



St Mellitus College Trust

Annual Report & Financial Statements

Year Ended 31 July 2020

Charity number: 1094157

Company number: 4546328

St Mellitus College Trust

(A company limited by guarantee)

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St Mellitus College Trust

(A company limited by guarantee)

Report of the Trustees for the year ended 31st July 2020

The Trustees are pleased to present their annual report together with the financial statements of the charity for the year ended 31st July 2020 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) including Update Bulletin 2 (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 activity of the charity in achieving this vision is to run a suite of Higher Education and other courses. This is done jointly with St Paul's Theological Centre which works closely together with the charity to offer courses and training under the banner of St Mellitus College ("the College").

- Historically the main activity of the charity has been the operation of the part time ordination training course (“the 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. The operation of this Course constitutes the activity which is accounted for in the General Fund of the charity. Other activities are accounted for in separate Designated Funds.
- In addition the charity operates the Full Time courses delivered at Liverpool Cathedral, Plymouth and, from September 2019, in Nottingham and also an entry level course under the title of 'Beginning Theology'.

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.

We also have extensive student feedback processes and since the academic year 2016/17 have been participating in the National Student Survey. We are subject to regular scrutiny by the Quality Assurance Agency for Higher Education who also indicate positively about the quality of our programmes.

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 and the supplementary guidance in The Advancement of Religion for the Public Benefit 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, Truro, Exeter, Southwell & Nottingham, Leicester and Derby 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

Fundraising

The trustees are committed to maintaining the highest legal and ethical standards in the way that the charity undertakes its fundraising activities. All fundraising takes place in-house and the charity does not use any professional fundraisers. The charity is committed to abiding by the Code of Fundraising Practice and to the Fundraising Promise. The charity has not received any complaints with regard to its fundraising practice during the period under review.

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

In the year under review there have been three matters of particular significance to affect the college-

- On 11th March 2020 it was announced that the Dean of the college, Revd Dr Andrew Emerton was to be appointed as the next Bishop of Sherwood. He continued in post until 30th June and was licenced as Bishop Designate in early July and consecrated as bishop in York Minster on 20th September. Following an extensive search and recruitment exercise the Director of Development of the college, Revd Russell Winfield, was appointed as the new Dean and commenced his new role on the 1st September.
- On 20th March 2020 a letter was received from the Minister of State for Universities at the Department for Education stating that, as a result of the Coronavirus pandemic, we were required to cease all in person teaching and move all teaching and student support online. This required a massive and rapid reimagining of the way that the college works and delivers its teaching and assessment. In addition all our centres were closed and all staff required to work from home. The trustees commend and thank all members of staff for the way in which they have risen to this significant challenge. The feedback from students has been very positive and thanks have been received as to how this situation has been managed. At the date of this report it has still not been possible to resume in person teaching.
- As noted in last year's report the bishops of the North West Region have been conducting a review of theological education in their region over the last year. On 1st July 2020 they announced that they will be setting up their own theological college for their region as from September 2021 which is to be called Emmanuel Theological College. As most of the students at our Liverpool delivery centre are sponsored by these bishops and will be transferred by them to the new college, the consequence for us is that we will have to close our Liverpool delivery centre. As the new college will provide the same suite of academic awards we are hopeful that our independent students will be able to transfer over as well. This aspect is currently under negotiation and we have kept our regulator, the Office for Students, informed at all stages. Our priority is ensuring the continuity of student experience. During August 2020 the new college undertook a recruitment process for its new Dean and on 16th September it was announced that the current Director of our Liverpool delivery centre, Revd Dr Michael Leyden, is to be the Dean of the new college. We are hopeful that all our staff will be able to transfer as well.

Other matters of achievement and performance are noted as follows -

The Course is run on a part-time basis 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 independent students.

The Course was taught throughout the year at two centres on weekday evenings and at separate residential locations for the residential week and weekends. Ordinands from St Paul's Theological Centre and the Liverpool, Plymouth and Nottingham centres joined us for the residential parts of the course.

During the year under review our delivery centre at Liverpool Cathedral, covering the five north-west dioceses of Blackburn, Carlisle, Chester, Liverpool and Manchester, which opened in 2013 continued to thrive. It had a total of 94 students (2018/19: 95) on its higher education courses and also ran a local version of the *Beginning Theology* course.

Our delivery centre in Plymouth which opened in September 2017 and covers the region of the dioceses of Exeter and Truro, with additional students coming from the diocese of Bath and Wells, had a total of 38 students (2018/19: 34) in its third year, the year under review. We are finding recruitment for this centre challenging, with more ordinands being on two year pathways rather than the three year pathway which is normal for our model of training. Despite these challenges, we are committed to establishing this centre as a viable resource for the region in which it is set.

At the invitation of the Bishops of Southwell and Nottingham, Leicester and Derby a new delivery centre in Nottingham, covering the region of the East Midlands, was opened in September 2019. The initial intake of students was better than original projections and the centre is rapidly establishing itself as an integral part of the college.

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. During 2018 SPTC had to spend via an associated charity some £1.2m on repairs to the stonework of the church spire which was found to be in a dangerous state. This has been covered partly from SPTC reserves, partly from the reserves of the PCC of the parish of Holy Trinity Brompton and partly by a loan from the Diocese of London which needs to be repaid. The charity succeeded in raising grants and gifts towards the repayment of this loan in the year 2018/19 and hopes to be able to make further contributions in the future.

In all this year, including SPTC students, the College had 327 ordinands in training and delivered accredited courses to more than 220 other students.

