Investments	34		34
Total	419,146	-	419,146
Expenditure			
Charitable activities	407,873		407,873
Total	407,873	-	407,873
Net (expenditure)/income	11,273	-	11,273
Transfer between funds	-	-	-
Other recognised gains/(losses)			
Actuarial gains/(losses) on defined benefit pension schemes	(26,000)	-	(26,000)
Net movement in funds	(14,727)	-	(14,727)
Reconciliation of funds:			
Total funds brought forward	140,654	330	140,984
Total funds carried forward	125,927	330	126,257

13) RELATED PARTY TRANSACTIONS

There were no related party transactions.