

Charity Registration No. 1131254

Company Registration No. 134549 (England and Wales)

**THE UNITED REFORMED CHURCH
(NORTHERN PROVINCE) TRUST LIMITED**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

TUESDAY



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THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Directors	J.A.Breslin J.C.G.Forrest A.Hamnett A.P.Haws J.C.Kennedy M.J.Louis P.B.Matthew W.I.Buchanan H.J.Finlayson J.R.Tomlin C.Hogg	(Appointed 1 January 2016) (Appointed 19 March 2016) (Appointed 19 March 2016) (Appointed 11 March 2017)
Chair	J.A Breslin	
Treasurer	A.P.Haws	
Secretary	A.Hamnett	
Trust officer	A.Atkinson	
Finance officer	H.E.Hogg	
Charity number	1131254	
Company number	134549	
Registered office	4 College Lane, Newcastle upon Tyne, NE1 8JJ	
Auditor	RMT Accountants & Business Advisors Ltd Gosforth Park Avenue, Newcastle upon Tyne, NE12 8EG	
Bankers	Bank of Scotland Plc PO Box 1000, BX2 1LB Virgin Money plc Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL Lloyds Bank plc PO Box 1000, BX1 1LT	
Legal advisors	Bond Dickinson LLP St Ann's Wharf, 112 Quayside, Newcastle upon Tyne, NE1 3DX	
Investment managers	UBS AG 2 St James' Gate, Newcastle upon Tyne, NE4 7JH	
Nominees	UBS AG 1 Curzon Street, London, W1J 5UB	
Property consultants	Sanderson Weatherall LLP 22-24 Grey Street, Newcastle upon Tyne, NE1 6AD	

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

CONTENTS

	Page
Directors' report	1 - 8
Independent auditor's report	9 - 10
Statement of financial activities	11
Summary income and expenditure account	12
Balance sheet	13
Statement of cash flows	14
Notes to the accounts	15 - 34

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors present their report and accounts for the year ended 31 December 2016.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum & Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016)

Objectives and activities

The Company's objectives are to advance the Christian religion for the benefit of the public in accordance with the doctrines, principles and usages and the Basis of Union of the United Reformed Church. In pursuit of this, the Company acts as trustee, holding monies, investments and properties for these purposes and for local churches.

The Company supports the Northern Synod's vision, to enable local churches to be lively, informed and be effective in being the church in their local setting and Synod to be an expression of the Church at regional level, in the light of the five marks of mission (tell, teach, tend, transform and treasure). The Company provides financial, advisory and technical support to assist churches in the Synod to reflect the United Reformed Church's Vision 2020 programme.

Public benefit

The Company is aware of the Charity Commission's guidance on public benefit. This requirement is met by enabling local churches to provide their services to the general public.

Activities

The Company carries out its work under 4 headings and illustrative examples of activity in 2016 are given below.

- *1. Discipleship* - supporting Christian spirituality, nurture, lay and ministerial education, development and training.

This is a cornerstone of Synod activity and the Trust assists this by funding courses, sponsoring events, and offering grants for specific developments and projects which strengthen individual or group faith experience such as financial support for students undertaking the denomination's Training for Learning and Serving course.

- *2. Mission* - promoting evangelism, mission, church growth, outreach and racial justice.

This is central to the Company's purposes. Specific examples include sponsoring a youth event in Northumberland, contributing to the Newcastle Evangelist project, supporting church related community projects in west Newcastle and Sunderland, and the Company adopting the St Cuthbert's Centre on Holy Island as a project. The Company also explored ways to support local credit unions and agreed to match fund local churches who decided to invest in a credit union.

- *3. Partnership* - supporting joint working with ecumenical, community and global partners.

The Company supports the Synod's partnership with the Presbyterian Church of Mozambique. It also works jointly with the Methodist Church on Safeguarding training, development of policies and other activities.

Other examples include working with a charity for housing refugees and assisting a church project in Sunderland working in partnership with Forget Me Not, (a charity working with people with dementia).

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

- *4. Property* - providing and managing housing for ministers, retired ministers and their widow(er)s or former civil partners, and supporting local churches in proper care of their properties.

Property issues are considered by the Trust's Manse and Property sub-groups. Both groups initiate a schedule of surveys to assess the condition of property and subsequent maintenance requirements. Financial support for building preservation is made available through grants.

Starting in 2015 the Trust discussions have reflected those across the Synod regarding the future of ministry and churches in acknowledgement that fewer people are seeking ordination and in some places church membership is declining.

By January 2016 it was recognised that the Synod would be adopting a new Way Forward, which involves developing new patterns of ministry, building up local congregations and supporting churches with lay appointments where appropriate.

The Company is therefore seeking sustainable and responsible ways to fulfil Synod's aspirations, and making resources available to assist with developing new forms of ministry. It also recognises the potential benefits of employing people to support churches in their work.

The Trust has participated in the programme planning for the Synod Way Forward during 2016 and will continue to participate in the programme and agree milestones during 2017.

The key issue presenting to the Trust is tackling how to use resources to support churches and which might involve employing more lay people, whilst maintaining its charitable duty to achieve best value for its investments.

The Trust achieved its 2016 short term objectives to review its auditors, to adopt policies on major areas of its activities, to begin implementation of the recommendations from PLATO on the scheduled trusts, to maintain the programme of property surveys and to support churches requesting grants and assistance.

Grant-making

Much of the Company's work is achieved through making grants (in 2016, some £216,928), which are given to churches and other bodies as well as individuals, in accordance with published policies for the following purposes:

- *Repair, maintenance and improvement of church and manse buildings*
- *Mission, outreach and fresh expressions of church*
- *Lay and ministerial education and learning*
- *Travel to events for young people*

Small benevolences are also given.

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Staffing and Volunteers

The work of the Company is carried out by volunteers (mainly the Directors) who receive expenses, as well as by two members of paid Synod staff, who are responsible to the Board and who refer to Directors or Officers when major decisions are needed. Local churches contribute towards the administrative costs of those employees.

