



St Mellitus College Trust

Annual Report & Financial Statements

Year Ended 31 July 2017



Charity number: 1094157

Company number: 4546328

St Mellitus College Trust

(A company limited by guarantee)

Contents

| | |
|--|----|
| Report of the Trustees | 2 |
| Audit report | 12 |
| Statement of Financial Activities | 15 |
| Balance Sheet | 16 |
| Cash Flow Statement | 17 |
| Notes forming part of the financial statements | 18 |

St Mellitus College Trust

(A company limited by guarantee)

Report of the Trustees

for the year ended 31st July 2017

The Trustees are pleased to present their annual report together with the financial statements of the charity for the year ended 31st July 2017 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, 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 (FRS102) (effective 1st January 2015).

PURPOSES AND ACTIVITIES

The purposes of the charity as defined in the Memorandum of Association are:

- preparing for public ministry candidates selected by the Church of England and by other members of Churches Together in England,
- providing other theological and ministerial training and Christian education, and
- engaging with others in such theological and ministerial training and Christian education.

The overall vision of the charity is to resource the mission of the whole church through providing training in theology and mission. In particular, it aims to train ministers of religion and others so as to equip them to lead, encourage and support the development of Christian communities throughout the UK. This in turn benefits wider society through the church's involvement in communities with, for example, youth work and urban regeneration projects.

We seek to achieve this vision by resourcing the mission of the church through theological learning and wisdom. We are committed to the 'faith once handed on to the saints', wanting to hold this in a generous, enquiring and open way that is responsive to a changing world. We believe that we should engage with theology in the context of ...

- Worship – theology is a spiritual not just an intellectual discipline, and so needs to be pursued in the context of a growing life of prayer and worship.
- Unity – we aim to provide space for all the mainstream traditions of the church, gathered around the presence of Christ in Word and Sacrament and held together by an expectation of the presence of the Holy Spirit.
- Mission – we want all our students to study their theology whilst they are engaged in active mission. We are committed to the task of preparing Christians theologically and spiritually for the growth of the church in mission.

The activities of the charity in achieving this vision is to run a suite of Higher Education and other courses as detailed below.

- The General Fund represents the operation of the part time ordination training course, which is recognised by the Church of England to serve the Dioceses of London and Chelmsford, but the needs of individual students vary so the geographical boundaries are not rigidly applied.
- Additionally, the charity operates the full-time courses delivered at both Liverpool Cathedral and also in Plymouth. The Liverpool Cathedral centre is entering its fourth year of operation and is now an accepted part of the theological training landscape in the North West of England. The aim of the next phase is to fully consolidate this reputation. The Plymouth centre has opened in September 2017 and we have similar hopes that it will become an established theological resource in the South West of England.
- An entry level course, under the title of "Beginning Theology" operates with the objective of equipping people with limited experience of higher education and those from ethnic minorities with the skills required to progress onto degree level courses.
- The charity also works closely together with St Paul's Theological Centre to offer courses and training under the banner of St Mellitus College ("the College").

In seeking to achieve the vision of resourcing the mission of the whole church, the charity continues to be open to opportunities for further development.

Public benefit

The trustees have a statutory duty under the Charities Act 2011 (s 17) to have regard to the guidance issued from time to time by the Charity Commission. The trustees have read the guidance Charities and Public Benefit, including the guidance Public Benefit: Running a Charity (PB2), and the supplementary guidance in The Advancement of Religion for the Public Benefit (PB4) and have had regard to it in making relevant decisions. The trustees have also read Analysis of the Law underpinning "the Advancement of Religion for the Public Benefit" published by the Charity Commission.

The trustees believe that this report taken as a whole provides evidence of the public benefit of the charity's work.

The principal public benefits of the charity (for the narrow purposes of secular charity law) are the advancement of the Christian religion by training ministers of religion and others who lead, encourage and support members of the various and diverse communities throughout the dioceses of London, Chelmsford, Blackburn, Carlisle, Chester, Liverpool, Manchester, Exeter and Truro and also further afield by and in

- the provision of public rituals and ceremonies
- the cure of souls and the moral and spiritual improvement of the public
- the provision of comfort to the bereaved
- contributing towards a better society, by promoting social cohesion and social capital, for example by supporting matrimony

Volunteers

The charity makes use of a number of volunteers to help with various parts of its operation including visiting lecturers, chaplains and refreshment servers. The most significant contribution is made by our volunteer librarian.

ACHIEVEMENTS AND PERFORMANCE

A significant milestone was reached this year with the 10th anniversary of the formation of St Mellitus College. This was marked by a special celebration and eucharist in May.

The Part Time Course is run usually over three years for Anglican candidates, to study towards graduation and ordination. The students are required to attend for classes one evening a week during term time together with a number of residential weekends and one residential week during each academic year. The Course continues to be successful in recruiting good numbers of ordinands and other students. The Course was taught throughout the year at two centres on weekday evenings and at a separate residential location for the residential week and weekends. Full time ordinands from the regional centres and those from St Paul's Theological Centre joined for the residential parts of the course.

The Full Time, Mixed Mode Courses run over either two or three years for Anglican candidates, to study towards graduation and ordination. The students are required to attend for classes one day a week during term time together with a number of residential weekends and one residential week during each academic year. In addition Mixed Mode students are required to spend half their week working in a placement church.

Our delivery centre at Liverpool Cathedral, covering the five north-west dioceses of Blackburn, Carlisle, Chester, Liverpool and Manchester, was opened in September 2013 and in this fourth year of operation had a total of 75 students.

During the year we have been working to establish our new delivery centre in Plymouth – see the future plans section below.

St Paul's Theological Centre (SPTC), our partner constituent member, has a lease on the former church of St Jude, Courtfield Gardens in Earls Court which it operates as the London base for the College.

In total this year, including SPTC students, the College had 222 ordinands in training and delivered accredited courses to some 250 other students.

