

Company registration number 1043742

Charity registration number 263960

ALLCHURCHES TRUST LIMITED

2018 ANNUAL REPORT

As the owner of an ethical and successful financial services group, our vision is to deliver steadily growing support to churches and other charities, for the greater good of all.

Highlights of 2018

Record grants awarded totalling
£16.9 million

A strategic review of our grant-making completed, including the introduction of a new methodology for distributing recurrent grants to Anglican dioceses and cathedrals



New heritage grants programme launched

Full compliance with the Charities Governance Code

An independent evaluation conducted of our Board, with a 'very good' outcome



A much increased presence for the Trust on social and other media, so that those applying for and receiving our grants better understand the aims of the Trust, where our money comes from and how to apply for a grant



A more proactive focus on grant making and increased help for those in less well off areas

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About us

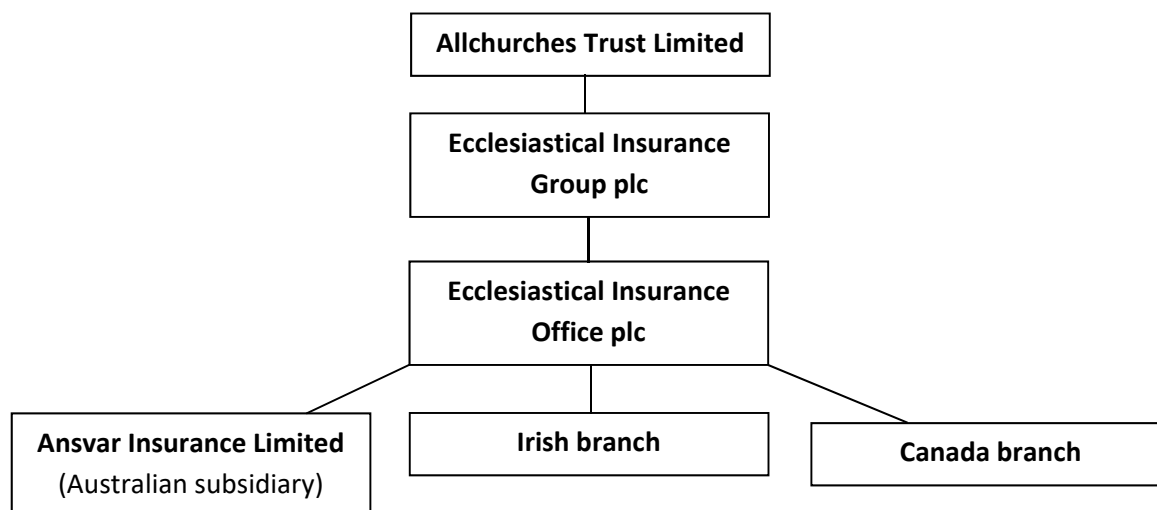
Allchurches Trust Limited (the Trust or the charity) was established in 1972. It is a registered charity that seeks to promote the Christian religion, providing grants to Anglican churches, churches of other denominations and charitable organisations with an emphasis on heritage, supporting those in need and strengthening communities.

The Trust is managed by the Board of trustees, who are also the directors of the charitable company for Companies Act purposes. The Trust is completely independent of the Church of England although, because of its Christian aims, some of its trustees and members are leading figures in the Church of England.

The Trust receives the majority of its income from the companies it owns; none comes from public donations. It is the owner of the Ecclesiastical Insurance Group plc (EIG plc) which in turn owns Ecclesiastical Insurance Office plc (EIO plc), an independent financial services company, regulated by the Financial Conduct Authority and Prudential Regulation Authority. EIO plc insures heritage buildings, charities, schools, churches and other faith buildings and provides a range of specialist investment management, broking and advisory services.

Structure

A full list of the Trust's related undertakings is presented in note 44 to the financial statements. A simplified organogram is shown below.



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Explanation of terms

Throughout the annual report the following terms are used as defined below:

Ecclesiastical	The abbreviation for the legal entities which together comprise the Ecclesiastical Insurance group
Ecclesiastical Insurance group	The overall term for the Ecclesiastical business which includes Ecclesiastical Insurance Group plc and its direct and indirectly-owned subsidiaries
EIG plc	Ecclesiastical Insurance Group plc, the direct subsidiary of Allchurches Trust Limited
EIO plc	Ecclesiastical Insurance Office plc, a direct subsidiary of EIG plc
The Trust or the charity	Allchurches Trust Limited

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Reference and administrative details

Board of trustees	Sir Philip Mawer DLitt, LLd, Hon FIA <i>Chairman</i> Michael Arlington BSc (Hon), FRAgS Caroline Banzky, BA FCA Timothy Carroll, BA, MBA, FCII The Very Revd Jane Hedges, BA Stephen C. Hudson BA (Hons), FCA Sir Laurie Magnus Bt The Venerable Karen Lund BA (Hons)
Company Secretary	Mrs Rachael J. Hall FCIS
Registered and Head Office	Beaufort House, Brunswick Road, Gloucester GL1 1JZ Tel: 01452 873 189
Company Registration Number	1043742
Charity Registration Number	263960
Auditor	Deloitte LLP, Statutory Auditor, Hill House, 1 Little New Street, London EC4A 3TR United Kingdom
Bankers	National Westminster Bank plc, 21 Eastgate Street, Gloucester GL1 1NH
Solicitors	Farrer & Co, 66 Lincoln's Inn Fields, London WC2A 3LH
Investment Managers	EdenTree Investment Management Limited, 24 Monument Street, London EC3R 8AJ Rathbones Investment Management Limited, 8 Finsbury Circus, London EC2M 7AZ

Chairman's Report

Overview

2018 proved to be a year of mixed fortunes for the Ecclesiastical Insurance group. The group had a solid underlying insurance performance in all of its markets other than Canada, where severe weather events impacted the result. The group continued to win many awards for its outstanding customer service and its highly ethical investment business. However nothing could shield it from the volatility which particularly affected equity markets worldwide in the latter part of the year. The result was a recorded group profit before tax of £13.4m¹ (2017: £80.7m¹), the difference driven by a loss of previous fair market value gains.

In spite of this the Trust received a grant of £17.0m (2017: £26.0m) from Ecclesiastical which, together with a donation of £1.5m (2017: £4.0m) from Methodist Insurance PLC, meant that the Trust was able to distribute record grants totalling £16.9m (2017: £15.6m). In addition we invested another £5.0m in our expendable capital endowment fund, which at the year-end stood at £85.7m (2017: £88.1m), the reduction in the size of the Fund being, again, entirely accounted for by the market volatility in the final quarter of the year. The Fund nonetheless generated additional income of £3.3m (2017: £2.4m), which we used to support our grant-making to a total of 1,114 beneficiaries.

Strategic Grants Review

I referred in last year's Report to the Trust's ongoing and comprehensive review of its grant-making. The review has been a major undertaking for the Board and its staff, involving extensive consultation with key groups of beneficiaries. I pay tribute to all involved, notably the small group of trustees, led by Michael Arlington, which spearheaded the review. My thanks also go to Philip Arundel and to his successor James Laing (who left the Trust as the review concluded) for the extensive assistance they both gave the review team.

Details of the outcome and of our new grant programmes - which we began to implement from 1 January 2019 - are given later in this Report and on our website – www.allchurches.co.uk. In shaping these new programmes, the Board has been intent on maximising the effectiveness of its grant-making, being more proactive and more strategic in its approach in order better to deliver its charitable objects. Our purpose is still the same: to deliver those objects by helping churches, charities and other charitable organisations to fund projects which promote the Christian religion and benefit communities wherever the business we own operates. As our resources increase, so we expect to see a gradual widening in the scope of the work we support. Thus 2018 saw, for example, the award of our first grants explicitly intended to help the heritage sector, both ecclesiastical and secular.

¹ This is the Ecclesiastical result under UK Generally Accepted Accounting Practice (UKGAAP) which is the accounting basis under which the charity and consolidated accounts of the Trust are prepared. Ecclesiastical prepares its accounts under International Financial Reporting Standards (IFRS). A reconciliation of the IFRS result and shareholders' funds to UKGAAP is shown in notes 21(f) and 21(g).

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The review has identified three broad types of project which we will look in particular to support in future: they are those which –

- Grow churches, spiritually and numerically
- Build communities, especially where they are hurting or broken, and
- Show the love of God in action by helping those in particular need to flourish.

And in all of these cases, we will aim to pay particular attention to supporting those communities which are less well-off.

Our Grants

Meanwhile we have continued to make grants under our existing programmes up to the end of 2018. These ranged in size from as little as £100 to £0.91m. Full details are given later in this report, along with some examples which illustrate the wide range of types of project we have supported.

Through its Methodist Grants-Giving Committee, the Trust awarded grants totalling £2.2m (2017: £2.0m) to support the mission and ministry of the Methodist Church in Britain and Ireland. We were grateful to receive a donation of £1.5m (2017: £4.0m) from the Methodist Insurance PLC just before the end of the year which will support the work of the Trust.

Our devolved grant-making arrangements in Australia and Canada continue. I was privileged to be in Canada at the end of October to witness the announcement of the 2018 Community Impact Grants and to visit Canadian grant beneficiaries, as well as to thank the staff of Ecclesiastical Canada for their noteworthy contribution to the group.

Our Investments and Governance

Ecclesiastical is, of course, by far the Trust's largest investment. At the end of 2018 shareholders' funds in the Group stood at £465.2m¹ (2017: £474.0m¹). At each of their meetings, trustees receive a report on Ecclesiastical's progress. They also keep under regular review the management of their other principal investment, the capital endowment fund. During 2018, the Trust appointed PwC as its independent adviser to assist it in assessing the two investment managers to whom investment of the Fund is allocated, EdenTree Investment Management Limited and Rathbones Investment Management Limited.

The year also saw the Trust complete all the actions needed to ensure our full compliance with the Charities Governance Code. This included the introduction of policies on Safeguarding and on Whistleblowing. As the year ended we received the report of an independent evaluation of the performance of the Trust's Board, undertaken by ICSA Board Evaluation. Overall this rated us as "Very Good". The few recommendations made by the evaluator have been accepted by the Board and will be implemented in the course of 2019.

¹ This is the Ecclesiastical result under UK Generally Accepted Accounting Practice (UKGAAP) which is the accounting basis under which the charity and consolidated accounts of the Trust are prepared. Ecclesiastical prepares its accounts under International Financial Reporting Standards (IFRS). A reconciliation of the IFRS result and shareholders' funds to UKGAAP is shown in notes 21(f) and 21(g).

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Our people

2018 saw us further strengthen our communications and marketing capability with the recruitment of Emma Smith who joined Hannah Filmer who was recruited in 2017. Together they have substantially increased our presence on social and mainstream media, as well as offering advice and support to beneficiaries on how to publicise their projects more successfully. Our purpose in offering this support is both to encourage beneficiaries to get the recognition their efforts deserve and to try to ensure that potential new beneficiaries get to know about us.

Our team of three Grants Officers and our Grants Administrator has continued to win praise from applicants for their helpful and sensitive approach to advising on and reviewing applications for support from the Trust. The Grants Officers travel many miles in their work and their efforts in this regard deserve high praise. We have also continued to receive outstanding support from Rachael Hall, our Company Secretary, and her colleagues, a fact fully recognised during the independent evaluation of the Board.

The year also saw the retirement of three trustees at the conclusion of their respective terms of appointment – the Venerable Annette Cooper, Christopher Smith and Denise Wilson OBE, about whose important contributions to the Trust I wrote in last year's Report – and the arrival of two new ones, Caroline Banzky (formerly CEO of Law Debenture Corp. plc) and the Venerable Karen Lund (the Archdeacon of Manchester). Chris Moulder will succeed Denise Wilson as one of our two 'common directors' with Ecclesiastical in May 2019.

Envoi

As this is the last Annual Report of the Trust I will introduce (I expect to retire as Chairman later this year) I hope I may be allowed to end on a more personal note. Having been a member of the Trust for over 26 years, it has been a huge privilege to be a trustee for the last nine years and Chairman for the last six. During those six years, the total of the Trust's grant-making has increased markedly, from £9.5m in 2012 to £16.9m in 2018. The value of the Trust's investments has grown from £368.8m to £550.9m over the same period. The governance, policies and administration of the charity have been comprehensively reviewed and updated. And we have entered into new arrangements with others, not least our friends in the Methodist Church.

That this has happened has been due to three things. First, the solid foundations established by previous generations of trustees and staff, and of those in Ecclesiastical who have contributed to fashioning a very special financial services group. Secondly, the hard work and commitment of the current Board and staff of Ecclesiastical, the latter so ably led by Mark Hews, without whose commercial success, sustained by sound ethical principles, the Trust would not have the resources it is now able to grant to others.

Last but by no means least has been the excellent teamwork and sustained efforts of my fellow trustees and of the staff of the Trust. Together we have faced a number of challenges which, together, we have overcome. I shall step down as a trustee and Chairman confident that Allchurches Trust and the financial services group it owns are in good hands and will thus be able to continue to

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serve the Trust's many beneficiaries – and through them, churches and communities in particular need – for many years to come.

Sir Philip Mawer

Chairman

9 May 2019

Strategic Report

Our purposes and activities

The purposes of the charity are:

- to promote the Christian religion; and
- to contribute to the funds of any charitable institutions, associations, funds or objects and to carry out any charitable purpose.

The vision that shapes our annual activities remains the promotion of the Christian faith and Christian service to others through supporting the mission and work of dioceses and cathedrals and allocating our charitable giving in response to requests from Anglican churches, churches of other denominations, Christian communities and other charitable organisations.

The charity also has the general aim of assisting in areas of greatest need and encouraging the training and development of lay and ordained people as well as helping projects supporting communities and enabling evangelism and church growth.

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance *Public Benefit: Running a Charity (PB2)*. The charity's income is derived from the gift aid it receives from its subsidiary company, EIO plc, donations from Methodist Insurance PLC and the investment income generated from the charity's capital endowment fund.

The objectives we have identified to help achieve the charity's aims in 2019 are to:

- Implement the outcome of the Strategic Grants Review in a new Grants Strategy, including:
 - Implementing new scale awards and deprivation uplifts on regular grants (the new Small and Large Grants programmes)
 - Launching the new Transformational Grants programme
 - Launching the new Heritage Grants programme
 - Launching the new Thematic Grants programme
 - Implementing the new planning and reporting process to demonstrate the impact of recurrent grants.
- Convene a new Grants Policy Committee to advise the Board on the further development of the Trust's grant-making policies, the Committee's remit to include the work of the current Small Grants Fund Committee and pre-assessing Thematic and Transformational grant applications for recommendation to the Board, normally twice a year.
- Analyse existing data on the pattern and effect of the Trust's grants and establish an agreed process for measuring and reporting on the impact of those grants, building on the improved reporting mechanisms developed in 2018, thereby helping to ensure that the

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work undertaken by the Trust makes a real difference to internal and external stakeholders.

- Continue to ensure that effective succession planning is in place for the Board, in particular for succession to the role of chairman, and implement any consequential changes in the Board's organisational arrangements.
- Consider and implement as appropriate the recommendations arising from the Report of the Independent Evaluation of the Board conducted in the fourth quarter of 2018.
- Further develop internal and external communications plans, working with key stakeholders to improve transparency and recognition, to continue to raise the Trust's profile in a targeted manner and to add value to existing beneficiaries.
- Further develop relationships with other funders, potential partners and delivery bodies.

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Achievements and Performance

We had another successful year during 2018, making significant progress in meeting the objectives we had set to further the charity's aims.

The objectives we set during 2018 were to:

- Continue to develop a new grants strategy, in consultation with key groups of beneficiaries, which furthers the Trust's charitable objectives in response to changing needs and has the greatest possible beneficial impact on people's lives.
- Improve collaboration with public and other funders and delivery bodies in order to maximise that impact.
- Continue to develop a communications strategy that supports delivery of the above.
- Ensure the successful implementation of the new arrangements involving an additional Investment Manager.
- Develop a process for measuring and reporting on impact, ensuring that the work undertaken by the Trust makes a real difference to internal and external stakeholders.
- Ensure effective succession planning is in place for the Board.
- Successfully induct the new Grants and Relationships Director and new trustees.

Our performance against each objective is set out below. More details of our grant giving in the year are included on pages 17-24.

Develop a new grants strategy

We successfully completed the development of a new grants strategy for the Trust. During 2017, the Board established a Strategic Grants Review Group to lead the review, chaired by Michael Arlington. The Review Group subsequently undertook extensive consultation with dioceses (Bishops, Archdeacons and Diocesan Secretaries) and cathedrals and also met with key beneficiaries in Scotland, Wales and Ireland.

As a result of this consultation a revised methodology for the recurrent grants the Trust makes to Church of England dioceses has been developed, along with new budgetary arrangements and grants programmes (including a Heritage Grants Programme). The proposals were subject to further consultation with beneficiaries during 2018. These discussions were generally positive, accepting the foundational principles of the new method for allocating recurrent grants to Church of England dioceses based on population and modified income (as a measure of relative deprivation), and debating the details of the reporting mechanisms intended to enable the Trust to account for the

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impact made by its grants. In addition, the recurrent grants to Church of England cathedrals have been marginally uplifted and fixed until the end of 2022. It is intended that the current arrangements for the diocesan and cathedral grants in Ireland, Scotland and Wales will also be adapted to ensure that the principles underlying them are consistent with the approach being taken in England from 2020 onwards. Discussions are continuing with the relevant Provincial offices.

In addition to the changes made to recurrent grant methodology, existing grant programmes have been restructured and the following programmes will be operating in 2019:

- **Small Grants Programme** – this programme will be available for projects with a total cost of up to £1.0m, awarding grants of up to £15,000.
- **Large Grants Programme** – this programme will be available for projects with a total cost of over £1.0m, awarding grants of up to £100,000.
- **Transformational Grants Programme** – this programme will be aimed at supporting projects of regional or national significance, awarding grants of over £100,000.
- **Thematic Grants Programme** – this will be a series of grants programmes, to be launched over a 3-5 year period, targeted at particular issues or problems. The first theme identified by the Board relates to ‘Adapting Churches and Community Facilities for use by Children and Young People’ and will be launched during 2019.
- **Heritage Grants Programme** – this programme will be undertaken in conjunction with other partners and will aim to help secure the survival of both our ecclesiastical and secular heritage, for the benefit of all. The first grants under this programme will focus on the promotion of traditional craft skills, such as stonemasonry, plaster restoration and stained glass repair. Commencing in 2019, the Trust has agreed to partner with Historic England’s apprenticeship programme for three years; with the Prince’s Foundation for Community, Regeneration and Traditional Arts for three years to launch a visitors centre and archaeology school at Strata Florida in Wales; and with QEST craft and heritage apprenticeships and scholarships.

No changes will be made to the existing Methodist Grants Programme.

During 2018, initial approval was given for some grants under the new programmes.

In line with our aim of helping those in greater need, we shall also double the amount by which we uplift grants made to churches and other organisations in relatively deprived areas.

The Strategic Grants review was completed by the end of 2018 and the new grants strategy is being implemented with effect from 1 January 2019.

Improve collaboration with public and other funders and delivery bodies

The Trust has continued to meet regularly with representatives of other charitable bodies and funders during the year. As outlined above, the Heritage Grants Programme has been launched in collaboration with three external organisations. In addition, the trustees have met with another charitable trust with a similar organisational structure to ours to share learning and best practice.

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Continue to develop a longer-term communications strategy

Building on progress made in 2017, the Trust has created a dedicated communications team during 2018 comprising two people, with plans to strengthen this further in 2019. The Trust has continued to build its social media presence and to raise the Trust's profile in other media. A new website was launched in Spring 2018, which has been positively received. The Trust has continued to create a range of advice for applicants and beneficiaries, which includes helping grant recipients to maximise their own publicity about their projects. Work has started to develop a comprehensive communications strategy for the Trust, which is being developed in tandem with the launch of the new grants strategy. The Trust will also be reviewing its brand in 2019; some research preparatory to this was undertaken in 2018.

Ensure the successful implementation of the new arrangements involving an additional Investment Manager

During 2017, the Trust's investment portfolio, which consists of the capital endowment fund investments and cash, was managed on behalf of the charity by EdenTree Investment Management Limited (EdenTree), a subsidiary of EIO plc. Due to the increasing size of the capital endowment fund and in order to diversify any risk to the Trust's assets, the trustees made the decision during 2017 to place a proportion of the fund with an additional investment manager. After a selection process, Rathbones Investment Management Limited (Rathbones) was appointed as an additional investment manager with effect from 1 January 2018.

Monies were transferred to Rathbones at the beginning of January. These were invested throughout the first half of 2018 through a cautious investment programme. The performance of the two Fund Managers is detailed in the Investment Report on pages 36-37.

In addition, during the year and following a selection process, the Trust appointed PwC as an independent investment adviser to review the portfolios of EdenTree and Rathbones and report independently on their performance. PwC's first report to the Investment Committee was received in December 2018.

Develop a process for measuring and reporting on impact, ensuring that the work undertaken by the Trust makes a real difference to internal and external stakeholders

At the end of 2017, work began on improving the Trust's measurement of its impact and reporting by beneficiaries on the effect of the grants they had received. Recognising that the Trust was part way through a Strategic Grants Review, the grant application form was changed from 1 January 2018 to ask our beneficiaries to state when applying what impact they believed their project would have. This will allow us to assess at a future date whether they have been successful in achieving their stated objectives. We also developed an Assessment Form, which could be sent out to a sample of beneficiaries at a later date as part of an occasional impact assessment exercise.

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Having collected a full year's data, the Trust plans to undertake its first assessment exercise on grants made in 2018, in mid to late 2019, recognising that there will be a lag time in grant recipients receiving their grant from the Trust, raising other funds and completing their projects. The frequency with which we undertake such an assessment exercise and the sample size we use when distributing the Assessment Form to beneficiaries under each of our grants programmes will be reviewed in light of the outcome of this initial exercise.