No honoraria are paid to Directors of the Board.

Volunteers donated an estimated 400 hours' work in total during the year, which is hard to value in financial terms. The Board takes the view that the Company is not excessively dependent on any one individual.

Volunteers support the Trust directly through their roles as Directors, and others offer their time and help to subgroups and committees. The role of volunteers in furthering church activities is extensive and without it the churches' effectiveness will be limited. The Synod has recognised that volunteers require support and this is reflected in the Synod Way Forward.

Achievements and performance

Discipleship – (£73,933) Spring Retreat and Summer School were organised again this year. Summer School is attended by Ministers and is paid for by the Trust to encourage more people to attend. There are four people currently studying on Training for Learning and Serving (TLS) and four grants were awarded to retired Ministers to attend various retreats. £1,521 was awarded for lay training grants out of a budgeted figure of £13,000.

Mission – (£107,297) Partners in mission continued to be supported during 2016 and include grants to St Antony's Priory (Outreach Project), Diocese of Newcastle (Staying Alive), Mid Northumberland Rural Churches (Ecumenical school Chaplaincy), St Cuthbert's Centre and Newcastle City Centre Chaplaincy. Seven small mission4life grants were awarded to local churches and individuals, helping churches to benefit local communities. Various grants were awarded to assist with funding an art competition, secret garden, holiday club for young people and messy church.

Partnerships – (£157,904) Costs relating to ecumenical ministries were shared as usual, and resources were also shared with poorer synods in the United Reformed Church. Contributions were also made to work of the URC Retired Ministers' Housing Society Ltd and support grants were awarded to local churches. The Board is also apprised of and involved with collaborative arrangements between other synods in Northern Britain. These are intended to provide efficiency gains and put in place supportive and constructive working partnerships. A Safeguarding Advisor was appointed in 2016 and a review of church safeguarding systems is taking place.

Property – (£331,259) The Company continued to maintain the properties for which it is directly responsible, and also ensured professional advice on legal and property matters for local churches. Ongoing general support was given to the St Cuthbert's Centre. £164,679 was awarded to churches for the repair and improvement of properties.

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Financial review

During the year, total funds increased by £1,577,978 (2015: £88,564), to £10,575,927. Expenditure was lower than income during 2016 and net gains on investments of £714,949 also contributed substantially to the increase in funds. The Directors consider that this should enable the Company to continue to engage in significant future work.

Income

The Trust is grateful for the synod levy payments received from churches and various legacies received during the year. Investment income of £239,749 was pleasing to note, and well ahead of expectations. Included in other income (note 6) is £1,038,950 for church Properties handed over to the Trust for sale during 2016.

Expenditure

There were no exceptional items of expenditure during 2016.

Reserves Policy

The Company has a policy of maintaining sufficient reserves to provide the necessary income for the efficient running of the Synod's administration, and the provision of grants and donations to churches and to individuals in order to comply with the objects of the Trust. The Company's policy is to hold a level of reserves that will provide an income to meet its ongoing costs.

The Charity operates this policy taking note of the guidelines and recommendations contained in the Charity Commission document Charity reserves: building resilience CC19, while bearing in mind the need to raise sufficient income from its investments to meet its ongoing costs.

Reserves Needed

The charity has made an assessment of the reserves it needs using the guidance given in CC19 and the categories set out in Annex 1, A Simple approach to developing a Reserves Policy. A summary of the required reserves is as follows:

• a) To meet unforeseen emergencies and other needs	£200,000
• b) To cover unforeseen day-to-day operational costs*	£55,000
• c) Sources of income such as grants and donations not eventuating	£40,000
• d) Planned spending commitments (eg grants to local churches which are approved but not yet taken up)	£200,000
• e) Cover against 'troughs' in the cash budget*	£250,000

Total Reserves Needed £745,000

NB * The estimates under b) and e) are based upon quarterly expenditure.

Reserves Held (using CC19 guidelines)

General funds	£ 578,208
General reserves	£2,011,055
Reserves	£2,589,263

There is no certainty as to when the designated and programme funds will be called upon but all of these funds are active and can be called upon at any time. Also the section below relating to 'Sources of Income' applies to these funds.

Excess of reserves held over CC19 calculated requirements

Using the methods of calculation for required and actual reserves set out in the Charity Commission document CC19 there is a substantial excess of reserves held. The reason for this arose from the historic and present sources of the Charity's income.

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Sources of the Charity's Income

The Charity's long standing funds come from a combination of legacies, donations and sales of redundant properties. These funds are regarded by the Charity as having some of the character and function of Endowment Funds (as defined in CC19) though they are not designated as such. In particular, the income from investments provides a substantial portion of the Charity's total income meeting the final sentence of its Reserves Policy. Without this income the Charity could have annual deficits and its reserves could diminish at an increasing rate.

Investment Policy

The majority of the available funds of the Company are invested through its nominees. The Company receives advice on investment policy and the use of monies from its Investment Manager. The current policy was set in 2013, with an emphasis on total return, whilst maintaining steady income across a balanced, diversified portfolio with a relatively aggressive risk exposure. An ethical screen is applied to direct UK investments, which omits companies with 5% or more exposure to armaments, consumer credit, environmental underperformance, gambling, pornography, abortifacients or tobacco.

It is not felt that this policy is having a significantly detrimental long-term effect. The Investment Manager has discretionary powers to manage the portfolio within the parameters set out by this policy, and reports regularly to the Investment Subcommittee on the performance of these funds.

Performance is measured against a weighted benchmark of indices. Over the year, the portfolio of funds held by the Company underperformed the benchmark, with a return of 12.6% against an index of 16.7%.

The Trust has plans to fundamentally review its existing investment arrangements including updating the ethical investment policy to reflect contemporary concerns of church members during 2017.

Risk Management

The Directors are responsible for assessing the major risks to which the Company is exposed, and for establishing systems to mitigate those risks. The Trust maintains a risk register and considers external and internal risks to which the Company is exposed. The Trust undertakes a formal review of the risks to which it is exposed each year, with a mid-year review for monitoring purposes.