At the end of the academic year, in June 2017, 88 students graduated with undergraduate awards validated by one or other of our two partner universities with five being first class awards. In addition, 20 students graduated with postgraduate awards with two of these being awarded distinctions.

Since making the Beginning Theology course into a course which is studied module by module it has gone from strength to strength. In the Summer Term of 2017 there were 48 students enrolled on this course. This course is intended as a route into higher education for those with limited previous educational experience. Since establishing this course in 2009 a significant number of former students have gone on to study at a higher level with some now having been ordained as Church of England ministers.

Most of our academic programmes are validated by Durham University as part of the Church of England's Common Awards programme and this has become an established relationship. Some other awards, notably the Youth Ministry programme and some postgraduate provision continue to be validated by Middlesex University and these programmes have been revalidated during this year for a further six year period.

In addition to the formal academic programmes, the College is increasingly being used as a theological resource throughout the regions that it serves. For example, the Diocese of London is involving the College in its Continuing Ministerial Education programme. We have also established an Alumni Association in order that we can maintain contact with former students and that we can continue to resource them theologically as they utilise their learning in the wider church.

The College also hosts a series of high level theological lectures which are open to the public. This year these have been generously resourced financially by the McDonald Agape Foundation. This foundation made a further generous gift enabling the college to appoint the former Archbishop of Canterbury, the Most Reverend Rowan Williams, to the post of Professor of Christian Theology.

Another innovation this year, being the 500th anniversary of the beginning of the Reformation, was the organisation of a fundraising trip to various sites in Germany connected with Martin Luther. Led by our President, the Right Reverend Doctor Graham Tomlin, an acknowledged Luther expert, guests were charged the cost of the trip and invited to make a donation to the work of the college. This enterprise succeeded in raising the sum of £16,462.

In terms of reviewing performance against agreed objectives, the charity has maintained and developed successful delivery of full time and part time ordination training to an increased number of students. This is to the benefit of the Church of England in its drive to increase priestly vocations. The charity has also theologically trained an increased number of lay people which should facilitate a contribution towards a better society in a range of social settings.

In seeking to measure success the charity primarily looks to the recruitment levels for its programmes. As recruitment is mostly driven by word of mouth recommendations from existing students the ongoing increase in student recruitment indicates that we continue to succeed in achieving our objectives.

Student numbers in the reporting period have exceeded target expectations in what remains part of the continued growth phase of the charity. Recruitment onto our Youth Ministry programme continues to be a challenge. In learning the lessons from this the charity is reviewing its approach to both staff resource and also marketing for this programme.

We also have extensive student feedback processes and for the first time this academic year (2016/17) participated in the National Student Survey. This provided very positive feedback and also identified one particular area (timeliness of assignment marking) requiring attention.

In the autumn of 2017 we were reviewed by the Quality Assurance Agency for Higher Education (QAA) and the initial indications arising from that review are very positive. Their full report will be published in due time.

Other positive indicators continue to be the fact that our drop out rates are lower than average for our sector and also that ordinands completing our programmes continue to find training posts to move into which are appropriate to the training that they have received whilst with us.

Assessing the impact of the charity's work can only be done by reference to the success of churches which are run by church leaders who have been trained by the charity. For both theological and practical reasons this is challenging to benchmark, however the Church of England is developing an approach which may make it possible to undertake benchmarking in the future.

Ongoing and future performance of the charity is not only dependent on continuing to provide a high quality programme of academic awards but also on external factors which affect the number of students that we are able to recruit. These factors include the continued availability of student finance and especially the capability of the Church of England to recruit and fund future ordinands. Resulting from the fact that nearly fifty percent of current serving clergy are due to retire in the period 2015 to 2025, the church has decided to increase ordinand numbers by fifty percent over the next few years. This is however dependent on sufficient people putting themselves forward for this vocation.

FINANCIAL REVIEW

As predicted last year, the charity has been obliged this year to adopt the new Financial Reporting Standard (FRS 102). The most significant consequence of this has been the requirement for the charity to take onto its Balance Sheet its share of the deficit on the Church of England's Clergy Pension Scheme. As at 31st July 2017, this figure totalled £175,457 and the available reserves were reduced by this amount. Additionally, the financial result for the year under review was adversely affected by an extra cost of £27,490 being the increase in the pension deficit liability mainly caused by the increase in the number of clergy members of the scheme employed by the charity.

Excluding the effect (as above) of the pension deficit liability, the General Fund showed a surplus for the year of £43,665 (2016: £19,094) giving a closing balance on that fund of £254,340. This surplus was mainly occasioned by a planned and budgeted project to refresh the college's website not being completed in the year. This timing difference will cause a loss to occur in the subsequent financial year.

The Designated Fund for the operation of the Liverpool Cathedral centre unfortunately shows a deficit of £15,689 (2016: £53,618 surplus) giving a closing balance on the fund of £7,486. There were a number of factors which caused this loss the most significant being the fact that we were unable to run our Masters programme at this centre. Because the Government had announced that they were extending student finance to postgraduate programmes from September 2017, a number of potential students delayed their start so that they could access this finance.

The Designated Fund for the operation of the Plymouth centre, which only accepted new students in September 2017, shows total costs in the set-up period of £21,468 which represents the deficit balance on the fund. The five year financial forecast for this centre indicates that the adverse cash flow will peak at the end of the second year of operation at some £90k, thereafter achieving surpluses and returning to balance during the fifth year of operation. This adverse cash flow is to be partly covered by loans totaling £60k from the Dioceses of Truro and Exeter who are also guaranteeing any outstanding negative balance on this fund at the end of the fifth year of operation up to a maximum of £60k.

Details of movements on the other Designated and Restricted funds are shown in Note 12.

Pricing policy

Fees for Church of England ordinands are fixed for all approved theological education institutions by the Ministry Division of the church's Archbishops' Council. Independent student fees have been increased in recent years and have now reached the cap imposed by the student finance regulations.