Work on this objective will therefore continue during 2019 and beyond.

Ensure effective succession planning is in place for the Board

The Trust has developed a formal succession plan to identify emergency successors, short-term successors and long-term successors to the roles of Board Chairman, Committee Chairmen, and other trustees. The plan was recommended by the Nominations Committee to the Board in 2018 and was approved. It will be updated annually.

As part of the succession planning process, three trustees stepped down from the Board during 2018 and two new trustees were appointed. A further new trustee, to act as a 'common director' with the Trust's subsidiary, is expected to be appointed in the second quarter of 2019. Details of the trustees who have stepped down during the year and the new trustees appointed during the year can be found on page 45.

During 2019, the current Board Chairman intends to step down from the Board after nine years' service to the Trust, six of them as Chairman. The Nominations Committee is currently seeking his successor.

Successfully induct the new Grants and Relationships Director and new trustees

The new Grants and Relationships Director was appointed in February 2018 and received a full induction after his appointment, although he left the Trust at the end of the year. In addition, two new trustees were appointed during the year. These also received a full induction following their appointment. Details of the trustees' induction process can be found on page 46.

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Grant Giving and Impact Assessment

The Trust's principal source of income is the grants it receives as the owner of the Ecclesiastical Insurance group. As insurance is a risk business, these may fluctuate markedly. Thanks to the efforts of Ecclesiastical staff and the loyalty of its customers, we were again able to increase our financial support to churches and other charitable institutions significantly, with total charitable giving of £16.9m (2017: £15.6m).

The charitable giving of the Trust is shown in its statement of financial activities on page 54. An analysis of charitable giving is shown on pages 22-23 and in note 6 to the charity financial statements.

The Trust has agreed a number of key performance indicators (KPIs) and measurable targets to assess the efficiency and effectiveness of its grant making:

	2018	2017	2016
Total charitable giving by the Trust	£16,943,744	£15,592,834	£13,196,006
Total number of applications received	1,140	1,214	1,183
Percentage of applications falling within the grant policies of the Trust which were successful	89%	94%	92%
Total number of grants uplifted by a deprivation scale factor	417	389	311
Total number of grants uplifted by a deprivation scale factor as a percentage of total number of grants awarded	40.9%	30.3%	24.7%
Operating costs of the Trust (staff, administration and overheads including donated services) as a percentage of total charitable giving	4.5%	4.6%	4.4%

The Trust has steadily increased its charitable giving since its formation in 1972, distributing £110.3m over the past 10 years. Total expenditure on grants is inevitably influenced by the fluctuating number of applications received by the Trust, the size of the projects for which assistance is sought and the Trust's income.

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The Trust aims to award a grant in respect of at least 85% of those applications received which conform to its objects and its grant-making policies. This was achieved during the period highlighted in the table above.

During 2018, only seven applicants did not complete their project and returned their grant to the Trust (2017: three).

The Trust aims, in particular, to help those in areas of greater need. Grants awarded in response to applications from such areas are increased above the normal level. The Trust expects grants to such areas to constitute at least 20% of total grants made. In 2018, 40.9% of grants made by the Trust were uplifted by a deprivation scale factor (2017: 30.3%). The trustees have not set a target for the percentage of grants uplifted in this way as applications to the Trust are externally driven.

The Trust aims to ensure that the total of its operating costs remains below 7.5% of its total charitable giving. From the data shown in the above table, the Trust has achieved this target in each of the three years assessed.

The Trust recognises that it needs to improve its assessment of the impact of its grant making and to ensure that its grant giving is having the desired effect and making a real difference to beneficiaries. Steps were taken to strengthen this area during 2018 and we will be paying further attention to it during 2019. We expect that additional details of the Trust's approach to impact assessment will be included on our website later in the year.

Beneficiary Relations

The satisfaction of beneficiaries in their dealings with the Trust is of great importance to the trustees. As part of the Strategic Grants Review, extensive consultation has been undertaken with beneficiary groups to ensure that the trustees have taken into account a wide range of views in reaching decisions.

In addition, the Trust keeps abreast of issues affecting its various stakeholders and, in particular, has monitored closely during the year the continued impact of the Church of England's Renewal and Reform programme on Dioceses; the decision of the Heritage Lottery Fund (now known as the National Lottery Heritage Fund) to withdraw its Grants from Places of Worship scheme; the outcome of the Taylor Review into the Sustainability of English Churches and Cathedrals; and also the work of the Cathedrals Working Group, established by the Archbishops of Canterbury and York, the report of which was received during 2018 and the follow-up to which is now underway.

The Trust requests feedback from all its beneficiaries on their experience of dealing with the Trust. In addition, in summer 2018, we conducted some research into perceptions of the Trust among key external stakeholders. Some 232 responses were received and 100% felt that the Trust has a good reputation. The Trust receives a lot of positive feedback from its beneficiaries on the value and impact of the money we give and the Trust is frequently praised for its relatively simple and speedy grant-making process. The 'word cloud' below gives a visual representation of words and terms that respondents associated with Allchurches Trust in our research. The size of the word reflects the number of times it was mentioned.



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The Trust has agreed a number of KPIs and measurable targets to assess the satisfaction of beneficiaries in their dealings with the Trust:

	2018	2017	2016
Total number of messages of appreciation received	519	736	588
Total number of complaints received	None	None	None
Percentage of applications dealt with in the time period specified below:	%	%	%
< 3 months	91.8	91.7	90.3
3 – 6 months	7.1	5.0	6.0
6 – 12 months	0.5	2.5	2.9
>12 months	-	-	0.8
Pending a decision	0.6	0.8	-

The Trust aims to achieve a 95% satisfaction rate in its dealings with beneficiaries, as measured by the number of complaints received as a percentage of the total number of applications handled. From the data shown in the table above, the Trust has achieved this target in each of the years assessed.

The speed with which applications are decided depends on the scale and complexity of the project involved. The Trust aims to deal with 75% of grant applications within six months of their receipt and 90% within 12 months. From the table shown above, 98.9% of grant applications were dealt with within six months and 99.4% within 12 months during 2018. The Trust met its target for each of the periods assessed.

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Reach and Awareness

As previously mentioned, the trustees have continued to improve the reach and promote awareness of the Trust during the year. The Trust has raised its profile in the media, enhanced its social media presence, delivered various presentations to groups of its beneficiaries and has launched a new and very well received website, which has made applying for a grant and finding information about who and what we fund much easier.

Website performance

	2018	2017
Users	24,094	21,183
New users	23,341	20,674
Sessions	38,874	33,197*

*Note: the figure quoted for sessions (hits) in the 2017 annual report differs from the figure quoted for 2017 in the table above. A false traffic source was being tracked in 2017 and the figures from this source have now been removed to give more accurate 2017 figures. The source was removed from our analytics in January 2018.

Social media performance

	End of 2018	End of 2017
Twitter followers	663	359
Twitter impressions	268,622	71,734
Facebook followers	234	76
Facebook reach	42,903	14,584

*Note: the Allchurches Trust Twitter channel launched in January 2017. The Trust's Facebook page launched in May 2017. 'Impressions' represents the number of people reached.

New publicity resources for beneficiaries have also been developed aimed at enabling them to tell the story of their projects more effectively, potentially attracting additional funders, as well as community buy-in.

The geographical, denominational and charitable spread of grants made, which are shown in the following tables, are largely determined by the Trust's objects and the pattern of applications received by the Trust.

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The Trust has agreed a number of KPIs which measure the reach of and the extent of awareness of its charitable grant making:

	2018		2017	
	Based on number of grants awarded	Based on value of grants awarded	Based on number of grants awarded	Based on value of grants awarded
Geographical spread of grants:	%	%	%	%
National bodies*	0.1	1.7	0.9	9.7
England				
<i>North East</i>	3.4	3.6	3.1	2.6
<i>North West</i>	8.4	7.9	9.1	8.1
<i>Yorkshire and The Humber</i>	9.7	11.1	7.3	8.0
<i>East Midlands</i>	9.1	7.1	7.6	6.2
<i>West Midlands</i>	10.3	7.1	8.7	8.1
<i>East of England</i>	10.9	8.7	15.8	11.3
<i>London</i>	6.5	22.8	6.2	17.6
<i>South East</i>	15.0	11.8	14.4	11.0
<i>South West</i>	12.5	7.8	13.6	9.2
Scotland	4.4	3.1	3.7	1.6
Wales	4.9	3.7	5.1	3.1
Northern Ireland	2.1	1.0	1.8	1.3
Republic of Ireland	2.2	1.6	2.4	1.7
Other	0.5	1.0	0.3	0.5

*Grants to national bodies are for the benefit of national rather than regional projects.

	2018		2017	
	Based on number of grants awarded	Based on value of grants awarded	Based on number of grants awarded	Based on value of grants awarded
Denominational spread of grants:*	%	%	%	%
Church of England	65.9	66.0	70.7	75.1
Church of Scotland	1.0	0.4	1.1	0.3
Baptist	2.8	0.5	2.8	1.3
Methodist	11.9	16.5	9.7	14.7
Roman Catholic	1.1	0.1	1.3	0.3
URC	1.4	0.3	0.7	0.2
Church of Ireland	3.1	1.9	3.2	1.9
Scottish Episcopal Church	2.8	1.5	1.8	1.3
Church in Wales	4.2	3.7	4.0	3.2
Other Anglican	0.7	6.5**	0.8	1.0
Other Churches	5.1	2.6	3.9	0.7

* These percentages relate only to grants given to churches and church bodies.

** includes grants totalling £0.9m awarded to the Lambeth Conference.

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	2018		2017	
	Based on number of grants awarded	Based on value of grants awarded	Based on number of grants awarded	Based on value of grants awarded
Charitable spread of grants:	%	%	%	%
Cathedrals	7.8	11.4	6.9	9.2
Churches	72.2	19.1	74.3	25.9
Dioceses	5.8	42.1	5.5	45.9
Registered charities	14.2	27.4	13.3	19.0

With the exception of those grants given to dioceses and cathedrals on a recurrent basis, the grants made by the Trust reflect the number of applications received and the size of the project each application involves as well as the decisions made by trustees about those applications. Assessing trends in grant-making data can therefore be difficult when so much of that data is externally driven. However, the tables above indicate that the Trust's giving is geographically and denominationally spread (it is not, in particular, confined by any means either to the Church of England or to churches), and is used to support a range of projects in line with its objects. Examples of some individual grants made can be found on pages 25-29 of this report.

The Church of England receives the highest percentage of grants made by the Trust to churches for a number of reasons, including the fact that it is the Established Church in England with a much higher number of parishes and church buildings to support than any other denomination. Many of its parish churches are listed buildings and preservation of these buildings features heavily in the applications received by the Trust. With a church in every parish (over 16,000 throughout England), Church of England churches are at the heart of local community life.

Indeed, many applications received by the Trust are not just about maintaining buildings but about adapting them for community use, thus helping those communities to develop and thrive. Many applications involve the provision by churches and other local groups of services to the community, such as helping the homeless, asylum seekers, providing groups for the elderly or for toddlers. Again, some examples are given later in this report.

The charitable spread of grants based on value given is strongly affected by the recurrent grants made to dioceses and cathedrals. These recurrent grants have a long history and, as explained previously, have recently been reviewed as part of the Trust's Strategic Review of its grant-making policies and procedures.

A growing proportion of the value of the Trust's grants is now given to charities other than churches, demonstrating the Trust's increasingly wide range and profile. At the heart of the Trust's grant-making is the Christian belief that individuals reach their full potential in community and that the opportunity to flourish should be available to all. Increasingly, our grants target people in need but they also strengthen the churches, schools and charities who deliver that help, the organisations at the heart of local community life.

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The trustees will further analyse the data produced in relation to these KPIs during the course of 2019 and will consider any implications for the development of the Trust's grant-giving programmes in future years. These implications are only likely fully to emerge, however, when the Trust has gathered further comparative data covering an additional number of years. Moreover, the ability of the trustees to fine-tune the pattern of grant-making will always remain limited in light of the responsive nature of much of the Trust's work. Accordingly, no targets have been set for the Trust's geographical, denominational or charitable spread of grants.

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Examples of charitable giving

ALLCHURCHES TRUST IN ACTION

Our Special and Flagship Grants

Enabling Young People to achieve their Potential – the Archbishop of York Youth Trust

In April 2018, we gave a £528,360 grant to the Archbishop of York Youth Trust to support the national expansion of their Young Leaders Award, building on the great work they are doing with young people in the North.

The Youth Trust have so far reached over 76,000 young people in more than 600 primary and secondary schools across the North of England; helping them to grow in confidence and building their leadership skills to make a real difference in local communities and beyond through volunteering and positive social action. In the 2017-18 academic year, the programme worked with more than 9,831 Young Leaders, who completed almost 59,000 volunteering hours in their communities.

One of the Young Leaders said: *“I saw how I was helping people and it made me feel really happy to make other people happy.”*

Tackling Loneliness – ‘Opening Doors’

A grant of £10,000 is helping Open Doors, a project run by charity Community Resources, to expand their work in combating loneliness to more locations throughout the UK.

Open Doors has been working for over 10 years in the Barking and Dagenham area, placing volunteers alongside vulnerable individuals and families to help increase their confidence and self-esteem, develop their skills, and reduce their feelings of loneliness and isolation. Awarded in April 2018, the grant from the Trust will provide funding towards piloting Open Doors in local churches in four new settings, with a view to developing a model that can then be replicated in settings across the UK. Chosen churches will be those with experience of working with vulnerable families and recruiting volunteers.

Someone who has benefited from Open Doors support is Beata Polokovs, 39. She said: *“I was very ill. One of my doctors referred me to Open Doors. I was looking for nice people, I wanted a community... [Open Doors] has changed my life and I feel that I live now. All my members of my family, my husband and my baby, we're very, very happy.”*

Helping Disadvantaged Young People through Sport - PSALMS

In September 2018, we gave a £45,000 grant to a charity that is having a positive impact on the lives of thousands of young people with its exciting Sports Ministry programme.

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PSALMS (Putting Sport alongside Local Ministries) supports local churches of all Christian denominations to use sport to engage with young people, particularly those from disadvantaged backgrounds in rural or semi-rural areas. Although Christian-based, PSALMS work with young people of all faiths and none.

A team of eight Sports Ministers currently works with PSALMS, equipping young people with new skills, increasing their confidence and encouraging them to take pride in their achievements and be positive role models. PSALMS set up Pulse FC – a football club for young men who have been excluded from school – and Kick Off Stroud, which is a social enterprise providing employment opportunities for the graduates of Pulse FC and the charity's other programmes.

The success of PSALMS led to a three-way partnership between the charity, the Scripture Union and the Diocese of Gloucester. The Trust's grant will enable these partners to develop the first Centre of Excellence in the UK for Sports Ministry, developing models that could be replicated throughout the UK.

Our Board grants

Supporting the Vulnerable – the Salvation Army

A £115,000 grant from the Trust is helping the Salvation Army to transform an iconic Beatles landmark into a place that will help young adults with learning disabilities into work.

The Strawberry Field site in Liverpool, treasured by John Lennon as he grew up, is being transformed into a visitor attraction featuring a new exhibition about the place, the song and John Lennon's early life. It will open in summer 2019 and the redeveloped site will become the training and placement hub for 'Steps to Work' trainees, as well as providing opportunities for trainees to work across a range of on-site facilities, including the visitor attraction itself, a café, a shop and landscaped gardens.

Steps to Work is designed for people with learning disabilities, aged 18 to 25, to build the skills and knowledge needed for mainstream employment. It has been developed by The Salvation Army in partnership with The City of Liverpool College and local employers, and the first eight trainees started the programme in October 2018. Three more cohorts will start in 2019.

Tina Callaway's son is one of the first cohort of Steps to Work trainees. She said: *"My son Anthony is 19 and is on the Autistic spectrum. I know that when he finishes college, he won't be able to get a job because he just won't have the skills to function in a normal workplace. What he needs is an extra step, an extra lot of training which helps him to transfer the skills he's learnt, builds his confidence and gives him support. And that's what Strawberry Field aims to do."*

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Protecting the Environment - Cloudesley

In April 2018, we agreed to work in partnership with Cloudesley on a project that will help churches in Islington to cut their use of electricity and gas.

The churches are installing a range of environmental measures, such as solar panels, LED lighting, modern heating systems and draught-proofing to help them cut their bills and protect the environment. Collectively, the projects could save over 100 tonnes of greenhouse gases per year, based on figures from experts AECOM.

Cloudesley gave nearly £600,000 of grants to Islington Church of England churches in 2018, with the Trust topping-up the fund by another £45,000, allowing even more churches to benefit.

Building Community - Fisherwick Presbyterian Church's Community Outreach Project

Fisherwick Presbyterian Church's Community Outreach Project received a £25,000 grant from the Trust towards a major refurbishment that will provide a range of enhanced services to young people, to the local community, to social welfare charities and the congregation of the church.

The church is in an area where there are many immigrant workers and students living in rented accommodation. The church acts as an anchor in the community to many of these people through its facilities and counselling services. The upgrades will mean that the church has full disabled access.

Preserving Heritage and Boosting the local Economy - St Grwst's Church

St Grwst's Church, a Grade I listed building in Llanrwst, Wales, and the adjoining Gwydir Chapel, will return to the centre of community life as part of an ambitious project supported by £10,000 funding from the Trust.

The project will create a unique tourist destination and a gathering place for worship and other activities at the heart of the town. The church and chapel overlook the River Conwy and are open every day for visitors and the local community. The Grade I listing of St Grwst's Church reflects the exceptional interest of the medieval fabric, including the highly ornate Rood Screen.

Gwydir Chapel - built by Sir Richard Wynne - contains items of national importance, including the stone coffin of Llywelyn the Great, the grandson of Owain Gwynedd. It also contains a stone effigy of Hywel Coetmor and six large memorial engraved brasses that are among the finest in the country.

The church and chapel attract visitors from all over the world and the restoration project will also ensure that they and the local community are provided with toilets and a kitchen.

Enhancing Facilities for Young People – the Gateway Project

Young people in one of the most deprived areas of Scotland will have a new state-of-the-art youth and community centre that they have helped 'design' thanks to the Gateway Project. The Trust gave

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an £8,500 grant in April 2018 to help Dunoon Baptist Church to continue to enhance and expand its successful youth work in the area, where one in four young people aged between 16 and 24 are not in employment, education or training.

The centre will include a youth café and a multi-function hall, providing sustainable and engaging events that enable local young people to develop and make the most of their lives. The church already supports a thriving youth club and will soon provide a permanent space which will be open regularly after school and at weekends.

Our Small grants

Conservation - Caring for God's Acre

The Churchyard Task Team at green-fingered charity, Caring for God's Acre, received a £1,250 grant from the Trust for new tools and equipment in March 2018.

The team has undertaken 30,000 hours of conservation work at over 40 burial grounds across South Shropshire and Herefordshire. It also visits churchyards who have their own volunteer workforce to give advice. In addition to practical conservation work, volunteers undertake memorial and species surveys, as well as helping to make wildlife homes with habitat piles, hibernacula and bug hotels.

Andrea Gilpin, Communications and Development Manager at Caring for God's Acre, said: *"The team has helped sites to be managed in a way that reflects the views and sensitivities of local people, while at the same time preserving the old memorials and making them special spaces for wildlife."*

Tackling Food Poverty - Pierremont Methodist Church

Pierremont Methodist Church in County Durham is making a difference to local people through its community garden. With the help of a small grant of £2,200 in July 2018, and another £25,000 from the Methodist Grant-Giving Committee, planning is underway to create a training kitchen and community café which will do even more to help tackle food poverty and isolation in the area. As well as offering cooking classes, both ventures will offer work experience and training to local college students where they can learn life and employability skills.

The Giving Garden was piloted in March 2016 in an effort to transform an unused outside space owned by the church. It now hosts two gardening sessions per week and supplies the local residents with free fruit and vegetables from a stand outside the church. Local people who previously had no engagement with the church are now regularly involved in the upkeep of the garden.

The garden has also led to the development of the 'Pantry', where people can place and take non-perishable foods and enjoy a free weekly community lunch.

Assisting ex-Offenders back into the Community - Kainos Community

In October 2018, the Trust provided £2,300 funding to Kainos Community in Coventry to help people who have been released from prison to rebuild their lives. They ran a trial in 2017 of a cognitive

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behavioural therapy programme for ex-offenders to help them break the cycle of re-offending. The programme was so successful that they began raising funds to keep it running for another two years. Our grant will enable them to continue to offer support and advice to people struggling to re-adjust after being released from prison.

Promoting the Mission of the Church - Our Grants to cathedrals and dioceses

Hereford Cathedral

A project to restore the eastern range of the 15th Century cloisters, repair the collapsed roof of the covered walkway and celebrate the communities who have lived and enjoyed Hereford Cathedral over hundreds of years has been boosted by Trust funding of £22,000.

The Cloisters project will enable the cathedral to enhance its offer to visitors and the local community. The activities and educational work planned are split into three streams - Music, Community and Learning - and include a new Escape Room, engaging a Young Poet in Residence, developing a Story Nook, employing a Research Intern, creating a Youth Board and offering Autism Family Trails and Accessible Tours.

Recurrent Grants to Cathedrals and Dioceses

The Trust also gives recurrent grants to cathedrals and dioceses. *Leicester Cathedral* plans to allocate this funding towards continuing to employ an Education Officer and Volunteer Co-ordinator to build on its successful outreach work and the growing interest in the cathedral's mission and ministry. In 2018, *the Diocese of Sheffield* used its grant towards setting up a discretionary fund for clergy in hardship or suffering ill health and to provide counselling support for clergy and families. It has also helped fund a new Historic Buildings function and to develop a new, replicable Resource Church model for the diocese.