Following the completion of both the June and November exam boards, the class of 2020 included 153 students who graduated with undergraduate awards validated by one or other of our two partner universities with 11 being first class awards. In addition, 40 students graduated with postgraduate awards with 6 of these being awarded distinctions.

The 'Beginning Theology' course continues to thrive. In the Summer Term of 2019 there were 28 (2019: 35) students enrolled. 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. A version of this course is now also being delivered at the Liverpool centre.

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.

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 again been generously resourced financially by the McDonald Agape Foundation. This foundation has also made further generous gifts enabling the college to appoint the former Archbishop of Canterbury, the Most Reverend Rowan Williams, to the post of Professor of Christian Theology and also to commence a research project under the direction of our President, the Right Reverend Doctor Graham Tomlin, into the concept of 'Generous Orthodoxy' which is a key component of the college's values.

The college has continued with its annual fundraising trip with this year a trip to the Holy Land under the leadership of the college President, the Rt Revd Dr Graham Tomlin. This trip raised a net income of £19,730 for the charity.

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.

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 and at our South West (Plymouth) delivery centre continue to be a challenge.

Since March 2019 the college has been regulated by the Office for Students (OfS). The college is a Registered Provider of Higher Education in the Approved (Fee Cap) category. In addition the year under review was the first in which funding was received by the college from the OfS.

In June 2019 the college was advised by the OfS that we had been awarded a Teaching Excellence Framework Gold Award. This is defined by the OfS as "A provider is awarded gold for delivering consistently outstanding teaching, learning and outcomes for its students. It's of the highest quality found in the UK".

This is the fourth year the we have participated in the National Student Survey (NSS) and the results continue to be significantly higher than our contemporaries in the sector. In the results of the survey of our 2020 leavers, we achieved an 'Overall Student Satisfaction' score of 93.41%, compared with a UK average of 83%. This is a slight reduction from last year's score of 98.11%

The Quality Assurance Agency for Higher Education (QAA) is the body tasked by the OfS with reviewing and monitoring the quality of the college's academic programme. Their website states as follows - "St Mellitus College Trust received a commendable outcome from the review in 2017. It submitted an annual return in September 2018 that demonstrates that it is continuing to maintain academic standards and enhance the quality of student learning opportunities and information about learning opportunities". The full report from the 2017 review is available on the QAA's website.

In November 2017 the college was subject to a Periodic External Review ("PER") performed jointly by the Ministry Division of the Church of England and the Common Awards Team of Durham University. In summary this concluded as follows -

- The reviewers found a community of learning that was buoyant and largely happy. The ethos of 'generous orthodoxy' was apparent in all our visits and encounters. Staff and students – many evangelical and/or charismatic in tradition but including a wide spectrum of Christian backgrounds – were deeply loyal to the college, positive about their learning experience and upbeat about ministry and mission in the Church of England.
- Our judgement in the end has been to have 'Confidence with Qualifications', though the 'qualifications' are there mainly because of the number of recommendations – and they are there mainly because the college's size and rapid growth makes that almost inevitable.
- The number of commendations also points to a range of strengths and good practices that are embedded in the college and which can rightly be celebrated.

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 we are hopeful that we may be able to develop an approach working with our alumni 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 national church has decided to increase target 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

The charity is obliged to apply the Financial Reporting Standard (FRS 102) in preparing its financial statements. This includes a requirement for the charity to take onto its Balance Sheet its liability to contribute to the deficit recovery plan of the Church of England's Clergy Pension Scheme. As at 31st July 2020 this figure was £50,216 (31 July 2019: £172,060) and the available reserves are reduced by this amount. Excluding this liability, the total funds of the charity are £588,594 (31 July 2019: £315,704)

The General Fund showed a surplus for the year of £174,184 (2019: £41,905). This figure does not include pension deficit recovery contribution costs of £29,054 or the decrease in the pension deficit liability. Together with a decrease in the pension deficit liability reserve of £95,790, mainly resulting from the 2018 revaluation of the scheme, the reserves on the General Fund at 31st July 2020 amounted to £387,344 (2019: £102,632). The surplus has arisen largely as a result of increased numbers of ordinands and other students whilst costs have remained relatively stable. Some savings have been derived from the move to online tuition from March onwards, particularly in travelling and catering costs.

The Designated Fund for the operation of the Liverpool centre showed a surplus for the year of £81,798 (2019: £45,304). This means that the balance on this fund at 31st July 2020 is £143,200 (2019: £61,402). It is believed that this is sufficient to cover the orderly closure of this delivery centre following the decision of the local bishops to establish their own TEI together with any teach out costs.

The Designated Fund for the operation of the Plymouth centre showed a surplus of £741 (2019: £14,617 loss) which means that the cumulative deficit on this fund as at 31st July 2020 is £58,401 (2019: £59,142). Opening a new centre always results in significant negative cash flow in the early years, and this has been partly covered by loans totalling £60,000 at the year end from the Dioceses of Exeter and Truro. In addition these two dioceses have provided guarantees of up to £60,000 for any outstanding cumulative deficits after five years of operation of the centre.

The Designated Fund for the new Nottingham centre shows a surplus of £8,805 (2019: £17,756 loss) for its first year of operation which means that the cumulative deficit on this fund as at 31st July 2020 is £8,951 (2019: £17,756). The negative cash flow during the start up period is covered by a loan facility of up to £90,000 from the three local supporting dioceses.

Details of movements on the other Designated and Restricted funds are shown in Note 13.

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 are fixed by reference to other institutions offering similar courses and also the Fee Cap imposed by the Office for Students.

Principal Funding Source

The College's main source of funding is student fees which this year amounted to £3,297,758 (2019: £3,044,505), of which £2,311,118 (70%) came from the Archbishops' Council of the Church of England for the training of Church of England ordinands (mostly via dioceses).