Principal Funding Source

The College's main source of funding is student fees which this year amounted to £2,130,098, of which £1,419,120 (67%) came from the Archbishops' Council of the Church of England for the training of Church of England ordinands.

Investment Policy

Under the Memorandum and Articles of Association, the charity has the power to make any investment which the trustees see fit, after obtaining advice from a financial expert. Funds which are surplus to immediate requirements are placed on deposit with the CBF Church of England Funds.

Reserves Policy

The trustees have considered the need to accumulate funds in reserves to be held in the event of future uncertainties. The trustees consider that the most appropriate level of free reserves to be held on an ongoing basis would be the equivalent of one term's expenditure. Based on current projections it is estimated that one term's expenditure would be in the region of £310,000 which compares with the current level of available reserves (before the Pension Deficit Liability) of £248,916. The trustees continue to address the need to further accumulate reserves.

The financial reporting standard for charities FRS 102 (Charities) requires that charities have to provide for and disclose their share of any pension scheme of which they are a member. The charity created a pension provision of £147,582 as at 31st July 2016 and increased that provision by £27,875 for the year ended 31st July 2017. Additional contributions are being paid to the Church of England Funded Pension Scheme in order to reduce the deficit over a period of 10 years as detailed in the notes to the financial statements. In accordance with Charity Commission guidance, the pension liability is not included in the calculation of free reserves as the impact on the charity's cash flow is not immediate.

PLANS FOR FUTURE PERIODS

The charity plans to continue to provide a first class programme of training for future church ministers, both ordained and lay, and to develop opportunities for and the variety of such training.

The Church of England's Resourcing Ministerial Education (RME) review reported during the year and has established a means of allowing for student maintenance costs of context based students which is more equitable than previously. This means that parishes which could not previously take a student on placement are now able to do so and this will further stimulate demand for this training option. The national church continues to target a 50% increase in ordinand numbers and we expect this to impact the demand for our courses.

As noted above, the delivery centre at Liverpool Cathedral, which was opened in September 2013, is now entering its fifth year. This means that we have now moved from a development phase towards a phase of establishing stability. In September 2017 the number of students at this centre has increased further from 75 to 83.

The College has decided to increase the profile of its Chelmsford Cathedral delivery centre by the appointment of a Director for Chelmsford. The number of students at this centre is at an all-time high of 75.

Following a request from the Bishops of Exeter and Truro a new delivery centre in Plymouth has opened in September 2017. This is so as to enable the provision of full time ordination training within their region to operate alongside the existing part time provision. The centre has opened with an initial cohort of 9 ordinands and 4 independent students.

In September 2017 the College has added a new biblical studies pathway to the Durham University MA in Theology, Mission and Ministry.

REFERENCE AND ADMINISTRATIVE DETAILS

Charity Name: St Mellitus College Trust

Charity registration number: 1094157

Company registration number: 4546328

Principal Address and
Registered Office St Jude's Church
24 Collingham Road
London SW5 0LX

Website www.stmellitus.ac.uk

Advisers

Auditor: Kingston Smith LLP, Devonshire House, 60 Goswell Road, London EC1M 7AD

Solicitors: Gisby Harrison, Goffs Oak House, Goffs Lane, Goffs Oak, Hertfordshire EN7 5HG

Bankers: Barclays Bank PLC, 11 Bank Court, Hemel Hempstead, Hertfordshire HP1 1BX
CAF Bank Ltd, 25 Kings Hill Avenue, Kings Hill, West Malling, Kent ME19 4QJ
CBF Church of England Funds, Senator House, 85 Queen Victoria Street, London EC4V 4ET

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purposes of company law. The trustees and officers serving during the year and since the year end were as follows together with details of their nominations:

| | |
|---|---|
| The Right Reverend and Right Honourable R Chartres (Bishop of London) (Joint Chairman) | (resigned 28 th February 2017) |
| The Right Reverend S Cottrell (Bishop of Chelmsford) (Joint Chairman) | |
| The Right Reverend R Blackburn (Bishop of Warrington) | Bishops of London and Chelmsford jointly |
| The Reverend Prebendary N Mercer (resigned 28 th February 2017) | Bishop of London |
| Mr J Ball | Bishop of Chelmsford |
| The Reverend Canon J Freeman | Bishop of Chelmsford |
| Mr J Jennings | St Paul's Theological Centre |
| Mrs R Stewart | St Paul's Theological Centre |
| The Reverend Lusa Nsenga-Ngoy (appointed 24 th March 2017, resigned 17 th September 2017) | Archbishops' Council |
| The Reverend Dr G Tomlin (President) | |

Key management personnel

The Trustees delegate day-to-day management of the charity to the senior management consisting of the Dean (Reverend Dr Andrew Emerton) together with the Assistant Deans (Dr Jane Williams and Reverend Dr Lincoln Harvey) and also the Bursar (Mr Neil Taylor).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The organisation is a charitable company limited by guarantee, incorporated under the name of North Thames Ministerial Training Partnership on the 26th September 2002 and registered as a charity on the 11th October 2002.

The company is established under a Memorandum of Association which sets out the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1 each.

The company changed its name by Special Resolution on 18th March 2008 to St Mellitus College Trust and adopted new Memorandum and Articles of Association on that date. On 21st January 2014 further new Memorandum and Articles of Association were adopted incorporating minor changes to the nomination of trustees.

Appointment of Trustees

The directors of the charitable company ("the charity") are its trustees for the purpose of charity law and throughout this report are collectively referred to as its trustees.

Under the Articles of Association adopted on the 21st January 2014 the Trustees consist of at least six but not more than eleven individuals nominated to serve as follows: The Bishop of Chelmsford, The Bishop of London, three trustees nominated by the Bishop of Chelmsford, one trustee nominated by the Bishop of London, two trustees nominated by the Trustees of St Paul's Theological Centre, one trustee nominated by the General Synod of the Church of England, one trustee nominated jointly by the Bishops of London and Chelmsford and the Dean for the time being of the College.