In *Worcester*, the grant has been used to provide additional clergy supporting parishes within the diocese, while in the *Isle of Man* (Diocese of Sodor and Man), our grant is helping to fund an innovative youth outreach partnership project called Growing Faith for Generations (GF4G), providing new opportunities and support for the wellbeing of young people in the island's capital and in rural communities.

Together for Change Coventry and Warwickshire (TfC) - a Joint Venture between *the Diocese of Coventry* and *the Church Urban Fund* (CUF) to resource and equip churches to transform their communities and tackle issues of systemic poverty – is supported by the annual grant from the Trust. TfC supports a number of key projects targeted at the poorest parishes, including Fresh Starts, supporting refugees and asylum seekers; Good Neighbours, which provides companionship for lonely older people; and Family Link Workers, who forge links between churches and school to provide support to families with multiple challenges. It also makes small grants to churches to help them deliver community outreach and assists them with grant applications.

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Financial Review

Parent charity

The charity statement of financial activities is shown on page 54.

Income

In 2018, the charity's total income was £22.0m (2017: £32.6m). The 32.6% fall on the prior year was due to a £9.0m reduction in gift aid and a £2.5m reduction in donations received in the year.

The charity received donations under gift aid totalling £17.0m (2017: £26.0m) from EIO plc. Despite a strong underwriting result, the impact of short-term volatility in stock market performance on EIO's profits resulted in a reduced donation. However, the donations received from EIO plc remain our principal source of funding, and although the amount donated reduced in monetary terms, it increased significantly as a proportion of EIO's pre-tax profits in the year. The donations we receive from EIO plc are used to finance our regular charitable giving to dioceses and cathedrals and to finance the specific requests for charitable giving received from churches and charitable organisations.

The charity received donations totalling £1.5m (2017: £4.0m) from Methodist Insurance PLC. Again the size of this donation was affected by the stock market volatility which occurred in the last quarter of 2018.

Dividend and interest income increased steadily in the year to £3.3m (2017: £2.5m), as the trustees continue to build the capital endowment fund to diversify the charity's assets. Further information on the performance of the capital endowment fund is included in the Investment Report on pages 36-37.

Expenditure

Charitable giving increased in the year by 8.7% to £16.9m (2017: £15.6m). This includes £0.8m awarded through our new Heritage Grants Programme and grants totalling £0.9m awarded for the Lambeth Conference which takes place in 2020. An analysis of charitable giving is shown on pages 22-23 of this report and in note 6 to the charity financial statements.

Expenditure on other charitable activities increased to £0.8m (2017: £0.7m) which reflected the increased staff resources of the Trust.

There was no significant change in activities in the year or to the date of this report.

Funds

Total net expenditure in the year was £11.8m (2017: net income of £93.8m). This comprises:

- net expenditure of £7.9m (2017: net income of £85.5m) in the unrestricted fund which includes an £8.9m fair value loss (2017: £71.6m fair value gain) on the value of the charity's investment in subsidiary undertakings; and

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- net expenditure of £3.9m (2017: net income of £8.3m) in the capital endowment fund as a result of a £6.9m decrease in the fair value of investments (2017: £6.1m increase in the fair value of investments).

Net transfers of £1.5m (2017: £10.0m) were made from the unrestricted fund into the capital endowment fund to further the Board's objective to diversify the charity's assets in order to help ensure the sustainability of its charitable giving.

Total funds in the charity at 31 December 2018 were £570.2m (2017: £582.1m) consisting of £484.5m in the unrestricted fund (2017: £493.9m) and £85.7m (2017: £88.1m) in the capital endowment fund.

The unrestricted fund includes a revaluation reserve of £465.1m (2017: £474.0m) which represents the cumulative increase in the fair value of the charity's investment in subsidiary undertakings. The revaluation reserve is not available for charitable purposes.

The charity continues to have adequate available resources to continue its charitable activities. The reserves policy of the charity can be found on page 38 and the going concern statement is on page 48.

Trading subsidiaries

The consolidated statement of financial activities is shown on page 70.

Net income

The principal activities of the charity's trading subsidiaries throughout and at the end of the year remain the provision of general insurance and a range of financial services in the United Kingdom and overseas. A list of these undertakings is given in note 44.

The trading subsidiaries reported net income of £15.1m (2017: net income of £70.5m). General business underwriting profits in 2018 were strong, with good current year experience on the UK property and liability accounts helping to offset the impact of a series of weather events in the Canadian business. The underwriting profits were also aided by the favourable development of prior year claims on the liability business. The trading subsidiaries recognise that the level of underwriting performance seen in recent years is unlikely to persist into the future. Broking and advisory business revenues experienced a modest year on year increase and net income decreased with results reflecting a continued investment in IT infrastructure and the development of staff. The investment in strategic initiatives is expected to deliver long-term returns.

Following the strong market returns of the previous two years, 2018 saw a return to volatility which over the course of the year pushed UK and worldwide market prices down, notably in the fourth quarter of the year. The trading subsidiaries investment returns were consequently impacted by unrealised investment losses but their investment approach continues to take a long term view of risk and capital management to withstand short term volatility while also delivering higher investment returns in the long term from a significant proportion of capital invested in equities.

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Details of the key performance indicators for EIO plc are found in the Strategic Report of its annual report and accounts. Copies of these accounts are available from the registered office, as shown on page 6, and are provided to members of the charity.

During the year, the trading subsidiaries directly distributed £1.8m (2017: £1.5m) for charitable purposes.

No fund or subsidiary was materially in deficit at the end of the year.

Consolidated funds

The consolidated balance sheet is shown on page 72.

At the year-end date, total group net assets were £673.3m (2017: £685.9m).

Group net assets include a net pension asset of £12.1m (2017: £15.9m). The charity's trading subsidiaries operate two defined benefit pension schemes, both of which are closed to new entrants. During the year, and following a consultation process, it was announced that the trading subsidiaries' main scheme, operated by EIO plc, will close to future accrual from 30 June 2019. The announcement had no impact on the defined benefit obligations of the scheme at the balance sheet date. An allowance was however made in the defined benefit obligations at the year-end for the impact of Guaranteed Minimum Pensions equalisation, following a legal ruling on a third party scheme which has implications for the trading subsidiaries' main scheme.

The pension schemes' assets were impacted by a weak investment performance in the year as a result of market turbulence, particularly in the final quarter of the year. These losses combined with actuarial experience losses were almost offset by actuarial gains arising from changes in financial assumptions. Changes in actuarial assumptions impact the profitability of the trading subsidiaries and may affect future funding of the pension schemes. Further details relating to the trading subsidiaries' defined benefit pension schemes, including the announcement that the main scheme will close to future accrual, are included in note 39 to the consolidated financial statements.

Factors affecting future financial position and performance

The principal factor affecting the future position and performance of the charity is the performance of its trading subsidiaries, which are the principal source of funding for its charitable activities.

The charity is exposed, through the capital endowment fund, to volatility in the financial markets due to ongoing uncertainty over the Brexit withdrawal among other things. However, the trustees do not expect this to impact on their policy of diversifying the charity's assets. Overall the UK's decision to leave the European Union is not expected to have any significant impact on the Trust's charitable operations.

The trading subsidiaries have all carried out risk assessments of the potential effect of Brexit on their business areas. These assessments have been carried out in a way that is appropriate to the individual circumstances of those business areas. No material risks have been identified,

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consequently there is no perceived risk to the viability of any of the subsidiaries. Further details can be found in the risk management report and global trends in financial services sections of the EIO plc annual report and accounts which can be obtained from the registered office on page 6.

Details of the principal risks and uncertainties to which the charity is exposed are given on pages 39-42 of this report.

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Investments

The charity is the ultimate parent undertaking of Ecclesiastical Insurance Group plc, and full details of the charity's investments in related undertakings are disclosed in note 44.

The Trust's principal source of income is the grants it receives, as owner, from the Ecclesiastical Insurance group. The Board discusses regularly with Ecclesiastical the rate of return it expects on its investment and monitors performance over a rolling 5, 7 and 10 year period.

As explained on page 39 of this report, the charity has established an expendable capital endowment fund (CEF) to assist in diversifying its asset base to reduce the concentration risk arising from its ownership of a financial services group. Insurance is a risk business and the charity's income from its subsidiaries, in the form of gift aid, varies considerably over time. Gradually building the size of the CEF enables the charity to grow a separate, more stable, income stream, for the benefit of present and future generations.

The longer term aim of the Trust is to increase the proportion of its investments held in the CEF. During 2018, the CEF was invested through two investment fund managers: EdenTree Investment Management Limited and Rathbones Investment Management Limited. The performance of the investment managers, as explained on page 37, was assessed against a benchmark over 1, 3, 5 and 10 year periods, dependent on the duration of their appointment.

PwC were appointed to provide expert investment advice to the Investment Committee in 2018.

The charity has agreed a number of KPIs, which demonstrate the diversification of its income, the financial strength of each of its assets, and the diversification underlying the profits made by the Ecclesiastical Insurance group whose activities have been deliberately widened over time:

	2018 £m	2017 £m	2016 £m
Diversification of income			
Donation received via gift aid from EIO plc	17.0	26.0	24.0
Dividend and interest income from the capital endowment fund	3.3	2.4	2.0
Other donations received	1.7	4.2	7.7
Financial strength of investments			
Shareholders' funds of EIG plc ¹	502.0	507.5	431.4
Total funds in the capital endowment fund	85.7	88.1	69.9
Reported profit before tax from EIG plc¹ arising from:			
Insurance business	30.8	27.4	19.4
Broking and Advisory	2.5	3.3	0.7
Investment management and investment return	(0.3)	68.7	51.9
Corporate costs and other	(16.6)	(14.9)	(10.2)
Total reported profit before tax	16.4	84.5	61.8

¹ The figures stated are as reported by EIG plc under IFRS. The Trust's consolidated accounts are prepared in accordance with UKGAAP. Notes 21(f) and 21(g) to the accounts present a reconciliation of IFRS to UKGAAP profit before tax and shareholders' funds.

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The charity continues to receive the majority of its income from EIO plc, with a donation of £17.0m (2017: £26.0m) in the year representing 77.3% (2017: 79.6%) of its total income. As the CEF continues to build up, it is providing an increasing alternative income stream for the charity, representing 15.0% (2017: 7.5%) of total income in the year which is made available to fund charitable grants to beneficiaries.

Investment objective and policy

The principal investment objective in relation to the charity's capital endowment fund is to maximise long-term investment returns through a diversified portfolio with an acceptable risk profile. The target asset weighting for invested funds in 2018 was:

Equities	60% - 80%
Fixed income securities	10% - 30%
Property	0% - 10%
Cash	0% - 20%
Unquoted investments	0% - 5%

The Board regularly reviews the appropriateness of the investment strategy and set new investment criteria for 2018. The Board's principal obligation is to promote and protect the financial interests of the charity and of its beneficiaries. The capital endowment fund's performance will normally be reviewed annually against an agreed benchmark. The performance of the fund against the benchmark for 2018 is explained on page 37.

The trustees have adopted an absence of harm approach, and seek to avoid the Trust investing in companies whose activities may be inconsistent with the values of the Trust's beneficiaries or supporters. These activities are those of companies that are wholly or mainly involved in the manufacture or production of alcohol, gambling, pornographic and violent material, strategic weapons (including indiscriminate weaponry) and tobacco. In the case of indiscriminate weaponry, the Trust takes a 'nil exposure' approach.

In addition, the Investment Managers apply a positive engagement approach to the Trust's portfolios, actively seeking out companies that exhibit strong corporate citizenship and business ethics. The trustees support this 'responsible investment' approach, which recognises that companies cognisant of a wider responsibility to the environment, human and labour rights and the communities in which they operate, are more likely to deliver enhanced shareholder value over time and be less exposed to material non-financial risk. On behalf of the Trust, the Investment Managers will specifically seek to engage promoting action in three areas:

- Climate change;
- Human and labour rights, including Modern Slavery; and
- Financial inclusion and business ethics.

The trustees believe this provides an appropriate balance between ethical considerations and fiduciary responsibility. Social investment does not form a material part of the capital endowment

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fund's investment activity. Any social investments must fully meet the financial and risk objectives and requirements of the fund.

Investment environment

2018 saw a return to volatility in global investment markets. After a weak start to the year, benchmark indices such as the S&P 500 and FTSE 100 rebounded strongly in quarter two and quarter three, hitting all-time highs along the way. The last three months of 2018 saw these gains reversed for the year amidst a sea change in sentiment with many indices ending the year with full year double digit losses.

Risk appetite was overshadowed by signs of slowing economic growth, higher interest rates, global trade disruption as well as political uncertainty on a number of fronts. In spite of the recent resurgence in negativity, fundamentals, although slowing, remain relatively intact, supported by a much improved employment outlook across most of the developed world. It remains to be seen if positive outcomes on key issues such as global trade and Brexit may give rise to improved market sentiment.

As a result of rising yields coupled with an increase in corporate bond spreads, UK fixed interest as a whole suffered negative capital returns over the year, with all instruments bar gilts negative on a total return basis for the year.

Central bank policy in the US, UK and EU saw further tightening. Whilst US and EU central banks acknowledged market volatility, neither thought it necessary to counteract it, choosing to focus on incoming data as well as the potential impact of financial developments on economic growth.

Following a year of weakness in 2017, the US dollar appreciated in 2018 against both Sterling and the Euro. The US dollar's strength can be attributed to the relative pace of rising US rates, the relative strength of the recovery in the US economy, and latterly a resurgence in the appeal of its safe haven credentials. Sterling weakness is a primary concern for investors and continues to come under pressure on account of UK party political division and the perceived challenges facing the post-Brexit UK economy.

Investment performance

The capital endowment fund amounted to £85.7m (2017: £88.1m) at 31 December 2018.

During 2018, the investment portfolio, which consists of the capital endowment fund investments (note 13) and cash at bank and in hand (note 15), was managed on behalf of the charity by EdenTree Investment Management Limited (EdenTree), a subsidiary of EIO plc, and Rathbones Investment Management Limited (Rathbones). Rathbones were appointed on 1 January 2018 following the selection process completed in the prior year. EdenTree and Rathbones both operate in line with the investment policy set out on page 35 and their performance is assessed against appropriate benchmarks.

The investment portfolio at the year-end totalled £85.4m (2017: £87.9m). £67.5m is invested with EdenTree consisting of a £54.2m 'directly invested' portfolio and £13.2m invested in EdenTree open

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ended investment company ('OEIC's) funds. £15.8m is in a 'directly invested' portfolio managed by Rathbones. The uninvested cash in the investment portfolio at 31 December 2018 is £4.7m (2017: £23.3m), the prior year value being elevated above normal target asset weightings pending the appointment of Rathbones in early 2018.

Investment income in the year was £3.3m (2017: £2.4m) and fair value losses were £6.9m (2017: fair value gains of £6.1m).

Over the year the investment portfolio managed by EdenTree delivered returns of -4.5% which was 0.6% ahead of its blended benchmark. Outperformance on UK and US equities as a result of a higher relative allocation to defensive positions was partially offset by overweight exposure to European equities and Corporate Bonds versus their respective benchmark weightings.

Following the appointment of Rathbones and the subsequent transfer of funds to them on 2 January 2018, the investment portfolio has delivered returns of -2.7% which was 2.8% ahead of its blended benchmark, mainly due to a cautious investment programme upon receipt of funds coupled with relative outperformance in both UK and overseas equities over the period.

The Board and the Investment Committee, with PwC, keep the performance of the investment portfolio under review. EdenTree and Rathbones report regularly to the Board and the Investment Committee.

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Reserves Policy

As the charity's principal income is derived from a cyclical industry, reserves are held to ensure that the charitable giving activities of the charity can continue in the event of a reduction in income. The trustees have an approved reserves policy which is reviewed at least annually.

In setting the reserves policy, the trustees have considered the potential volatility in income arising from market and concentration risks, the management of which is outlined in the principal risks and uncertainties section on pages 39-42.

The trustees have agreed that the minimum level of reserves held by the charity should be sufficient to cover one year's annual grants to dioceses, cathedrals and the Methodist Connexion and to ensure that the charity can be flexible in its response to grant applications. The trustees require the reserves to be held in the form of cash. Target reserves at 31 December 2018 were £11.0m.

Where year-end reserves held are significantly in excess of the requirements outlined above, the trustees take corrective action to reduce the level of reserves held. This action may include, but is not limited to, any of the following:

- actively seeking to fund further projects that align with the charity's purposes;
- increasing the level of donations to existing beneficiaries in future periods; or
- transferring cash to the capital endowment fund in line with the charity's strategic objective to diversify its assets.

The purpose of the capital endowment fund and the charity's investment objectives and policy are outlined on page 35.

Unrestricted and uncommitted reserves of the charity at the year-end were £19.4m, including cash of £20.2m. The excess of cash over the target level of £11.0m is due to the receipt of £12.0m gift aid from EIO and a donation of £1.5m from Methodist Insurance PLC, both of which were received in the latter half of December 2018. The trustees will monitor reserve levels during 2019 following the launch of new grant programmes and restructuring of existing grant programmes following the conclusion of the Strategic Grants Review as discussed on pages 13-14. The charity had no restricted or designated funds at the year-end date.

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Principal risks and uncertainties

The major risks to which the charity is exposed are reviewed by the Board with the aid of external advisers. Due to the nature of certain risks it is not possible or cost-effective to mitigate fully all risks. The principal risks identified are detailed below together with a summary of the key mitigants.

Principal risks	Why they are important	How they are managed
<p>Market risks The investment risks relate to underperformance of the investments of the charity which could adversely impact its ability to undertake charitable giving.</p>	<p>A key objective of the charity is to contribute to the funds of any charitable institution, association, fund or object and to carry out any charitable purpose. Poor performance of the charity's investments would result in reduced funds available to fulfil this objective.</p> <p>The key investments of the charity are Ecclesiastical Insurance Group and a capital endowment fund.</p> <p>Ecclesiastical's business operations include the provision of specialist general insurance. This is historically volatile and therefore can result in a variable income stream. The principal risks associated with the Ecclesiastical business can be found within the Risk Management section of the EIO plc annual report and accounts which are available from the registered office, as shown on page 6.</p>	<p>The charity has established an Investment Committee to set the investment criteria and oversee the performance of the investment portfolio. The performance of the investments is reviewed regularly. Limits have been established for the range of investments held within the capital endowment fund to ensure a diversified portfolio with an acceptable risk profile. The Board has also appointed two investment managers and an investment adviser who meet with the Chair of the Investment Committee on a regular basis. These appointments are regularly reviewed.</p> <p>A formal policy exists between the charity and Ecclesiastical which specifies how the level of the gift aid payment is determined and this is subject to regular review.</p> <p>Regular reporting is received from Ecclesiastical on its performance and one of the trustees of the charity is on the boards of EIG plc and EIO plc. In addition, there is a regular review of the performance of Ecclesiastical as an investment against external benchmarks.</p> <p>The reserves policy on page 38 details the charity's policy to maintain the stability of charitable giving to its regular beneficiaries.</p> <p><i>There has been volatility in the economic environment caused by a variety of factors, including the UK's decision to exit the EU and general economic concerns, and this has impacted the key investments of the charity. However, this is closely monitored and assessed by the trustees, Investment Managers and advisers to determine the appropriate action to be taken.</i></p>

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Principal risks	Why they are important	How they are managed
<p>Concentration risk The risk of detriment to the charity as a result of overexposure to the primary source of funding and capital.</p>	<p>The charity continues to derive the majority of its income from its investment in Ecclesiastical, which results in a reliance on the ongoing performance of Ecclesiastical to enable the charity to continue to deliver its objectives.</p>	<p>The charity formally sets out its expectations of Ecclesiastical. This is reviewed regularly and there is ongoing monitoring of the performance against these expectations.</p> <p>The charity regularly reviews its strategy and diversification needs to ensure the level of this risk remains acceptable.</p> <p>The charity has continued to increase the capital endowment fund to provide greater diversification of the charity's assets. There are plans to continue steadily to increase this fund.</p> <p><i>The level of this risk has not materially altered during the year. The gradual increase in the size of the charity's capital endowment fund is intended to ultimately reduce this risk but this will occur over the longer term.</i></p>
<p>Regulatory risk The risk of public censure or regulatory intervention as a consequence of failing to comply with relevant legislation, policies etc ultimately leading to loss of public confidence in the Trust's charitable status.</p>	<p>As a charity, the activities of the Trust are closely governed by a wide range of legislation with which the Trust must comply. Regulatory and legislative developments must be closely monitored on an ongoing basis and acted upon in a timely manner. There could be significant financial and reputational implications if relevant changes are not identified, assessed and complied with in a timely manner.</p>	<p>The charity has a dedicated resource to provide regular updates on relevant legislative or regulatory items to the Board and there is a regular formal training programme for all trustees. External expertise, including through the Trust's solicitors and auditor, is also used when required.</p> <p><i>The level of this risk has remained unchanged over the course of the year.</i></p>

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Principal risks	Why they are important	How they are managed
<p>Reputation risk The risk of damage to the reputation of the Trust in the eyes of its stakeholders and the broader community through the actions of any people associated with the Trust and its investments or from sectoral scandals resulting in a loss of confidence from the people and groups that the Trust is looking to assist.</p>	<p>The reputation of the Trust is critical to enable it to continue to fulfil its stated objectives. Damage to its reputation may lead to a significantly reduced number applying to the Trust for grants and limit the reach of the Trust and the effectiveness of its strategies.</p>	<p>Reputational risk is continually monitored by the Trust and regular updates are provided to the Board through the reporting provided at its meetings.</p> <p>The principal asset insures church and charitable organisations, including providing insurance cover for abuse claims. The charity pays close attention to the work of the Independent Inquiry into Child Sexual Abuse (IICSA).</p> <p>The charity has a dedicated communications manager and has appointed specialist PR and legal advisors to ensure that any potential issues are managed appropriately.</p> <p><i>The overall level of this risk is unchanged from last year but, as stated above, is subject to close monitoring.</i></p>
<p>Strategy risk This is the potential for failing to, or being unable to, formulate and/or deliver an appropriate strategy, resulting in a failure to achieve the charity's objectives which are detailed on pages 11-12 of this report.</p>	<p>The charity has a number of strategies which it considers are most appropriate to achieve its aims and objectives. These strategies also address a number of the risks detailed within this section. The strategies ensure that the charity is best placed to achieve the stated objectives.</p>	<p>The charity regularly considers the effectiveness of the various strategies employed. Advice is also sought from external parties as part of this process.</p> <p>An annual review of board composition, skills and processes is undertaken to ensure their ongoing appropriateness and to identify any areas for improvement.</p> <p><i>The level of this risk has not changed from last year.</i></p>

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Principal risks	Why they are important	How they are managed
<p>Operational risks This is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events. This includes business continuity events, financial crime, data breaches or third party failure which could result in a failure to meet the charity's objectives (full details of which are on pages 11-12 of this report).</p>	<p>Operational risk is inherent in the activities of the Trust and can be managed but cannot be fully eliminated. The Board sets the operational policies to be adhered to by staff and other people involved in the operation of the charity with the intention of ensuring that the charity's objectives are met.</p>	<p>These risks are managed by a robust control framework that ensures the effective management of operational risks. This includes ongoing training and induction processes for the charity's trustees and staff and also those who provide arm's length support services to the charity.</p> <p>Business Continuity plans are in place and are subject to regular review.</p> <p>Policies and agreements with third parties are also regularly reviewed and updated to reflect the changing environment.</p> <p><i>These risks are unchanged from last year.</i></p>

The Strategic Report of Allchurches Trust Limited was approved by the Board and signed on its behalf by

Sir Philip Mawer
Chairman
9 May 2019

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Trustees' Report

(incorporating the Directors' Report for the year ended 31 December 2018)

The trustees, who are the directors of the charitable company for Companies Act purposes, are pleased to present their annual report and review together with the audited financial statements of the charity and the group for the year ended 31 December 2018. In this report they are referred to as the trustees or, collectively, as the Board.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the 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 (FRS 102) (effective 1 January 2015).