The Directors have considered 44 factors which could have a negative effect on the Company's ability to pursue its aims, both in terms of the likelihood of their occurring and the probable impact of such events. These cover governance, financial, property, office functionality, legal, human resources, and local church issues.

Significant risks identified include:

- Difficulties in appointing appropriate trustees or co-opted committee members to maintain the balance of the Trust
- Irreconcilable differences between Trust and a local church arise over trusteeship issues
- Dysfunctional board dominated by strong individuals, taking bad decisions
- Income from churches falls below levels needed by the Trust to sustain activities
- National financial responsibilities have to be re-funded
- Property surveys reveal extensive and costly repairs needed to many church properties
- IT systems fail including catastrophic power failure
- Office temporarily unable to provide support for Trust Committees
- Failure to adhere to legal guidelines and framework in the activities of the Trust
- HR issues involving failure to comply with legislation on the recruitment, selection and treatment of employees of Trust
- HR issues involving failure to comply with legislation on the recruitment, selection and treatment of employees of local churches part or wholly funded by Trust
- Advice on HR issues within local churches proving inadequate or misleading, and leading to difficulties with employees.

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors will continue to review and monitor these risks, and the adequacy of the systems in place to reduce them.

Factors Affecting Performance

The Company's ability to achieve its objectives depends on a number of factors, not necessarily within its control, such as performance of investments, and the effective coordinated work of professional advisors. In 2016 there were no significant factors of this type.

Other factors of which the Trust is cognisant include the reduction in volunteers across the synod and in churches which can cause them to close. This in turn reduces income from churches. Some remaining churches will have high maintenance costs. It can be seen that all of these issues have been considered by the Trust and Synod when developing future plans.

Plans for the Future

The Company plans to continue its work for the foreseeable future.

The Company has agreed in principle to support a strategic Way Forward plan for the Synod, and Trustees recognise their important role in assisting the implementation of the Synod's future strategy.

The Board reflects a broad range of professional experience within private, statutory and voluntary organisations, and of course extensive involvement with ministry and churches all of which will be drawn upon to steer the Company through the changes in the synod which lies ahead. During 2016 the Board has considered succession planning for key Board roles and will continue to pay attention to this issue in 2017 to ensure a smooth and sustained membership can be maintained.

Structure, governance and management

The United Reformed Church (Northern Province) Trust Limited (formerly known as the Durham and Northumberland Congregational Union (Incorporated)) was incorporated in England & Wales in 1914. It is a private charitable company, limited by guarantee. It is governed by its Memorandum & Articles of Association, adopted in revised form on 4 August 2009, which confer various powers, including powers to hold, maintain and administer property, money and investments; to buy and sell property and investments; and to take over any assets legally transferred to the Company.

Directors/Trustees

The Directors who served during the year were:

J.A.Breslin

J.C.G.Forrest

A.Hamnett

A.P.Haws

J.C.Kennedy

M.J.Louis

P.B.Matthew

D.Stembridge

S.J.Swanston

W.I.Buchanan

H.J.Finlayson

J.R.Tomlin

C.Hogg

(Resigned 31 December 2016)

(Resigned 31 December 2016)

(Appointed 1 January 2016)

(Appointed 19 March 2016)

(Appointed 19 March 2016)

(Appointed 11 March 2017)

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors give their time voluntarily, and receive no benefits from the Company. Any expenses reclaimed from the Company are set out in note 13 to the financial statements.

The Directors are appointed by the United Reformed Church Northern Synod, and the officers are appointed by the Board. A balanced Board is sought, with a mixture of experience, gender, and geographic spread. Where vacancies are identified, nominations are sought either by direct approach or advertisement amongst the 68 churches of the Synod. Under the United Reformed Church Acts 1972-2000, all members and Directors must also be members of a local church or ecumenical area of the United Reformed Church, and for this reason no candidates are sought outside the churches of the Northern Synod.

Upon appointment, all Directors are provided with an induction pack explaining the work of the Company, and including the Charity Commission's leaflet *The Essential Trustee: what you need to know*. Further training is provided during the year on a range of relevant topics.

The Board meets five times a year and receives reports, sets policies and takes major financial decisions. Subcommittees deal with investments, staff remuneration, denominational Ministry & Mission Fund assessments, church and manse properties, and human resources. Small grant applications are considered by subcommittees, with larger ones referred to the Board. Investments are monitored regularly, with quarterly reports from the Investment Managers. Periodic condition survey reports are received from the Property Consultants on local church properties.

All decisions are taken by simple majority, with the Chair having a casting vote. The Board may make decisions by agreement of two Directors, on straightforward, non-controversial matters. The day-to-day running of the Company's affairs is carried out by two members of office staff, who are responsible to the Board. The Finance Officer and Trust Officer support the day to day working of the Trust Company. Their tasks are operational in nature and they work within parameters defined by their role descriptions. All financial reports and information produced by the Finance Officer are checked by the Treasurer. The Trust Officer supports the Trust with administrative and legal support with policy decisions referred to the Board.

The Trust has a remuneration policy to provide effective stewardship of resources as well as being objective and transparent so that salary levels are perceived as being fair and rational. The salaries of lay staff employed by the Trust are assessed when a new post is created. This is carried out by members of the Human Resources Sub-Group. In making a recommendation of an appropriate salary level account is taken of:

- Levels of remuneration for posts of comparable responsibility within the not for profit sector in the North East of England
- Salaries being paid by the URC and other denominations across the United Kingdom

The proposed salary and its rationale are then discussed with the Remuneration Committee and the outcome recommended to the Trust. Salaries of lay staff are reviewed annually to reflect changes in the level of responsibility and increases in the cost of living which have occurred in the last 12 months. In exceptional circumstances a bonus payment may be recommended by the Remuneration Committee to reflect the performance of duties well in excess of what might normally be expected of the post-holder.

