



**Rural Community Council of Essex
Consolidated Financial Statements**

Incorporating the Directors' and Auditors' Reports

Year ended 31 March 2019

THE RURAL COMMUNITY COUNCIL OF ESSEX
A Charitable Company Limited By Guarantee
Registered Charity No. 1097009

CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

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THE RURAL COMMUNITY COUNCIL OF ESSEX

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DIRECTORS' REPORT

The directors are pleased to present their report on the affairs of the Rural Community Council of Essex (RCCE), together with the audited Financial Statements of the charitable company and RCCE Trading Community Interest Company for the year to 31 March 2019.

The Consolidated Financial Statements have been prepared in accordance with the accounting policies set out in Note 1 to the Consolidated Financial Statements and comply with the Companies Act 2006.

1. OBJECTIVES AND ACTIVITIES

The purpose of the Rural Community Council of Essex's work, as stated in its Memorandum of Association, is:

- "to promote any charitable purposes for the benefit of the community in the County of Essex and, in particular,
- the advancement of education, the protection of health, and the relief of poverty, distress and sickness,
- in the furtherance of the said purposes to promote and organise co-operation in the achievement of the same and to that end to bring together in council representatives of the voluntary organisations and statutory authorities within the County."

During the period under review, RCCE's *Strategy 2016-19* provided the strategic framework for the company's development. This strategy retains RCCE's existing mission and aims, but highlights three priority areas of work for the three-year period:

- Localism and Community Engagement;
- Providing Services to Communities and People in Need;
- Strategic Influencing and Partnership Working.

2. ACHIEVEMENTS AND PERFORMANCE

This section of the report summarises the achievements and performance of RCCE in the year to 31 March 2019 in relation to the three priority areas of work set out in the *Strategy 2016-19*. The directors have paid due regard to guidance from the Charity Commission on public benefit in deciding what activities the charitable company should undertake, and the impact of the following achievements, based on RCCE's aims, evidences that public benefit.

The income and expenditure attributable to each of the activities outlined in this section are presented in Notes 2 and 3 to the Consolidated Financial Statements respectively.

Localism and Community Engagement

Community Engagement

The simplification of the planning system since 2010 and the presumption in favour of development have created anxieties for rural communities. The response of an increasing number of villages and rural towns in Essex has been to prepare a Neighbourhood Plan. Such plans, which have a statutory role under the 2011 Localism Act, do not prevent development but instead enable local people to pro-actively influence it, giving them an opportunity to secure the housing and amenities they need for a sustainable future.

RCCE continues to develop its role as a focal point of advice and support on Neighbourhood Planning in the county, providing a service with three distinct but inter-related strands:

- Bespoke support and facilitation for individual plans, delivered in part through contracts with Braintree, Epping Forest and Uttlesford District Councils. Over the past year, RCCE provided support for 35 individual plans, including one at Thaxted that was endorsed in a referendum in January 2019.

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DIRECTORS' REPORT - continued

2. ACHIEVEMENTS AND PERFORMANCE - continued

Localism and Community Engagement - continued

Community Engagement - continued

- A programme of training and networking events for Neighbourhood Planning groups which includes topic based training and more informal 'coffee mornings' to foster mutual support. These events attracted a total of 156 participants in 2018/19.
- Facilitating a Neighbourhood Planning Officers Network which brings RCCE together with local authorities and other partners to strengthen collaboration and information sharing. By popular request, two meetings were held in 2018/19 rather than just the established annual meeting.

RCCE uses its skills and experience of community engagement to deliver a number of other projects and contracts with partners. An example of this is facilitating Lottery-funded 'Big Local' partnerships that encourage residents in a variety of locations to take the lead in shaping economic and social change in their communities.

The annual Essex Village of the Year Competition illustrates the value of effective community engagement and enterprise. Essex & Suffolk Water and Inkpen Downie Architecture & Design again sponsored the competition in 2018, which was won by Messing.

Rural Housing Enabler Service

RCCE is committed to increasing the supply of affordable housing in rural communities. This is critical to improving the life chances of young people and families living in rural Essex today. Without such housing many people will be unable to afford to live in the community where they have roots, family and often employment as well, which will have knock-on implications for local businesses, services and community cohesion.

The Rural Housing Enabler (RHE) service, which RCCE operates in partnership with four registered housing providers and six local authorities, works to provide small scale schemes based on the evidence of housing needs surveys facilitated with the local parish council. Demand for housing needs surveys has increased over the past two years with 10 new surveys completed and 7 more in progress at the end of March 2019.

A good example of a completed scheme initiated through RCCE is the one opened at Little Hallingbury in May 2018. Developed by Hastoe Housing Association, one of our partner housing providers, it provides 16 homes, a mix of rent and shared-ownership, all occupied by local families.

Rural schemes in Essex, as elsewhere, have traditionally been developed on exception sites provided at a discount by local landowners. This approach will continue but, in order to maximise opportunities, RCCE is actively exploring alternative models. To this end, we are currently working with other RCCs in the East of England to develop a regional Community Led Housing Hub.

Providing Services to Communities and People in Need

Village Halls & Community Buildings Advice Service

Village halls are at the heart of rural life and play a critical role in sustaining a sense of community, particularly in many smaller communities with few, if any, other amenities.

One feature of village halls often overlooked is that they are not run by statutory authorities. Instead, they are registered charities, owned by the local community and managed entirely by volunteers. The latest national survey of halls conducted by ACRE, the national body for Rural Community Councils, showed that, across England, trustees devote 9.6 million hours per annum to the task.

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DIRECTORS' REPORT - continued

2. ACHIEVEMENTS AND PERFORMANCE - continued

Providing Services to Communities and People in Need - continued

Village Halls & Community Buildings Advice Service - continued

Fortunately for such volunteers, help is always at hand in the shape of RCCE's Village Halls & Community Buildings Advice Service. Almost 250 halls were affiliated to the service in 2018/19, enabling them to receive help in addressing a diverse range of issues including charity law, VAT, health and hygiene regulations, licensing, and the management of renovation and major rebuild projects. Advice on funding is always in demand and this year RCCE helped member halls secure more than £700,000 in capital funding to support modernisation and redevelopment projects. Looking to the future, there was more good news towards the end of the year when ACRE launched a new £3 million fund to help improve village halls.

RCCE is adept at creating opportunities for village halls. The partnership with the energy switching company, Utility Aid, has enabled participating halls to secure savings averaging 18% on their energy bills. In another initiative, RCCE has encouraged halls to take advantage of the Superfast Essex Community Wi-Fi Scheme, enabling them to offer a public Wi-Fi service to the local community. By the time the scheme closed in February 2019, 24 halls had secured funding from Essex County Council to set up such a Wi-Fi service.

Community Agents Essex

The Community Agents Essex service which RCCE runs in partnership with its three voluntary sector partners, British Red Cross, Age UK Essex and Neighbourhood Watch Essex, helps vulnerable elderly people retain their independence by enabling them to continue living safe, happy and well in their own home. It is widely recognised, beyond Essex, as offering an innovative and highly effective approach to the challenge of providing social care in the 21st century. Essex County Council have committed to continue funding the Community Agents Essex service for a further two years to March 2021, and propose extending the service to embrace all those aged over 18.

The team of 30 agents (15 of whom work for RCCE) operate countywide, and have helped more than 19,400 clients since the launch of the service in 2014. 98.2% of clients remain living at home after the completion of their case and 93.5% remain living independently with no additional statutory support 12 months later. The agents are doing much to ease the demands on hard pressed public services, so much so that Essex County Council estimate the service has secured savings of £7.9 million since its inception.