Structure, Governance and Management

Corporate Governance

The trustees are committed to applying the highest standards of corporate governance and believe that the affairs of the charity should be conducted in accordance with best practice. The charity has therefore comprehensively reviewed its procedures in the light of the Charity Governance Code ('the Code') and has confirmed that it is fully compliant with the Code.

Governing document

Allchurches Trust Limited was incorporated in 1972 in England and Wales. It is a company limited by guarantee not having a share capital and is a registered charity.

The governing documents are the articles of association.

In accordance with the articles of association, the company in a general meeting may admit any person to membership provided the total number of members does not exceed 50. In the event of the company being wound up, the liability of each of the members is limited to £1. A member has the ability to affect the governance of the charity by voting at its annual general meeting (including on the election, re-election and removal of trustees and on any changes to the charity's articles of association) and thereby influencing the way the charity is run. Members are also responsible for receiving and adopting the charity's report and accounts; voting on the appointment or removal of external auditors; and voting on any changes to the charity's name or articles of association.

Organisation

The body responsible for the management, actions and decisions of the charity is the Board of trustees. The Board meets at least five times a year.

The Board seeks to ensure that all activities comply with UK law and regulatory guidance, and come within agreed charitable objectives. Its work includes setting the strategic direction of the charity,

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developing its objectives and policies, reviewing the performance of trading subsidiaries and delivering the outcomes for which the charity was established.

The Board has established an Investment Committee, an Audit and Risk Committee, a Nominations Committee and a Methodist Grants-Giving Committee. In addition, the Board at its meeting in December 2018 has approved the establishment of a Grants Committee to oversee and advise the Board on the further development of the Trust's grant-giving strategy, processes and other arrangements. Its first meeting will be held in 2019.

The Investment Committee has three scheduled meetings a year and primarily oversees the charity's investment strategy, including the performance of its capital endowment fund. As at 1 January 2019, the Investment Committee broadened its remit to include finance matters and was renamed as a Finance & Investment Committee.

The Audit and Risk Committee has four scheduled meetings a year. It is responsible for the appropriateness of the charity's financial reporting, the rigour of the external audit processes and the effectiveness of the risk management framework.

The Nominations Committee has two scheduled meetings a year. Its remit includes reviewing the structure, size, composition and effectiveness of the Board and its committees; overseeing the recruitment and induction of new trustees and the professional development of all the existing trustees; and considering succession planning and the membership needs of the charity.

The Methodist Grant-Giving Committee considers applications from and grants to Methodist beneficiaries. It meets three times a year.

The day-to-day management of the charity is undertaken by its senior executive staff and the Company Secretary.

Board procedures have been established setting out a framework for the conduct of trustees, with clear guidelines as to the handling of any conflicts of interest and the standard of behaviour, responsibilities, and best practice expected of them in fulfilling their obligations to the charity.

Trustees are able, where appropriate, to take independent professional advice at no personal expense so that they are able to fulfil their role. No trustee sought independent professional advice in the current or prior year. Trustee remuneration and expenses are disclosed in notes 11 and 28 to the accounts.

Appointments to the Board

The Board aims to have a diverse group of trustees, with a balance of necessary skills and experience, which is broadly representative of the communities it serves. Dialogue with stakeholders the charity serves takes place in identifying potential candidates for the Board. All appointments to the Board are made on merit and to fulfil a specific function or need. The Board will advertise and engage external search consultants as appropriate.

In accordance with the articles of association, the Board may at any time appoint any person to be a trustee either to fill a casual vacancy or in addition to the existing trustees. Any such person appointed must retire at the following annual general meeting and will be eligible for election by the members. In certain circumstances, the articles of association permit a member to propose a trustee for election in general meetings.

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The names of the trustees of the charity at the date of this report are stated on page 6.

The Venerable Karen Lund and Ms Caroline Banzky were both appointed as directors on 26 April 2018.

During the year, Mr Christopher Smith retired by rotation and did not seek re-election at the annual general meeting. The Venerable Annette Cooper and Ms Denise Wilson resigned as directors at the conclusion of the annual general meeting.

Sir Philip Mawer and Sir Laurie Magnus will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The trustees are covered by qualifying third-party indemnity provisions which were in place throughout the year and remain in force at the date of this report.

Board Diversity

The primary responsibility of the trustees is to conduct the affairs of the Trust in a manner which best enables the Trust to fulfil its charitable objectives. Appointments to the Board of the Trust are made - on merit and against objective criteria – which will best enable the trustees to discharge that responsibility.

The trustees recognise the benefits of having a diverse Board. They believe that recognising and encouraging diversity, including in respect of gender, is essential to strengthening the charity's ability to meet its objectives.

The Board has already taken steps over the last few years to increase the degree of diversity on the Board.

In the context of ensuring it meets its trustee responsibilities, the Board will take the opportunity, as and when appropriate, to further improve diversity in its broadest sense (including ethnicity, the possession of requisite skills, regional and industry experience, background, age, denominational membership, gender and other distinctions) as part of its board recruitment practice.

In particular by 2020, the Trust would like to meet the following objectives in terms of diversity:

- Meet the 2020 targets set out in the Hampton-Alexander Review, being 33% of women on boards;
- Include at least one trustee from an ethnic minority background as recommended by the Parker Review;
- Include at least two trustees who are from the Northern Province of the C of E; and
- Include two trustees who are members of denominations other than the C of E.

As at the date of this report, the Board has met all of these objectives with the exception of the last bullet point included in the list above, as the Trust has so far only appointed one Trustee who is a

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member of a denomination other than the C of E. The Nominations Committee will continue to focus on this objective during 2019.

Trustees' induction and training

All trustees are required to undertake a formal and comprehensive induction to the charity and its trading subsidiaries upon joining the Board. The induction is a two-stage process and is primarily undertaken by the Secretariat.

On acceptance of a position on the Board, all trustees receive an induction pack, which includes their appointment letter and terms; latest audited report and accounts; constitutional documents; protocols on conflicts of interest, the handling of price-sensitive information, governance framework and board procedures, directors' and trustees' duties; board minutes for the current and past year; and board dates and contact details.

After appointment, a one-day induction programme is provided where presentations are given by the Grants Team, Secretariat, Finance, Group Risk and Group Strategy functions, and heads of the trading subsidiaries. The programme is also offered to other trustees as a refresher every two years and when a programme is being run. New trustees also meet individually with the Chairman, Senior Independent Director and each of the Executive Directors of the main trading subsidiary, EIO plc.

In addition, all trustees participate in a continuing professional development programme.

Board Evaluation

In 2018 the Board undertook its first external evaluation of the Board and Committees, assisted by the Company Secretariat. An external board evaluator provider, ICSA Services Limited, which is not connected with the Trust, conducted the evaluation. All Board and Committee members met with the evaluator and completed a bespoke assessment. The outcome of the evaluation was considered by the Board at its meeting in December. The Nominations Committee will monitor the implementation of the recommendations arising from the review - all of which were agreed - during 2019. It is the Board's policy for its work to be evaluated annually, with the next external evaluation expected to be undertaken at the end of 2021.

All trustees receive an annual review with the Chairman. The Chairman is appraised by the Board, in his absence, led by the Deputy Chairman.

Related parties

Related parties of the charity include its subsidiary undertakings. A full list of the charity's related undertakings is disclosed in note 44 to the financial statements. All subsidiaries listed are included in the consolidated financial statements.

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Where it is sensible and appropriate to do so in terms of efficiency and the prudent use of resources, the charity uses facilities and services provided by EIO plc for administrative support. Some of the services provided are donated by EIO plc and others are recharged.

None of the trustees receives any remuneration or other benefit from their work with the charity. Details of remuneration received by trustees in their capacity as non-executive directors of subsidiary undertakings is disclosed in note 28.

A conflicts register is maintained by the Company Secretary to monitor and manage any potential conflicts of interest. Training on the Companies Act 2006 and Charities Act 2011 has been given to all trustees and they are regularly reminded of their duties. Any conflicts are declared at the first board meeting at which the trustee becomes aware of the potential conflict and are then recorded in the conflicts register. The Board considers all conflicts in line with the provisions set out in the Company's articles. The trustees are required to review their interests recorded in the conflicts register twice a year.

Remuneration policy

The day-to-day management of the charity is undertaken by the Grants and Relationships Director and the Company Secretary, who, with the trustees, are the charity's key management personnel.

Remuneration of key management personnel is disclosed in note 12 to the financial statements.

All trustees give their time freely and no remuneration was received by any trustee in the year. The articles of association include a power to pay a chairperson but no such fee has been paid to date. Details of trustees' expenses are disclosed in note 11 to the financial statements.

The charity itself has no direct employees, but uses staff employed by a subsidiary company to undertake its charitable activities. These employee costs are recharged to the charity. The remuneration policy for the group can be found in the Group Remuneration Report of the EIO plc annual report and accounts which are available from the registered office, as shown on page 6.

Charitable giving policy

The Board regularly reviews its charitable giving policy to ensure it reflects the changing circumstances of the charity, its strategic direction, its objects and its beneficiaries' needs, and thereby advances public benefit. A copy of the Trust's charitable giving policy can be found on the home page of our website.

During 2018, applications in respect of individual projects with a total value in excess of £0.5m were referred to the Board for consideration. These applications were subject to initial appraisal by the Chairman and grants officers. Consideration of applications relating to individual projects of up to £0.5m was delegated by the Board to the Chairman and a grants officer. All charitable giving made under this delegated authority was disclosed to the Board at its next meeting.

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During 2017 and 2018, the Board undertook a strategic review of its grant making. The new grant programmes agreed by the Board are shown on page 14.

Under the new programmes, all applications for grants will be decided by the Board with the exception of grants made under the small grants programme, responsibility for which is delegated by the Board, via the Grants Committee, to the Chairman and a grants officer. All charitable giving made under this delegated authority will continue to be disclosed to the Board at its next meeting. Consideration of applications which seek to promote the mission and ministry of the Methodist Church in Great Britain and the Methodist Church in Ireland is largely delegated by the Board to the Methodist Grant-Giving Committee. All charitable giving made under this delegated authority is disclosed to the Board at its next meeting.

Charitable giving by subsidiaries

The trading subsidiaries of the charity have an organised programme of direct community investment independent of the charity, which is managed centrally by Ecclesiastical's Group Corporate Responsibility team and at business unit level by local management. Through this programme they seek to fulfil their position as responsible businesses, to build and support their customers and brand, and to engage their people. It operates in two key ways: supporting projects and partnerships important to customers and communities; and providing charitable support for employees to give to causes close to their heart.

Political donations

As a charity, the Trust is not able to make political donations. It is the policy of the charity's main trading subsidiaries not to make political donations.

Going concern

A review of the financial position and performance of the charity and its trading subsidiaries has been outlined in the Strategic Report on pages 31-33 together with a description of the principal risks and uncertainties faced by the charity on pages 39-42.

The charity, together with its trading subsidiaries, has considerable financial resources: the unrestricted fund has investments of £808.3m, 91% of which are liquid (2017: investments of £870.6m, 92% liquid); cash at bank and in hand of £154.4m and no borrowings (2017: cash at bank and in hand of £136.1m and no borrowings). These liquid assets are significantly in excess of total current liabilities of £115.0m (2017: £104.7m). As a consequence, the trustees have a reasonable expectation that the group is well placed to manage its business risks successfully and continue in operational existence for at least 12 months from the date of this report.

Accordingly, the trustees continue to adopt the going concern basis in preparing the annual report and accounts.

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Trustees' Responsibilities Statement

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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; and
- 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 adequate 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor and the disclosure of information to the auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

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In accordance with Section 489 of the Companies Act 2006, a resolution proposing that Deloitte LLP be re-appointed as auditor of the charity will be put to the annual general meeting.

Equalities and diversity

The charity and its trading subsidiaries are committed to the principle and practice of equal opportunity in employment for all employees of group undertakings, applicants for employment and board membership.

The group recognises the importance of employee communication and aims to keep employees informed about its affairs through the use of briefing groups, group newsletters and the annual publication of financial reports. Regular meetings are held between management and employees and discussion is encouraged. It is the group's policy to give full consideration to applications for employment by disabled persons. Appropriate training is arranged for disabled persons, including retraining for alternative work of employees who become disabled, to promote their career development within the organisation.

The Trustees' Report of Allchurches Trust Limited was approved by the Board and signed on its behalf by

Sir Philip Mawer
Chairman
9 May 2019

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLCHURCHES TRUST LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Allchurches Trust Limited (the 'charitable company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2018 and of the group's and parent charitable company's incoming resources and application of resources, including the group's and the parent charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the group and parent charitable company statement of financial activities (incorporating an income and expenditure account);
- the group and parent charitable company balance sheets;
- the group and parent charitable statement of cash flows;
- the related notes 1 to 46.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and of the parent 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 are required by ISAs (UK) to report in respect of the following matters where:

- the trustees' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and the parent charitable 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.

We have nothing to report in respect of these matters.

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Other information

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

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

We have nothing to report in respect of these matters.

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 purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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 group's and the parent 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 group or the parent 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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Report on other legal and regulatory requirements

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 strategic report and the trustees' report, which includes the directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' report, which includes the directors' report have been prepared in accordance with applicable legal requirements.

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 strategic report or in the directors' report included within the trustees' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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 charitable 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 anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Reza Motazedhi FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
9 May 2019

CHARITY STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)

for the year ended 31 December 2018

	Notes	2018			2017		
		Unrestricted funds £000	Endowment funds £000	Total funds £000	Unrestricted funds £000	Endowment funds £000	Total funds £000
Income and endowments from:							
Donations	3	1,652	-	1,652	4,157	-	4,157
Investments							
<i>Gift aid from subsidiary</i>		17,000	-	17,000	26,000	-	26,000
<i>Dividend and interest income</i>	4	43	3,297	3,340	55	2,436	2,491
Total income		18,695	3,297	21,992	30,212	2,436	32,648
Expenditure on:							
Raising funds	5	-	(307)	(307)	-	(253)	(253)
Charitable activities							
<i>Charitable giving - grants</i>	6	(16,944)	-	(16,944)	(15,593)	-	(15,593)
<i>Other expenditure on charitable activities</i>	7	(764)	-	(764)	(722)	-	(722)
Total expenditure		(17,708)	(307)	(18,015)	(16,315)	(253)	(16,568)
Net (losses)/gains on investments	8	(8,882)	(6,896)	(15,778)	71,636	6,145	77,781
Taxation	9	-	(43)	(43)	-	(38)	(38)
Net (expenditure)/income in the year		(7,895)	(3,949)	(11,844)	85,533	8,290	93,823
Transfers between funds							
Gross transfers to the endowment fund	17	(5,000)	5,000	-	(13,500)	13,500	-
Gross transfers to the unrestricted fund	17	3,490	(3,490)	-	3,523	(3,523)	-
Net movement in funds		(9,405)	(2,439)	(11,844)	75,556	18,267	93,823
Total funds brought forward		493,906	88,145	582,051	418,350	69,878	488,228
Total funds carried forward		484,501	85,706	570,207	493,906	88,145	582,051

The accompanying notes on pages 57 to 69 are an integral part of this charity statement of financial activities. All income relates to continuing operations. The charity had no other recognised gains or losses during the current or prior year other than those included in the charity statement of financial activities.

CHARITY BALANCE SHEET

for the year ended 31 December 2018

	Notes	2018			2017
		Unrestricted funds	Endowment funds	Total funds	Total funds
		£000	£000	£000	£000
Fixed assets					
Investments	13	465,156	83,313	548,469	538,641
Total fixed assets		465,156	83,313	548,469	538,641
Current assets					
Debtors	14	10	294	304	288
Investments	13	2,008	-	2,008	4,022
Cash at bank and in hand	15	20,249	2,103	22,352	41,079
Total current assets		22,267	2,397	24,664	45,389
Liabilities					
Creditors: amounts falling due within one year	16	(2,106)	(4)	(2,110)	(1,379)
Net current assets		20,161	2,393	22,554	44,010
Total assets less current liabilities		485,317	85,706	571,023	582,651
Creditors: amounts falling due after one year	16	(816)	-	(816)	(600)
Total net assets		484,501	85,706	570,207	582,051
The funds of the charity:					
Unrestricted funds	17	19,395	-	19,395	19,918
Endowment funds	17	-	85,706	85,706	88,145
Revaluation reserve	17	465,106	-	465,106	473,988
Total unrestricted funds		484,501	85,706	570,207	582,051
Total funds		484,501	85,706	570,207	582,051

The analysis of the prior year comparatives by fund is included in the related notes on pages 67 to 69.

The financial statements of Allchurches Trust Limited, registration number 1043742, on pages 54 to 69 were approved and authorised for issue by the Board on 9 May 2019 and signed on its behalf by:

Sir Philip Mawer
Chairman

Sir Laurie Magnus
Trustee

CHARITY STATEMENT OF CASH FLOWS

for the year ended 31 December 2018

	2018	2017
	£000	£000
Net (expenditure)/income for the reporting period	(11,844)	93,823
Adjustments for:		
Losses/(gains) on investments	15,778	(77,781)
Dividend and interest income from investments	(3,340)	(2,491)
Increase in debtors	(1)	(1)
Increase in creditors	947	923
Taxation paid	43	38
Net cash provided by operating activities	1,583	14,511
Cash flows from investing activities:		
Dividend and interest income from investments	3,276	2,475
Proceeds from the sale of investments	20,587	16,070
Purchase of investments	(44,179)	(16,641)
Net cash (used in)/provided by investing activities	(20,316)	1,904
Change in cash and cash equivalents in the reporting period	(18,733)	16,415
Cash and cash equivalents at the beginning of the reporting period	41,079	24,681
Change in cash and cash equivalents due to exchange rate movements	6	(17)
Cash and cash equivalents at the end of the reporting period	22,352	41,079

NOTES TO THE CHARITY FINANCIAL STATEMENTS

1 Accounting policies for charity parent only

Allchurches Trust Limited was incorporated in England and Wales. It is a company limited by guarantee and a registered charity. The principal accounting policies adopted in preparing the charity financial statements are set out below.

Basis of preparation

The financial statements of the charity 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 (FRS 102) (SORP); Financial Reporting Standard 102 (FRS 102); and the Companies Act 2006 (the Act). The historical cost convention has been applied, modified to include certain items at fair value.

The charity meets the definition of a public benefit entity under FRS 102.

A review of the financial position and performance of the charity and its trading subsidiaries has been outlined in the Strategic Report on pages 30-33, together with a description of the principal risks and uncertainties faced by the charity on pages 39-42.

The charity has considerable financial resources: the unrestricted fund has cash at bank and in hand of £20.2m, cash deposits with original maturities of more than three months of £2.0m and no borrowings (2017: cash at bank and in hand of £17.8m, cash deposits with original maturities of more than three months of £4.0m and no borrowings). The expendable capital endowment fund has financial investments of £83.3m, 100% of which are liquid (2017: financial investments of £64.6m, 100% of which are liquid). The charity also has access to considerable financial resources through its investment in its subsidiaries as outlined in consideration of the going concern status of the group in note 19. As a consequence, the trustees have a reasonable expectation that the charity is well placed to manage its business risks successfully and continue in operational existence for at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts of the charity.

The charity financial statements are stated in sterling, which is the charity's functional and presentational currency.

Fund structure

Unrestricted funds of the charity consist of funds available to the trustees to apply for the general purposes of the charity, in addition to each of the priorities adopted by the charity as set out in the Strategic Report on pages 11-12. Endowment funds are expendable endowments that are retained to strengthen the charity's reserves. The trustees have the power to convert endowment funds to expendable income. The trustees do not designate the funds that the charity receives. The charity has no restricted funds.