Rt. Revd. R Blackburn, Revd. Canon J Freeman and Mrs R Stewart retire by rotation and are eligible for re-nomination.

Trustee Induction and Training

The Joint Chairmen of the Trustees liaise with newly appointed trustees upon their appointment in order to devise a training and induction package appropriate to their skills and experience.

Organisational Structure

The board of trustees, who meet tri-annually, administers the charity. The trustees delegate the management of the day-to-day operations of the charity to an Executive Committee, the Dean of the College and the team of staff who are employed by the charity. Details of the senior management is shown in the Reference and Administrative Information section at the beginning of the report.

The board of trustees define the strategic objectives for the charity and agree an annual budget together with a long term financial plan. The authority delegated to the senior management is to run the day-to-day operations of the charity within these objectives and budgets. Anything outside these requires the agreement of the Trustees according to defined procedures.

Pay and remuneration of senior staff

The Dean (who is remunerated by St Paul's Theological Centre) and one Assistant Dean as ordained clergy are remunerated according to the Archbishops' Council of the Church of England's published remuneration

scale for ordained college staff (the "Lichfield Scale"). The other, non-ordained, Assistant Dean is remunerated by St Paul's Theological Centre.

Related Parties

All the Trustees represent other legal bodies within the wider church and thus these could be regarded as related parties. Further particulars are provided in Note 8 to the Financial Statements.

Risks and uncertainties

The trustees have conducted their own review of the major risks to which the charity is exposed and systems have been established to mitigate those risks. The external risks to funding are dependent on a viable number of students choosing the course for their training. The academic content of the course is considered carefully to ensure that all the requirements of the Church are fulfilled and in this way the Church is expected to continue utilising the course for their candidates. Internal risks are minimised by the implementation of procedures for authorisation of all transactions and projects and to ensure consistent quality of delivery for all operational aspects of the charity. These procedures are documented in a risk register which is periodically reviewed to ensure they still meet the needs of the charity.

TRUSTEES RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The trustees (who are also directors of St Mellitus College Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice.)

Company law requires trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

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

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

STATEMENT OF DISCLOSURE TO AUDITORS

In so far as the trustees are aware at the time of approving this trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This report has been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small entities.

Approved by the Trustees on 24th January 2018 and signed on their behalf.



Rt Revd S Cottrell
Joint Chairman

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ST MELLITUS COLLEGE TRUST

Opinion

We have audited the financial statements of St Mellitus College Trust ("the company") for the year ended 31 July 2017 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2017 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.

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

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 financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report have 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kingston Smith LLP

James Cross (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

24 January 2018

Devonshire House,
60 Goswell Road
London
EC1M 7AD

St Mellitus College Trust

Statement of Financial Activities

including Income & Expenditure Account
for the year ended 31 July 2017

| | | -- Unrestricted Funds -- | | | | |
|--|------|--------------------------|-------------------------------|------------------------------|------------------|-------------------------------|
| | | General Fund | Designated Funds (Note 12) | Restricted Fund (Note 12) | Total Funds 2017 | Total Funds 2016 (Note 14) |
| | Note | £ | £ | £ | £ | £ |
| INCOME | 3 | | | | | |
| Donations | | 65,399 | 0 | 19,253 | 84,652 | 48,437 |
| <i>Income from charitable activities:</i> | | | | | | |
| Course fees | | 1,780,660 | 349,438 | 0 | 2,130,098 | 1,977,103 |
| Other income | | 45,090 | 0 | 0 | 45,090 | 52,290 |
| Investment income | | 587 | 65 | 0 | 652 | 957 |
| Fund raising income | | 36,639 | 0 | 0 | 36,639 | 0 |
| Other income | | 0 | 0 | 0 | 0 | 25 |
| TOTAL INCOME | | 1,928,375 | 349,503 | 19,253 | 2,297,131 | 2,078,812 |
| EXPENDITURE | 4 | | | | | |
| <i>Expenditure on charitable activities:</i> | | | | | | |
| Operation of college courses | | 1,868,773 | 387,721 | 17,639 | 2,274,133 | 2,010,036 |
| Fund raising costs | | 20,177 | 0 | 0 | 20,177 | 0 |
| Grants made | | 23,250 | 0 | 875 | 24,125 | 1,370 |
| TOTAL EXPENDITURE | | 1,912,200 | 387,721 | 18,514 | 2,318,435 | 2,011,406 |
| NET INCOME / EXPENDITURE and net movement in funds for year | 2 | 16,175 | -38,218 | 739 | -21,304 | 67,406 |
| RECONCILIATION OF FUNDS | | | | | | |
| Total funds brought forward | 12 | 62,708 | 34,800 | 4,492 | 102,000 | 34,594 |
| TOTAL FUNDS CARRIED FORWARD AT 31 JULY 2017 | 12 | 78,883 | -3,418 | 5,231 | 80,696 | 102,000 |

The statement of financial activities includes all gains and losses in the year. All income and expenditure relates to continuing activities.

St Mellitus College Trust

Balance Sheet as at 31 July 2017

| | | 2017 | 2016 |
|---|------|----------------|----------------|
| | | £ | £ |
| | Note | | |
| FIXED ASSETS | | | |
| Tangible assets | 8 | 1,443 | 2,394 |
| CURRENT ASSETS | | | |
| - Stock | | 563 | 907 |
| - Debtors | 9 | 90,799 | 83,230 |
| - Cash at bank and in hand | | 232,946 | 233,515 |
| | | <u>324,308</u> | <u>317,652</u> |
| CREDITORS: amounts falling due within one year | 10 | <u>-69,598</u> | <u>-70,464</u> |
| NET CURRENT ASSETS | | 254,710 | 247,188 |
| NET ASSETS BEFORE PENSION DEFICIT LIABILITY | | <u>256,153</u> | <u>249,582</u> |
| PENSION DEFICIT LIABILITY | | -175,457 | -147,582 |
| TOTAL NET ASSETS | | <u>80,696</u> | <u>102,000</u> |
| UNRESTRICTED FUNDS | | 250,922 | 245,090 |
| RESTRICTED FUNDS | | <u>5,231</u> | <u>4,492</u> |
| | | 256,153 | 249,582 |
| PENSION DEFICIT LIABILITY RESERVE | | -175,457 | -147,582 |
| TOTAL FUNDS | | <u>80,696</u> | <u>102,000</u> |

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small entities.