Home from Hospital & Social Prescription Services

Building upon the foundations of the Community Agents Essex service, RCCE now provides a number of additional services to support older people. Key amongst these is a 'Home from Hospital' service operating from Colchester Hospital. In just over a year, the Home from Hospital team, which comprises 6 navigators and a service co-ordinator, has supported almost 1,000 elderly people both in hospital and at home. The aim is to help vulnerable patients aged 65 or over who require additional support after being discharged from hospital. We also now manage a 'social prescription service' under contract to Basildon & Brentwood Clinical Commissioning Group.

Social Isolation and Loneliness Programme

Social isolation and loneliness emerged this year as a front line political priority encouraged by the Government's publication of a new cross-cutting strategy 'A connected society: a strategy for tackling loneliness'. In Essex, the County Council mirrored this approach, setting up a Loneliness Forum and then a special roundtable meeting, chaired by Cllr. John Spence, Cabinet Member for Health & Social Care, to examine ways of addressing the problem within the community. RCCE participated in both, raising awareness, at the latter, of the rural dimension to this issue.

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DIRECTORS' REPORT - continued

2. ACHIEVEMENTS AND PERFORMANCE - continued

Providing Services to Communities and People in Need - continued

Social Isolation and Loneliness Programme - continued

Encouraged by the evidence gathered through this meeting, ECC launched a new grant programme to address social isolation and loneliness at community level. Essex was divided into quadrants for the competitive bidding process and RCCE was successful with the three bids it submitted for Mid, North East and South Essex. Commencing in the summer of 2019, RCCE will receive funding totalling more than £500,000, over a two-year period, to develop programmes in the three areas based around networks of community enablers.

Essex Rural Skills Project

RCCE continues to act as lead partner for the Essex Rural Skills Project. Funded by the National Lottery Community Fund's 'Building Better Opportunities' fund and identified as an exemplar project by the South East Local Enterprise Partnership, this project is targeted at people aged 45 and over, who are currently economically inactive. Focussing on outdoor activities, including horticulture, woodland skills, carpentry and construction, the courses are delivered at Wormingford Community Education Centre and Stow Maries Great War Aerodrome. Since its launch in September 2017, 90 participants have successfully completed one or more of the courses.

Growing Communities

The third year of RCCE's Growing Communities project again focussed on the importance of educating children about growing and eating locally sourced food. As in the previous year, the initiative was supported by The Augustine Courtauld Trust, Perrywood Garden Centre, Kings Seeds and the Royal Horticultural Society. The centre-piece of the project is a competition which asks primary and special-school children to design a kitchen-garden plot and create a recipe for a healthy packed lunch using the produce from the plot. Some 220 entries were received from 56 participating schools.

Essex Rural Fund

RCCE established the Essex Rural Fund in 2009, its 80th anniversary year. The aim was to create an endowed fund able to provide grants to support community projects and charities in rural Essex on a long-term basis. Essex Community Foundation manages the fund, but RCCE has responsibility for fund raising and promotion. In the 10 years since its launch, RCCE and its supporters have raised in excess of £325,000 for the fund, and grants totalling more than £86,000 have been awarded to 31 individual projects.

Strategic Influencing and Partnership Working

Essex Rural Partnership

RCCE plays an influential role in co-ordinating the rural sector in the county, in particular through its management of the Essex Rural Partnership (ERP). The ERP brings together a broad range of stakeholders to foster collaboration on the major strategic issues facing rural Essex. Alongside RCCE, the key partners include Essex County Council, the District Councils, Essex Police, the Office of the Police, Fire & Crime Commissioner, the Essex Association of Local Councils, the National Farmers Union, the Diocese of Chelmsford and Essex Wildlife Trust.

The Essex Rural Strategy, launched in 2016, sets out 10 priority themes which provide a focus for ERP's work. With input from the individual priority leads, RCCE has committed itself to publishing annual progress reports on the strategy, the first of which was produced this year.

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DIRECTORS' REPORT - continued

2. ACHIEVEMENTS AND PERFORMANCE - continued

Strategic Influencing and Partnership Working - continued

Essex Rural Partnership - continued

The bi-annual meetings of the partnership give members an opportunity to debate topical issues and consider their impact on rural Essex. The past year's meetings featured presentations from Cllr. Kevin Bentley, Deputy Leader of Essex County Council, speaking in his role as Chairman of the Local Government Association's Brexit Task Group, and Tim Goodship, Director of Rural Policy at Defra (the Department for Environment, Food & Rural Affairs), who spoke on the Agriculture Bill and other Government rural priorities.

ERP's task-and-finish group focussing on the problem of large-scale, industrial fly tipping, again facilitated by RCCE, completed its work in 2018. It recommended the creation of a permanent partners' group which will be managed by the Office of the Police, Fire & Crime Commissioner.

Policy Influencing and Representation

In addition to its role with the Essex Rural Partnership, RCCE has been particularly active in its own right this year, representing the needs of rural communities to all levels of government and numerous public bodies and partnerships.

At a national level, we responded to Defra's consultation paper on rural support post-Brexit, entitled 'Health and Harmony: the future for food, farming and the environment in a Green Brexit', and submitted evidence to the House of Lords Select Committee on the Rural Economy. Both submissions were closely aligned with evidence provided by ACRE, and both drew on RCCE's experience in managing the Essex Rivers LEADER programme (ref: *Essex Rivers*). This experience also proved useful when we were invited to participate in a consultation event on the UK Shared Prosperity Fund, the Government's proposed successor to EU Structural Funds.

More locally, we have engaged closely with Essex County Council on its high-profile 'Future Library Services Strategy', encouraging rural communities to get involved in the process and to explore the potential for community libraries.

Other examples of ongoing influencing work this year included:

- Providing regular trends and issues reports to ACRE ('Action with Communities in Rural England') under the terms of the current Defra/ACRE grant agreement, and supporting ACRE in its efforts to secure long-term investment in the Rural Community Council network.
- Participating in the Rural Sector Working Group established by the South East Local Enterprise Partnership, where we've advocated the importance of a rural dimension to the regional economic strategy and encouraged the creation of task groups on post-Brexit funding and rural housing.
- Participating as a member of the Essex Assembly which has responsibility for facilitating delivery of 'The Future of Essex', a new long-term shared vision for the county, published in 2017. RCCE has focussed particularly on the 'Essex Unites' sustainable communities strand.
- Participating in 'Superfast Essex', the partnership which is overseeing the roll-out of high-speed, fibre broadband across the county. As a member of the 'Community Engagement Group', RCCE advised on the development of the Community Wi-Fi Scheme (ref: *Village Halls & Community Buildings*).

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DIRECTORS' REPORT - continued

2. ACHIEVEMENTS AND PERFORMANCE - continued

Strategic Influencing and Partnership Working - continued

Essex Rivers

The Essex Rivers LEADER programme enjoyed an exceptional year, utilising its entire allocation of £1.6 million to stimulate rural business growth, diversification and job creation across a large part of rural Essex. RCCE manages the programme in conjunction with a Local Action Group (LAG) of private, public and voluntary sector representatives.

In supporting a wide range of businesses, Essex Rivers LEADER has enabled the creation of 85 new rural jobs, significantly exceeding its programme target. An important feature of LEADER is that it can support any business based in a rural area, not just those from the agricultural sector. This makes it particularly relevant to the modern rural economy and has enabled us to support food producers, vineyards, pubs, and heritage and tourism projects, as well as farm businesses.