Income

Donations and gift aid

Donations and gift aid are recognised on an accruals basis at the point at which it is probable that the charity will receive the income and the amount receivable can be reliably measured.

Donated services

Donated services are an estimate of the fair value of management and administration costs incurred by subsidiary undertakings on behalf of the charity but not recharged. They are recognised on an accruals basis. An equal amount is included in expenditure on charitable activities.

NOTES TO THE CHARITY FINANCIAL STATEMENTS

Dividend and interest income

Dividends on equity securities are recognised on the ex-dividend date. Interest is recognised as it accrues. Dividends from overseas equities are grossed-up for the irrecoverable withholding tax suffered.

Unrealised gains and losses are calculated as the difference between carrying value and the original cost, and the movement during the year is recognised in the statement of financial activities. The value of realised gains and losses includes an adjustment for previously recognised gains or losses on investments disposed of in the accounting period.

Expenditure

Charitable giving

Charitable giving consists of grants approved by the Board in the year, net of returned grant payments and grant offers withdrawn. Charitable giving is recognised once approved for payment by the Board. Returned grants are recognised when received. Withdrawn grants are recognised when the Board communicates the withdrawal of the grant offer. Charitable giving which is contingent upon the satisfaction of certain conditions is not recognised in the financial statements until those conditions have been satisfied. Contingent charitable giving is not material to the financial statements.

Expenditure is classified under the following headings in the statement of financial activities:

- Raising funds comprises the investment management fees incurred by the capital endowment fund.
- Charitable activities include charitable giving, shared costs (in respect of grants officers) and support costs (such as governance, finance and IT costs) including donated services. The bases for allocating costs to the specific activities are disclosed in note 7.

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

Taxation

ATL is a UK registered charity and is therefore exempt from corporation tax under Chapter 3 of Part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation for Chargeable Gains Act 1992, to the extent that surpluses are applied to its charitable purposes. Irrecoverable tax withheld from overseas dividend income in the capital endowment fund is recognised when the dividend is received.

Transfers between funds

Transfers between the unrestricted fund and capital endowment fund are authorised by the Board, and are recognised when the cash is transferred.

Financial instruments

As permitted by FRS 102, the charity has chosen to account for its financial instruments using the recognition and measurement provisions of IAS 39, *Financial Instruments: Recognition and Measurement* as adopted for use in the European Union and the disclosure requirements of section 11 and 12 of FRS 102.

IAS 39 requires certain financial assets and liabilities to be classified into separate categories, for which the accounting treatments differ.

The classification depends on the nature and purpose of the financial assets and liabilities, and is determined at the time of initial recognition. Financial instruments are initially measured at fair value. Their subsequent measurement depends on their classification:

- Financial instruments designated at fair value and those held for trading are subsequently carried at fair value. Changes in fair value are included in the statement of financial activities in the period in which they arise.
- All other financial assets and liabilities are held at amortised cost, using the effective interest method (except for short term debtors and creditors when the recognition of interest would be immaterial).

The trustees consider that the carrying value of those financial assets and liabilities not carried at fair value in the financial statements approximates to their fair value.

NOTES TO THE CHARITY FINANCIAL STATEMENTS

Investments

Financial assets at fair value

Investments are classified into this category if they are managed, and their performance evaluated, on a fair value basis. Purchases and sales of these investments are recognised on the trade date, which is the date that the charity commits to purchase or sell the assets, at their fair value adjusted for transaction costs.

The fair values of investments are based on quoted bid prices. Where there is no active market, fair value is established using a valuation technique based on observable market data where available.

Investments at amortised cost

Current asset investments at amortised cost consist of cash deposits with original maturities of more than three months but which mature within 12 months of the balance sheet date.

Investment in subsidiary undertakings

Investment in subsidiary undertakings is accounted for at fair value. Changes in value are reported under 'net (losses)/gains on investments' in the charity statement of financial activities. The cumulative fair value gain is held in a revaluation reserve in the parent balance sheet.

Cash at bank and in hand

Cash at bank and in hand includes short term deposits at amortised cost, which are highly liquid investments with original maturities of three months or less. Cash at bank and in hand equates to cash and cash equivalents in the statement of cash flows.

2 Critical accounting judgements and key sources of estimation uncertainty

In applying the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The key source of estimation uncertainty is determining the fair value of the investment in subsidiary undertakings. Estimating the fair value requires the use of valuation techniques which includes a dividend discount model and analysis of price to book ratios of comparable entities. Based on the calculations performed, the trustees deem that net asset value is a reasonable approximation of fair value. The carrying amount of the investment in subsidiary undertakings at the balance sheet date was £465,156,000 (2017: £474,038,000).

3 Donations

During the year the charity received a donation of £1,500,000 (2017: £4,000,000) from Methodist Insurance PLC.

The charity received £152,000 (2017: £157,000) of donated services which the trustees have estimated as the fair value of management and administration costs incurred by subsidiary undertakings on behalf of the charity, but which are not recharged. An equal amount is included within expenditure on charitable activities.

NOTES TO THE CHARITY FINANCIAL STATEMENTS

4 Dividend and interest income

	2018			2017		
	Unrestricted funds £000	Endowment funds £000	Total funds £000	Unrestricted funds £000	Endowment funds £000	Total funds £000
Income from financial assets at fair value						
Equity securities						
- listed	-	2,700	2,700	-	1,882	1,882
Debt securities						
- government bonds	-	-	-	-	1	1
- listed	-	586	586	-	549	549
Income from financial assets at amortised cost						
- cash at bank and in hand and cash deposits, net of exchange movements	43	11	54	55	4	59
	43	3,297	3,340	55	2,436	2,491

5 Expenditure on raising funds

Expenditure on raising funds relates to investment management costs, which are charged to the capital endowment fund.

6 Charitable giving - grants

	Grants to institutions £000	Shared costs £000	Support costs £000	Total £000
2018				
National bodies	292	10	67	369
England	14,872	166	159	15,197
Scotland	527	28	72	627
Wales	629	15	72	716
Ireland	436	25	72	533
Other	188	11	67	266
	16,944	255	509	17,708
2017				
National bodies	1,295	16	67	1,378
England	12,994	164	117	13,275
Scotland	254	27	68	349
Wales	492	18	67	577
Ireland	475	28	68	571
Other	83	15	67	165
	15,593	268	454	16,315

The charity does not make grants to individuals.

NOTES TO THE CHARITY FINANCIAL STATEMENTS

During the year the charity made the following material institutional grants, where material is defined as over £100,000:

	2018 £000
National bodies	
Church of England National Safeguarding Team, London	292
	<hr/> 292
England	
Historic Coventry Trust, Coventry, West Midlands	125
Leicester Cathedral	163
Methodist Connexion, London	910
Queen Elizabeth Scholarship Trust, London	114
Sheerness Dockyard Preservation Trust, Kent	102
St John at Hackney Church, London	100
The Archbishop of York Youth Trust, York	528
The Diocese of Bath and Wells	140
The Diocese of Birmingham	136
The Diocese of Blackburn	130
The Diocese of Canterbury	121
The Diocese of Chelmsford	260
The Diocese of Chester	159
The Diocese of Chichester	170
The Diocese of Derby	140
The Diocese of Durham	173
The Diocese of Ely	101
The Diocese of Exeter	195
The Diocese of Gloucester	111
The Diocese of Leeds	353
The Diocese of Leicester	131
The Diocese of Lichfield	233
The Diocese of Lincoln	166
The Diocese of Liverpool	156
The Diocese of London	440
The Diocese of Manchester	218
The Diocese of Newcastle	120
The Diocese of Norwich	178
The Diocese of Oxford	270
The Diocese of Peterborough	115
The Diocese of Rochester	136
The Diocese of Salisbury	163
The Diocese of Sheffield	142
The Diocese of Southwark	258
The Diocese of Southwell and Nottingham	132
The Diocese of St Albans	147
The Diocese of St Edmundsbury and Ipswich	115
The Diocese of Winchester	125
The Diocese of Worcester	101
The Diocese of York	202
The Historic England Foundation, London	471
Subtotal carried onto page 62	<hr/> 8,250

NOTES TO THE CHARITY FINANCIAL STATEMENTS

	2018 £000
England (continued)	
Subtotal from page 61	8,250
The Lambeth Conference Company Ltd, London	900
The Salvation Army - Strawberry Field, Liverpool	115
	<u>9,265</u>
Scotland	
The Prince's Foundation, Cumnock, East Ayrshire	177
	<u>177</u>
Wales	
The Representative Body of the Church in Wales	182
	<u>182</u>
Other	
Melbourne Anglican Foundation, Australia	140
	<u>140</u>
Total material grants	<u>10,056</u>
Grants that are not individually material:	
England	5,607
Scotland	350
Wales	447
Ireland	436
Other	48
	<u>6,888</u>
Total grants	<u>16,944</u>

Examples of grants paid are included in the Strategic Report. A full list of beneficiaries of charitable grants awarded in the year is included in the supplementary information on page 123.

During the prior year the charity made the following material institutional grants, where material is defined as over £100,000:

	2017 £000
National bodies	
Archbishops' Council, London - Church of England's Ministry Experience Scheme	585
Church Planting Initiative, London	150
Church of England Foundation for Educational Leadership, London	750
	<u>1,485</u>
England	
Birmingham Diocesan Board of Finance, Birmingham	200
Church Urban Fund, London	300
Cinnamon Network, London	151
Methodist Connexion, London	910
The Diocese of Bath and Wells	140
The Diocese of Birmingham	136
The Diocese of Blackburn	130
The Diocese of Canterbury	121
Subtotal carried onto page 63	<u>2,088</u>

NOTES TO THE CHARITY FINANCIAL STATEMENTS

	2017 £000
England (continued)	
Subtotal from page 62	2,088
The Diocese of Chelmsford	260
The Diocese of Chester	159
The Diocese of Chichester	170
The Diocese of Derby	140
The Diocese of Durham	174
The Diocese of Ely	105
The Diocese of Exeter	191
The Diocese of Gloucester	111
The Diocese of Leeds	335
The Diocese of Leicester	131
The Diocese of Lichfield	233
The Diocese of Lincoln	166
The Diocese of Liverpool	156
The Diocese of London	448
The Diocese of Manchester	218
The Diocese of Newcastle	120
The Diocese of Norwich	228
The Diocese of Oxford	270
The Diocese of Peterborough	115
The Diocese of Rochester	136
The Diocese of Salisbury	163
The Diocese of Sheffield	142
The Diocese of Southwark	258
The Diocese of Southwell and Nottingham	132
The Diocese of St Albans	147
The Diocese of St Edmundsbury and Ipswich	115
The Diocese of Winchester	125
The Diocese of Worcester	101
The Diocese of York	202
	<hr/> 7,339
Wales	
The Representative Body of the Church in Wales	182
	<hr/> 182
Total material grants	<hr/> 9,006
Grants that are not individually material:	
National bodies	(190)
England	5,655
Scotland	254
Wales	310
Ireland	475
Other	83
	<hr/> 6,587
Total grants	<hr/> 15,593

NOTES TO THE CHARITY FINANCIAL STATEMENTS

7 Other expenditure on charitable activities

Other charitable expenditure in the current year of £764,000 relates to the shared costs and support costs incurred in the charity's grant making activities and can be analysed as follows:

2018	National bodies £000	England £000	Scotland £000	Basis of allocation
Shared costs	10	166	28	Time spent
Support costs:				
Governance costs	26	116	31	Mixed allocation*
Finance	1	1	1	Equal allocation
Information technology	4	4	4	Equal allocation
Buildings	4	4	4	Equal allocation
Corporate	6	6	6	Equal allocation
Other	26	28	26	Mixed allocation*
	<u>67</u>	<u>159</u>	<u>72</u>	
Other expenditure on charitable activities	<u>77</u>	<u>325</u>	<u>100</u>	

2018	Wales £000	Ireland £000	Other £000	Basis of allocation
Shared costs	15	25	11	Time spent
Support costs:				
Governance costs	31	31	25	Mixed allocation*
Finance	1	1	1	Equal allocation
Information technology	4	4	4	Equal allocation
Buildings	4	4	4	Equal allocation
Corporate	6	6	6	Equal allocation
Other	26	26	27	Mixed allocation*
	<u>72</u>	<u>72</u>	<u>67</u>	
Other expenditure on charitable activities	<u>87</u>	<u>97</u>	<u>78</u>	

*Mixed allocation includes some expenses that have been allocated equally between the different categories and other expenses that have been allocated directly to specific categories based on the nature of the support cost.

NOTES TO THE CHARITY FINANCIAL STATEMENTS

Other charitable expenditure in the prior year of £722,000 relates to the shared costs and support costs incurred in the charity's grant making activities and can be analysed as follows:

	National bodies £000	England £000	Scotland £000	Basis of allocation
2017				
Shared costs	16	164	27	Time spent
Support costs:				
Governance costs	17	65	17	Mixed allocation*
Finance	1	1	1	Equal allocation
Information technology	4	4	4	Equal allocation
Buildings	5	5	5	Equal allocation
Corporate	7	7	7	Equal allocation
Other	33	35	34	Mixed allocation*
	<u>67</u>	<u>117</u>	<u>68</u>	
Other expenditure on charitable activities	<u>83</u>	<u>281</u>	<u>95</u>	
	Wales £000	Ireland £000	Other £000	Basis of allocation
2017				
Shared costs	18	28	15	Time spent
Support costs:				
Governance costs	17	17	17	Mixed allocation*
Finance	1	1	1	Equal allocation
Information technology	4	4	4	Equal allocation
Buildings	5	5	5	Equal allocation
Corporate	7	7	7	Equal allocation
Other	33	34	33	Mixed allocation*
	<u>67</u>	<u>68</u>	<u>67</u>	
Other expenditure on charitable activities	<u>85</u>	<u>96</u>	<u>82</u>	

*Mixed allocation includes some expenses that have been allocated equally between the different categories and other expenses that have been allocated directly to specific categories based on the nature of the support cost.

8 Net (losses)/gains on investments

The net (losses)/gains on investments in the unrestricted fund arises on its investment in subsidiary undertakings, which is accounted for at fair value.

The net (losses)/gains on investments in the capital endowment fund are all generated by financial assets at fair value through the statement of financial activities.

NOTES TO THE CHARITY FINANCIAL STATEMENTS

9 Taxation

Allchurches Trust Limited is a registered charity and there is no corporation tax charge in the year (2017: £nil). The £43,000 (2017: £38,000) tax charge recognised in the statement of financial activities relates to irrecoverable withholding tax that has been suffered on dividends received from overseas equity investments held by the capital endowment fund.

10 Employee information

The charity itself has no direct employees, but uses staff employed by a subsidiary company to undertake its charitable activities. The subsidiary company recharges employee costs to the charity.

The average monthly number of full-time equivalent employees of the subsidiary company who carried out the charity's activities during the year was six (2017: five). All employees were employed in the United Kingdom in both the current and prior year.

	2018 £000	2017 £000
Wages and salaries	288	260
Social security costs	32	31
Pension costs - defined contribution plans	21	14
Pension costs - defined benefit plans	10	9
	<u>351</u>	<u>314</u>

In the current year one employee received employee benefits in excess of £60,000 (2017: one in excess of £60,000).

11 Trustee remuneration

The trustees did not receive any remuneration from the charity during the current or prior year. Two trustees (2017: two trustees), who during the year were also non-executive directors of a subsidiary undertaking, received remuneration from that subsidiary in respect of their services as non-executive directors. Details of the remuneration they received are disclosed in note 28 to the consolidated financial statements.

During the year the charity reimbursed expenses totalling £14,000 (2017: £11,000) which were incurred by three trustees primarily in respect of travel and subsistence (2017: five trustees primarily in respect of travel and subsistence).

In addition, the charity paid direct expenses totalling £3,000 (2017: £1,000) which were incurred by eight trustees primarily in respect of travel and subsistence and mobile devices (2017: seven trustees, primarily in respect of travel and subsistence).

None of the trustees was a member of the trading subsidiaries' defined benefit pension schemes during the current or prior year.

12 Key management remuneration

Key management remuneration of the charity, including employee benefits, pensions and social security costs, in the year was £129,000 (2017: £14,000). In the prior year one key management role was vacant. The key management of the charity can be found on page 47.

NOTES TO THE CHARITY FINANCIAL STATEMENTS

13 Investments

	2018			2017		
	Unrestricted funds £000	Endowment funds £000	Total funds £000	Unrestricted funds £000	Endowment funds £000	Total funds £000
Financial assets at fair value						
Equity securities						
- listed	-	73,590	73,590	-	54,808	54,808
Debt securities						
- government bonds	-	-	-	-	-	-
- listed	-	9,723	9,723	-	9,795	9,795
Investment in subsidiary	465,156	-	465,156	474,038	-	474,038
Total non-current investments	465,156	83,313	548,469	474,038	64,603	538,641
Current financial assets at amortised cost						
Cash on deposit	2,008	-	2,008	4,022	-	4,022
Total investments	467,164	83,313	550,477	478,060	64,603	542,663

The value of the investment in subsidiary on a historical cost basis is £50,000 (2017: £50,000).

Details of the charity's investment policy can be found in the Strategic Report on page 35.

Reconciliation of the movement in financial assets:

	Unrestricted funds		Endowment funds	Total funds
	Investment in subsidiary £000	At amortised cost £000	At fair value £000	£000
2018				
Fair value at 1 January	474,038	4,022	64,603	542,663
Additions at cost	-	2,008	42,171	44,179
Sale proceeds	-	(4,022)	(16,565)	(20,587)
Fair value losses	(8,882)	-	(6,896)	(15,778)
Fair value at 31 December	465,156	2,008	83,313	550,477
2017				
Fair value at 1 January	402,402	7,000	54,909	464,311
Additions at cost	-	4,022	12,619	16,641
Sale proceeds	-	(7,000)	(9,070)	(16,070)
Fair value gains	71,636	-	6,145	77,781
Fair value at 31 December	474,038	4,022	64,603	542,663

NOTES TO THE CHARITY FINANCIAL STATEMENTS

14 Debtors

	2018			2017		
	Unrestricted	Endowment	Total	Unrestricted	Endowment	Total
	funds	funds	funds	funds	funds	funds
	£000	£000	£000	£000	£000	£000
Prepayments and accrued income	10	294	304	17	271	288

15 Cash at bank and in hand

	2018			2017		
	Unrestricted	Endowment	Total	Unrestricted	Endowment	Total
	funds	funds	funds	funds	funds	funds
	£000	£000	£000	£000	£000	£000
Short term deposits	16,432	2,103	18,535	13,107	23,273	36,380
Cash at bank and in hand	3,817	-	3,817	4,699	-	4,699
	<u>20,249</u>	<u>2,103</u>	<u>22,352</u>	<u>17,806</u>	<u>23,273</u>	<u>41,079</u>

16 Creditors

	2018			2017		
	Unrestricted	Endowment	Total	Unrestricted	Endowment	Total
	funds	funds	funds	funds	funds	funds
	£000	£000	£000	£000	£000	£000
Amounts falling due within one year:						
Accruals for grants payable	1,992	-	1,992	1,309	-	1,309
Amounts due to related parties	1	-	1	2	-	2
Other creditors	113	4	117	66	2	68
	<u>2,106</u>	<u>4</u>	<u>2,110</u>	<u>1,377</u>	<u>2</u>	<u>1,379</u>
Amounts falling due after one year:						
Accruals for grants payable	816	-	816	600	-	600
	<u>816</u>	<u>-</u>	<u>816</u>	<u>600</u>	<u>-</u>	<u>600</u>

NOTES TO THE CHARITY FINANCIAL STATEMENTS

17 Summary of fund movements

	Unrestricted funds £000	Endowment funds £000	Revaluation reserve £000	Total £000
Fund balance at 1 January 2018	19,918	88,145	473,988	582,051
Income	18,695	3,297	-	21,992
Expenditure	(17,708)	(307)	-	(18,015)
Taxation	-	(43)	-	(43)
Fair value losses on investments:				
Investment in subsidiary	-	-	(8,882)	(8,882)
Other investments at fair value	-	(6,896)	-	(6,896)
Gross transfers to endowment funds	(5,000)	5,000	-	-
Gross transfers to unrestricted funds	3,490	(3,490)	-	-
Fund balance at 31 December 2018	19,395	85,706	465,106	570,207
Fund balance at 1 January 2017	15,998	69,878	402,352	488,228
Income	30,212	2,436	-	32,648
Expenditure	(16,315)	(253)	-	(16,568)
Taxation	-	(38)	-	(38)
Fair value gains on investments:				
Investment in subsidiary	-	-	71,636	71,636
Other investments at fair value	-	6,145	-	6,145
Gross transfers to endowment funds	(13,500)	13,500	-	-
Gross transfers to unrestricted funds	3,523	(3,523)	-	-
Fund balance at 31 December 2017	19,918	88,145	473,988	582,051

The unrestricted fund consists of funds available to the trustees to apply for the general purposes of the charity, in addition to each of the priorities it has adopted as set out in the Strategic Report on pages 11-12.

The capital endowment fund is an expendable endowment fund that is retained to strengthen the charity's reserves and provide diversification of the charity's assets.

The revaluation reserve is the cumulative fair value gain on the charity's investment in subsidiary undertakings.

18 Related party transactions

Transactions between the charity and its subsidiaries, which are related parties, are shown below. Transactions between the charity and its trustees, who are related parties, are disclosed in note 11.