Approved by the Trustees on 24th January 2018 and signed on their behalf by:



Joint Chairman: Rt Revd S Cottrell
Company No: 4546328

St Mellitus College Trust

Cash Flow Statement for the year ended 31 July 2017

| | 2017 £ | 2017 £ | 2016 £ | 2016 £ |
|---|-----------|------------------|------------|--------------|
| Net cash inflow (outflow) from Operating Activities (Note A) | | -1,221 | | 74,169 |
| Capital Expenditure | | | | |
| Payments to acquire tangible fixed assets | | 0 | | -2,717 |
| Returns on Investments and Servicing of Finance | | | | |
| Interest received | 652 | | 957 | |
| Net cash inflow from Returns on Investments and Servicing of Finance | | 652 | | 957 |
| Financing | | | | |
| New loans | | 0 | | 0 |
| Loan repayment | | 0 | | -30,000 |
| Increase (Decrease) in Cash (Note B) | | -569 | | 42,409 |
| A) Reconciliation of Operating Surplus/(Deficit) to Net Cash Inflow from Operating Activities | | 2017 £ | 2016 £ | |
| Operating surplus/(deficit) | | -21,304 | 67,406 | |
| Interest received | | -652 | -957 | |
| Depreciation charges | | 951 | 1,086 | |
| (Increase) in debtors | | -7,569 | -17,552 | |
| (Increase)/Decrease in stocks | | 344 | -907 | |
| Increase/(Decrease) in creditors | | -866 | 21,296 | |
| Movement in Pension Deficit recovery accrual | | 27,875 | 3,797 | |
| Net cash inflow/(outflow) from operating activities | | -1,221 | 74,169 | |
| B) Reconciliation of Net Cash Flow to Movements in Net Cash | | 2017 £ | | |
| Decrease in cash in the year representing change in net cash | | -569 | | |
| Net cash at 1 August 2016 | | 233,515 | | |
| At 31 July 2017 | | 232,946 | | |
| C) Analysis of Changes in Net Funds | 1 August | Non-cash Changes | Cash Flows | 31 July 2017 |
| 2016 | | | | |
| £ | | £ | £ | £ |
| Cash at bank and in hand | 233,515 | 0 | -569 | 232,946 |
| Debt due after more than 1 year | 0 | 0 | | 0 |
| Total Net Funds | 233,515 | 0 | -569 | 232,946 |

St Mellitus College Trust

Notes forming part of the Financial Statements for the year ended 31 July 2017

1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(a) Incorporation

The charity is incorporated in England and Wales

(b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1st January 2015) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS102) and the Companies Act 2006. Assets and liabilities are initially recognised at historic cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

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

(c) Reconciliation with previous Generally Accepted Accounting Practice

This is the first year in which the accounts have been prepared in accordance with FRS 102. The transition date to FRS 102 was 1 August 2015 and the last financial statements prepared under the previous financial reporting framework were prepared for the year ended 31 July 2016. In preparing these accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

As noted below and in item (l) of this note, it has been necessary to take the charity's share of the Church of England Clergy Pension Scheme's deficit onto the balance sheet and the comparative figures have been restated accordingly.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short term compensated absence arising from employee entitlement to paid annual leave. The initial liability recognised at the date of transition was for holiday entitlement carried forward and for the entitlement arising in the year which was due but not taken. The initial liability was for £8,237.

In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided.

| | 1 August 2015 | 31 July 2016 |
|------------------------------------|--------------------------|-------------------------|
| | £ | £ |
| Fund balances as previously stated | 186,616 | 257,819 |
| Untaken holiday pay accrual | -8,237 | -8,237 |
| Pension scheme deficit | -143,785 | -147,582 |
| Fund balances as restated | <u>34,594</u> | <u>102,000</u> |

(d) Preparation of the accounts on a going concern basis.

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular, the trustees have considered the charity's forecasts and projections and have taken account of pressures on fee income. After making enquiries the trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

(e) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are subject to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

(f) Income recognition policies

Items of income are recognised and included in the accounts when all of the following criteria are met:

- The charity has entitlement to its funds;
- any performance conditions attached to the item(s) of income have been met or are fully within the control of the charity;
- it is probable that the income will be received; and
- the amount can be measured reliably.

Course fees and other income received in advance are deferred until the criteria for income recognition are met.

(g) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as a cost against the cost heading for which the expenditure was incurred.

(h) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life, which in all cases is estimated at 3 years. Assets are capitalised where the purchase price exceeds £500 and it is considered that the item will have a useful life of 3 years or more. Tangible fixed assets are considered for impairment annually.

Items of equipment where it is considered that the useful life will be less than 3 years are written off to expenditure in the year of acquisition.

(i) Stock

Stock is stated at the lower of cost and net realisable value.

(j) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term liquid investments with original maturities of three months or less.

(k) Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument 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, where there is a legally enforceable 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.

With the exception of amounts due to and from HM Revenue & Customs, prepayments and deferred income, all other debtor and creditor balances are considered to be basic financial instruments under FRS 102, see notes 7 and 10 for the debtor and creditor notes.