Essex Rivers is the one LAG exclusively covering Essex. It has a wide geographical area including parts of Braintree, Brentwood, Chelmsford, Colchester, Maldon and Rochford districts, and includes a significant portion of the Essex coast. RCCE also has a stake in two other cross-border LAGs, being represented on the Heritage Coast and Wool Town LAGs, both of which straddle the Suffolk-Essex border. It liaises with a fourth LAG, Eastern Plateau, which covers East Hertfordshire and North West Essex.

LEADER ('Liaison Entre Action de Developpement de l'Economie Rurale') funding comes from the European Agricultural Fund for Rural Development, so will cease to be available in the UK once it exits the European Union. Defra has stipulated that all LEADER funds must be allocated by 29 March 2019, the original planned exit date, and spent by 31 December 2020.

3. FINANCIAL REVIEW

The preparation of these Financial Statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported (see Note 1vii to the Financial Statements). During the course of the year to 31 March 2018, the Directors undertook an exercise to determine whether the company should continue to value its defined benefit pension scheme assets/liabilities using actuarial assumptions that comply with Section 28 of Financial Reporting Standard 102 (FRS102). The Directors concluded that such a valuation, if included in the financial statements, would not give a true and fair view of the company's financial position as at 31 March 2018, nor of its net income/expenditure for the year then ended.

In the intervening period, nothing has changed to persuade the Directors that they should not continue to apply this true and fair override of Section 28 of FRS102 to the company's Financial Statements for the year to 31 March 2019. The Directors' reasons for making this judgement are fully explained in Note 11 to these Financial Statements.

During the year, the company (and group) recorded a surplus on unrestricted funds of £22,691. In arriving at this figure, the company has accounted for £114,303 of defined benefit pension scheme contributions payable in accordance with the rules of the scheme (see Note 3 to the Financial Statements). Had the company continued to apply Section 28 of FRS102, this would have led to an additional pension service cost for the year of £41,000 and an interest charge on the net pension liability of £8,000. The actuarial gain for the year would have been £44,000 and there would have been a Balance Sheet pension liability of £346,000 (see Note 11 to the Financial Statements). In these circumstances, the company would have recorded a surplus for the year of 17,691.

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DIRECTORS' REPORT - continued

3. FINANCIAL REVIEW - continued

Risk Management

At each of their meetings, the four Board sub-committees review those aspects of the company's Strategic Risk Register which fall within their remit. The major risks are then taken to the subsequent Board meeting. Internal financial risks are minimised through the implementation of robust financial control procedures. These procedures are regularly reviewed by the Financial Control Committee to ensure that they still meet the needs of the company.

Reserves Policy

The company's Reserves Policy requires RCCE's minimum unrestricted funds neither committed nor invested in tangible assets (i.e. the company's minimum 'Free Core Charitable Funds' or 'Free Reserves') to be sufficient to enable the company to meet its next five months' direct expenditure on its unrestricted activities and, in addition, its next five months' expenditure on all its support costs, as defined in Note 1ii) to the Financial Statements. As at 31 March 2019 this equated to a minimum requirement of £198,150 in Free Reserves. The actual Free Reserves as at that date amounted to £311,400.

Investment Policy

The company's overall investment objectives are to create sufficient income to enable the company to carry out its purposes consistently year by year, with due and proper consideration for future needs and the maintenance of and, if possible, the enhancement of the capital value of the invested funds while they are retained. The directors believe that these investment objectives will be best achieved by applying the following approach:

1. Investing surplus cash (over and above the company's short-term liquidity needs) in National Savings Income Bonds and/or one or more low-risk cautious funds and/or one or more fixed interest or fixed term securities;
2. Keeping the company's remaining cash with the company's bankers, Barclays. The trustees perceive the residual risk associated with holding cash with Barclays (cash which, from time to time, will exceed the amount guaranteed by the UK government's deposit protection scheme - currently £85,000) to be minimal, and one that they are prepared to accept;
3. To the extent that the company has insufficient staff/activities to fill the entire Threshelfords Business Park building, maximising the rental income on the building.

4. PLANS FOR FUTURE PERIODS

At its annual 'awayday' in March 2019, the Board of Trustees expressed satisfaction at the progress made in delivering the company's *Strategy 2016-19*. The Board is currently developing a successor strategy for the next three years to facilitate the continued expansion of the company.

Developing a more sustainable funding model will remain crucial given the continued dependency on public sector funding. Encouragement can, however, be drawn from the recent success in securing contracts to deliver Essex County Council's new Social Isolation programme, which were awarded after a competitive process (ref: *Social Isolation and Loneliness Programme*).

The year ahead looks set to offer continued political uncertainty, especially around the UK's departure from the European Union. RCCE will continue to work with its fellow members of the ACRE Network to encourage the development of a comprehensive and integrated rural policy for England.

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DIRECTORS' REPORT - continued

5. STRUCTURE, GOVERNANCE AND MANAGEMENT

The Rural Community Council of Essex is a private company limited by guarantee incorporated in England and Wales, registered company number 4609624. The registered office is Threshelfords Business Park, Inworth Road, Feering, Essex CO5 9SE. The company is also a registered charity, charity registration number 1097009. The company is governed by its Memorandum and Articles of Association.

RCCE's subscribing membership comprises individual members and corporate members, the vast majority of the latter being parish and town councils.

Directors / Trustees

The directors who have held office during the year are as follows:

Mr N S Charrington DL – Chairman

Mrs G Hayter – Vice Chairman

Mr R J Bray

Mr R Brice

Mr S R Brice DL

Mr S Lyster DL

Mr P J Martin MBE, DL

Ms S Pinkerton

Mrs M St.Aubyn DL

Mr H M Stuchfield MBE, JP, DL

Cllr S Walsh

The directors of the company are also charity trustees for the purposes of charity law. The Articles of Association stipulate that the Board of Trustees can comprise up to 12 elected members - all elected trustees are required to be subscribing members of the charity. In addition to the elected members, the Board is also entitled to co-opt up to 5 additional members to meet the requirement for specialist skills. At each Annual General Meeting, one-third of the trustees (both elected and co-opted) are required to retire and are then eligible for re-election (those longest in office since their election/co-option are required to retire first). All subscribing RCCE members are circulated with invitations to nominate trustees prior to the Annual General Meeting.

Directors / Trustees

The Board of Trustees administers the company, and meets on a quarterly basis. There are four Board sub-committees. Of these, the Financial Control Committee meets on a similar quarterly cycle, the other committees meet at least twice a year. The trustees review the operation of the Board and its sub-committees on a regular basis. In addition to its regular schedule of meetings, the Board holds annual 'awaydays' to review the charity's future direction.

New trustees undergo a briefing session to inform them of their legal obligations under charity and company law, and to introduce them to the Memorandum and Articles of Association, the strategy, business plan, and governance and management structures of the organisation. As part of this induction they are introduced to key employees and other trustees. Trustees receive information on relevant external training events and are encouraged to attend.

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DIRECTORS' REPORT - continued

5. STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Company Secretary and Honorary Officers

The Company Secretary throughout the year was Mr N Shuttleworth. The Honorary Officers who have held office during the year are as follows:

The Patron	Mrs Jennifer Tolhurst, The Lord Lieutenant of Essex
President	Mr G Courtauld OBE, DL
Vice-Presidents	Mr D Boyle JP, DL
	The Revd. Canon J Brown DL
	Mr J Jowers
	Mr C Manning-Press DL
	Lord Petre KCVO
	Professor J Pretty OBE
Treasurer	Mr R Woolley
	Mr P Conway FCA

The Company Secretary and Honorary Officers are elected/re-elected annually at the first Board meeting following the Annual General Meeting.