	2018 £000	2017 £000
Gift aid received	17,000	26,000
Investment management fees paid	242	243
Expenses recharged	434	367
Amounts due to related parties	1	2

In the current and prior year gift aid was received from and expenses paid to Ecclesiastical Insurance Office plc. Investment management fees were paid to EdenTree Investment Management Limited. Both companies are subsidiaries of the group.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)

for the year ended 31 December 2018

	Notes	2018			2017		
		Unrestricted funds	Endowment funds	Total funds	Unrestricted funds	Endowment funds	Total funds
		£000	£000	£000	£000	£000	£000
Income from:							
Donations		1,500	-	1,500	4,000	-	4,000
Other trading activities							
<i>Income arising from trading activities</i>	21	303,232	-	303,232	293,198	-	293,198
Investments							
<i>Dividend, interest and rental income</i>	22	35,986	3,297	39,283	37,422	2,436	39,858
Total income		340,718	3,297	344,015	334,620	2,436	337,056
Expenditure on:							
Raising funds		-	(307)	(307)	-	(253)	(253)
Charitable activities							
<i>Grants</i>		(16,944)	-	(16,944)	(15,593)	-	(15,593)
<i>Other expenditure on charitable activities</i>		(612)	-	(612)	(565)	-	(565)
Other							
<i>Charitable donations paid by trading subsidiaries</i>		(1,755)	-	(1,755)	(1,499)	-	(1,499)
<i>Expenditure arising from trading activities</i>		(293,141)	-	(293,141)	(285,348)	-	(285,348)
Total expenditure		(312,452)	(307)	(312,759)	(303,005)	(253)	(303,258)
Net (losses)/gains on investments	23	(30,842)	(6,896)	(37,738)	36,938	6,145	43,083
Taxation	24	1,644	(43)	1,601	(10,155)	(38)	(10,193)
		(932)	(3,949)	(4,881)	58,398	8,290	66,688
Net (expenditure)/income in the year	25						
<i>a. arising from the charity</i>		(16,013)	(3,949)	(19,962)	(12,103)	8,290	(3,813)
<i>b. arising from trading activities</i>		15,081	-	15,081	70,501	-	70,501
		(932)	(3,949)	(4,881)	58,398	8,290	66,688

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT) (CONTINUED)

for the year ended 31 December 2018

	Notes	2018			2017		
		Unrestricted funds £000	Endowment funds £000	Total funds £000	Unrestricted funds £000	Endowment funds £000	Total funds £000
Transfer between funds							
Gross transfers to endowment funds		(5,000)	5,000	-	(13,500)	13,500	-
Gross transfers to unrestricted funds		3,490	(3,490)	-	3,523	(3,523)	-
Other recognised gains/(losses)							
Gains on revaluation of fixed assets		105	-	105	-	-	-
Actuarial gains on retirement benefits	39	4,562	-	4,562	44,998	-	44,998
Other gains/(losses)							
<i>Currency translation differences</i>	41	(3,082)	-	(3,082)	(1,642)	-	(1,642)
Gains on net investment hedges	41	1,692	-	1,692	855	-	855
Tax attributable to other recognised (gains)/losses	24	(993)	-	(993)	(7,695)	-	(7,695)
Minority interests	42	(8,922)	-	(8,922)	(8,953)	-	(8,953)
Net movement in funds excluding minority interests		(9,080)	(2,439)	(11,519)	75,984	18,267	94,251
Total funds brought forward	40	493,906	88,145	582,051	418,350	69,878	488,228
Acquisition of minority interests	42	(325)	-	(325)	(428)	-	(428)
Total funds carried forward		484,501	85,706	570,207	493,906	88,145	582,051

The accompanying notes on pages 75 to 122 are an integral part of this consolidated statement of financial activities. All income relates to continuing operations.

CONSOLIDATED BALANCE SHEET

for the year ended 31 December 2018

	Notes	2018 Total funds £000	2017 Total funds £000
Fixed assets			
Intangible assets	30	23,170	26,093
Tangible assets	31	9,261	9,682
Investment property	32	152,182	152,238
Investments	33	889,614	931,182
Total fixed assets		1,074,227	1,119,195
Current assets			
Debtors	35	467,190	448,952
Investments	33	2,008	4,022
Cash at bank and in hand	36	156,469	159,351
Total current assets		625,667	612,325
Liabilities			
Creditors: amounts falling due within one year	37	(115,048)	(104,696)
Net current assets		510,619	507,629
Total assets less current liabilities		1,584,846	1,626,824
Creditors: amounts falling due after one year	37	(2,044)	(2,091)
Provisions for liabilities	38	(915,826)	(943,808)
Net assets excluding retirement benefit obligations		666,976	680,925
Net pension asset	39	12,134	15,858
Other retirement benefit obligations	39	(5,813)	(10,932)
Total net assets including retirement benefit obligations		673,297	685,851
The funds of the charity:			
Unrestricted funds	40	19,395	19,918
Endowment funds	40	85,706	88,145
Revaluation reserve	40	640	553
Non-charitable trading reserves	40	445,455	452,847
Translation and hedging reserve	41	19,011	20,588
Total unrestricted funds		570,207	582,051
Minority interests	42	103,090	103,800
Total funds		673,297	685,851

The consolidated financial statements of Allchurches Trust Limited, registration number 1043742, on pages 70 to 122 were approved and authorised for issue by the Board on 9 May 2019 and signed on its behalf by:

Sir Philip Mawer

Chairman

Sir Laurie Magnus

Trustee

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2018

	2018	2017
	£000	£000
Net (expenditure)/income for the reporting period	(4,881)	66,688
Adjustments for:		
Depreciation of property, plant and equipment	2,598	2,368
Gain on disposal of property, plant and equipment	(8)	(18)
Revaluation of property, plant and equipment	(85)	-
Amortisation and impairment of intangible assets	5,546	6,941
Tax (income)/expense	(1,601)	10,193
Losses/(gains) on financial investments and investment property	41,968	(44,922)
Dividend and interest income from investments	(31,067)	(31,614)
Finance costs	329	96
Increase in debtors	(23,078)	(39,905)
Increase in creditors	8,770	9,779
(Decrease)/Increase in provisions	(13,589)	16,332
Adjustment for pension funding	3,024	3,204
Increase in retirement benefit obligation	143	203
Proceeds from the sale of financial investments by trading subsidiaries	149,562	169,426
Purchase of investment property by trading subsidiaries	-	(19,540)
Purchase of financial investments by trading subsidiaries	(125,739)	(133,984)
Dividends received by trading subsidiaries	10,817	13,014
Interest received by trading subsidiaries	17,053	18,560
Interest paid by trading subsidiaries	(329)	(96)
Tax paid by trading subsidiaries	(5,660)	(7,999)
Net cash provided by operating activities	33,773	38,726
Cash flows from investing activities:		
Purchases of property, plant and equipment	(1,943)	(2,288)
Proceeds from the sale of property, plant and equipment	60	376
Purchases of intangible assets	(2,412)	(1,249)
Purchase of investments	(44,179)	(16,641)
Proceeds from the sale of investments	20,587	16,070
Acquisition of business, net of cash acquired	(975)	(4,000)
Acquisition of interests in subsidiaries, net of cash acquired	(1,035)	(1,478)
Dividend and interest income from parent charity investments	3,276	2,475
Net cash used in investing activities	(26,621)	(6,735)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

for the year ended 31 December 2018

	2018	2017
	£000	£000
Cash flows from financing activities:		
Payment of finance lease liabilities	(346)	(314)
Dividends paid to non-controlling interests of subsidiaries	(8,922)	(8,953)
Net cash used in financing activities	<u>(9,268)</u>	<u>(9,267)</u>
Change in cash and cash equivalents in the reporting period	<u>(2,116)</u>	<u>22,724</u>
Cash and cash equivalents at the beginning of the reporting period	159,351	137,398
Change in cash and cash equivalents due to exchange rate movements	(766)	(771)
Cash and cash equivalents at the end of the reporting period	<u>156,469</u>	<u>159,351</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 Accounting policies for consolidated financial statements

The principal accounting policies adopted in preparing the consolidated financial statements are set out below. Where an accounting policy specifically relates to the charity, it is not repeated in the group's accounting policies, and reference should be made to note 1 to the charity's accounts.

Basis of preparation

The consolidated financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; the Companies Act 2006 (the Act); and 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)' (SORP). The historical cost convention has been applied, modified to include certain items at fair value as permitted by section 404 of the Act. The format of the financial statements has been adapted to comply with the SORP as permitted by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

The principal activities of the trading subsidiaries of the charity remain the transaction of insurance and the provision of financial services. All funds within the trading subsidiaries support their trade. Note 46 includes certain disclosures relevant for groups containing insurance companies in accordance with Financial Reporting Standard 103 (FRS 103), Insurance Contracts.

The parent charity meets the definition of a public benefit entity under FRS 102.

The charity, together with its trading subsidiaries, has considerable financial resources: the unrestricted fund has investments of £808.3m, 91% of which are liquid (2017: investments of £870.6m, 92% liquid); cash at bank and in hand of £154.4m and no borrowings (2017: cash at bank and in hand of £136.1m and no borrowings). These liquid assets are significantly in excess of total current liabilities of £115.0m (2017: £104.7m). As a consequence, the trustees have a reasonable expectation that the group is well placed to manage its business risks successfully and continue in operational existence for at least 12 months from the date of this report.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts of the group.

Items included in the financial statements of each of the group's entities are measured in the currency of the primary economic environment in which that entity operates (the 'functional currency'). The consolidated financial statements are stated in sterling, which is the charity's functional and presentation currency.

Basis of consolidation

The assets, liabilities and results of subsidiary undertakings are included in the consolidated financial statements using audited accounts made up to 31 December. For businesses acquired or disposed of during the year, the results and cash flows relating to a business are included in the consolidated statement of financial activities and the consolidated statement of cash flows from the date of acquisition or up to the date of disposal. All inter-company transactions, balances and profits are eliminated.

The group uses the purchase method of accounting to account for business combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. Goodwill is calculated as the excess of the aggregate consideration transferred, the fair value of contingent consideration, the minority interests and, for an acquisition achieved in stages, the fair value of previously held equity interest over the fair value of the identifiable net assets acquired.

Foreign exchange

The assets and liabilities of foreign operations are translated from their functional currencies into the group's presentation currency using year end exchange rates, and their income and expenses using average exchange rates for the year. Exchange differences arising from the translation of the net investment in foreign operations are taken to the translation reserve. On disposal of a foreign operation, such exchange differences are transferred out of this reserve, along with the corresponding movement on net investment hedges, and are recognised in the statement of financial activities as part of the gain or loss on sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. Exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of financial activities.

Turnover

General insurance business

Premiums written by trading subsidiaries are shown gross of commission paid to intermediaries and are accounted for in the period in which the risk commences. Estimates are included for premiums not notified by the year end ("pipeline premiums") and provision is made for the anticipated lapse of renewals not yet confirmed. Those proportions of premiums written in a year which relate to periods of risk extending beyond the end of the year are carried forward as unearned premiums.

Premiums written include adjustments to premiums written in prior periods and estimates for pipeline premiums and are shown net of insurance premium taxes.

Long-term insurance business

A trading subsidiary markets and sells pre-paid funeral plans, under the Perfect Choice brand. Immediately following a sale, the funeral plan funds are invested in a whole-of-life assurance policy with a life insurance company authorised by the Prudential Regulatory Authority (PRA). The trading subsidiary uses independent, third party, PRA authorised life insurance companies and a PRA authorised fellow trading subsidiary Ecclesiastical Life Limited (ELL) for this purpose. ELL is closed to new business.

By holding the funds in a whole-of-life assurance policy the Plan meets the requirements of Article 60(1) (a) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.

The ultimate responsibility for providing the funeral is passed to independent funeral directors who are not owned by the group.

In each case, the ultimate value and timing of the funeral plan funds that will be paid to the funeral director is uncertain. Therefore, the trading subsidiary has accepted insurance risk, as defined under FRS 103, from the plan holder. The settlement of the trading subsidiary's obligation under the funeral plan contract is directly matched by the proceeds it receives from the whole-of-life assurance policy, which is shown as long-term reinsurance. Only where the whole-of-life assurance policy is provided by ELL is the group exposed to the wider risks associated with a traditional life insurance business which are explained in more detail in note 4 of the EIG plc annual report and accounts which can be obtained from the registered office, as shown on page 6.

The funeral plan funds are recognised as written premium when receivable, at which date the liabilities arising from them are also recognised. The transfer of the funds to the life insurance company is then accounted for as a reinsurance premium, on the same day, which results in an offsetting reinsurance asset being recognised.

Fee and commission income

Fee and commission income consists primarily of reinsurance commissions and reinsurance profit commissions from the trading subsidiaries' insurance business. It also includes income from the trading subsidiaries' insurance broking activities, sale and administration of funeral plans, investment fund management fees, distribution fees from mutual funds and commission revenue from the sale of mutual fund shares. As with general insurance premiums, reinsurance commissions are accounted for in the period in which the risk commences. Those proportions of reinsurance commissions written in a year which relates to periods of risk extending beyond the end of the year, are carried forward as deferred income. Reinsurance profit commissions are recognised at the point in time when the amount of commission can be accurately estimated.

Income generated from trading subsidiaries' insurance broking activities is recognised at the inception date of the cover. An estimate is made for the amount of fees and commission that may be clawed back as a result of policy cancellations or amendments. Where commission or fees are received in advance of the inception date of cover, deferred income is recognised.

Fees charged for investment management services are recognised as revenue when the services are provided. Management fees charged in respect of funeral plans are only refundable where the plan is cancelled within 30 days, and are recognised in full when the plan is sold with provision being made for the expected level of cancellations that give rise to a refund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Claims

General insurance claims incurred include all losses occurring during the year, whether reported or not, related handling costs, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Claims handling costs include all internal and external costs incurred in connection with the negotiation and settlement of claims.

Long-term insurance business claims and death claims are accounted for when notified.

Insurance contract liabilities

General insurance technical provisions

(i) Outstanding claims provisions

General insurance outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date, whether reported or not, together with related claims handling costs. Significant delays are experienced in the notification and settlement of certain types of general insurance claims, particularly in respect of liability business, the ultimate cost of which cannot be known with certainty at the balance sheet date. An estimate is made representing the best estimate plus a risk margin within a range of possible outcomes. Designated insurance liabilities are remeasured to reflect current market interest rates.

(ii) Provision for unearned premiums

The proportion of written premiums, gross of commission payable to intermediaries, attributable to subsequent periods is deferred as a provision for unearned premiums. The change in this provision is taken to the statement of financial activities in order that revenue is recognised over the period of risk.

Long-term business provisions

Under current requirements, long-term insurance contract liabilities arising from funeral plans, where the trading subsidiaries' liability under the funeral plan is linked to inflation, are measured using accounting policies consistent with those adopted previously prior to the adoption of FRS 103. The long-term business provision is held in respect of funeral plans and determined using methods and assumptions approved by the directors of the trading subsidiaries based on advice from their Chief Actuary.

Long-term insurance contract liabilities arising from funeral plans, where the trading subsidiaries' liability under the funeral plan is linked to performance of a with-profits life assurance plan provided by an independent, third party, life insurance company, are based on the group's estimate of the surrender value of the with-profits life assurance policy at the balance sheet date.

Reinsurance

General insurance business

Certain trading subsidiaries assume and cede reinsurance in the normal course of business, with retention limits varying by line of business. Premiums on reinsurance assumed are recognised as revenue in the same manner as direct business. Outwards reinsurance premiums are accounted for in the same accounting period as the related premiums for the direct or inwards reinsurance business being reinsured. Estimates are included for premiums not notified by the year end and provision is made for the anticipated lapse of renewals not yet confirmed. The proportion of premiums ceded in a year which relates to periods of risk extending beyond the current year is carried forward as unearned.

Reinsurance assets primarily include balances due from both insurance and reinsurance companies for ceded insurance liabilities. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provisions or the settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Intangible assets

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings, being the difference between the cost and the fair value of assets and liabilities acquired, is capitalised in the balance sheet and amortised through the statement of financial activities over its estimated useful economic life of ten years, on a straight-line basis. The gain or loss on any subsequent disposal of a subsidiary or associated undertaking will include any attributable unamortised goodwill.

Computer software

Computer software is carried at historical cost less accumulated amortisation and impairment, and amortised over a useful life of between three and ten years, using the straight-line method. The amortisation and impairment charge for the period is included in the statement of financial activities within expenditure arising from trading subsidiaries.

Other intangible assets

Other intangible assets consist of acquired brand, customer and distribution relationships, and are carried at cost at acquisition less accumulated amortisation after acquisition. Amortisation is on a straight-line basis over the weighted average estimated useful life of the intangible assets acquired.

The amortisation charge for goodwill and other intangibles for the period is included in the statement of financial activities within expenditure arising from trading activities.

Financial instruments

As permitted by FRS 102, the group has chosen to account for its financial instruments using the recognition and measurement provisions of IAS 39, *Financial Instruments: Recognition and Measurement* as adopted for use in the European Union.

IAS 39 requires certain financial assets and liabilities to be classified into separate categories, for which the accounting treatments differ.

The classification depends on the nature and purpose of the financial assets and liabilities, and is determined at the time of initial recognition. Financial instruments are initially measured at fair value. Their subsequent measurement depends on their classification:

- Financial instruments designated as at fair value, those held for trading, and hedge accounted derivatives are subsequently carried at fair value. To the extent to which they are effective, changes to the fair value of hedging instruments are included in the other recognised gains/(losses) in the statement of financial activities. All other changes in fair value are included in net gains/(losses) on investments in the statement of financial activities in the period in which they arise.
- All other financial assets and liabilities are held at amortised cost, using the effective interest method (except for short-term debtors and creditors when the recognition of interest would be immaterial).

Investments

(i) Financial assets at fair value through profit or loss

Investments are classified into this category if they are managed, and their performance evaluated, on a fair value basis. Purchases and sales of these investments are recognised on the trade date, which is the date that the group commits to purchase or sell the assets, at their fair value adjusted for transaction costs. Financial investments within this category are classified as held for trading if they are derivatives that are not accounted for as a net investment hedge or are acquired principally for the purpose of selling in the near term.

The fair values of investments are based on quoted bid prices. Where there is no active market, fair value is established using a valuation technique based on observable market data where available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Derivative financial instruments and hedging

Derivative financial instruments include foreign exchange contracts and other financial instruments that derive their value from underlying equity instruments. All derivatives are initially recognised in the balance sheet at their fair value, which usually represents their cost, including any premium paid. They are subsequently remeasured at their fair value, with the method for recognising changes in the fair value depending on whether they are designated as hedges of net investments in foreign operations. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

Certain trading subsidiary derivative transactions, while providing effective economic hedges under the trading subsidiaries' risk management positions, do not qualify for hedge accounting under FRS 102 and are therefore treated as held for trading. Their fair value gains and losses are recognised immediately in net gains/(losses) on investments. The fair value gains and losses for derivatives which are hedge accounted under FRS 102 are shown as other recognised gains/(losses) in the statement of financial activities.

The notional or contractual amounts associated with derivative financial instruments are not recorded as assets or liabilities in the balance sheet as they do not represent the fair value of these transactions. Collateral pledged by way of cash margins on futures contracts is recognised as an asset in the balance sheet within cash at bank and in hand.

(ii) Financial assets at amortised cost

Financial assets at amortised cost include loans and cash held on deposit for more than three months. These are carried at amortised cost using the effective interest method. Loans are recognised when cash is advanced to borrowers. To the extent that a loan is uncollectable, it is written off as impaired.

(iii) Financial assets at fair value through other recognised gains/(losses)

Derivative instruments for hedging of net investments in foreign operations

On the date a foreign exchange contract is entered into, the trading subsidiaries designate certain contracts as a hedge of a net investment in a foreign operation (net investment hedge) and hedge the forward foreign currency rate. Hedge accounting is used for derivatives designated in this way, provided certain criteria are met. At the inception of the transaction, the trading subsidiaries document the relationship between the hedging instrument and the hedged item, as well as the risk management objective and the strategy for undertaking the hedge transaction. The trading subsidiaries also document their assessment of whether the hedge is expected to be, and has been, highly effective in offsetting the risk in the hedged item, both at inception and on an ongoing basis.

Gains and losses on the hedging instrument, relating to the effective portion of the net investment hedge, are recognised in other recognised gains/(losses) and accumulated in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in net income/(expenditure), and is included in net investment gains/(losses). Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to net income/(expenditure) on disposal of the related investment.

Income from investments

Investment income consists of dividends, interest and rent receivable for the year. Dividends on equity securities are recognised on the ex-dividend date. Interest and rental income is recognised as it accrues. Dividends from overseas equities are grossed-up for the irrecoverable withholding tax suffered.

Unrealised gains and losses are calculated as the difference between carrying value and the original cost, and the movement during the year is recognised in the statement of financial activities. The value of realised gains and losses includes an adjustment for previously recognised unrealised gains or losses on investments disposed of in the accounting period.

The impact of discount rate changes on insurance contract liabilities has also been included within net gains/(losses) on investments in order to match with the corresponding movements in assets backing the liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Offset of financial assets and financial liabilities

Financial assets and liabilities are offset, and the net amount reported in the balance sheet, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Deferred acquisition costs

General insurance business

For general insurance business, a proportion of commission and other acquisition costs relating to unearned premiums is carried forward as deferred acquisition costs or, with regard to reinsurance outwards, as deferred income. Deferred acquisition costs are amortised over the period in which the related revenues are earned. The reinsurers' share of deferred acquisition costs is amortised in the same manner as the underlying asset.

Long-term business

For long-term insurance contracts, acquisition costs comprise direct costs such as initial commission and the indirect costs of obtaining and processing new business. Acquisition costs which are incurred during a financial year are deferred and amortised over the period during which the costs are expected to be recoverable, if applicable.

Taxation

Tax arising from trading activities comprises current and deferred tax. Tax is included in calculating the net income/(expenditure) for the period except to the extent it relates to items recognised in other gains and losses, in which case it is recognised in other gains and losses. Irrecoverable tax withheld from overseas dividend income is recognised when the dividend is received.

Current tax is the expected tax payable by the trading subsidiaries on their taxable results for the period, after any adjustment in respect of previous periods.