Relations with other Parties

The Company carries out its activities in concert with and in support of the United Reformed Church Northern Synod, an unregistered unincorporated charitable association.

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of Directors' responsibilities

The directors, who also act as trustees for the charitable activities of The United Reformed Church (Northern Province) Trust Limited, are responsible for preparing the Directors' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

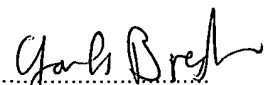
Auditor

A resolution proposing that RMT Accountants & Business Advisors Ltd be reappointed as auditor of the company will be put at a Board Meeting.

Disclosure of information to auditor

Each of the Directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The Directors' report was approved by the Board of Directors.



J.A. Breslin
Chair

Dated: 6/1/17

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

We have audited the accounts of The United Reformed Church (Northern Province) Trust Limited for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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

Respective responsibilities of Directors and auditor

As explained more fully in the statement of Directors' responsibilities, the directors, who also act as trustees for the charitable activities of The United Reformed Church (Northern Province) Trust Limited are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Directors' Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts.

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**TO THE MEMBERS OF THE UNITED REFORMED CHURCH (NORTHERN PROVINCE)
TRUST LIMITED**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.



Stephen Slater (Senior Statutory Auditor)
for and on behalf of RMT Accountants & Business Advisors Ltd
Statutory Auditor
Gosforth Park Avenue
Newcastle upon Tyne
NE12 8EG

Dated: 7 July 2017

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2016 £	Total 2015 £
Income and endowments						
Donations and legacies	3	86,748	27,976	-	114,724	214,283
Other trading activities	4	-	-	-	-	340
Investments	5	212,721	27,028	-	239,749	202,388
Other income	6	1,184,183	13,154	-	1,197,337	637,032
Total income and endowments		1,483,652	68,158	-	1,551,810	1,054,043
Expenditure						
<i>Raising funds</i>						
Fundraising expenditure	7	-	-	-	-	914
Investment management	7	8,003	1,097	-	9,100	3,380
		8,003	1,097	-	9,100	4,294
Charitable activities	8	601,785	68,608	-	670,393	1,124,713
Other expenditure	13	-	9,288	-	9,288	10,201
Total resources expended		609,788	78,993	-	688,781	1,139,208
Net gains on investments	14	615,340	99,609	-	714,949	173,729
Net incoming resources before transfers		1,489,204	88,774	-	1,577,978	88,564
Gross transfers between funds		(2,233)	2,233	-	-	-
Net movement in funds		1,486,971	91,007	-	1,577,978	88,564
Fund balances at 1 January 2016		7,718,367	1,079,582	200,000	8,997,949	8,909,385
Fund balances at 31 December 2016		9,205,338	1,170,589	200,000	10,575,927	8,997,949

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

SUMMARY INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

	All income funds	
	2016	2015
	£	£
Gross income	1,551,810	1,054,043
Gains on investments	714,949	173,729
	<hr/>	<hr/>
Total income in the reporting period	2,266,759	1,227,772
	<hr/>	<hr/>
Total expenditure from income funds	688,781	1,136,302
	<hr/>	<hr/>
Net income for the year	1,577,978	91,470
	<hr/>	<hr/>

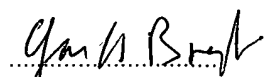
THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

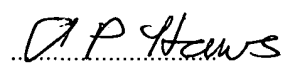
BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	15	815,539		970,621	
Investment properties	16	210,000		210,000	
Investments	17	8,399,777		7,367,232	
		<u>9,425,316</u>		<u>8,547,853</u>	
Current assets					
Debtors falling due after one year	19	5,001		6,001	
Debtors falling due within one year	19	53,704		20,210	
Investments	20	1,114,000		367,000	
Cash at bank and in hand		197,549		341,266	
		<u>1,370,254</u>		<u>734,477</u>	
Creditors: amounts falling due within one year	21	<u>(45,775)</u>		<u>(25,586)</u>	
Net current assets		1,324,479		708,891	
Total assets less current liabilities		<u>10,749,795</u>		<u>9,256,744</u>	
Provisions for liabilities	22	<u>(173,868)</u>		<u>(258,795)</u>	
Net assets		<u>10,575,927</u>		<u>8,997,949</u>	
Capital funds					
Endowment funds	24	200,000		200,000	
Income funds					
Unrestricted funds	25	9,205,338		7,718,367	
Restricted funds	26	1,170,589		1,079,582	
		<u>10,575,927</u>		<u>8,997,949</u>	

The accounts were approved by the Directors on 6/8/17


J.A. Breslin
Trustee


A.P. Haws
Trustee

Company Registration No. 134549

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash absorbed by operations	31		(607,455)		(353,461)
Investing activities					
Purchase of tangible fixed assets		(27,613)		(136,012)	
Proceeds on disposal of tangible fixed assets		578,298		181,031	
Purchase of investments		(2,405,859)		(2,362,992)	
Proceeds on disposal of investments		2,116,835		2,143,995	
Rental income		15,000		10,000	
Investment management fees		(9,100)		(3,380)	
Interest / dividends received		224,749		192,388	
Net cash generated from investing activities			492,310		25,030
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(115,145)		(328,431)
Cash and cash equivalents at beginning of year			538,399		866,830
Cash and cash equivalents at end of year			423,254		538,399
Relating to:					
Bank balances and short term deposits			197,549		341,266
Cash in investment portfolio			225,705		197,133

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Charity information

The United Reformed Church (Northern Province) Trust Limited is a private company limited by guarantee incorporated in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. The registered office is 4 College Lane, Newcastle upon Tyne, NE1 8JJ.

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's Memorandum & Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the accounts, the Directors have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Charitable funds

Transfers from the General Reserve Fund to designated funds are made in accordance with the annual budget and in accordance with need. Funds are closed when the purpose for which they were created comes to an end, or it is otherwise resolved to discontinue them.

Details of the nature and purpose of each fund are explained in note 28. Designated funds are determined by the Board.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Income arising on endowed funds is treated as an addition to the endowment.