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 £485,000 which compares with the current level of available reserves (before the Pension Deficit Liability) of £508,626 (excluding fixed assets: £494,077).

The Financial Reporting Standard for charities (FRS 102) requires that charities have to provide for and disclose their share of any pension scheme deficit of which they are a member. The charity is showing a deficit of £50,216 at 31st July 2019 (2019: £172,060). Additional contributions are being paid to the Church of England Funded Pension Scheme in order to reduce the deficit to zero by the 31st December 2022 as detailed in the Accounting Policies note. In accordance with Charity Commission guidance, the pension deficit liability is not included in the calculation of free reserves as the impact on the charity's cash flow is not immediate. This liability reduced significantly as a result of the 2018 revaluation of the scheme.

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.

As has been reported above, the bishops in the North West have decided to open their own Theological Education Institution which is planned to open in September 2021. We are consequently planning an orderly run down of our Liverpool delivery centre with our priority being the continuity of student experience.

Our Plymouth delivery centre is now fully established with three cohorts of students but recruitment continues to be challenging. We are committed to developing this centre so that it becomes fully viable in terms of both student experience and finances.

Following a request from the Bishops of Southwell and Nottingham, Leicester and Derby a new delivery centre was opened in Nottingham in September 2019. This centre is rapidly becoming established and the second cohort of students who started in September 2020 exceeded the original projections.

On 9th September 2020 we signed an agreement with Durham University which gives us the ability to offer a PhD programme. Under this arrangement, the students are Durham University students but the college shares in the supervision arrangements. At this time no students have enrolled on the programme.

REFERENCE AND ADMINISTRATIVE DETAILS

Charity Name:	St Mellitus College Trust
Charity registration number:	1094157
Company registration number:	4546328
Principal Address and Registered Office	24 Collingham Road London SW5 0LX
Website	www.stmellitus.ac.uk

Advisers

Auditors:	Moore Kingston Smith LLP, Devonshire House, 60 Goswell Road, London EC1M 7AD
Solicitors:	Winkworth Sherwood, Minerva House, 5 Montague Close, London SE1 9BB
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 Dame S Mullally (Bishop of London) (Joint Chair)	
The Right Reverend S Cottrell (Bishop of Chelmsford) (Joint Chair) - until 1st May 2020	
The Right Reverend P Hill (Acting Bishop of Chelmsford) (Joint Chair) - from 1st May 2020	
The Reverend N Gumbel (Representative of St Paul's Theological Centre) (Joint Chair)	
The Right Reverend M Ashcroft (resigned 27th July 2020)	Joint
Mr J Ball	Bishop of Chelmsford
The Reverend R Coates	Joint
The Reverend A Eleyae	Joint
The Reverend Canon L Nsenga-Ngoy	Joint
Sir H Sants	Bishop of London
The Reverend Dr B Sargent	General Synod
Mrs R Stewart	St Paul's Theological Centre
The Right Reverend Dr G Tomlin (President)	
Mr A Winther	Joint
The Reverend K Wharton	Joint

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 / Reverend Russell Winfield) together with the Assistant Deans (Dr Jane Williams and Reverend Dr Lincoln Harvey) and also the Bursar (Reverend 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 15th June 2019 further new Memorandum and Articles of Association were adopted incorporating new procedures for nominating and appointing trustees for the Charity.

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 15th June 2019 the Trustees consist of at least three but not more than thirteen individuals nominated to serve as follows: The Bishop of Chelmsford, The Bishop of London, a Trustee representative of St Paul's Theological Centre (together constituting the Members), one trustee nominated by each of the Members, one trustee nominated by the General Synod of the Church of England, no more than five further Trustees appointed jointly and unanimously by the Members and the President for the time being of the College.

Revd R Coates and Mrs R Stewart retire by rotation and offer themselves for re-nomination.

Trustee Induction and Training

The Joint Chairs 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 above.

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 7 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 regularly updated and reviewed.

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.

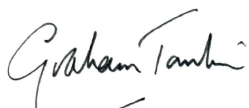
STATEMENT OF DISCLOSURE TO AUDITORS

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 3rd February 2021 and signed on their behalf by



Chair: Rt Revd Dr G S Tomlin

St Mellitus College Trust

Statement of Corporate Governance and Internal Control for the year ended 31 July 2020

The College's framework of governance is established in its Memorandum and Articles of Association. The College is committed to best practice in all aspects of corporate governance. It aims to conduct its business in accordance with the principles identified by the Committee on Standards in Public Life (Nolan Committee) and the Higher Education Code of Governance issued by the Committee of College Chairs.

In adopting this Code of Governance, the College is satisfied that it complies with all the primary elements that are the hallmarks of effective governing bodies operating in the UK HE sector. The College maintains a register of interest of members of the Board of Trustees which is available for inspection.

Charitable Status

The College is a Registered Charity (No 1094157) and a Company Limited by Guarantee (No 4546328) and is regulated by the Office for Students (OfS). The College received notification of its successful application for registration with the OfS in March 2019. For the purposes of Company Law, the Trustees are the Company's Directors. The charitable purposes of the College 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 Board of Trustees

The Board of Trustees oversees the activities of the College and determines its strategic direction. The specific powers of the Board are set out in the Memorandum and Articles.

The Board has a duty to enable the College to develop its vision and strategy and to achieve success in achieving its objectives. In doing this, it always seeks to safeguard and protect the reputation of the College.

The Board has a formal function to hold the Dean to account for the effective management of the College. The Board is a steering body and fundamentally serves to add value to the College's affairs, by offering independent, expert input to and constructive challenge of the decisions of the College management.