Deferred tax is recognised in respect of timing differences, being the difference between when gains and losses are included in tax assessments and when they are recognised in the financial statements. Deferred tax is measured using tax rates expected to apply when the related deferred tax asset is realised or when the deferred tax liability is settled, based on tax rates and laws which have been enacted or substantively enacted at the year end date.

Deferred tax assets are recognised to the extent that it is more likely than not that future taxable profits will be available against which the future reversal of timing differences can be offset.

Investment property

Investment property comprises land and buildings which are held for long-term rental yields. It is carried at fair value with changes in fair value recognised in the statement of financial activities within net gains/(losses) on investments. Investment property is valued annually by external qualified surveyors.

Tangible assets

Owner-occupied properties are stated at fair value and movements are taken to the revaluation reserve, net of deferred tax. When such properties are sold, the accumulated revaluation surpluses are transferred from this reserve to non-charitable trading reserves. Where the market value of an individual property is below original cost, any revaluation movement arising during the year is recognised within net gains/(losses) on investments in the statement of financial activities. Valuations are carried out at least every three years by external qualified surveyors.

All other items classified as tangible fixed assets are carried at historical cost less accumulated depreciation and impairment. Depreciation is calculated to write down the cost of the assets to their residual values over their estimated useful lives as follows:

Computer equipment	3 - 5 years straight line
Motor vehicles	4 years straight line or 27% reducing balance
Fixtures, fittings and office equipment	3 - 10 years, or length of lease, straight line

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Cash and cash equivalents

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

Employee benefits

Pension obligations

The trading subsidiaries operate a number of defined benefit and defined contribution plans, the assets of which are held in separate trustee-administered funds.

For defined benefit plans, the pension costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the statement of financial activities so as to spread the regular cost over the service lives of employees. The pension obligation is measured as the present value of the estimated future cash outflows using a discount rate based on market yields for high-quality corporate bonds. The resulting pension plan surplus, where recoverable, or deficit appears as an asset or obligation in the balance sheet. Any asset resulting from this calculation is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future employer contributions to the plan. Independent actuarial valuations are carried out at the end of each reporting period.

Current and past service costs, gains and losses on curtailments and settlements and net interest expense or income (calculated by applying a discount rate to the net defined benefit liability or asset) are recognised through net income/(expenditure). Actuarial gains and losses are recognised in full in the period in which they occur in the statement of financial activities within other recognised gains/(losses).

Contributions in respect of defined contribution plans are recognised as expenditure in the statement of financial activities as incurred.

Other post-employment obligations

Some trading subsidiaries provide post-employment medical benefits to their retirees. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Interest expense (calculated by applying a discount rate to the net obligations) is recognised through net income/(expenditure). Actuarial gains and losses are recognised immediately in the statement of financial activities within other recognised gains/(losses). Independent qualified actuaries value these obligations annually.

Other benefits

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Leases

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made as lessees under operating leases are charged to net income/(expenditure) on a straight-line basis over the period of the lease. Rental income received as a lessor under operating leases is credited to net income/(expenditure) on a straight-line basis over the period of the lease. Benefits that the group receives as a lessee or provides as a lessor as an incentive to enter into an operating lease agreement are recognised on a straight-line basis over the period of the lease.

Leases, where a significant portion of the risks and rewards of ownership are transferred to the group, are classified as finance leases. Assets obtained under finance lease contracts are capitalised as tangible assets and are depreciated over the period of the lease. Obligations under such agreements are included within other creditors net of finance charges allocated to future periods. The interest element of the lease payments is charged to net income/(expenditure) over the period of the lease. Assets held under finance leases are not significant to these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 Critical accounting estimates and judgements in applying accounting policies

The trading subsidiaries make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are regularly reviewed and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The critical accounting estimates and judgements made by the trading subsidiaries relate to:

- (a) The ultimate liability arising from claims made under general business insurance contracts
- (b) Future benefit payments arising from long-term insurance contracts
- (c) Pensions and other post-employment benefits
- (d) Carrying value of goodwill
- (e) Unlisted equity securities
- (f) Recognition of long-term insurance contracts

Full details of the critical accounting estimates and judgements that are made by the trading subsidiaries can be found in the notes to the financial statements of the annual report and accounts of EIG plc, which are available from the registered office on page 6.

21 Trading activities

The income and expenditure arising from trading activities relates to the activities of the charity's trading subsidiaries.

A full list of the charity's trading subsidiaries is provided in note 44. The results of the trading subsidiaries are included in unrestricted funds in the consolidated statement of financial activities on page 70.

The income from trading activities includes net earned premiums and fee and commission income for insurance business; and fee and commission income for investment management and broking and advisory services, which includes prepaid funeral plan distribution and administration.

The expenditure from trading activities includes net incurred claims, fees, commissions and expenses for insurance business; and expenses for investment management and broking and advisory services, which includes prepaid funeral plan distribution and administration.

Gross written premiums are used as the measure of turnover for the general insurance and long-term insurance businesses. Fee and commission income earned in relation to services provided by the trading subsidiaries to third parties is the measure of turnover for investment management and broking and advisory activities, which includes prepaid funeral plan distribution and administration.

(a) An analysis of the trading subsidiaries' turnover by geographical location of office is set out below:

	2018 £000	2017 £000
United Kingdom and Ireland	329,610	321,161
Australia	56,946	56,865
Canada	54,158	51,580
	440,714	429,606
Reconciliation of turnover to income from trading subsidiaries:		
Turnover	440,714	429,606
Outward reinsurance premium	(174,625)	(172,575)
Net change in provision for unearned premium	(5,242)	(6,318)
Other fee and commission income not included in turnover	42,385	42,485
Income arising from trading activities	303,232	293,198

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(b) An analysis of the turnover from trading activities by class of business is set out below:

	2018 £000	2017 £000
General insurance business	356,950	342,889
Long-term insurance business	37,006	43,216
Investment management	12,360	11,443
Broking and advisory	34,398	32,058
	<u>440,714</u>	<u>429,606</u>

(c) An analysis of long-term insurance gross written premiums is set out below:

	2018 £000	2017 £000
Single premiums	36,994	43,204
Regular premiums	12	12
	<u>37,006</u>	<u>43,216</u>

(d) Results of trading subsidiaries engaged in insurance business*

	2018			2017	
	Ecclesiastical Insurance Office plc £000	Ansvar Insurance Limited £000	Ecclesiastical Life Limited £000	Total £000	Total £000
Profit and loss account					
Turnover	300,046	56,946	21	357,013	343,035
Dividend and interest income	32,603	3,404	2,909	38,916	38,649
Other income	(73,233)	(27,305)	-	(100,538)	(93,338)
Total income	<u>259,416</u>	<u>33,045</u>	<u>2,930</u>	<u>295,391</u>	<u>288,346</u>
Net incurred claims	(76,335)	(9,698)	349	(85,684)	(87,718)
Charitable donations	(1,403)	(143)	-	(1,546)	(1,347)
Other expenditure	(141,120)	(18,617)	(421)	(160,158)	(154,142)
Total expenditure	<u>(218,858)</u>	<u>(28,458)</u>	<u>(72)</u>	<u>(247,388)</u>	<u>(243,207)</u>
Net (losses)/gains on investments	(24,451)	(1,205)	(4,396)	(30,052)	35,978
Taxation	2,784	(1,028)	619	2,375	(8,776)
Gift aid paid to parent charity	(17,000)	-	-	(17,000)	(26,000)
Other comprehensive income and changes in equity	(6,141)	(4,151)	-	(10,292)	25,870
(Loss)/profit retained and transferred to reserves	<u>(4,250)</u>	<u>(1,797)</u>	<u>(919)</u>	<u>(6,966)</u>	<u>72,211</u>
Balance sheet					
Total assets	<u>1,134,385</u>	<u>172,283</u>	<u>135,560</u>	<u>1,442,228</u>	<u>1,501,349</u>
Equity	494,846	44,796	52,331	591,973	599,125
Liabilities	639,539	127,487	83,229	850,255	902,224
Total liabilities	<u>1,134,385</u>	<u>172,283</u>	<u>135,560</u>	<u>1,442,228</u>	<u>1,501,349</u>

These results have been included in the consolidated statement of financial activities on page 70 after consolidation adjustments.

*The results of the trading subsidiaries are the results under UKGAAP which is the accounting basis under which the consolidated accounts of the Trust are prepared. The majority of the trading subsidiaries prepare their accounts under IFRS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(e) Results of trading subsidiaries engaged in investment management and broking and advisory services*

	2018				2017	
	Ecclesiastical Planning Services Limited £000	EdenTree Investment Management Limited £000	South Essex Insurance Brokers Limited £000	Lycetts Holdings Limited £000	Total £000	Total £000
Profit and loss account						
Turnover	4,069	14,816	9,745	21,952	50,582	47,279
Dividend and interest income	3	13	804	108	928	747
Total income	<u>4,072</u>	<u>14,829</u>	<u>10,549</u>	<u>22,060</u>	<u>51,510</u>	<u>48,026</u>
Charitable donations	-	(52)	(148)	(9)	(209)	(151)
Other expenditure	(3,914)	(13,728)	(8,373)	(21,188)	(47,203)	(42,387)
Total expenditure	<u>(3,914)</u>	<u>(13,780)</u>	<u>(8,521)</u>	<u>(21,197)</u>	<u>(47,412)</u>	<u>(42,538)</u>
Taxation	(56)	(128)	(471)	(187)	(842)	(1,236)
Other comprehensive income and changes in equity	-	(414)	(1,500)	214	(1,700)	(2,429)
Profit retained and transferred to reserves	<u>102</u>	<u>507</u>	<u>57</u>	<u>890</u>	<u>1,556</u>	<u>1,823</u>
Balance sheet						
Total assets	<u>224,595</u>	<u>17,473</u>	<u>17,141</u>	<u>26,697</u>	<u>285,906</u>	<u>259,623</u>
Equity	274	10,285	11,948	5,502	28,009	26,453
Liabilities	<u>224,321</u>	<u>7,188</u>	<u>5,193</u>	<u>21,195</u>	<u>257,897</u>	<u>233,170</u>
Total liabilities	<u>224,595</u>	<u>17,473</u>	<u>17,141</u>	<u>26,697</u>	<u>285,906</u>	<u>259,623</u>
These results have been included in the consolidated statement of financial activities on page 70 after consolidation adjustments.						
*The results of the trading subsidiaries are the results under UKGAAP which is the accounting basis under which the consolidated accounts of the Trust are prepared. The majority of the trading subsidiaries prepare their accounts under IFRS.						

(f) Reconciliation of IFRS profit before tax to UKGAAP profit before tax

	2018 £000	2017 £000
Profit before tax of the trading subsidiaries under IFRS	16,415	84,506
Adjustments under UKGAAP:		
Amortisation of goodwill	(3,247)	(4,460)
Gross up of investment income for overseas tax suffered	403	610
Impact of difference in revenue recognition between IFRS and UKGAAP	(132)	-
Profit before tax of the trading subsidiaries under UKGAAP	<u>13,439</u>	<u>80,656</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(g) Reconciliation of IFRS shareholders' funds to UKGAAP shareholders' funds

	2018	2017
	£000	£000
Shareholders' funds of the trading subsidiaries under IFRS	501,966	507,469
Adjustments under UKGAAP:		
Cumulative amortisation of goodwill	(36,678)	(33,431)
Cumulative impact of difference in revenue recognition between IFRS and UKGAAP	(132)	-
Shareholders' funds of the trading subsidiaries under UKGAAP	<u>465,156</u>	<u>474,038</u>

22 Dividend, interest and rental income

	2018			2017		
	Unrestricted	Endowment	Total	Unrestricted	Endowment	Total
	funds	funds	funds	funds	funds	funds
	£000	£000	£000	£000	£000	£000
Income from financial assets at fair value through profit or loss						
Equity securities						
- listed	7,084	2,699	9,783	7,093	1,883	8,976
- unlisted	3,623	-	3,623	4,313	-	4,313
Debt securities						
- government bonds	1,071	-	1,071	1,290	1	1,291
- listed	13,956	586	14,542	15,120	549	15,669
Income from financial assets at amortised cost						
a. cash at bank and in hand and cash deposits net of exchange gains and losses	707	12	719	844	3	847
b. other income received	1,288	-	1,288	1,251	-	1,251
Other income						
c. rental income	8,257	-	8,257	7,511	-	7,511
	<u>35,986</u>	<u>3,297</u>	<u>39,283</u>	<u>37,422</u>	<u>2,436</u>	<u>39,858</u>

23 Net (losses)/gains on investments

	2018			2017		
	Unrestricted	Endowment	Total	Unrestricted	Endowment	Total
	funds	funds	funds	funds	funds	funds
	£000	£000	£000	£000	£000	£000
Net (losses)/gains on investments	(35,015)	(6,896)	(41,911)	31,363	6,145	37,508
Net (losses)/gains on investment property	(56)	-	(56)	7,414	-	7,414
Net gains on property, plant and equipment	85	-	85	-	-	-
Impact of discount rate change on insurance contract liabilities	4,144	-	4,144	(1,839)	-	(1,839)
	<u>(30,842)</u>	<u>(6,896)</u>	<u>(37,738)</u>	<u>36,938</u>	<u>6,145</u>	<u>43,083</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Tax arising from trading activities

The charity is a UK registered charity and is therefore exempt from corporation tax under Chapter 3 of Part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation for Chargeable Gains Act 1992, to the extent that surpluses are applied to its charitable purposes.

Taxation arises from the activities of the charity's trading subsidiaries.

(a) Tax (credited)/charged to net (expenditure)/income for the year

	2018 £000	2017 £000
Current tax on net income for the year		
UK corporation tax	5,294	5,915
Double tax relief	(29)	(99)
	<u>5,265</u>	<u>5,816</u>
Foreign tax	1,029	1,322
Adjustments in respect of prior years		
UK corporation tax	(391)	514
Foreign tax	106	44
	<u>(285)</u>	<u>558</u>
Total current tax	<u>6,009</u>	<u>7,696</u>
Deferred tax		
Origination and reversal of timing differences	(7,610)	2,542
Adjustment in respect of prior years	-	(45)
Total deferred tax	<u>(7,610)</u>	<u>2,497</u>
Total tax on net (expenditure)/income for the year	<u>(1,601)</u>	<u>10,193</u>

Where appropriate, current tax has been provided at a rate of 19% for the current year. A change in the UK standard rate of corporation tax from 20% to 19% became effective 1 April 2017 and therefore current tax has been provided at a blended rate of 19.25% for the prior year. A further reduction in the rate of corporation tax to 17% will become effective from April 2020. Deferred tax has been provided at an average rate of 17.6% (2017: 17.9%).

Tax on the group's net income before tax differs from the United Kingdom standard rate of corporation tax for the reasons set out in the following reconciliation:

	2018 £000	2017 £000
Net (expenditure)/net income before tax	<u>(6,482)</u>	76,881
Tax calculated at the UK standard rate of tax of 19% (2017: 19.25%)	(1,232)	14,800
<i>Factors affecting (credit)/charge for the year:</i>		
Expenses not deductible for tax purposes	57	582
Non-taxable income	(1,702)	(2,793)
Long-term insurance and other tax paid at non-standard rates	1,774	(2,574)
Utilisation of tax losses for which no deferred tax asset has been recognised	(213)	(336)
Adjustments to tax charge in respect of prior periods	(285)	514
Total tax (credit)/expense	<u>(1,601)</u>	<u>10,193</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(b) Tax charged/(credited) to other recognised gains/(losses)

	2018	2017
	£000	£000
Current tax charged on:		
Fair value movements on hedge derivatives	110	(30)
Deferred tax (credited)/charged on:		
Fair value movements on owner-occupied property	18	(6)
Actuarial movements on retirement benefit plans	788	7,628
Fair value movements on hedge derivatives	77	103
Total tax charged to other recognised gains/(losses)	993	7,695

25 Net (expenditure)/income in the year

	2018		2017	
	Unrestricted funds £000	Endowment funds £000	Unrestricted funds £000	Endowment funds £000
(Loss)/profit for the year has been arrived at after (crediting)/charging				
Net foreign exchange (gains)/losses	(122)	(4)	(332)	16
Depreciation of tangible fixed assets	2,598	-	2,368	-
Amortisation of goodwill	3,269	-	4,484	-
Amortisation of intangible assets	2,277	-	2,457	-
Operating lease rentals	3,908	-	3,914	-
Fair value losses/(gains) on investments designated at fair value through profit and loss	35,015	6,896	(31,363)	(6,145)
Fair value losses/(gains) on investment property	56	-	(7,414)	-
<p>The amortisation of goodwill is included in 'expenditure arising from trading activities' in the consolidated statement of financial activities.</p>				

26 Auditor's remuneration

	2018	2017
	£000	£000
Fees payable to the charity's auditor for the audit of the charity's annual accounts	9	8
Fees payable to the charity's auditor and its associates for other services:		
- The audit of the charity's subsidiaries	660	601
Total audit fees	669	609
- Audit-related assurance services	235	269
- Other assurance services	-	-
Total non-audit fees	235	269
Fees payable to the charity's auditor in respect of associated pension schemes		
- The audit of associated pension schemes	18	18
Total auditor's remuneration	922	896
<p>Amounts disclosed are net of services taxes, where applicable.</p>		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 Employee information

The average monthly number of employees of the group, including Executive Directors of the trading subsidiaries, during the year by geographical location was:

	2018	2017
	No.	No.
United Kingdom and Ireland	1,212	1,154
Australia	96	85
Canada	77	73
	<u>1,385</u>	<u>1,312</u>

	2018	2017
	£000	£000
Wages and salaries	78,949	74,378
Social security costs	7,573	7,117
Pension costs - defined contribution plans	6,373	3,865
Pension costs - defined benefit plans	5,409	5,046
Other post-employment benefits	259	307
	<u>98,563</u>	<u>90,713</u>
Capitalised staff costs	<u>(342)</u>	<u>-</u>
	<u>98,221</u>	<u>90,713</u>

The above figures do not include termination benefits of £145,000 (2017: £203,000).

Defined contribution pension costs in the current year include a one-off company contribution of £2,017,000 (2017: £nil) that will be paid into the plan during 2019 following closure of the defined benefit pension plan to future accrual, further details of which are included in note 39.

Due to the high number of qualified and skilled staff the Statement of Recommended Practice's requirement to disclose the number of group employees who received emoluments over £60,000 is commercially sensitive to the trading activities of the group and, with the agreement of the charity's trustees, is not made here.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 Key management remuneration

Two (2017: two) trustees received remuneration in their capacity as non-executive directors of subsidiary undertakings. Details of the emoluments received are as follows:

	2018	2017
	£000	£000
Timothy Carroll	63	58
Ms Denise Wilson*	41	60
Total emoluments paid to trustees in their capacity as non-executive directors of subsidiary undertakings	<u>104</u>	<u>118</u>

*Ms Denise Wilson resigned as a trustee on 10 July 2018 and resigned as a non-executive director of a subsidiary undertaking on 21 August 2018.

None of the trustees was a member of the trading subsidiaries' defined benefit pension schemes during the current or prior year.

The key management remuneration of the charity is disclosed in note 12. The key management remuneration of the trading subsidiaries can be found in note 13 of the EIG plc annual report and accounts which are available from the registered office, as shown on page 6.

29 Acquisition of business

On 11 June 2018, South Essex Insurance Brokers Limited acquired certain assets of Equicover Limited and on 30 November 2018 acquired assets of Equestrian World Services from Greenwood Moreland Insurance Broker. Both acquisitions were in order to further expand our equine insurance broking services. The amounts recognised in respect of the identifiable assets are set out in the table below.

	£000
Intangible assets	292
Total consideration	<u>292</u>
Satisfied by:	
Cash	225
Contingent consideration arrangement	67
	<u>292</u>

The net cash outflow arising on acquisition was £225,000. The fair value of the identifiable intangible assets of £292,000 consists of the value of distributor relationships acquired.

The contingent consideration arrangement requires a cash payment to be made on 31 August 2019 and 31 August 2020. The amount paid in each case is determined by the number of policies converted in the two consecutive annual 'earn-out' periods which end on 6 June 2020.

The fair value of the contingent consideration at acquisition was £67,000 based on forecast sales for the two 'earn-out' periods. At that time the potential future payment in respect of contingent consideration was between £nil and £90,000.

At the balance sheet date the fair value of the contingent consideration is £63,000 and the movement in the fair value, as shown in note 38(a), has been credited to net income in the year. Based on actual sales achieved in the first 'earn-out' period, at the balance sheet date the potential future payment is between £63,000 and £90,000. No material acquisition related costs were incurred in relation to the transaction.

The acquisitions contributed £16,000 revenue and £14,000 to the trading subsidiaries' net income in the year for the period between the date of acquisition and the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 Intangible assets

	Goodwill £000	Computer software £000	Other intangible assets £000	Total £000
Cost				
At 1 January	49,533	21,898	18,959	90,390
Additions	-	2,412	292	2,704
Disposals	-	(11)	-	(11)
Exchange movements	-	(122)	-	(122)
At 31 December	49,533	24,177	19,251	92,961
Amortisation				
At 1 January	35,727	17,283	11,287	64,297
Provided in the year	3,269	925	1,352	5,546
Disposals	-	(11)	-	(11)
Exchange movements	-	(41)	-	(41)
At 31 December	38,996	18,156	12,639	69,791
Net book value				
At 1 January	13,806	4,615	7,672	26,093
At 31 December	10,537	6,021	6,612	23,170

None of the intangible assets noted above relate to the charity.

Goodwill arose on the acquisition of subsidiary undertakings and on the acquisition of business.

Other intangible assets consist of acquired brand, customer and distribution relationships, which have an overall remaining useful life of five years on a weighted average basis.