1.5 Resources expended

Expenditure is accounted for on an accruals basis. Grants payable are voluntary payments to individuals, local URC churches or other organisations in accordance with the purpose of the relevant fund. They are accounted for when they have been approved.

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include staff and governance costs which support the charity and its activities. These costs have been allocated to expenditure on charitable activities. The bases on which support costs have been allocated are set out in note .

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Freehold properties have been brought into the financial statements at the value at which they had previously been included in the accounts of the Northern Synod in 2009. Properties brought in after this date are valued at market value on donation or purchase.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Fixtures and fittings	25% straight line
Loans	No depreciation

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially measured at cost and subsequently measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in net income/(expenditure) for the year.

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/ expenditure for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.11 Provisions

Provisions are recognised when the charity has a legal or constructive present obligation as a result of a past event, it is probable that the charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in net income/(expenditure) in the period it arises.

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Donations and gifts	86,693	27,976	114,669	123,728
Legacies receivable	55	-	55	90,555
	<u>86,748</u>	<u>27,976</u>	<u>114,724</u>	<u>214,283</u>
For the year ended 31 December 2015	<u>183,669</u>	<u>30,614</u>		<u>214,283</u>
Donations and gifts				
Contributions from local churches	79,027	-	79,027	84,430
Donations	6,653	8,261	14,914	22,660
M&M contributions	-	19,715	19,715	15,568
Other	1,013	-	1,013	1,070
	<u>86,693</u>	<u>27,976</u>	<u>114,669</u>	<u>123,728</u>

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Fundraising activities	-	-	-	340
For the year ended 31 December 2015	-	340		340

5 Investments

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Rental income	15,000	-	15,000	10,000
Income from listed investments	196,238	26,823	223,061	188,237
Interest receivable	1,483	205	1,688	4,151
	212,721	27,028	239,749	202,388
For the year ended 31 December 2015	180,646	21,742		202,388

Rental income from investment properties is accounted for under income from investments.

6 Other income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Net gain on disposal of tangible fixed assets	116,466	-	116,466	27,466
Properties received for sale	1,038,950	-	1,038,950	367,000
Sundry income	13,232	1,154	14,386	9,968
Rental income	15,535	-	15,535	15,577
Ministers' pension fund income	-	-	-	115,658
Monies received from investors	-	12,000	12,000	102,863
	1,184,183	13,154	1,197,337	637,032
For the year ended 31 December 2015	534,169	102,863		637,032

During 2016, £2,239 was collected from individuals and churches for the Refugee fund.

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

6 Other income

(Continued)

Various church properties have been handed over to the Trust for sale during 2016. These are shown under properties received for sale. The proceeds from the sale of these properties will come to the Trust. These properties have been included as current assets in assets held for sale, valued at expected sale value.

7 Raising funds

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Fundraising expenditure	-	-	-	914
Investment management	8,003	1,097	9,100	3,380
	<u>8,003</u>	<u>1,097</u>	<u>9,100</u>	<u>4,294</u>
For the year ended 31 December 2015				
Fundraising expenditure	914	-		914
Investment management	2,891	489		3,380
	<u>3,805</u>	<u>489</u>		<u>4,294</u>

The above fees are calculated as a percentage of the investment portfolio value and commissions are offset against this amount.

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

8 Charitable activities

	Notes	Discipleship	Mission Partnership		Property	Total 2016	Total 2015
		£	£	£	£	£	£
Direct activities		6,347	2,883	82,111	129,149	220,490	721,049
Grant funding	9	6,094	42,300	21,961	146,573	216,928	186,319
Support costs	10	59,951	60,572	52,290	53,995	226,808	211,272
Governance costs	10	1,541	1,542	1,542	1,542	6,167	6,073
		<u>73,933</u>	<u>107,297</u>	<u>157,904</u>	<u>331,259</u>	<u>670,393</u>	<u>1,124,713</u>
Analysis by fund							
Unrestricted funds		73,925	107,289	112,024	308,547	601,785	
Restricted funds		8	8	45,880	22,712	68,608	
		<u>73,933</u>	<u>107,297</u>	<u>157,904</u>	<u>331,259</u>	<u>670,393</u>	
For the year ended 31 December 2015							
Unrestricted funds		68,679	74,805	121,966	806,136		1,071,586
Restricted funds		-	-	50,221	-		50,221
Endowment funds		-	-	2,906	-		2,906
		<u>68,679</u>	<u>74,805</u>	<u>175,093</u>	<u>806,136</u>		<u>1,124,713</u>

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

9 Grants payable

	Discipleship £	Mission Partnership £	Property £	Total £	2015 £
Grants to institutions:					
SENEA	-	-	-	76,011	76,011
Northgate URC, Darlington	-	-	-	32,000	32,000
Erskine & St Cuthbert's URC	-	-	-	26,410	26,410
Roker URC, Sunderland	-	-	-	10,000	10,000
St James's URC, Alnwick	-	-	-	6,435	6,435
Redcar URC	-	-	3,000	-	3,000
Bellingham LEP	-	-	3,282	-	3,282
Falstone & Kielder URC	-	-	3,750	-	3,750
St Cuthbert's Centre, Holy Island	-	30,000	-	-	30,000
Newcastle City Centre Chaplaincy	-	7,500	-	-	7,500
Mid Northumberland Rural Churches	-	3,000	-	-	3,000
Diocese of Newcastle	-	-	-	-	6,000
St Antony's Priory, Durham	-	-	-	-	21,000
Crookham URC	-	-	-	-	10,200
Chatton URC	-	-	-	-	9,000
Wark URC	-	-	-	-	6,000
Keld Resource Centre	-	-	-	-	40,000
Barnard Castle URC	-	-	-	-	15,403
West Denton URC	-	-	-	-	5,000
Newcastle Central & East Methodist Circuit	-	-	-	-	10,000
Less grants no longer required	-	(4,400)	(1,295)	(18,175)	(23,870)
Minor institutional grants	500	6,000	12,787	13,892	33,179
	500	42,100	21,524	146,573	210,697
Grants to individuals	5,594	200	437	-	6,231
	6,094	42,300	21,961	146,573	216,928

A full list of the individuals and institutions to which the grants have been committed is available on request from the Synod office.