The Board has formal decision-making responsibility in a number of key areas, including the approval of the College's Strategy and other major strategic policies which sit underneath this or for which it has a legal responsibility to oversee. Other major tasks crucial to the success and sustainability of the College are the appointment and performance management of the Dean and other senior post holders, adoption of its annual Financial Statements, budgets, financial forecasts and the appointment of the College's external auditors.

The Board is responsible for approving annual returns to the Office for Students as required.

The Board of Trustees comprises members from outside the College as laid out in the Articles of Association which also defines the charring arrangements.

Conduct of business

The Board has a minimum of three meetings per year. The formal Board meetings are supplemented by informal briefing sessions on relevant issues, and attendance at key College events. This helps to ensure that Trustees are part of the wider community of the College and that they are fully briefed on the activities of and challenges and opportunities facing the College.

There is a clear division of responsibility in that the role of Chair of the Board of Trustees is separated from the role of the College's Dean.

The Board has a number of standing committees to help it discharge its business effectively:

Audit and Risk Committee

The Audit and Risk Committee meets with the College's external and internal auditors in attendance. The Committee considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management's responses and implementation plans.

The Committee reports to the Board on the adequacy and effectiveness of the College's arrangements for:

- Risk management, control and governance
- Financial reporting (i.e. the integrity of financial reporting arrangements, including the corporate governance statement and the statement of trustees' responsibilities as reported in the annual financial statements)
- Economy, efficiency and effectiveness (Value for Money)
- Data quality

It also receives and considers reports from the Office for Students as they affect the College's business and monitors adherence to the regulatory requirements. While senior executives attend meetings of the Audit and Risk Committee as necessary, they are not members of the Committee and the Committee meets annually with the Auditors on their own for independent discussions.

Management is responsible for the implementation of agreed audit recommendations and the internal auditor undertakes periodic follow up reviews to ensure such recommendations have been implemented.

The Audit and Risk Committee also advises the Board of Trustees on the appointment of internal and external auditors and the remuneration for both audit and non-audit work.

Remuneration Committee

The Remuneration Committee determines the salaries and conditions of service of the most senior staff, including the Dean and Assistant Deans. The Remuneration Committee follows Higher Education sector guidelines to ensure the process of awarding Dean and senior staff pay is transparent and practices are consistent with best practice. Details of remuneration for the year ended 31 July 2020 are set out in note 6 of the financial statements.

Nominations Committee

The Nominations Committee seeks to ensure diversity, breadth and continuity of expertise amongst the membership of the Board. It also undertakes succession planning with respect to the membership, leadership and committees and good practice in governance.

Academic Committee

The Academic Committee offers strategic academic oversight through liaising with the senior staff that have responsibility for leadership of the academic life of the College. It seeks to maintain the high academic standards that St Mellitus College has set, as well as review and contribute to the strategic development and direction of the College in relation to academic matters and regulation.

Internal Control

The College's Board of Trustees is responsible for ensuring that the College maintains an effective system of internal control that supports the achievement of strategic aims and objectives whilst safeguarding the assets for which it is responsible. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The Board of Trustees has delegated the day to day responsibility to the Dean, as Accountable Officer, for reviewing the adequacy of the system of internal control and making any appropriate amendments. He is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

The following processes are in place to ensure the effectiveness of the College's internal control and risk management:

- The Board of Trustees meets a minimum of three times a year to consider the plans and strategic direction of the college. It is advised by its key committees, receiving regular reports from each committee and other reports from management as required. The Board of Trustees ensures that its meeting calendar enables risk management and internal control to be considered on a regular basis during the year.
- The Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the College's operations.
- An organisation-wide risk register is maintained and is available on the College's intranet. The register is reviewed and updated regularly, and management report on the actions taken to mitigate risks.
- Management accounts are presented regularly to the Board of Trustees and are regularly monitored by the Audit and Risk Committee. The annual budget and financial forecasts are also presented to the Board of Trustees.

The Board of Trustees is of the view that there is an ongoing process for identifying, evaluating and managing the College's significant risks.

These processes enable the College to identify those elements of internal control which require further strengthening and these reviews have not identified any significant area of internal control weakness for the College.

Going Concern

After reviewing detailed papers, the Board of Trustees considered, at its meeting on 15 October 2020, that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Statement of the responsibilities of the Board of Trustees

In accordance with the College's Memorandum and Articles of Association, the Board of Trustees is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Board of Trustees is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the College, and to enable it to ensure that the financial statements are prepared in accordance with the College's Articles, 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.

In preparing the financial statements, the Board of Trustees has ensured that:

- Suitable accounting policies are selected and applied consistently
- Judgements and estimates are made that are reasonable and prudent
- Applicable accounting standards have been followed; and
- Financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Institution will continue in operation. The Board of Trustees is satisfied that it has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Trustees has taken reasonable steps to:

- Safeguard the assets of the College, prevent and detect fraud, and ensure that risk management is in place
- Ensure that the Board of Trustees' report and other information included in the Financial Statements are prepared in accordance with relevant legislation in the UK
- Secure the economical, efficient and effective management of the College's resources and expenditure; and
- Ensure that the College operates an effective health and safety policy.

The key elements of the College's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- Clear definitions of the responsibilities of, and the authority delegated to, senior officers of the College
- A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets
- Regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Trustees

Approved by the Trustees on 3rd February 2021 and signed on their behalf by



Chair: Rt Revd Dr G S Tomlin

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 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 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2020 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.