(l) Pensions

The Charity participates in two pension schemes–

Scottish Widows Workplace Pension Scheme

This is a defined contribution scheme for all staff not enrolled in the Church of England scheme (below). Employer contributions are accounted for in the year to which they relate.

Church of England Funded Pension Scheme

The Charity participates in the Church of England Funded Pension Scheme for stipendiary clergy. The scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the employer and other participating employers.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means that it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the scheme were a defined contribution scheme. The pension costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year; plus any impact of deficit contributions (see below).

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

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31st December 2019 and thereafter increasing linearly to 70% by 31st December 2030; and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement.
- Investment returns equivalent to 2.6% pa on gilts and 4.6% pa on return-seeking assets;
- RPI inflation of 3.2% (and pension increases consistent with this);
- Increase in pensionable stipends 3.2% pa;
- Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with CMI 2015 core projections with a long term annual rate of improvement of 1.5%.

Following the 31st December 2015 valuation, a recovery plan was put in place until 31st December 2025 and the deficit repair contributions payable (as a percentage of pensionable stipends are 14.1% for the period 1st January 2015 until 31st December 2017 and 11.9% for the period from 1st January 2018 until 31st December 2025.

As at 31st July 2015 and 31st July 2016, the deficit repair contributions payable under the recovery plan then in force were 14.1% of pensionable stipends until December 2025.

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

| | 2017 | 2016 |
|---|-------------|-------------|
| | £ | £ |
| Balance sheet liability as at 1 st August | 147,582 | 143,785 |
| Deficit contribution paid | -27,490 | -17,307 |
| Interest cost (recognised in SoFA) | 4,000 | 3,583 |
| Remaining change to the balance sheet liability * (recognised in SoFA) | 51,365 | 17,521 |
| Balance sheet liability 31 st July | 175,457 | 147,582 |

* This comprises most significantly the increase in staff numbers participating in the scheme, the consequence of which is that the charity has a larger proportion of the overall deficit of the scheme to accrue for. Additional causes include changes in the agreed deficit recovery plan, and change in discount rate and assumptions between year ends.

Information provided by the Church of England Pensions Board is based on a December year end and these rates have been used to calculate the liability as at the 31st July in each year. In the opinion of the Trustees the difference is unlikely to be material.

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

| | 2017 | 2016 | 2015 |
|---------------------------------------|-------------|-------------|-------------|
| Discount rate | 1.5% pa | 2.5% pa | 2.3% pa |
| Price inflation | 3.1% pa | 2.4% pa | 2.7% pa |
| Increase to total pensionable payroll | 1.6% pa | 0.9% pa | 1.2% pa |

(m) Judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the Trustees 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.

The most significant estimates and assumptions which affect the carrying amount of assets and liabilities in the accounts relate to the pension deficit liability.

2. NET INCOME FOR THE YEAR

2017 **2016**
£ £

This is stated after charging:

Auditor's remuneration (excluding VAT)

| | | | |
|---|----------------------------|-------|-------|
| - | Audit – current year | 4,650 | 4,500 |
| | - prior year under-accrued | 510 | 0 |
| | - other services | 750 | 0 |

3. INCOME

-- Unrestricted Funds --

| | General Fund £ | Designated Funds £ | Restricted Fund £ | Total Funds 2017 £ |
|-----------------------------------|-------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| Income from donors | | | | |
| Donations | 60,859 | 0 | 18,697 | 79,556 |
| Gift Aid recovered | 4,540 | 0 | 556 | 5,096 |
| | 65,399 | 0 | 19,253 | 84,652 |
| Income from charitable activities | | | | |
| Course fees | 1,780,660 | 349,438 | 0 | 2,130,098 |
| Diocesan share of staff costs | 33,090 | 0 | 0 | 33,090 |
| Diocesan contributions | 12,000 | 0 | 0 | 12,000 |
| | 1,825,750 | 349,438 | 0 | 2,175,188 |
| Investment income | | | | |
| Bank interest | 587 | 65 | 0 | 652 |
| Fundraising income | 36,639 | 0 | 0 | 36,639 |
| TOTAL INCOME | 1,928,375 | 349,503 | 19,253 | 2,297,131 |

The comparative figures for the year ended 31st July 2016 were -

| | -- Unrestricted Funds -- | | | |
|--|---------------------------------|-----------------------|-------------------|-------------------------|
| | General | Designated | Restricted | Total Funds |
| | Fund | Funds | Fund | 2016 |
| | £ | £ | £ | £ |
| <i>Income from donors</i> | | | | |
| <i>Donations</i> | 47,613 | 0 | 824 | 48,437 |
| <i>Income from charitable activities</i> | | | | |
| <i>Course fees</i> | 1,644,441 | 332,662 | 0 | 1,977,103 |
| <i>Diocesan share of staff costs</i> | 40,290 | 0 | 0 | 40,290 |
| <i>Diocesan contributions</i> | 12,000 | 0 | 0 | 12,000 |
| | <u>1,696,731</u> | <u>332,662</u> | <u>0</u> | <u>2,029,393</u> |
| <i>Investment income</i> | | | | |
| <i>Bank interest</i> | 861 | 96 | 0 | 957 |
| <i>Other income</i> | | | | |
| <i>Miscellaneous income</i> | 25 | 0 | 0 | 25 |
| TOTAL INCOME | <u>1,745,230</u> | <u>332,758</u> | <u>824</u> | <u>2,078,812</u> |