Discipleship

Discipleship grants are awarded for specific developments and projects which strengthen individual or group faith experience.

Mission

Mission grants are awarded to fund events and projects central to the company's purpose including promoting evangelism and church growth.

Partnership

Partnership grants are awarded to support joint working with ecumenical, community and global partners.

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

9 Grants payable

(Continued)

Property

Property grants are awarded to support local churches in funding proper care of their properties.

10 Support costs

	Support costs £	Governance costs £	2016 £	2015 £
Staff costs	180,145	-	180,145	160,655
Depreciation	12,813	-	12,813	1,036
Office & executive	22,084	-	22,084	40,671
Office staff costs	9,493	-	9,493	6,328
Resource staff costs	2,273	-	2,273	2,582
Auditors remuneration	-	6,000	6,000	6,000
Sundry expenses	-	167	167	73
	<u>226,808</u>	<u>6,167</u>	<u>232,975</u>	<u>217,345</u>
Analysed between Charitable activities	<u>226,808</u>	<u>6,167</u>	<u>232,975</u>	<u>217,345</u>

Basis of allocation

	Office & executive %	Office staff %	Resource staff %
Discipleship	25	19	55
Mission	25	33	5
Partnership	25	18	40
Property	25	30	-
	<u>100</u>	<u>100</u>	<u>100</u>

Support and governance costs are allocated as an approximation of average working time for staff costs, and equally between all categories for the running costs of the Synod Office and the Synod Executive Committee.

Governance costs includes payments to the auditors of £5,000 (2015: £5,000) for audit fees and £1,000 (2015: £1,000) for non audit services.

11 Directors

None of the Directors (or any persons connected with them) received any remuneration during the year, but 8 of them were reimbursed a total of £741 travelling and other expenses (2015: 5 were reimbursed £445).

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

12 Employees

Number of employees

The average monthly number employees during the year was:

	2016 Number	2015 Number
Head count	7	7
Full-time equivalent	5	5
	<hr/>	<hr/>
Employment costs	2016 £	2015 £
Wages and salaries	131,868	118,803
Social security costs	11,247	9,720
Other pension costs	37,030	32,132
	<hr/>	<hr/>
	180,145	160,655
	<hr/> <hr/>	<hr/> <hr/>

Key management are considered to be the Directors of the Trust, none of whom received any remuneration this year or in the previous year.

There were no employees whose annual remuneration was £60,000 or more.

13 Other expenditure

	Unrestricted funds	Restricted funds	Total 2016 £	Total 2015 £
Monies paid to investors	-	9,288	9,288	10,201
	<hr/>	<hr/>	<hr/>	<hr/>
	-	9,288	9,288	10,201
	<hr/>	<hr/>	<hr/>	<hr/>
For the year ended 31 December 2015	-	10,201		10,201
	<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>

14 Net gains/(losses) on investments

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Revaluation of investments	615,340	99,609	714,949	173,729
	<hr/>	<hr/>	<hr/>	<hr/>
For the year ended 31 December 2015	150,823	22,906		173,729
	<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

15 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Loans £	Total £
Cost				
At 1 January 2016	559,950	32,317	433,598	1,025,865
Additions	-	1,630	25,983	27,613
Disposals	-	-	(169,882)	(169,882)
At 31 December 2016	559,950	33,947	289,699	883,596
Depreciation and impairment				
At 1 January 2016	24,799	30,445	-	55,244
Depreciation charged in the year	11,370	1,443	-	12,813
At 31 December 2016	36,169	31,888	-	68,057
Carrying amount				
At 31 December 2016	523,781	2,059	289,699	815,539
At 31 December 2015	535,151	1,872	433,598	970,621

Freehold properties comprised in the total above are functional assets and managed by the Trust. Loans relate to properties for the purpose of providing houses for some ministers, retired ministers and their spouses. These properties are managed by the United Reformed Church nationally.

16 Investment property

	2016
	£
Fair value	
At 1 January 2016 and 31 December 2016	210,000

The above property, Blyth URC, was obtained in 2009 and included at a valuation derived from the market value as calculated by an independent valuer. The trustees consider that no material variation in the fair value of the property has occurred since this valuation, as such no change in value has been recognised.

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

17 Fixed asset investments

	UK listed investments £	Ex-UK listed investments £	Traidcraft investments £	Cash in portfolio £	Total £
Cost or valuation					
At 31 December 2016	5,175,427	1,993,165	1,506	197,134	7,367,232
Additions	2,145,579	260,238	-	-	2,405,817
Valuation changes	533,865	181,083	-	-	714,948
Cash movement	-	-	-	28,571	28,571
Disposals	(1,694,754)	(422,037)	-	-	(2,116,791)
At 31 December 2016	6,160,117	2,012,449	1,506	225,705	8,399,777
Carrying amount					
At 31 December 2016	6,160,117	2,012,449	1,506	225,705	8,399,777
At 31 December 2015	5,175,427	1,993,165	1,506	197,134	7,367,232
Historical cost					
At 31 December 2016	5,550,458	1,322,131	1,506	225,705	7,099,800
At 31 December 2015	4,929,541	1,528,465	1,506	197,134	6,656,646

All investments are held in a diversified pool, comprising a variety of gilts, bonds, stocks, shares, unit trusts, mutual funds, hedge funds and cash. Investments are mainly in the UK Government and UK companies, with overseas exposure achieved through collective funds. No individual holding is in excess of 8% of the portfolio.

Investments are included at market value, but shares in Traidcraft plc are recorded at cost. The Traidcraft shares represent a programme-related equity investment, in pursuit of the Synod's aims to make a difference in the wider world and link with global issues.

Investment management fees are paid by the company as a deduction from income, before allocation to each fund in the pool.