In our opinion:

- funds from whatever source administered by the college for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students (OfS) have been applied in accordance with the relevant terms and conditions; and
- the requirements of the OfS's Accounts Direction have been met.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the 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 have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence that 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 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 in 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.

Opinion 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 has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any 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, 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 relating to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease¹⁷ 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 it 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 be 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 judgment 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 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 relating 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.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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.



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

Devonshire House
60 Goswell Road
London
EC1M 7AD

Date: 24th February 2021

St Mellitus College Trust

Statement of Financial Activities including Income & Expenditure Account for the year ended 31 July 2020

		-- Unrestricted Funds --				
		General Fund	Designated Funds (Note 13)	Restricted Funds (Note 13)	Total Funds 2020	Total Funds 2019 (Note 15)
	Note	£	£	£	£	£
INCOME	3					
Donations & Grants		144,905	0	175,853	320,758	118,571
Charitable Activity income		2,397,460	947,577	0	3,345,037	3,090,856
Investment income		1,044	0	0	1,044	1209
Fund raising income		21,000	0	0	21,000	26,250
TOTAL INCOME		2,564,409	947,577	175,853	3,687,839	3,236,886
EXPENDITURE	4					
<i>Raising funds:</i>						
Fund raising costs		1,269	0	0	1,269	513
<i>Expenditure on charitable activities:</i>						
Operation of college courses		2,322,492	863,302	135,368	3,321,162	3,105,057
Grants made		66,464	0	0	66,464	57,237
TOTAL EXPENDITURE		2,390,225	863,302	135,368	3,388,895	3,162,807
NET OPERATING INCOME		174,184	84,275	40,485	298,944	74,079
Transfers between funds		14,738		-14,738	0	0
(Loss)/Gain on Pension Deficit Liability		95,790	0	0	95,790	-69,380
NET INCOME / (EXPENDITURE) and net movement in funds for year	2	284,712	84,275	25,747	394,734	4,699
RECONCILIATION OF FUNDS						
Total funds brought forward	13	102,632	-13,209	54,221	143,644	138,945
TOTAL FUNDS CARRIED FORWARD						
AT 31 JULY 2020	13	387,344	71,066	79,968	538,378	143,644

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

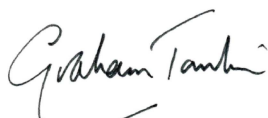
St Mellitus College Trust

Balance Sheet as at 31 July 2020

		2020	2019
		£	£
	Note		
FIXED ASSETS			
Tangible assets	8	14,549	6,489
CURRENT ASSETS			
Debtors	9	129,047	120,325
Cash at bank and in hand		649,522	328,181
		<u>778,569</u>	<u>448,506</u>
CREDITORS: amounts falling due within one year	10	<u>-144,524</u>	<u>-79,291</u>
NET CURRENT ASSETS		634,045	369,215
CREDITORS: amounts falling due after more than one year			
- Long term loans	11	-60,000	-60000
NET ASSETS BEFORE PENSION DEFICIT LIABILITY		<u>588,594</u>	<u>315,704</u>
PENSION DEFICIT LIABILITY		<u>-50,216</u>	<u>-172,060</u>
TOTAL NET ASSETS		<u><u>538,378</u></u>	<u><u>143,644</u></u>
UNRESTRICTED FUNDS	12	508,626	261,483
RESTRICTED FUNDS	12	79,968	54,221
		<u>588,594</u>	<u>315,704</u>
PENSION DEFICIT LIABILITY RESERVE		<u>-50,216</u>	<u>-172,060</u>
TOTAL FUNDS		<u><u>538,378</u></u>	<u><u>143,644</u></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 3rd February 2021 and signed on their behalf by



Chair: Rt Revd Dr G S Tomlin
Company No: 4546328



Dean (Accountable Officer): Rev R Winfield

St Mellitus College Trust

Cash Flow Statement for the year ended 31 July 2020

	2020 £	2020 £	2019 £	2019 £
Net cash inflow (outflow) from Operating Activities (Note A)		335,228		-11,836
Capital Expenditure				
Payments to acquire tangible fixed assets		-14,931		-4,462
Returns on Investments and Servicing of Finance				
Interest received	<u>1,044</u>		<u>1,209</u>	
Net cash inflow from Returns on Investments and Servicing of Finance		1,044		1,209
Financing				
New loans		0		15,000
Increase (Decrease) in Cash (Note B)		<u>321,341</u>		<u>-89</u>

A) Reconciliation of Operating Surplus/(Deficit) to Net Cash Inflow from Operating Activities	2020 £	2019 £
Operating surplus	394,734	4,699
Interest received	-1,044	-1,209
Depreciation charges	6,871	2,849
(Increase)/ Decrease in debtors	-8,722	-29,807
(Increase)/ Decrease in stocks	0	113
(Decrease)/ Increase in creditors	65,233	-36,621
Movement in Pension Deficit recovery accrual	-121,844	48,140
Net cash (outflow)/inflow from operating activities	<u>335,228</u>	<u>-11,836</u>

B) Reconciliation of Net Cash Flow to Movements in Net Cash	2020 £	2019 £
(Decrease) in cash in the year representing change in net cash	321,341	-89
Net cash at 1 August 2019	328,181	328,270
At 31 July 2020	<u>649,522</u>	<u>328,181</u>

C) Analysis of Changes in Net Funds	1 August 2019 £	Non-cash Changes £	Cash Flows £	31 July 2020 £
Cash at bank and in hand	328,181	0	321,341	649,522
Debt due after more than 1 year	-60000	0	0	-60,000
Total Net Funds	<u>268,181</u>	<u>0</u>	<u>321,341</u>	<u>589,522</u>

St Mellitus College Trust

Notes forming part of the Financial Statements for the year ended 31 July 2020

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)) including Update Bulletin 2, 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) 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 in light of the impact of the COVID-19 pandemic. After making enquiries the trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operation for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

(d) 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.