The Executive

The Executive Director, Mr N Shuttleworth, has delegated authority from the Board of Trustees to manage the day to day operations of the company. Sitting beneath the Executive Director, the company's staffing structure is aligned with the three priority areas of work defined in RCCE's *Strategy 2016-19* (see Sections 1 and 2 of this report).

In addition to the Executive Director, the company presently has 17 members of staff based at its Threshelfords Business Park office, 5 members of staff based at Wormingford Community Education Centre (home to the Essex Rural Skills Project), 15 field-based Community Agents working in the districts of Uttlesford, Braintree, Tendring, Colchester, Maldon and Chelmsford, and 6 field-based Home from Hospital Navigators working in the catchment area of Colchester Hospital.

RCCE Trading Community Interest Company

RCCE Trading Community Interest Company (RCCE Trading CIC) is a community interest company, limited by guarantee, registered company number 6786377. It is controlled by RCCE by virtue of the fact that all RCCE Trading CIC's directors are either directors or honorary officers of RCCE. RCCE Trading CIC's object, as affirmed in its Memorandum of Association, is to carry on activities that benefit the community. Any surpluses generated through these activities are required either to be retained in the company for future use or else gifted to RCCE.

DIRECTORS' REPORT - continued

6. OTHER REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

The company's bankers throughout the year were:

Barclays Bank plc
40-41 High Street
Chelmsford
Essex CM1 1BE

The mortgage on the company's Threshelfords Business Park premises is also held by Barclays.

Auditors

The company's auditors throughout the year were:

Whittle & Partners LLP
Chartered Accountants
The Old Exchange
64 West Stockwell Street
Colchester
Essex CO1 1HE

Whittle & Partners LLP, practising as Whittles, has indicated its willingness to continue in office and will be proposed for reappointment at the Annual General Meeting in accordance with Section 485 of the Companies Act 2006.



Approved by Mr N Charrington (Chairman)
5 June 2019

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

Charity law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the excess of net income or of net expenditure of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless this is inappropriate.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE RURAL COMMUNITY COUNCIL OF ESSEX

Opinion

We have audited the group financial statements and parent charitable company financial statements (the 'financial statements') of Rural Community Council of Essex Limited (the 'group') for the year ended 31 March 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated and parent company Balance Sheets, the Consolidated Statement of Cash Flows and the 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 group's and the charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the Financial Reporting Council'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 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 group'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.

Emphasis of matter – defined benefit pension scheme

In forming our opinion, we have considered the adequacy of the disclosures made in Note 1vii) and Note 11 of the financial statements concerning the group's defined benefit pension scheme and the application of a true and fair override of Section 28 of Financial Reporting Standard 102. In view of the significance of this information we consider that it should be drawn to your attention, but our opinion is not modified in this respect.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE RURAL COMMUNITY COUNCIL OF ESSEX - continued

Other information - continued

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 our audit:

- the information given in the Directors' Report, prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, 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 regime and take advantage of the small companies' exemptions in preparing the Trustees Report and from the requirement to prepare a Strategic Report.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees Responsibilities, the Trustees, who are also the directors of the group for the purpose 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 directors 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 group'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.

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

Registered Charity No. 1097009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE RURAL COMMUNITY COUNCIL OF ESSEX – continued

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the group'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 group's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Greene BSc FCCA (Senior Statutory Auditor)
for and on behalf of Whittles

**Chartered Accountants
Statutory Auditor**

Date: 27 June 2019

Whittle & Partners LLP
The Old Exchange
64 West Stockwell Street
Colchester
Essex
CO1 1HE

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee
Registered Charity No. 1097009

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (including Income & Expenditure Account)
YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted funds £	Restricted funds £ Note 9	Total 2019 £	Total 2018 £
Income from:					
Charitable activities	2	523,898	916,633	1,440,531	1,152,900
Other trading activities					
Community oil buying scheme	15	3,752	-	3,752	3,793
Donations		3,150	-	3,150	2,815
Investments					
Rents receivable	1	30,648	-	30,648	30,699
Interest receivable		1,396	-	1,396	1,057
Total income		562,844	916,633	1,479,477	1,191,264
Expenditure on:					
Charitable activities	3	524,401	905,748	1,430,149	1,184,806
Other trading activities					
Community oil buying scheme	15	1,949	-	1,949	2,106
Investment management					
Rental overheads	1	18,803	-	18,803	18,042
Total expenditure		545,153	905,748	1,450,901	1,204,954
Net income / (expenditure) before transfers		17,691	10,885	28,576	(13,690)
Transfers between funds		5,000	(5,000)	-	-
Net income / (expenditure)		22,691	5,885	28,576	(13,690)
Actuarial gains/(losses) on defined benefit pension scheme	11	-	-	-	621,000
Net movement in funds		22,691	5,885	28,576	607,310
Total funds brought forward		754,542	23,503	778,045	170,735
Total funds carried forward		£777,233	£29,388	£806,621	£778,045


The notes on pages 19 to 33 form part of these financial statements.

THE RURAL COMMUNITY COUNCIL OF ESSEX
A Charitable Company Limited By Guarantee
Registered Charity No. 1097009

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2019

	Notes	2019 £	2018 £
Fixed assets			
Tangible assets	4	715,995	722,734
Investments	5	100,000	100,000
		<u>815,995</u>	<u>822,734</u>
Current assets			
Debtors	6	73,057	184,015
Cash at bank and in hand		267,118	206,958
		<u>340,175</u>	<u>390,973</u>
Creditors: amounts falling due within one year	7	(123,688)	(192,790)
Net current assets		<u>216,487</u>	<u>198,183</u>
Total assets less current liabilities		<u>1,032,482</u>	<u>1,020,917</u>
Creditors: amounts falling due after more than one year	7	(225,861)	(242,872)
Net assets	12	<u>£806,621</u>	<u>£778,045</u>
Restricted funds	9	29,388	23,503
Unrestricted funds	10		
Designated capital fund		465,833	453,531
Free core charitable funds		311,400	301,011
Total funds		<u>£806,621</u>	<u>£778,045</u>

Approved by the Board on 5 June 2019 and signed on its behalf by:


..... Mr N Charrington (Chairman)

The notes on pages 19 to 33 form part of these financial statements.

THE RURAL COMMUNITY COUNCIL OF ESSEX
A Charitable Company Limited By Guarantee
Registered Charity No. 1097009

CHARITY BALANCE SHEET
AS AT 31 MARCH 2019

	Notes	2019 £	2018 £
Fixed assets			
Tangible assets	4	715,995	722,734
Investments	5	100,000	100,000
		<u>815,995</u>	<u>822,734</u>
Current assets			
Debtors	6	73,107	184,052
Cash at bank and in hand		264,477	204,444
		<u>337,584</u>	<u>388,496</u>
Creditors: amounts falling due within one year	7	(122,900)	(192,000)
Net current assets		<u>214,684</u>	<u>196,496</u>
Total assets less current liabilities		<u>1,030,679</u>	<u>1,019,230</u>
Creditors: amounts falling due after more than one year	7	(225,861)	(242,872)
Net assets		<u><u>£804,818</u></u>	<u><u>£776,358</u></u>
Restricted funds	9	29,388	23,503
Unrestricted funds			
Designated capital fund	10	465,833	453,531
Free core charitable funds		309,597	299,324
Total funds		<u><u>£804,818</u></u>	<u><u>£776,358</u></u>

Approved by the Board on 5 June 2019 and signed on its behalf by:

.....  Mr N Charrington (Chairman)

The notes on pages 19 to 33 form part of these financial statements.