18 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	43,201	20,424
Equity instruments measured at cost less impairment	8,399,777	7,367,232
Instruments measured at fair value through profit or loss	1,114,000	367,000
Carrying amount of financial liabilities		
Measured at amortised cost	45,775	25,586

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

19 Debtors

	2016	2015
	£	£
Amounts falling due within one year:		
Other debtors	38,200	14,423
Prepayments and accrued income	15,504	5,787
	<u>53,704</u>	<u>20,210</u>
	2016	2015
	£	£
Amounts falling due after more than one year:		
Other debtors	5,001	6,001
	<u>5,001</u>	<u>6,001</u>
Total debtors	<u>58,705</u>	<u>26,211</u>

20 Current asset investments

	2016	2015
	£	£
Assets held for sale	1,114,000	367,000
	<u>1,114,000</u>	<u>367,000</u>

21 Creditors: amounts falling due within one year

	2016	2015
	£	£
Other creditors	24,260	2,730
Accruals and deferred income	21,515	22,856
	<u>45,775</u>	<u>25,586</u>

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

22	Provisions for liabilities	2016 £	2015 £
	Grant provisions	173,868	258,795
	Movements on provisions:		
			Grant provisions £
	At 1 January 2016		258,795
	Additional provisions in the year		240,798
	Reversal of provision		(23,870)
	Utilisation of provision		(301,855)
	At 31 December 2016		173,868

Included in the above grants are amounts which are expected to be paid after more than one year totalling £57,892.

Grants are normally awarded with a maximum contribution towards costs and a time frame to be claimed. If the grant is under spent or not claimed within the allotted time frame, the unclaimed grant provision is reversed.

A full list of the individuals and institutions to which the grants have been committed is available on request from the Synod office.

23 Retirement benefit schemes

Final salary (defined benefit) pension scheme

The Trust contributes to a lay staff pension scheme known as the 'Final Salary' scheme, which is administered by TPT Retirement Solutions (formerly The Pensions Trust). This is operated as a defined benefit scheme but the Trust is not the only participating employer in the scheme and is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate.

From 1st October 2016 changes were made to scheme benefits, with normal retirement age being increased to age 68 and the option to take pension benefits from age 60 without a reduction being removed. Member contribution rates were also increased although, from the same date, an automatic salary sacrifice arrangement was put in place for most members.

Triennial actuarial valuations of the Final Salary scheme are performed by a professionally qualified actuary. The most recent formal review of the scheme was at 30 September 2013 when the scheme had a deficit of £2,725k. The assumptions underlying that valuation include:

Discount rate:	pre retirement 6.6%, post retirement 3.7%
Pensionable earnings growth:	2.5% for three years, 4% thereafter
Future pension increases:	2.5%
Retirement age:	60, with commutation

The next triennial actuarial valuation is due 30 September 2017.

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

24 Endowment funds

	Balance at 1 January 2016 £	Movement in funds Incoming resources £	Resources expended £	Balance at 31 December 2016 £
Permanent endowments				
RMH endowed fund	200,000	-	-	200,000
	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>

25 Unrestricted funds

	Balance at 1 January 2016 £	Incoming resources £	Movement in funds Resources expended £	Transfers	Revaluations, gains and losses £	Balance at 31 December 2016 £
General fund	520,570	303,101	(306,460)	18,598	42,399	578,208
General reserve	1,838,098	-	-	(1,500)	174,457	2,011,055
Property valuations	1,348,364	603,101	(11,370)	-	-	1,940,095
Manse fund	2,635,152	191,345	(44,271)	(64,692)	253,730	2,971,264
Property fund	185,727	380,550	(179,804)	(53,996)	35,478	367,955
Mission fund	1,045,858	4,542	(43,607)	45,058	108,142	1,159,993
RMH Manse sales	-	-	(24,260)	24,260	-	-
Ministers' pension	133,363	-	-	30,039	-	163,402
Dr Brand legacy	11,219	1,013	-	-	1,134	13,366
Revenue fund	16	-	(16)	-	-	-
	<u>7,718,367</u>	<u>1,483,652</u>	<u>(609,788)</u>	<u>(2,233)</u>	<u>615,340</u>	<u>9,205,338</u>

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

26 Restricted funds

	Balance at 1 January 2016 £	Incoming resources £	Movement in funds Resources expended £	Transfers £	Revaluations, gains and losses £	Balance at 31 December 2016 £
Church extension fund	13,975	-	(12,706)	(1,467)	198	-
Dales fund	31,220	-	-	-	2,942	34,162
Ministry & mission fund	96,054	19,715	(27,967)	-	9,662	97,464
Moderator's benevolent fund	9,741	2	(467)	-	-	9,276
Mozambique partnership fund	9,785	4,335	(4,092)	1,500	1,066	12,594
Mozambique project fund	2,157	1,371	(1,077)	-	226	2,677
Northumberland project fund	-	1,480	-	-	-	1,480
Student's fund	7,519	-	-	-	709	8,228
Pulpit supply fund	(2,242)	1,480	(1,711)	2,200	-	(273)
Olga Hawkins fund	10,000	-	(10,000)	-	-	-
Refugee fund	1,688	1,154	-	-	-	2,842
Trust capital funds	348,999	10,268	(7,495)	-	32,656	384,428
Church funds	550,686	28,353	(13,478)	-	52,150	617,711
	<u>1,079,582</u>	<u>68,158</u>	<u>(78,993)</u>	<u>2,233</u>	<u>99,609</u>	<u>1,170,589</u>

27 Analysis of net assets between funds

	Unrestricted £	Restricted £	Endowed £	Total £
Fund balances at 31 December 2016 are represented by:				
Tangible assets	615,539	-	200,000	815,539
Investment properties	210,000	-	-	210,000
Investments	7,196,312	1,203,465	-	8,399,777
Current assets/(liabilities)	1,344,766	(20,287)	-	1,324,479
Provisions	(161,279)	(12,589)	-	(173,868)
	<u>9,205,338</u>	<u>1,170,589</u>	<u>200,000</u>	<u>10,575,927</u>

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

28 Nature and purpose of funds

General fund

This fund is unrestricted, and was set up by Trust resolution in 2009, and designated for the day-to-day running of the Northern Synod. It was originally formed by combining various designated funds, and is now funded from contributions from local churches, investment income and property sales. This asset is represented by pooled investments and cash and office furniture and fittings.