(e) 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.

(f) 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.

(g) Tangible fixed assets

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. 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.

(h) Stock

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

(i) 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.

(j) Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' 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 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.

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 9 and 10 for the debtor and creditor notes.

(k) 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, a defined benefit pension scheme. This 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 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions-

- An average discount rate of 3.2% pa;
- RPI inflation of 3.4% (and pension increases consistent with this);
- Increase in pensionable stipends 3.4% pa; and
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI 2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% pa.

Following the 31st December 2018 valuation, a recovery plan was put in place until 31st December 2022 and the deficit recovery contributions payable (as a percentage of pensionable stipends) are 11.9% for the period 1st January 2018 until 31st December 2020 and 7.1% for the period from 1st January 2021 until 31st December 2022.

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.

	2019/20	2018/19
	£	£
Balance sheet liability as at 1st August	172,060	123,920
Deficit contributions paid	-29,054	-23,240
Interest cost (recognised in SoFA)	3,000	2,000
Remaining change to the balance sheet liability * (recognised in SoFA)	-95,790	69,380
Balance sheet liability as at 31st July	<u>50,216</u>	<u>172,060</u>

* The current year reduction is primarily a result of the 2018 scheme valuation. The prior year increase resulted mostly from an increase in the number of staff in this scheme.

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.

The legal structure of the scheme is that if another employer were to fail then the charity could become responsible for paying a share of that employer's pension liabilities.

(m) **Judgments and key sources of estimation uncertainty**

In the application of the charity's accounting policies, the Trustees are required to make judgments, 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 those 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

	2020	2019
	£	£
This is stated after charging:		
Auditor's remuneration (excluding VAT)		
- Audit - current year	6,040	6,040
- prior year under accrued	552	233

3. INCOME

	-- Unrestricted Funds --			
	General	Designated	Restricted	Total Funds
	Fund	Funds	Fund	2020
	£	£	£	£
<i>Income from donors</i>				
Donations & Grants	102,314	0	100,817	203,131
Office for Students grants	39,235	0	74,889	114,124
Gift Aid recovered	3,356	0	147	3,503
	144,905	0	175,853	320,758
<i>Income from charitable activities</i>				
Course fees	2,350,281	947,477	0	3,297,758
Diocesan share of staff costs	35,179	0	0	35,179
Diocesan contributions	12,000	0	0	12,000
Other income	0	100	0	100
	2,397,460	947,577	0	3,345,037
<i>Investment income</i>				
Bank interest	1,044	0	0	1,044
<i>Fundraising income</i>				
	21,000	0	0	21,000
TOTAL INCOME	2,564,409	947,577	175,853	3,687,839

The comparative figures for the year ended 31st July 2019 were -

	-- Unrestricted Funds --			
	General	Designated	Restricted	Total Funds
	Fund	Funds	Fund	2019
	£	£	£	£
<i>Income from donors</i>				
Donations	17,754	3,790	91,527	113,071
Gift Aid recovered	3,500	0	2,000	5,500
	21,254	3,790	93,527	118,571
<i>Income from charitable activities</i>				
Course fees	2,313,086	731,419	0	3,044,505
Diocesan share of staff costs	34,315	0	0	34,315
Diocesan contributions	12,000	0	0	12,000
Other income	36	0	0	36
	2,359,437	731,419	0	3,090,856
<i>Investment income</i>				
Bank interest	1088	121	0	1,209
<i>Fundraising income</i>				
	26,250	0	0	26,250
TOTAL INCOME	2,408,029	735,330	93,527	3,236,886

4. EXPENDITURE

	Basis of Allocation	Total 2020	Total 2019
		£	£
Costs of College Operations -			
Staff costs (see Note 6)	Staff Time	932,446	760,594
Academic travel and training	Direct	8,022	12,183
Fieldwork and placements	Direct	510	239
Visiting Speakers' Fees & expenses	Direct	17,216	14,180
Library Books and supplies	Direct	11,564	14,918
Printing, Stationery and Photocopying	Direct	2,593	1,427
Postage and Telephone	Direct	2,334	1,009
Travel, Training and staff meals	Direct	49,994	57,304
Recruitment and Relocation costs	Direct	5,866	8,373
Premises costs and rentals	Direct	87,529	83,277
Chapel	Direct	760	594
University fees	Direct	31,898	29,407
Residential costs	Direct	225,642	222,338
Other Catering costs	Direct	47,372	63,406
Equipment	Direct	4,404	5,206
Depreciation	Direct	6,871	2,849
Maintenance	Direct	2,411	2,411
Professional Charges	Direct	10,363	10,732
Bank Charges and Interest	Direct	834	941
Other administrative costs	Direct	67,594	27,479
Fee from SPTC for Educational Services	Direct	1,801,937	1,784,190
Total cost of College Operations		3,318,161	3,103,056
Fundraising costs		1,270	514
Grants made		66,464	57,237
Interest on Pension Deficit Recovery Plan		3,000	2,000
TOTAL EXPENDITURE		3,388,895	3,162,807

5. TAXATION

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

6. STAFF COSTS AND NUMBERS

	General Fund	Designated Funds	Restricted Funds	2020 Total
	£	£	£	£
Salaries and wages - academic staff	151,290	243,213	57,595	452,098
staff	153,458	93,937	0	247,395
Social security costs	32,413	30,048	0	62,461
Pension costs	24,206	60,540	0	84,746
Housing costs (incl. allowances)	12,138	52,236	0	64,374
Other grants and allowances	5,316	9,094	0	14,410
Salary contributions	-140,965	92,421	55,506	6,962
	237,856	581,489	113,101	932,446