4. EXPENDITURE

| | Basis of Allocation | Total 2017 £ | Total 2016 £ |
|---|--------------------------------|-----------------------------|-----------------------------|
| Costs of College Operations- | | | |
| Staff costs (see Note 6) | Staff Time | 506,781 | 384,026 |
| Academic travel and training | Direct | 3,439 | 3,212 |
| Fieldwork and placements | Direct | 463 | -219 |
| Visiting Speakers' Fees and expenses | Direct | 8,924 | 14,239 |
| Library Books and supplies | Direct | 9,399 | 14,364 |
| Printing, Stationery and Photocopying | Direct | 547 | 468 |
| Postage and Telephone | Direct | 443 | 488 |
| Travel, Training and staff meals | Direct | 30,821 | 27,537 |
| Recruitment and Relocation costs | Direct | 8,475 | 195 |
| Premises costs and rentals | Direct | 70,449 | 58,759 |
| Chapel | Direct | 333 | 451 |
| University fees | Direct | 16,663 | 21,185 |
| Residential costs | Direct | 169,786 | 138,770 |
| Other Catering costs | Direct | 49,849 | 46,273 |
| Equipment | Direct | 246 | 519 |
| Depreciation | Direct | 951 | 1,086 |
| Professional Charges | Direct | 8,635 | 7,457 |
| Bank Charges and Interest | Direct | 875 | 805 |
| Other administrative costs | Direct | 45,087 | 20,331 |
| Fundraising costs | Direct | 0 | 0 |
| Fee from SPTC for Educational Services | Direct | 1,337,967 | 1,266,507 |
| Total cost of College Operations | | 2,270,133 | 2,006,453 |
| Fundraising costs | | 20,177 | 0 |
| Grants made | | 24,125 | 1,370 |
| Interest on Pension Deficit Recovery Plan | | 4,000 | 3,583 |
| TOTAL EXPENDITURE | | 2,318,435 | 2,011,406 |

5. TAXATION

The charitable company is exempt from corporation tax on its activities.

6. STAFF COSTS AND NUMBERS

| | | | | 2017 |
|---|----------------|------------------|------------------|----------------|
| | General Fund | Designated Funds | Restricted Funds | Total |
| | £ | £ | £ | £ |
| Salaries and wages - academic staff | 135,221 | 80,094 | 10,000 | 225,315 |
| Salaries and wages - administrative staff | 100,595 | 41,388 | 0 | 141,983 |
| Social security costs | 23,795 | 9,143 | 0 | 32,938 |
| Pension costs | 79,137 | 26,050 | 0 | 105,187 |
| Housing costs (including allowances) | 27,067 | 8,148 | 0 | 35,215 |
| Other grants and allowances | 10,972 | 6,297 | 0 | 17,269 |
| Salary contributions | -114,307 | 55,932 | 7,249 | -51,126 |
| | 262,480 | 227,052 | 17,249 | 506,781 |

The comparative figures for the year ended 31st July 2016 were -

| | | | | 2016 |
|---|----------------|------------------|------------------|----------------|
| | General Fund | Designated Funds | Restricted Funds | Total |
| | £ | £ | £ | £ |
| Salaries and wages - academic staff | 127,674 | 53,429 | 0 | 181,103 |
| Salaries and wages - administrative staff | 95,858 | 33,094 | 0 | 128,952 |
| Social security costs | 20,143 | 7,254 | 0 | 27,397 |
| Pension costs | 43,099 | 19,484 | 0 | 62,583 |
| Housing costs (including allowances) | 26,597 | 5,189 | 0 | 31,786 |
| Other grants and allowances | 12,777 | 5,124 | 0 | 17,901 |
| Salary contributions | -80,354 | 14,658 | 0 | -65,696 |
| | 245,794 | 138,232 | 0 | 384,026 |

No employee received emoluments of more than £60,000.

The average monthly head count was 19 staff (2016: 16) and the average monthly number of full time equivalent employees during the year was:

| | 2017 | 2016 |
|----------------------------------|-------------|-------------|
| | No | No |
| Assistant Dean /Course Directors | 2.2 | 1.7 |
| Tutors | 5.9 | 5.0 |
| Administration and support | 5.6 | 5.0 |
| | 13.7 | 11.7 |

No Trustee received any remuneration or in their capacity as a trustee from the Charity.
One Trustee had expenses totalling £324 reimbursed during the year (2016: NIL).

7. RELATED PARTY TRANSACTIONS

As stated in the Trustees' Report all Trustees represent other legal bodies within the wider church and could thus be regarded as related parties. Financial transactions with these bodies, all on an arms-length basis, were as follows -

The Archbishops' Council - funding received of £1,419,490 (2016: £1,326,476)

London Diocesan Fund - funding received of £36,645 (2016: £26,345)

Chelmsford Diocesan Board of Finance - funding received of £58,879 (2016: £46,545)

St Paul's Theological Centre - recharge of expenses incurred on their behalf.

St Paul's Theological Centre - donation towards costs at St Jude's - £28,880 (2016: £28,560)

St Paul's Theological Centre - fee for educational services £1,337,967 (2016: £1,266,507)

St Paul's Theological Centre - year end creditor £10,343 (2016: £23,567)

8. TANGIBLE FIXED ASSETS

| | Office Furniture £ | Computer Equipment £ | Total £ |
|---------------------------------|--------------------------|----------------------------|------------|
| Cost | | | |
| At 1st August 2016 | 7,521 | 8,338 | 15,859 |
| Additions | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 |
| At 31st July 2017 | 7,521 | 8,338 | 15,859 |
| Accumulated Depreciation | | | |
| At 1st August 2016 | 5,172 | 8,293 | 13,465 |
| Charge for the year | 906 | 45 | 951 |
| Disposals | 0 | 0 | 0 |
| At 31st July 2017 | 6,078 | 8,338 | 14,416 |
| Net Book Value | | | |
| At 31st July 2017 | 1,443 | 0 | 1,443 |
| At 31st July 2016 | 2,349 | 45 | 2,394 |

9. DEBTORS

| | 2017 £ | 2016 £ |
|-------------------------------|-----------|-----------|
| Other debtors and prepayments | 90,799 | 83,230 |
| | 90,799 | 83,230 |

10. CREDITORS: Amounts falling due within one year

| | 2017 £ | 2016 £ |
|-------------------------------|-----------|-----------|
| Sundry creditors and accruals | 69,598 | 70,464 |
| | 69,598 | 70,464 |

Included in the above are accruals of £21,477 relating to pensions (2016: £17,049).