General reserve fund

This fund is unrestricted, and consists of all the undesignated monies of the Synod. This asset is represented by pooled investments and cash.

Property valuations fund

This fund is unrestricted, and was set up in 2009. This asset is represented solely by property.

Manse fund

This fund is unrestricted, and was set up in 2006, and is funded from the sale of manses and retired ministers' houses. This asset is represented by pooled investments and cash.

Property fund

This fund is unrestricted, and was set up by Trust resolution in 2009 and is designated for making grants to churches and expenses incurred by the Trust in respect of property matters. It is funded from the sale of churches and halls and is represented by pooled investments and cash.

Mission fund

This fund is unrestricted, and was set up by Trust resolution in 2009. This fund is designated for the provision of grants for small church/community projects and longer term Partners in Mission projects which will require more substantial funding. The fund is a combination of the Development Fund and a legacy received, and is now funded from the sales of properties and donations from local churches. This asset is represented by pooled investments and cash.

RMH manse sales fund

This fund is unrestricted and is designated for retired ministers' housing purposes. It arises from 15% of manse sales and is represented by pooled investments and cash.

Ministers' pension fund

This fund is unrestricted and is designated for contributing to the deficit on the URC ministers' pension fund. It arises from the sale of churches and is represented by pooled investments and cash.

Dr Brand legacy fund

This fund is unrestricted and arises from legacy income and is represented by pooled investments and cash.

Revenue fund

This fund is unrestricted and all income and gains and losses are posted through this fund before being allocated to other funds. This asset is represented by pooled investments and cash.

Church extension fund

This fund is restricted, and was apportioned under Charity Commission schemes, and may only be used for the upkeep, repair, improvement, extension, provision and erection of URC buildings and manses. This asset is represented by pooled investments and cash.

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

28 Nature and purpose of funds

(Continued)

Dales fund

The Dales Fund is restricted and is used to support rural ministry and properties in Swaledale. It is represented by pooled investments and cash.

Ministry and mission fund

This fund is restricted, and was set up in 1992, for the sole purpose of meeting ministry and mission commitments as necessary. It arises from accumulated surpluses and transfers from the Lancashire Congregational Union and North Tyne fund. Contributions from and to ecumenical partners are posted through this fund. This asset is represented by pooled investments and cash.

Moderator's benevolent fund

This fund is restricted, and was set up in 1996 for the sole purpose of making discretionary grants to individuals. It arises from donations received by the Moderator. This asset is represented by one designated bank account and pooled investments and cash.

Mozambique partnership fund

This fund is restricted and was created in 2010 to sustain the partnership between Northern Synod and the Igreja Presbiteriana de Moçambique. The fund is supported by general donations from individuals and the General Reserve Fund. The asset is represented by pooled investments and cash.

Mozambique project fund

This fund was established in 2010 and is restricted. The fund was set up to collect donations from individuals, to support specific projects relating to the Partnership in Mozambique. The asset is represented by pooled investments and cash.

Northumberland project fund

This fund is restricted and was set up for the sole purpose of making grants for suitable projects in North Northumberland. This donation was received from Chatton United Reformed Church on closure of the church during 2016. The fund is to be held for a period of 5 years. The asset is represented by pooled investments and cash.

Students' fund

The Students' Fund was transferred from Newcastle Presbytery and is restricted to provide book grants to ministerial students. The asset is represented by pooled investments and cash.

Pulpit supply fund

This fund is restricted and was set up in 2011 to collect contributions from local churches and pay preaching fees and expenses in Northumberland. This asset is represented by pooled investments and cash.

Olga Hawkins fund

This fund is restricted and arises from a legacy received from Olga Zena Hawkins. The legacy is for the benefit of the United Reformed Churches of Sunderland for general purposes.

Refugee fund

This fund is restricted and was set up as part of a Synod-wide appeal. Monies will be held ready for use for local needs among refugees, when settling in the region.

Trust capital funds

These funds are restricted and arose from the sale of properties, and have been designated by Synod resolution for specific churches. These assets are represented by pooled investments and cash.

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

28 Nature and purpose of funds

(Continued)

Church funds

These funds are restricted and are held on behalf of local churches. These assets are represented by pooled investments and cash.

29 Operating lease commitments

Lessor

The company owns an investment property for rental purposes. Rental income earned during the year was £15,000. The property has a committed tenant until 2024. The lessee does have an option to purchase the property before 13 December 2017.

At the reporting end date the charity had contracted with tenants for the following minimum lease payments:

	2016 £	2015 £
Within one year	15,000	15,000
Between two and five years	60,000	60,000
In over five years	45,000	60,000
	<u>120,000</u>	<u>135,000</u>

30 Related party transactions

There were no disclosable related party transactions during the year (2015: none).

31 Cash generated from operations

	2016 £	2015 £
Surplus for the year	1,577,978	88,564
Adjustments for:		
Investment income recognised in investing activities	(1,278,699)	(202,388)
Investment expenditure recognised in investing activities	9,100	3,380
(Gain)/loss on disposal of tangible fixed assets	(116,466)	522,534
Fair value gains and losses on investments	(714,949)	(173,729)
Depreciation and impairment of tangible fixed assets	12,813	11,836
Movements in working capital:		
(Increase) in debtors	(32,494)	(369,392)
Increase/(decrease) in creditors	20,189	(154,418)
Increase/(decrease) in provisions	(84,927)	(79,848)
Cash absorbed by operations	<u>(607,455)</u>	<u>(353,461)</u>

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

32 Properties vested in the company as custodian trustee

A comprehensive list of properties vested in the company is available on request to the URC Northern Synod Office.