The comparative figures for the year ended 31st July 2019 were -

	General Fund	Designated Funds	Restricted Funds	2019 Total
	£	£	£	£
Salaries and wages - academic staff	188,337	151,810	0	340,147
staff	161,195	79,658	0	240,853
Social security costs	32,817	19,399	0	52,216
Pension costs	41,005	22,046	0	63,051
Housing costs (including allowances)	35,934	38,749	0	74,683
Other grants and allowances	8,662	7,510	0	16,172
Salary contributions	-178,565	119,831	32,206	-26,528
	<u>289,385</u>	<u>439,003</u>	<u>32,206</u>	<u>760,594</u>

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

Key management personnel are remunerated in accordance with London diocesan payscales. Some of these costs are shared with St Paul's Theological Centre. See also note regarding the Head of Provider's pay below.

The average monthly head count was 32 staff (2019: 27) and the average monthly number of full time equivalent employees during the year was:

	2020	2019
	No	No
Assistant Dean /Course Directors	4.0	3.3
Tutors	11.5	8.0
Administration and support	9.0	8.4
	<u>24.5</u>	<u>19.7</u>

No Trustee received any remuneration in their capacity as a trustee from the Charity.

Four Trustees had travelling and out of pocket expenses totalling £717 reimbursed during the year (2019: ONE - £226).

Head of Provider's remuneration

We are required to declare the remuneration of the Head of Provider (the college Dean). The Dean is not employed by the charity but is an employee of St Paul's Theological Centre. The following information has been provided to us by St Paul's Theological Centre -

The Dean is remunerated at the standard rate for an Archdeacon in the Diocese of London.

Annual salary	£	37,500
Employer's pension contributions (standard rate for all CofE clergy)		<u>9,884</u>
Total remuneration		<u>47,384</u>

In common with all stipendiary clergy of the Church of England, the Dean is also provided with housing.

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 were as follows -

The Archbishops' Council - funding received of £34,878 (2019: £469,240)
 The Archbishops' Council - accrued fees receivable of NIL (2019: £17,049)
 The Archbishops' Council - outstanding debtor £16,468 (2019: £650 creditor)
 London Diocesan Fund - funding received of £660,908 (2019: £416,069)
 London Diocesan Fund – outstanding debtor NIL (2019: NIL)
 Chelmsford Diocesan Board of Finance - funding received of £309,551 (2019: £285,514)
 Chelmsford Diocesan Board of Finance – outstanding debtor £15,420 (2019: NIL)
 St Paul's Theological Centre - recharge of expenses incurred on their behalf.
 St Paul's Theological Centre – donation towards costs at St Jude's - £30,550 (2019: £29,950)
 St Paul's Theological Centre – fee for educational services £1,801,937 (2019: £1,784,490)
 St Paul's Theological Centre – year end creditor £2,286 (2019: £29,411 debtor)

8. TANGIBLE FIXED ASSETS

	Office Equipment £	Office Furniture £	Computer Equipment £	Total £
Cost				
At 1st August 2019	0	11,164	8,171	19,335
Additions	4,800	5,789	4,342	14,931
Disposals	0	0	0	0
At 31st July 2020	<u>4,800</u>	<u>16,953</u>	<u>12,513</u>	<u>34,266</u>
Accumulated Depreciation				
At 1st August 2019	0	8,670	4,176	12,846
Charge for the year	1,066	2,851	2,954	6,871
Disposals	0	0	0	0
At 31st July 2020	<u>1,066</u>	<u>11,521</u>	<u>7,130</u>	<u>19,717</u>
Net Book Value				
At 31st July 2020	3,734	5,432	5,383	14,549
At 31st July 2019	0	2,494	3,995	6,489

9. DEBTORS

	2020 £	2019 £
Other debtors and prepayments	129,047	120,325
	<u>129,047</u>	<u>120,325</u>

10. CREDITORS: Amounts falling due within one year

	2020 £	2019 £
Sundry creditors and accruals	144,524	79,291
	<u>144,524</u>	<u>79,291</u>

Included in the above are accruals of £5,868 relating to pensions (2019: £2,890).

11. CREDITORS: Amounts falling due later than one year

At the year end there were two long term interest free loans totalling £60,000 (2019: £60,000) provided to cover the negative cash flow on the start up of the South West centre. The period of these loans is for a period of five years from July 2017. These loans are only repayable at the end of the five year period to the extent that the balance on the Designated Fund for the South West Centre is below the outstanding loan amount.

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	2020 Total £
Fixed Assets	14,549	0	14,549
Current assets	698,601	79,968	778,569
Current liabilities	-144,524	0	-144,524
Long term loans	-60,000	0	-60,000
Pension Deficit Liability	-50,216	0	-50,216
Net assets at 31 July 2020	<u>458,410</u>	<u>79,968</u>	<u>538,378</u>

The comparative figures as at 31st July 2019 were -

<i>Fixed Assets</i>	<i>6,489</i>	<i>0</i>	<i>6,489</i>
<i>Current assets</i>	<i>394,285</i>	<i>54,221</i>	<i>448,506</i>
<i>Current liabilities</i>	<i>-79,291</i>	<i>0</i>	<i>-79,291</i>
<i>Long term loans</i>	<i>-60,000</i>	<i>0</i>	<i>-60,000</i>
<i>Pension Deficit Liability</i>	<i>-172,060</i>	<i>0</i>	<i>-172,060</i>
<i>Net assets at 31 July 2019</i>	<u><i>89,423</i></u>	<u><i>54,221</i></u>	<u><i>143,644</i></u>

13. FUND DETAILS

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 operations of the campus at Plymouth.