THE RURAL COMMUNITY COUNCIL OF ESSEX
A Charitable Company Limited By Guarantee
Registered Charity No. 1097009

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Net cash provided by / (used in) operating activities	13	(74,504)	139,482	64,978	(99,626)
Cash flows from investing activities:					
Rents received		30,648	-	30,648	30,028
Interest received		1,396	-	1,396	1,057
Rental overheads paid		(20,480)	-	(20,480)	(17,594)
Net cash provided by investing activities		11,564	-	11,564	13,491
Cash flows from financing activities:					
Mortgage repayments	7	(16,382)	-	(16,382)	(16,541)
Net cash (used in) financing activities		(16,382)	-	(16,382)	(16,541)
Net change in cash		(79,322)	139,482	60,160	(102,676)
Cash balances brought forward		301,124	(94,166)	206,958	309,634
Cash balances carried forward		<u>£221,802</u>	<u>£45,316</u>	<u>£267,118</u>	<u>£206,958</u>

The notes on pages 19 to 33 form part of these financial statements.

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

Registered Charity No. 1097009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

1 ACCOUNTING POLICIES

i) Bases of accounting and consolidation

These Financial Statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. They consolidate the accounts of the Rural Community Council of Essex (RCCE), a public benefit entity as defined by FRS102 (the Financial Reporting Standard applicable in the UK and Republic of Ireland), and RCCE Trading Community Interest Company. At the time of approving these Financial Statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. They continue to adopt the going concern basis of accounting as a result.

ii) Recognition and allocation of income and expenditure

All income is accounted for on a receivable basis, net of any applicable VAT. Expenditure is accounted for on an accruals basis. All income and expenditure is allocated to a particular activity where it relates directly to that activity. Support functions (including finance, human resources, facilities management and governance) are apportioned across the activities that the functions support. Overhead costs (including office running costs and consumables, information technology, insurances and affiliation fees) are similarly apportioned. Taken together, all these costs are referred to as 'support costs' in Note 3 to the Financial Statements. To the extent that activity-related funding agreements allow, support costs are apportioned to activities based on the full-time equivalent number of staff employed within that activity.

iii) Fund accounting

Unrestricted funds comprise grants and donations, contract income and other income receivable or generated for the objects of the charity without further specified purpose. In RCCE's case this includes the charity's core commissioning grants from Essex County Council and Defra (the Department for Environment Food & Rural Affairs), both of which are applied across all the charity's objects and are fully utilised over the course of the year. Unrestricted funds which are not utilised during the year are carried forward as general funds. Designated funds are unrestricted funds earmarked by the directors for particular purposes. Restricted funds are grants or other donations which are required to be used for specific purposes laid down by the donor.

iv) Long-leasehold property

RCCE occupies a purpose built office at Threshelfords Business Park in Feering, held under a 999 year lease acquired in October 2006. The building is held for operational use as a tangible fixed asset but, from time to time, if the company has insufficient staff/activities to fill the entire building, sections of the building are rented out on short-term operating leases. Because there is no long-term intention to hold the building for investment purposes, and because the fair value of the rented element of the building is variable and cannot be measured reliably without undue cost, it is the company's policy to account for the entire building as long-leasehold property within tangible fixed assets (see Note 4). In accordance with the Statement of Recommended Practice (FRS102), the rental income from the property is separately disclosed in the Statement of Financial Activities, alongside a fair share of the overhead costs associated with running the building. The future minimum rental receipts are disclosed in Note 14 to the Financial Statements.

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

Registered Charity No. 1097009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

1 ACCOUNTING POLICIES - continued

v) *Depreciation*

Depreciation is provided at the following annual rates in order to write off each 'high-value' asset (costing in excess of £1,000) over its estimated useful life:

Long leasehold buildings	-	1% on revalued amount
Long leasehold land	-	Nil
Office equipment	-	15% on cost
ICT hardware & software	-	25% on cost
Fixtures & fittings	-	10% on cost

High-value office equipment, ICT hardware & software, and fixtures & fittings that are specifically financed by restricted project funds are fully written off in the year that the expenditure occurs.

vi) *Financial instruments*

All the company's financial assets and financial liabilities are 'Basic Financial Instruments', as defined in Section 11 of FRS102. Accordingly:

1. All the company's fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at market value at each reporting date. Changes in market value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.
2. All the company's other financial assets, comprising trade debtors and bank balances, are measured at the cash consideration expected to be received and are not discounted.
3. All the company's financial liabilities, comprising trade/other creditors and the company's mortgage liability, are measured at the cash consideration expected to be paid. The amounts falling due on the mortgage are not discounted back to their present value as the time value of money is considered by the Board to be immaterial.

vii) *Defined benefit pension scheme*

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

RCCE participates in a multi-employer defined benefit pension scheme - the Essex Local Government Pension Scheme - administered by Essex County Council. The scheme is closed to prospective new RCCE members. Up until 31 March 2017, the pension liabilities and assets were recorded in line with Section 28 of FRS102. The Directors reconsidered this assumption in March 2018 and judged that, were the company's defined benefit pension liabilities and assets to be recorded in line with Section 28 of FRS102, this would not provide a true and fair view of the company's financial position at the Balance Sheet date, nor of its net income/expenditure for the year then ended. Instead, the Directors judged that it would be true and fair to include neither a net pension liability nor a net pension asset in the financial statements and that, from 1 April 2017, employer contributions should be charged in the accounts as they become payable in accordance with the rules of the scheme. The Directors' reasons for making this judgement are fully explained in Note 11 to these Financial Statements.

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

Registered Charity No. 1097009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

1 ACCOUNTING POLICIES - continued

viii) Defined contribution pension scheme

The company operates a defined contribution pension scheme for all qualifying employees who are not members of the defined benefit pension scheme. The assets of the defined contribution scheme are held separately from those of the company in an independently administered fund. Employer contributions are charged in the accounts as they become payable in accordance with the rules of the scheme.

ix) Restatement of prior-year comparatives

RCCE has managed the Abberton Rural Training (ART) project since it was set up with the help of Section 106 monies (arising from an extension to the Abberton Reservoir) in 2013. However, the intention from the outset was always for RCCE to manage the project until a fit-for-purpose company had been set up to take over as accountable body. To this end, Abberton Rural Training CIO (ART CIO) was incorporated on 19 September 2016. However, ART CIO did not have its own bank account until 12 October 2018. For this reason, the ART project continued to be accounted for in RCCE's Financial Statements for the year to 31 March 2018.

The RCCE Board of Directors has subsequently agreed with the independent Board of Directors of ART CIO that the latter have in fact been controlling how the ART project funds have been spent since 1 April 2017. Consequently, applying the concept of 'substance over form', both parties are agreed that RCCE has, in effect, been acting as ART CIO's agent since this date.

In light of the above agreement between the two parties, RCCE's Directors have concluded that all income and expenditure relating to the ART project should be removed from RCCE's Financial Statements for the year to 31 March 2019. Furthermore, RCCE's prior year comparatives for the year to 31 March 2018 should be restated to remove all income and expenditure relating to the ART project.