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted Funds £ | Restricted Funds £ | 2017 Total £ |
|----------------------------------|----------------------------|--------------------------|--------------------|
| Before Pension Deficit Reserve - | | | |
| Fixed Assets | 1,443 | 0 | 1,443 |
| Current assets | 319,077 | 5,231 | 324,308 |
| Current liabilities | -69,598 | 0 | -69,598 |
| Long term loans | 0 | 0 | 0 |
| Net assets at 31 July 2017 | 250,922 | 5,231 | 256,153 |

12. FUND DETAILS

DESIGNATED FUNDS

There are three Designated Funds-

The **Beginning Theology Fund** records the operations of the *Beginning Theology* course.

The **SMC North West Fund** records the operations of the campus at Liverpool Cathedral.

The **SMC South West Fund** records the start-up costs of the new campus in Plymouth (opened September 2017).

RESTRICTED FUNDS

There are two Restricted Funds-

The **Dean's Discretionary Fund** is for grants or loans to students who are experiencing difficulty or hardship. Donations are received into the fund on an ad-hoc basis.

The **McDonald Professor Fund** is in respect of a donation received from the McDonald Agape Foundation to fund the post of McDonald Professor of Christian Theology.

An analysis of the movements on these funds is as follows-

| | Opening Balance £ | Income £ | Expenditure £ | Closing Balance £ |
|-------------------------|-------------------------|-------------|------------------|-------------------------|
| <u>Designated Funds</u> | | | | |
| Beginning Theology | 11,625 | 18,820 | 19,881 | 10,564 |
| SMC North West | 23,175 | 330,683 | 346,372 | 7,486 |
| SMC South West | 0 | 0 | 21,468 | -21,468 |
| <u>Restricted Funds</u> | | | | |
| Dean's Discretionary | 4,492 | 1,614 | 875 | 5,231 |
| McDonald Professor | 0 | 17,639 | 17,639 | 0 |

It is our intention to grow the balance on the SMC(NW) Designated Fund towards a target of £115k, being one term's expenditure, in line with our Reserves Policy.

The SMC(SW) Designated Fund covers the operation of the new delivery centre in Plymouth. The five year financial forecast indicates that the adverse cash flow will peak at the end of the second year of operation at some £90k, thereafter achieving surpluses and returning to balance during the fifth year of operation. This adverse cash flow is to be partly covered by loans totaling £60k from the Dioceses of Truro and Exeter who are also guaranteeing any outstanding negative balance on this fund at the end of the fifth year of operation up to a maximum of £60k.

The comparative figures for the year ended 31st July 2016 were -

| | <i>Opening Balance</i> | <i>Income</i> | <i>Expenditure</i> | <i>Closing Balance</i> |
|--------------------------------|----------------------------|---------------|--------------------|----------------------------|
| | £ | £ | £ | £ |
| <u><i>Designated Funds</i></u> | | | | |
| <i>Beginning Theology</i> | 12,588 | 14,706 | 15,669 | 11,625 |
| <i>SMC North West</i> | -30,443 | 318,052 | 264,434 | 23,175 |
| <i>SMC South West</i> | 0 | 0 | 0 | 0 |
| <u><i>Restricted Funds</i></u> | | | | |
| <i>Dean's Discretionary</i> | 5,038 | 824 | 1,370 | 4,492 |
| <i>McDonald Professor</i> | 0 | 0 | 0 | 0 |

13. POST BALANCE SHEET EVENTS

Since the year end we have received notification of various charitable donations to be received in the future towards various specific projects-

A donor has advised that they will provide funding totalling £200,000 over three years (£80,000 in 2017/18) to develop the dispersed learning facilities provided by the charity.

In November 2017, an agreement was reached with the McDonald Agape Foundation to fund a project entitled the Generous Orthodoxy Project starting in April 2018. The funding totals £135,000 with £22,500 due to be received in the 2017/18 financial year. This project aims to explore and explain the theology behind the concept of Generous Orthodoxy which has been a hallmark of the college's ethos since its inception.

Also in November, the charity was advised of a donation totalling US\$33,200 being a contribution towards the start-up costs of the new St Mellitus South West centre.

14. SoFA COMPARATIVE FIGURES

The comparative figures for the Statement of Financial Activities for the year ended 31st July 2016 are as follows-

| | -- Unrestricted Funds -- | | | |
|--|--------------------------|---------------------|--------------------|---------------------|
| | General Fund | Designated Funds | Restricted Fund | Total Funds 2016 |
| | £ | £ | £ | £ |
| INCOME | | | | |
| Donations | 47,613 | 0 | 824 | 48,437 |
| Income from charitable activities: | | | | |
| Course fees | 1,644,441 | 332,662 | 0 | 1,977,103 |
| Other income | 52,290 | 0 | 0 | 52,290 |
| Investment income | 861 | 96 | 0 | 957 |
| Other income | 25 | 0 | 0 | 25 |
| TOTAL INCOME | 1,745,230 | 332,758 | 824 | 2,078,812 |
| EXPENDITURE | | | | |
| Expenditure on charitable activities: | | | | |
| Operation of college courses | 1,729,933 | 280,103 | 0 | 2,010,036 |
| Grants made | 0 | 0 | 1,370 | 1,370 |
| TOTAL EXPENDITURE | 1,729,933 | 280,103 | 1,370 | 2,011,406 |
| NET INCOME / EXPENDITURE and net movement in funds for year | 15,297 | 52,655 | -546 | 67,406 |
| RECONCILIATION OF FUNDS | | | | |
| Total funds brought forward | 47,411 | -17,855 | 5,038 | 34,594 |
| TOTAL FUNDS CARRIED FORWARD AT 31 JULY 2016 | 62,708 | 34,800 | 4,492 | 102,000 |