The **SMC East Midlands Fund** records the start up costs of the new campus at Nottingham.

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.

The **Durham Seedcorn Grant** is a grant made by Durham University towards the costs of a project researching the training provision for Interim Ministers.

The **Generous Orthodoxy Project** is a grant from the McDonald Agape Foundation to fund a research project into the college's concept of *Generous Orthodoxy*.

The **Office for Students Capital Grant** is a grant for investment in physical infrastructure, so that it remains fit for purpose. This grant was spent on capital additions and the balance transferred to the General Fund.

The **Office for Students Disability Grant** is a grant to support successful outcomes for disabled students.

The **Office for Students Improving Outcomes Grant** is a grant to support undergraduate students who are deemed to be most at risk of withdrawing from their studies because of their qualifications and age profile, and who therefore require additional investment to ensure their retention and success.

The **McDonald Fellowship Fund** is in respect of a donation received from the McDonald Agape Foundation to fund the post of McDonald Fellow.

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

	Opening Balance	Income	Expenditure	Transfers	Closing Balance
	£	£	£	£	£
<u>Designated Funds</u>					
Beginning Theology	2,286	19,441	26,510		-4,783
SMC North West	61,402	560,698	478,900		143,200
SMC South West	-59,142	214,130	213,389		-58,401
SMC East Midlands	-17,755	153,308	144,503		-8,950
	<u>-13,209</u>	<u>947,577</u>	<u>863,302</u>	<u>0</u>	<u>71,066</u>
<u>Restricted Funds</u>					
Dean's Discretionary	11,292	14	1,906		9,400
McDonald Professor	0	25,000	10,284		14,716
Durham Seedcorn Grant	-29	4,000	3,400		571
Generous Orthodoxy	42,958	46,950	34,627		55,281
OfS Capital Grant	0	14,738		-14,738	0
OfS Disability Grant	0	7,720	7,720		0
Ofs Improving Outcomes	0	52,431	52,431		0
McDonald Fellowship	0	25,000	25,000		0
	<u>54,221</u>	<u>175,853</u>	<u>135,368</u>	<u>-14,738</u>	<u>79,968</u>

The comparative figures for the year ended 31st July 2019 were -

	Opening Balance	Income	Expenditure	Closing Balance
	£	£	£	£
<u>Designated Funds</u>				
Beginning Theology	9,065	21,002	27,781	2,286
SMC North West	16,098	527,904	482,599	61,402
SMC South West	-44,525	186,055	200,672	-59,142
SMC East Midlands	0	370	18,125	-17,755
	<u>-19,362</u>	<u>735,330</u>	<u>729,177</u>	<u>-13,209</u>

Restricted Funds

<i>Dean's Discretionary</i>	6,710	5,662	1,080	11,292
<i>McDonald Professor</i>	0	17,865	17,865	0
<i>Durham Seedcorn Grant</i>	221	0	250	-29
<i>Generous Orthodoxy Project</i>	20,269	45,000	22,311	42,958
<i>Spire Fund</i>	<u>1,000</u>	<u>25,000</u>	<u>26,000</u>	<u>0</u>
	<u>28,200</u>	<u>93,527</u>	<u>67,506</u>	<u>54,221</u>

The balance on the **SMC North West Designated Fund** compares with the target of £160k, being one term's expenditure.

The **SMC South West Designated Fund** covers the operation of the delivery centre in Plymouth. The deficit of £58k represents the balance at the end of the third year of operation. The adverse cash flow in the start up phase is being covered by a loan facility and guarantee over five years of up to a maximum of £60k spread between the dioceses of Exeter and Truro.

The **SMC East Midlands Designated Fund** covers the operation of the delivery centre in Nottingham. The deficit of £9k represents the balance at the end of the first year of operation. The adverse cash flow in the start up phase is being covered by a loan facility and guarantee over five years of up to a maximum of £90k spread between the dioceses of Derby, Leicester and Southwell & Nottingham.

15. SoFA COMPARATIVE FIGURES

The comparative figures for the Statement of Financial Activities for the year ended 31st July 2019 are as follows-

-- Unrestricted Funds --				
	General Fund	Designated Funds	Restricted Funds	Total Funds 2019
	£	£	£	£
INCOME				
Donations & Grants	21,254	3,790	93,527	118,571
Charitable Activity income	2,359,437	731,419	0	3,090,856
Investment income	1,088	121	0	1,209
Fund raising income	26,250	0	0	26,250
TOTAL INCOME	2,408,029	735,330	93,527	3,236,886
EXPENDITURE				
<i>Raising funds:</i>				
Fund raising costs	513	0	0	513
<i>Expenditure on charitable activities:</i>				
Operation of college courses	2,335,454	729,177	40,426	3,105,057
Grants made	30,157	0	27,080	57,237
TOTAL EXPENDITURE	2,366,124	729,177	67,506	3,162,807
NET OPERATING INCOME / (EXPENDITURE)	41,905	6,153	26,021	74,079
<i>Gain on Pension Deficit Liability</i>	<i>-69,380</i>	<i>0</i>	<i>0</i>	<i>-69,380</i>
NET INCOME / (EXPENDITURE) and net movement in funds	-27,475	6,153	26,021	4,699
RECONCILIATION OF FUNDS				
Total funds brought forward	130,107	-19,362	28,200	138,945
TOTAL FUNDS CARRIED FORWARD AT 31 JULY 2019	102,632	-13,209	54,221	143,644