The impact of this prior year restatement on the comparatives for the year to 31 March 2018 is as follows:

- Income from Charitable Activities is £140,358 lower than the figure appearing in the published Financial Statements for the year to 31 March 2018.
- Expenditure on Charitable Activities is £68,111 lower.
- Year-end Restricted Funds are £72,247 lower.
- Trade/Other Creditors are £72,247 higher.

x) Taxation

The company is a charity within the meaning of section 506(1) of the Taxes Act 1988. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

Registered Charity No. 1097009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

2 INCOME FROM CHARITABLE ACTIVITIES

<u>Activity</u>	2019 £	2018 £
Community Engagement	114,340	111,566
Rural Housing Enabler Service	48,248	46,783
Village Halls Advice Service	40,231	36,130
Community Agents Essex	642,000	572,478
Home from Hospital / Social Prescription	208,078	24,366
Essex Rural Skills Project	203,558	143,108
Growing Communities	2,500	2,500
Essex Rural Partnership	32,503	61,898
Policy Influencing and Representation	80,498	70,407
Essex Rivers	61,821	65,214
Restricted Grant Making Funds (Note 9)	6,754	18,450
	£1,440,531	£1,152,900

The above figures include the following 'government grants':

<u>Source</u>	<u>Activity</u>		
Essex County Council	Community Agents	630,500	572,478
Essex County Council	All unrestricted activities	150,000	150,000
Essex County Council	Other restricted activities	-	8,200
DEFRA (via ACRE)	All unrestricted activities	50,980	55,090
DEFRA	Essex Rivers	61,821	65,214
Big Lottery Fund	Essex Rural Skills Project	203,558	143,108
District/Borough Councils	Rural Housing Enabler	5,000	4,000
District/Borough Councils	All unrestricted activities	-	680
Total government grants		£1,101,859	£998,770

3 EXPENDITURE ON CHARITABLE ACTIVITIES

<u>Activity</u>	Direct costs £	Support costs £	Total 2019 £	Total 2018 £
Community Engagement	74,673	39,889	114,562	117,398
Rural Housing Enabler Service	36,888	11,397	48,285	49,228
Village Halls Advice Service	28,898	11,397	40,295	38,019
Community Agents Essex	611,400	30,600	642,000	572,478
Home from Hospital / Social Prescription	208,078	-	208,078	24,366
Essex Rural Skills Project	186,077	11,046	197,123	143,108
Growing Communities	-	-	-	7,319
Essex Rural Partnership	21,158	11,397	32,555	65,134
Policy Influencing and Representation	61,631	18,995	80,626	74,089
Essex Rivers	55,247	6,574	61,821	72,951
Restricted Grant Making Funds (Note 9)	4,804	-	4,804	20,716
	£1,288,854	£141,295	£1,430,149	£1,184,806

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

Registered Charity No. 1097009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

3 EXPENDITURE ON CHARITABLE ACTIVITIES - continued

Grants payable

Direct costs include grants paid to third parties of £271,804 (2018: £269,375) - Note 9 (Restricted Funds) provides an analysis by activity. With the exception of the grant payable from the 'Surviving Winter' Appeal Fund, all the grants were paid to institutions. Two institutions received cumulative grants for the year in excess of £5,000, namely British Red Cross (£239,500) and Age UK Essex (£27,500) - both these organisations are Community Agents Essex delivery partners.

Salary and on-costs

The average number of staff employed during the year was 40 (2018: 33). All the company's salary and on-costs are included in total expenditure on charitable activities, as follows:

	2019 £	2018 £
Wages and salaries	659,479	547,713
Employer's national insurance contributions	43,588	38,024
Employer's contributions - defined benefit pension scheme (Note 11)	114,303	114,886
Employer's contributions - defined contribution pension scheme	3,268	851
Total salary and on-costs	<u>£820,638</u>	<u>£701,474</u>

The above figures include accrued holiday pay of 9,792 (2018: £5,837).

No employee earned more than £60,000 per annum (2018: none), and no employee received any other benefits from the company (2018: none). The above figures include salary and employer's pension contributions for the Executive Director of £55,513 (2018: £54,424).

Support costs

The constituent elements of the company's support costs, and the method of their apportionment to the company's charitable activities, are explained in Note 1ii) to these Financial Statements.

Support costs include £6,739 for depreciation (2018: £6,886) - see Note 4 - and the following amounts in respect of governance costs for the company:

	2019 £	2018 £
Salary and on-costs	7,254	7,112
Statutory audit fees	4,050	3,250
Legal fees	2,000	800
AGM costs	1,479	1,636
	<u>£14,783</u>	<u>£12,798</u>

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

Registered Charity No. 1097009

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019****4 TANGIBLE FIXED ASSETS (of the Group and the Charity)**

	Long- leasehold property £	Office equipment £	ICT hardware & software £	Fixtures & fittings £	Total £
Cost / Valuation					
As at 1 April 2018	725,000	18,612	11,911	4,704	760,227
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 March 2019	725,000	18,612	11,911	4,704	760,227
Depreciation					
As at 1 April 2018	12,240	10,065	11,911	3,277	37,493
Charge for period	4,080	2,455	-	204	6,739
Disposals	-	-	-	-	-
At 31 March 2019	16,320	12,520	11,911	3,481	44,232
Net book value					
At 31 March 2018	£712,760	£8,547	£ -	£1,427	£722,734
At 31 March 2019	£708,680	£6,092	£ -	£1,223	£715,995

The long-leasehold property comprises a purpose built office at Threshelfords Business Park in Feering, held under a 999 year lease acquired in October 2006. The property was revalued, in accordance with the current edition of the Royal Institute of Chartered Surveyors' UK and global professional standards, by an independent valuer, Fenn Wright Chartered Surveyors, in April 2015. Had the long-leasehold property not been revalued in April 2015 its carrying (net book) value at 31 March 2019 would have been £870,824 (2018: £876,051).

5 FIXED ASSET INVESTMENTS (of the Group and the Charity)

	2019 £	2018 £
National Savings - Income Bonds	£100,000	£100,000

Fixed asset investments are stated at market value. The original transaction price for these investments, excluding transaction costs, was £100,000.

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

Registered Charity No. 1097009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

6 DEBTORS

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	19,517	20,689	19,517	20,689
Intercompany debtor	-	-	50	37
Grants receivable	48,993	159,226	48,993	159,226
Other debtors	3,401	2,293	3,401	2,293
Prepayments	1,146	1,807	1,146	1,807
	<u>£73,057</u>	<u>£184,015</u>	<u>£73,107</u>	<u>£184,052</u>

7 CREDITORS

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
<u>Amounts falling due within one year</u>				
Trade/other creditors	10,015	97,169	9,477	96,610
Income received in advance	7,175	7,300	7,175	7,300
Accruals	72,201	49,842	72,201	49,842
Mortgage capital instalments	16,986	16,357	16,986	16,357
Value added tax	5,977	10,780	5,727	10,549
Pay-as-you-earn tax (PAYE)	11,334	11,342	11,334	11,342
	<u>£123,688</u>	<u>£192,790</u>	<u>£122,900</u>	<u>£192,000</u>
<u>Amounts falling due after one year</u>				
Mortgage capital instalments	<u>£225,861</u>	<u>£242,872</u>	<u>£225,861</u>	<u>£242,872</u>

The mortgage is secured on the long leasehold property at Threshelfords Business Park (see Note 4).

During the course of the year, in addition to paying mortgage capital instalments of £16,382, the company paid £5,148 in mortgage interest (2018: £4,740). Mortgage interest is included within total expenditure in the Consolidated Statement of Financial Activities.

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

Registered Charity No. 1097009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

8 FINANCIAL INSTRUMENTS

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
<u>Financial Assets</u>				
Fixed asset investments (Note 5)	100,000	100,000	100,000	100,000
Trade debtors (Note 6)	19,517	20,689	19,517	20,689
Cash at bank and in hand	267,118	206,958	264,477	204,444
Carrying value of financial assets	<u>£386,635</u>	<u>£327,647</u>	<u>£383,994</u>	<u>£325,133</u>
<u>Financial Liabilities</u>				
Trade/other creditors (Note 7)	10,015	97,169	9,477	96,610
Mortgage capital instalments (Note 7)	242,847	259,229	242,847	259,229
Carrying value of financial liabilities	<u>£252,862</u>	<u>£356,398</u>	<u>£252,324</u>	<u>£355,839</u>

9 RESTRICTED FUNDS (of the Group and the Charity)

	Balance 1 April 2018	Total income	Expenditure			Trans- fers	Balance 31 March 2019
			Activities under- taken directly	Grant funding of activities	Total expend- iture		
	£	£	£	£	£	£	£
Restricted Activities described in the Directors' Report							
Community Agents Essex	-	642,000	375,000	267,000	642,000	-	-
Essex Rural Skills Project	-	203,558	197,123	-	197,123	-	6,435
Growing Communities	742	2,500	-	-	-	-	3,242
Essex Rivers	3,358	61,821	61,821	-	61,821	-	3,358
Restricted Grant-Making Funds							
'Making It Happen'	7,500	-	-	500	500	(5,000)	2,000
'Surviving Winter Appeal Fund'	703	-	-	200	200	-	503
Hovefields & Honiley Forum	-	4,104	-	4,104	4,104	-	-
'Natural Environment' Project	6,700	-	-	-	-	-	6,700
'Fighting Rural Crime' Project	4,500	2,650	-	-	-	-	7,150
	<u>£23,503</u>	<u>£916,633</u>	<u>£633,944</u>	<u>£271,804</u>	<u>£905,748</u>	<u>£(5,000)</u>	<u>£29,388</u>

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

Registered Charity No. 1097009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

9 RESTRICTED FUNDS - continued

Restricted Grant-Making Funds

'Making It Happen'

This funding, made available by Essex County Council, provides support to parishes and community groups that are committed to developing parish plans. One grant of £500 (to Messing Parish Council) was made this year.

'Surviving Winter Appeal Fund'

This funding, provided by the Essex Community Foundation, is designed to address short-term issues of fuel poverty by making small grants to people in need, as identified through the Community Agents Essex service. During the course of the year one grant of £200 was made from the fund.

Hovefields and Honiley Neighbourhood Forum

This grant from Groundwork UK (a community charity) has been used to form a Neighbourhood Forum and to develop a Neighbourhood Plan in Hovefields and Honiley, an area of Essex that has had a troubled history with several years of conflict between settled residents and the gypsy and traveller community.

'Natural Environment' Project

This grant has been provided by Essex County Council to fund a project that will assist with the delivery of Priority 10 of the Essex Rural Strategy - 'Protecting and promoting our natural environment'. Essex Wildlife Trust, as the lead for Priority 10, will be identifying a project in due course. RCCE, as the managing body for the Essex Rural Partnership, is holding the funds until then.

'Fighting Rural Crime' Project

This funding has been provided by Essex Police (Proceeds of Crime Act funding), Essex County Council and (in the year to 31 March 2019) the Essex Community Foundation. It will be used to purchase covert cameras to help the police fight rural crime in the County. RCCE is holding the funds as the managing body for the Essex Rural Partnership.

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10 UNRESTRICTED FUNDS (of the Group and the Charity)

	Designated Capital Fund £	Free Core Charitable Funds £	Total Unrestricted Funds £
As at 1 April 2018	453,531	301,011	754,542
Net movement in unrestricted funds	-	22,691	22,691
Transfers to / from Designated Capital Fund:			
Reduction in value of long leasehold property	(4,080)	4,080	-
Reduction in mortgage	16,382	(16,382)	-
As at 31 March 2019	<u>£465,833</u>	<u>£311,400</u>	<u>£777,233</u>

RCCE's designated Capital Fund as at 31 March 2019 comprises the carrying (net book) value of the company's long leasehold in the Threshelfords Business Park property (£708,680) minus the outstanding mortgage on the property (£242,847).

11 DEFINED BENEFIT PENSION SCHEME

RCCE participates in the Essex Local Government Pension Scheme (LGPS), a multi-employer defined benefit statutory pension scheme administered by Essex County Council. The scheme is closed to prospective new RCCE members.

From 31 March 2013 to 31 March 2017, RCCE's pension liabilities and assets were recorded in line with Section 28 of FRS102. This gave rise to increasing volatility, year-on-year, in the value of the net liability recognised in the company's Balance Sheet and also the amounts recognised in the Statement of Financial Activities. Taken together, the FRS102 valuations were also significantly more pessimistic than those derived from the 2013 and 2016 "ongoing" (triennial) valuations of the entire Essex LGPS. As a result, the Directors decided to commission an additional bespoke pension valuation as at 31 March 2018 using a discount rate (and other financial/actuarial assumptions) consistent with those that would have been used had an "ongoing" (triennial) valuation been carried out as at that date.

The assumptions adopted by the scheme actuary, Barnett Waddingham, in arriving at the 2018 and 2017 valuations overleaf, were as follows:

	Ongoing Valuation 2018	FRS102 2018	FRS102 2017
<u>Financial assumptions</u>			
RPI increases	3.57%	3.3%	3.6%
Salary increases	4.17%	2.3%	4.2%
Pension increases	2.67%	2.3%	2.7%
Discount rate	5.19%	2.6%	2.8%
<u>Assumed life expectancy from age 65 years</u>			
Retiring today - males	22.2	22.2	22.1
Retiring today - females	24.7	24.7	24.6
Retiring in 20 years - males	24.4	24.4	24.3
Retiring in 20 years - females	27.0	27.0	26.9

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11 DEFINED BENEFIT PENSION SCHEME – continued

In all cases, the actuary further assumed that (i) members would exchange 50% of their commutable pension for cash at retirement, (ii) members would retire at one retirement age for all tranches of benefit, which would be the pension weighted average tranche retirement age, and (iii) none of the active members would take up the option under the new LGPS to pay 50% of contributions for 50% of benefits.

The actuary's estimated asset allocation for the company as at the 2018 and 2017 year-ends was as follows:

	2018	2017
Equities	66%	68%
Gilts / other bonds	11%	8%
Property	9%	10%
Cash / alternative assets / other managed funds	14%	14%

These assumptions gave rise to the following valuations:

	Ongoing Valuation	FRS102	FRS102
	2018	2018	2017
Present value of defined benefit liabilities	(£1,437,000)	(£2,340,000)	(£2,327,000)
Fair value of fund assets	£2,038,000	£1,999,000	£1,706,000
Net defined benefit pension asset/(liability)	£601,000	(£341,000)	(£621,000)

On the basis of these valuations, the Directors made the following judgements in respect of the company's Balance Sheet reporting as at 31 March 2018:

1. Ongoing valuation - reporting a £601k pension asset accounts would have been wrong for many reasons including the trustees responsibilities for prudence, the lack of likelihood of conversion of a balance sheet asset to cash and the lack of any underlying detail in the actuary's 'ongoing' report.
2. FRS 102 valuation - reporting a £341k pension liability would also not have been "true and fair". It is clear from both the triennial report in 2016 and the 2018 ongoing valuation that RCCE has no actual pension deficit as normally measured. The *Institute of Chartered Accountants in England and Wales*, in their guidance on FRS102, emphasises that "true and fair" has to take precedence over financial reporting standards.
3. The only "true and fair" approach was to recognise neither an asset nor a liability in the Balance Sheet, but to account for employer contributions in the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

In the intervening period, nothing has changed to persuade the Directors that they should not continue to apply this true and fair override of Section 28 of FRS102 to the company's Financial Statements for the year to 31 March 2019.

The information overleaf is taken from the actuary's FRS102 pension valuation as at 31 March 2019, and is provided to enable the reader to understand how the company's Balance Sheets as at 31 March 2019 and 31 March 2018, and Statement of Financial Activities (SOFA) for the years then ended, would have looked if the Directors had decided to value the company's pension liabilities and assets using actuarial assumptions that comply with Section 28 of FRS102.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

11 DEFINED BENEFIT PENSION SCHEME - continued

To arrive at the RCCE's FRS102 pension valuation as at 31 March 2019, the scheme actuary, Barnett Waddingham, applied the following actuarial assumptions that comply with Section 28 of FRS 102:

	2019	2018
<u>Financial assumptions</u>		
RPI increases	3.40%	3.30%
Salary increases	2.40%	2.30%
Pension increases	2.40%	2.30%
Discount rate	2.45%	2.60%
<u>Assumed life expectancy from age 65 years</u>		
Retiring today - males	21.3	22.2
Retiring today - females	23.6	24.7
Retiring in 20 years - males	22.9	24.4
Retiring in 20 years - females	25.4	27.0

The actuary's estimated asset allocation for the company as at the year-end was as follows:

	2019	2018
Equities	62%	66%
Gilts / other bonds	11%	11%
Property	9%	9%
Cash / alternative assets / other managed funds	18%	14%

These assumptions gave rise to the valuations below and overleaf.

It should be noted that, under FRS102, the 'current service cost' in the SOFA is assessed by the actuary to be the value of benefits accrued by members over the accounting period in question. In the year to 31 March 2019, this was estimated by the actuary to be £41k in excess of the employer contributions payable in accordance with the rules of the scheme (2018: £53k in excess).

<u>Analysis of the amounts that would have been recognised in the SOFA under FRS102</u>	2019 £'000	2018 £'000
Current service cost	(155)	(168)
Net interest on the defined benefit pension liability	(8)	(16)
Total recognised in net (income) / expenditure	(163)	(184)
Return on fund assets in excess of interest	71	116
Change in financial assumptions	(27)	233
Total actuarial gains/(losses)	44	349
Net amount that would have been recognised in the SOFA	(119)	165

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11 DEFINED BENEFIT PENSION SCHEME – continued

<u>Analysis of the amount that would have been recognised in the Balance Sheet under FRS102</u>	2019 £'000	2018 £'000
Present value of defined benefit scheme liabilities	2,611	2,340
Fair value of fund assets (bid value)	2,265	1,999
Net defined benefit pension liability	346	341

<u>Reconciliation of the opening and closing balances of the present value of the defined benefit scheme liabilities (under FRS102)</u>	2019 £'000	2018 £'000
Opening present value of defined benefit scheme liabilities	2,340	2,327
Current service cost	155	168
Interest cost	61	65
Change in financial & demographic assumptions	27	(233)
Estimated benefits paid net of transfers in	3	(13)
Contributions by scheme participants	25	26
Closing present value of defined benefit scheme liabilities	2,611	2,340

<u>Reconciliation of the opening and closing balances of the fair value of the fund assets (under FRS 102)</u>	2019 £'000	2018 £'000
Opening fair value of fund assets	1,999	1,706
Interest on assets	53	49
Return on assets less interest	71	116
Contributions by employer	114	115
Estimated benefits paid net of transfers in	3	(13)
Contributions by scheme participants	25	26
Closing fair value of fund assets	2,265	1,999

12 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	715,995	-	715,995
Fixed asset investments	100,000	-	100,000
Current assets – debtors	56,094	16,963	73,057
Current assets – cash at bank and in hand	221,802	45,316	267,118
Current liabilities	(90,797)	(32,891)	(123,688)
Long-term liabilities	(225,861)	-	(225,861)
Net assets at 31 March 2019	£777,233	£29,388	£806,621

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

13 RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Net income as per the Consolidated Statement of Financial Activities	22,691	5,885	28,576	(13,690)
Adjustments for:				
Rents receivable	(30,648)	-	(30,648)	(30,699)
Interest receivable	(1,396)	-	(1,396)	(1,057)
Rental overheads payable	18,803	-	18,803	18,042
Depreciation charges	6,739	-	6,739	6,886
Decrease/(increase) in debtors (*)	(30,304)	141,263	110,959	(48,569)
Increase/(decrease) in creditors (*)	(60,389)	(7,666)	(68,055)	(30,539)
Net cash provided by / (used in) operating activities	£(74,504)	£139,482	£64,978	£(99,626)

(*) excludes debtors and creditors relating to investing and financing activities.

14 AMOUNTS RECEIVABLE UNDER OPERATING LEASES

The company's minimum future rental income - receivable from tenants of the Threshelfords Business Park building - is as follows:

	2019 £	2018 £
Receivable within 1 year	-	27,960
Receivable between 1 and 5 years	-	-
	£ -	£27,960

15 RELATED PARTIES

Directors

RCCE is controlled by its Board of Directors. No member of the Board of Directors receives remuneration from the company, and no expenses were reimbursed to members of the Board during the year (2018: £nil). An up-to-date register of directors' interests is maintained, and all directors are required to declare any potential conflicts of interest at meetings of the Board and its sub-committees.

RCCE Trading Community Interest Company

RCCE Trading Community Interest Company (RCCE Trading CIC) is an affiliated company limited by guarantee (see section 5 of the Directors' Report). All the group's non-charitable trading activities are transacted through this company.

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YEAR ENDED 31 MARCH 2019

15 RELATED PARTIES - continued

RCCE Trading Community Interest Company - continued

RCCE Trading CIC's Board of Directors comprises one director who is also a trustee of RCCE and one director who is the RCCE's Honorary Treasurer. RCCE's Executive Director is company secretary of RCCE Trading CIC. None of the directors of RCCE Trading CIC received any remuneration from RCCE Trading CIC during the year (2018: none) and none had any expenses reimbursed to them (2018: none).

RCCE Trading CIC's only activity during the year was to promote and administer a countywide community oil-buying scheme. The scheme is open to consumers, businesses and community buildings, and it operates in partnership with Community Action Suffolk, RCCE's counterpart organisation across the county border, and AF Affinity, a subsidiary of Anglia Farmers, which is able to use the buying power of its parent company to offer consistently low prices. As at 31 March 2019 the scheme in Essex had 183 members who were able to make a saving of £17.56 inclusive of VAT on an average order of 808 litres of oil.

During the course of the year to 31 March 2019, RCCE Trading CIC received income of £3,752 (2018: £3,793) and incurred expenditure of £1,949 (2018: £2,106). In accordance with RCCE Trading CIC's Articles of Association, the resultant surplus of £1,803 (2018: £1,687) will be donated to RCCE.

As at 31 March 2019, RCCE Trading CIC had assets of £2,641 (2018: £2,514) and liabilities of £838 (2018: £827) including £50 owing to RCCE (2018: £37).