£3,981,000 of the other intangible assets balance in the current year relates to the acquisition of Lycetts Holdings Limited and has a remaining useful life of four years. £1,786,000 of the other intangible assets balance in the current year relates to the acquisition of the assets of Funeral Planning Services Limited has a remaining useful life of eight years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 Tangible assets

	Land and buildings £000	Computer equipment £000	Motor vehicles £000	Office equipment £000	Total £000
Cost or valuation					
At 1 January	2,805	8,424	2,550	8,348	22,127
Additions	-	518	373	1,323	2,214
Disposals	-	(77)	(569)	(62)	(708)
Revaluation	190	-	-	-	190
Exchange movements	-	(26)	-	(26)	(52)
At 31 December	2,995	8,839	2,354	9,583	23,771
Depreciation					
At 1 January	-	5,966	933	5,546	12,445
Charge for the year	-	1,287	391	920	2,598
Disposals	-	(68)	(370)	(62)	(500)
Exchange movements	-	(18)	-	(15)	(33)
At 31 December	-	7,167	954	6,389	14,510
Net book value					
At 1 January	2,805	2,458	1,617	2,802	9,682
At 31 December	2,995	1,672	1,400	3,194	9,261

None of the tangible assets noted above relate to the charity.

All properties were revalued at 31 December 2018. Valuations were carried out by Cluttons LLP, an independent firm of chartered surveyors, in accordance with The RICS Valuation - Global Standards 2017.

The value of land and buildings on a historical cost basis is £3,098,000 (2017: £3,098,000).

Included within net book value of motor vehicles is £1,315,000 (2017: £1,543,000) and within net book value of computer equipment is £nil (2017: £nil) in respect of assets held under finance leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 Investment property

	2018	2017
	£000	£000
Fair value at 1 January	152,238	125,284
Additions - acquisitions	-	19,540
Fair value (losses)/gains	(56)	7,414
Fair value at 31 December	<u>152,182</u>	<u>152,238</u>

None of the investment properties above relate to the charity.

The trading subsidiaries' investment properties were last revalued at 31 December 2018 by Cluttons LLP, an independent professional firm of chartered surveyors. Valuations were carried out in accordance with The RICS Valuation - Global Standards 2017.

The value of the investment property on a historical cost basis is £139,421,000 (2017: £139,421,000).

Included within investment property are long leasehold properties with a net book value at 31 December 2018 of £22,299,000 (2017: £23,615,000).

There are no restrictions on the realisability of investment property, nor on the remittance of income and proceeds of disposal. At the year end, there were no significant contractual obligations relating to investment properties.

Investment property transactions are shown as operating activities in the consolidated statement of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 Investments

	2018 £000	2017 £000
Financial assets at fair value through profit or loss		
Equity securities		
- listed	314,952	341,600
- unlisted	52,099	49,171
Debt securities		
- government bonds	148,053	153,908
- listed	358,386	372,503
- unlisted	125	125
Derivative financial instruments:		
- forwards	-	582
- options	5,331	2,029
	<u>878,946</u>	<u>919,918</u>
Financial assets at fair value through other recognised gains/(losses)		
Derivative financial instruments:		
- forwards	737	1,388
	<u>737</u>	<u>1,388</u>
Financial assets at amortised cost		
Cash held on deposit	9,914	9,860
Other loans	17	16
	<u>9,931</u>	<u>9,876</u>
Total non-current investments	<u>889,614</u>	<u>931,182</u>
Current asset investments at amortised cost		
Cash held on deposit	2,008	4,022
Total investments	<u>891,622</u>	<u>935,204</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation of the movement in financial assets:

	Unrestricted funds			Endowment funds	Total funds
	At fair value			At fair value through profit or loss	£000
	At fair value through profit or loss	through other recognised gains/(losses)	At amortised cost		
£000	£000	£000	£000	£000	
2018					
Fair value at 1 January	855,315	1,388	13,898	64,603	935,204
Additions at cost	125,677	-	2,070	42,171	169,918
Sale proceeds	(147,219)	(2,343)	(4,022)	(16,565)	(170,149)
Fair value (losses)/gains	(32,709)	1,692	-	(6,896)	(37,913)
Redemption and repayments	-	-	(8)	-	(8)
Exchange losses	(5,430)	-	-	-	(5,430)
Fair value at 31 December	795,634	737	11,938	83,313	891,622
2017					
Fair value at 1 January	860,409	2,067	16,819	54,909	934,204
Additions at cost	133,920	-	4,085	12,619	150,624
Sale proceeds	(170,977)	(1,534)	(7,000)	(9,070)	(188,581)
Fair value gains	33,906	855	-	6,145	40,906
Redemptions and repayments	-	-	(6)	-	(6)
Exchange gains	(1,943)	-	-	-	(1,943)
Fair value at 31 December	855,315	1,388	13,898	64,603	935,204

Fair value (losses)/gains through profit or loss in the unrestricted fund exclude £2,306,000 fair value losses (2017: £2,543,000) on derivatives classified as financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Derivative financial instruments

The trading subsidiaries utilise derivatives to mitigate equity price risk arising from investments held at fair value, foreign exchange risk arising from investments denominated in foreign currencies, and foreign exchange risk arising from investments denominated in Sterling that contain underlying foreign currency exposure. These 'non-hedge' derivatives either do not qualify for hedge accounting or the option to hedge account has not been taken.

A trading subsidiary has also formally designated certain derivatives as a hedge of its net investments in Australia and Canada. A gain of £1,692,000 (2017: gain of £855,000) in respect of these 'hedge' derivatives has been recognised in the hedging reserve within unrestricted funds, as disclosed in note 41. The trading subsidiary has formally assessed and documented the effectiveness of derivatives that qualify for hedge accounting in accordance with FRS 102.

Group	2018			2017	
	Contract/ notional amount £000	Fair value asset £000	Fair value liability £000	Contract/ notional amount £000	Fair value asset £000
Non-hedge derivatives					
<i>Equity/Index contracts</i>					
Options	63,077	5,331	-	114,578	2,029
<i>Foreign exchange contracts</i>					
Forwards (Euro)	87,514	-	2,306	93,991	582
Hedge derivatives					
<i>Foreign exchange contracts</i>					
Forwards (Australian dollar)	57,264	492	-	46,934	814
Forwards (Canadian dollar)	27,157	245	-	34,123	574
	235,012	6,068	2,306	289,626	3,999

Included within Equity/Index contracts are options with a contract/notional value of £22,493,000 (2017: £17,991,000), and fair value asset of £2,348,000 (2017: £854,000), which expire in greater than one year. All other derivatives in the current and prior period expire within one year.

The notional amounts above reflect the aggregate of individual derivative positions on a gross basis and so give an indication of the overall scale of the derivative transactions. They do not reflect current market values of the open positions.

Derivative fair value assets are recognised within investments (note 33) and derivative fair value liabilities are recognised within creditors (note 37).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 Debtors

	2018 £000	2017 £000
(a) Amounts falling due within one year		
Trade debtors	93,233	90,507
Other debtors	25,597	24,394
Amounts due from related parties	105	7
Reinsurers' share of technical provisions	115,602	120,434
Accrued rent and interest	4,999	5,212
Deferred acquisition costs	33,907	31,267
Current tax recoverable	104	147
Other prepayments and deferred income	5,538	4,349
	<u>279,085</u>	<u>276,317</u>
(b) Amounts falling due after one year		
Trade debtors	2,000	2,000
Other debtors	1,217	1,236
Reinsurers' share of technical provisions	182,220	166,839
Deferred tax assets	2,557	2,544
Other prepayments and deferred income	111	16
	<u>188,105</u>	<u>172,635</u>
Total debtors	<u>467,190</u>	<u>448,952</u>

Trade debtors are the debtors arising from the direct insurance, insurance broking and reinsurance operations of trading subsidiaries. Where there are legal rights of set off, reinsurance debtors and creditors within the same party have been netted off to show the net debtor or creditor that will actually be settled.

The reinsurers' share of technical provisions include balances due from insurance and reinsurance companies for ceded insurance liabilities arising from the insurance business of the trading subsidiaries. Further information is provided in note 46 VII.

A reconciliation of the movement in deferred acquisition costs is presented in note 46 VI.

(c) Overdue and impaired trade debtors

There has been no significant change in the recoverability of the trading subsidiaries' trade debtors arising out of insurance and reinsurance operations, for which no collateral is held. The trustees consider that the amounts are recoverable at their carrying values, which are stated net of an allowance for doubtful debts for those debtors that are individually determined to be impaired.

The trading subsidiaries' allowance for doubtful debts includes a provision of £168,000 (2017: £188,000) in respect of debtors that are individually determined to be impaired based on an assessment of their ageing profile and credit rating at the reporting date.

Included within trade debtors is £8,144,000 (2017: £3,781,000) overdue but not impaired. Of this balance, £7,013,000 (2017: £3,401,000) is not more than three months overdue at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 Cash at bank and in hand

	2018			2017		
	Unrestricted funds	Endowment funds	Total £000	Unrestricted funds £000	Endowment funds £000	Total £000
Short term deposits	61,486	2,103	63,589	44,400	23,273	67,673
Cash at bank and in hand	92,880	-	92,880	91,678	-	91,678
	<u>154,366</u>	<u>2,103</u>	<u>156,469</u>	<u>136,078</u>	<u>23,273</u>	<u>159,351</u>

Included within cash at bank and in hand are trading subsidiary cash deposits of £4,090,000 (2017: £758,000) pledged as collateral by way of cash calls from reinsurers.

37 Creditors

	2018 £000	2017 £000
(a) Amounts falling due within one year		
Trade creditors	24,948	22,355
Other creditors	35,108	33,960
Derivative liabilities	2,306	-
Corporation tax	2,905	2,553
Accruals and deferred income	49,780	45,827
	<u>115,048</u>	<u>104,696</u>
(b) Amounts falling due after one year		
Other creditors	1,228	1,491
Accruals and deferred income	816	600
	<u>2,044</u>	<u>2,091</u>

Trade creditors are the creditors arising from the direct insurance and reinsurance operations of trading subsidiaries. Where there are legal rights of set off, reinsurance debtors and creditors within the same party have been netted off to show the net debtor or creditor that will actually be settled.

Deferred income arises from the operations of the trading subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 Provisions for liabilities

	2018 £000	2017 £000
Provisions for liabilities	5,978	7,520
Deferred tax liabilities	32,323	38,975
Technical provisions	638,085	681,107
Long-term business technical provisions	239,440	216,206
	<u>915,826</u>	<u>943,808</u>

All provisions relate to the trading subsidiaries.

Technical provisions and long-term business technical provisions arise on the general insurance and long-term business of the trading subsidiaries. Further details of these provisions are provided in note 46 parts VII to IX.

(a) Provisions for liabilities

	Regulatory and legal provisions £000	Contingent consideration £000	Other provisions £000	Total £000
At 1 January 2018	3,929	1,050	2,541	7,520
Acquisition	-	67	-	67
Additional provisions	3,569	-	114	3,683
Used during year	(3,625)	(750)	(208)	(4,583)
Not utilised	(502)	(203)	-	(705)
Exchange differences	-	-	(4)	(4)
At 31 December 2018	<u>3,371</u>	<u>164</u>	<u>2,443</u>	<u>5,978</u>
Current	2,873	136	51	3,060
Non-current	498	28	2,392	2,918

Regulatory and legal provisions

The trading subsidiaries operate in the financial services industry and are subject to regulatory requirements in the normal course of business, including contributing towards any levies raised on UK general and long-term business. The provisions reflect an assessment by the trading subsidiaries of their share of the total potential levies.

In addition, from time to time the trading subsidiaries receive complaints from customers and, while the majority relate to cases where there has been no customer detriment, the trustees recognise that the trading subsidiaries have provided, and continue to provide, advice and services across a wide spectrum of regulated activities. The trustees therefore believe that it is prudent to hold a provision for the estimated costs of customer complaints relating to services provided. The group continues to reassess the ultimate level of complaints expected and the appropriateness of the provision, which reflects the expected redress and associated administration costs that would be payable in relation to any complaints that may be upheld.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Contingent consideration

The provision for contingent consideration relates to the acquisition of certain assets of Funeral Planning Services Limited that completed in 2017 and the acquisition of certain assets of Equicover Limited and Equestrian World Services in the current year as disclosed in note 29.

Other provisions

The provision for other costs relates to costs in respect of dilapidations and the amount needed to cover the future costs to administer the claims on the pre-paid funeral plans were the trading subsidiaries to cease to write new funeral plan business.

(b) Deferred tax

	2018 £000	2017 £000
At 1 January	36,431	26,206
(Credited)/charged to net income/(expenditure)	(7,610)	2,497
Charged to other recognised gains/(losses)	883	7,725
Exchange differences	62	3
At 31 December	<u>29,766</u>	<u>36,431</u>

	2018 £000	2017 £000
Deferred tax assets included in debtors	2,557	2,544
Deferred tax liabilities included in provisions for liabilities	(32,323)	(38,975)
Net provision for deferred tax	<u>(29,766)</u>	<u>(36,431)</u>
Deferred tax is provided as follows:		
Unrealised investment gains	(28,233)	(34,399)
Claims equalisation provision	(1,062)	(2,994)
Retirement benefit obligations	(2,204)	(809)
Depreciation in excess of/(less than) capital allowances	257	(81)
Other timing differences	1,476	1,852
Net provision for deferred tax	<u>(29,766)</u>	<u>(36,431)</u>

The group expects a net deferred tax liability of £1.6m (2017: £1.0m, net deferred tax asset) to reverse within 12 months of the year end date. The reversal is expected to arise from transitional rules regarding taxation of the claims equalisation provision, sale of investments, claiming of capital allowances, settlement of overseas claims costs, and other temporary timing differences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 Retirement benefit obligations

(a) Defined contribution pension plans

The trading subsidiaries operate a number of defined contribution pension plans, for which contributions are disclosed in note 27.

(b) Defined benefit pension plans

The trading subsidiaries' main plan is a defined benefit plan operated by EIO plc for UK employees, which includes two discrete sections, the EIO Section and the Ansvar Section. The plan closed to new entrants on 5 April 2006. The terms of the plan for future service changed in August 2011 from a non-contributory final salary scheme to a contributory scheme in which benefits are based on career average revalued earnings.

On 26 September 2018, EIO plc commenced consulting members about its proposal for the future of the plan and the consultation period subsequently closed on 26 November 2018. Following a review of member feedback, EIO plc announced on 18 December 2018 that it had made the decision to close the plan to future accrual on 30 June 2019. Active members in employment at 30 June 2019 will maintain certain enhanced benefits past the date the plan closes to future accrual, including benefits in relation to death in service and ill health retirement. They will also retain the link to final salary whilst they remain employed by EIO plc. As a result, there has been no change to the defined benefit obligation as a result of the closure of the plan to future accrual and therefore no curtailment gain or loss has been recognised at the year-end date. From 1 July 2019, active members in employment will join one of the trading subsidiaries' defined contribution plans.

The assets of the defined benefit plan are held separately from those of the trading subsidiary by the Trustee of the Ecclesiastical Insurance Office plc Staff Retirement Benefit Fund (the 'Fund'). The Fund is subject to the Statutory Funding Objective under the Pensions Act 2004. An independent qualified actuary appointed by the Trustee is responsible for undertaking triennial valuations to determine whether the Statutory Funding Objective is met. Pension costs for the plan are determined by the Trustee, having considered the advice of the actuary and having consulted with the employer. The most recent triennial valuation was at 31 December 2016. The contribution expected to be paid by EIO plc up until the plan closes to future accrual on 30 June 2019 is £1.3m (2017: £2.8m to 31 December 2018).

Actuarial valuations of the trading subsidiaries' main plan were reviewed and updated by an actuary at 31 December 2018 for FRS 102 purposes. The announcement of closure to future accrual from 30 June 2019 limits the maximum surplus that EIO plc can recognise in respect of the EIO Section of the Fund as it does not have an unconditional right to a refund of surplus. At 31 December 2018 the maximum surplus that could be recognised in the EIO Section is greater than the FRS 102 surplus, therefore the surplus in this Section has been recognised in full. EIO plc has an unconditional right to a refund of surplus in the Ansvar Section of the Fund which has also been recognised in full.

In 2018 there was a High Court ruling relating to Guaranteed Minimum Pensions (GMP) equalisation of the Lloyds Bank pension scheme which has implications for the EIO section of the trading subsidiaries' main defined benefit plan. The impact of the ruling has been estimated at £1.5m and is included in the scheme liabilities. This is presented as a past service cost in the statement of financial activities.

In addition to the trading subsidiaries' main plan, Lycett, Browne-Swinburne & Douglass Limited (LBSD), also operates a defined benefit plan. The plan was closed to new members subsequent to the 1 January 2011 renewal. The most recent triennial valuation, at 1 January 2018, was finalised on 1 March 2019. The initial results of the actuarial valuation at 1 January 2018 were reviewed and updated by an independent qualified actuary at 31 December 2018 for FRS 102 purposes. The contribution expected to be paid by the trading subsidiary into the plan during the next financial year is £0.3m (2017: £0.3m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In the current year, actuarial gains arising from changes in financial assumptions of £27.9m (2017: actuarial losses of £21.5m) have been recognised in the statement of financial activities. These gains resulted from a 0.3% increase in the discount rate assumption for both defined benefit plans and a 0.4% decrease in the discretionary pension increase assumption for the trading subsidiaries' main plan.

In line with common market practice, the defined benefit obligation at the end of the year is projected based on a roll forward of the liabilities in the previous triennial valuation. For the plan operated by LBSD, the projection was based on a roll forward of the liabilities from the initial results of the triennial valuation at 1 January 2018. Experience adjustments arise from differences between actual and assumed experience. A £3.8m experience loss arising from membership and other experience adjustments has been recognised in the year (2017: £8.6m gain arising from membership and other experience adjustments).

In the prior year the formal wind-up of the Ecclesiastical Insurance Office plc Pension & Life Assurance Scheme (EIOPLA), for which EIO plc was the sponsoring employer, was completed with the remaining surplus in the scheme of £288,000 refunded. The surplus was distributed equally between the existing and previous sponsoring employers. EIO plc, as existing sponsoring employer, received £144,000 on wind-up. The £144,000 restriction in the surplus in the EIOPLA scheme was released through actuarial losses on retirement benefits in the statement of financial activities, and a loss of £144,000 has been recognised in expenditure arising from trading activities representing the surplus not refunded to EIO plc.

The Trustees of the trading subsidiaries' main plan set the investment objectives and strategy for the Fund based on independent advice and in consultation with the employer. Key factors addressed in setting strategy include the Fund's liability profile, funding level and strength of employer covenant. Their key objectives are to ensure the Fund can meet members' guaranteed benefits as they fall due, reduce the risk of assets failing to meet its liabilities over the long term and manage the volatility of returns and overall funding level.

A blend of diversified growth assets (equities and property) and protection assets (bonds, gilts and cash) are deployed to balance the level of risk to that required to provide, with confidence, a sufficient return and liquidity to continue to meet members' obligations as they fall due. The trustees have identified the key risks faced by the Fund in meeting this objective to be falls in interest rates and rising inflation.

In 2016 the trustees of the trading subsidiaries' main plan established an LDI portfolio, structured to increase in value with decreases in interest rates and grow in line with inflation expectations. By the beginning of 2018, growth in this portfolio was paused at a level estimated to have hedged 60% of the interest rate and inflation rate risk of the guaranteed benefits of the Fund. Exposure of the Fund's assets to interest rates and inflation counter-balances exposure of the Fund's liabilities to these factors and has reduced, but not eliminated, volatility in the funding position.

The trustees of the trading subsidiaries' main plan are currently considering the implications of closure to future accrual on investment strategy whilst monitoring the need for further increases in the LDI hedge levels over time.

	2018 £000	2017 £000
The amounts recognised in the balance sheet are determined as follows:		
Present value of funded obligations	(340,281)	(358,159)
Fair value of plan assets	352,415	374,017
	<u>12,134</u>	<u>15,858</u>
Restrictions on asset recognised	-	-
Net asset in the balance sheet	<u>12,134</u>	<u>15,858</u>
The following is the analysis of the net pension asset for financial reporting purposes:		
Net pension asset	16,131	20,036
Net pension liability	(3,997)	(4,178)
	<u>12,134</u>	<u>15,858</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2018	2017
	£000	£000
The amounts recognised in the consolidated statement of financial activities are as follows:		
Current service cost	4,425	4,400
Administration cost	438	620
Interest income on plan assets	8,498	(8,723)
Interest cost on scheme liabilities	(8,910)	9,340
Past service cost	1,548	-
Total, included in expenditure arising from trading activities*	<u>5,999</u>	<u>5,637</u>
The amounts recognised in actuarial gains on retirement benefits are as follows:		
Return on plan assets, excluding interest income	(24,996)	33,229
Experience (losses)/gains on liabilities	(3,849)	8,647
Gains from changes in demographic assumptions	249	23,302
Gains/(losses) from changes in financial assumptions	27,896	(21,508)
Change in asset restriction	-	144
	<u>(700)</u>	<u>43,814</u>
* Charge to net income/(expenditure) includes £590,000 (2017: £591,000) in respect of salary sacrifice contributions.		

The movements in the fair value of plan assets and the present value of the defined benefit obligations over the year are as follows:

	2018	2017
Plan assets		
At 1 January	374,017	339,246
Interest income	8,910	8,723
Return on plan assets, excluding interest income	(24,996)	33,229
Pension benefits paid and payable	(8,498)	(9,611)
Contributions paid	2,975	2,721
Employee contributions	63	61
Assets distributed	-	(288)
Administrative expenses	(56)	(64)
At 31 December	<u>352,415</u>	<u>374,017</u>
Defined benefit obligation		
At 1 January	358,159	363,854
Current service cost	4,425	4,400
Administration cost	382	556
Past service cost	1,548	-
Interest cost	8,498	9,340
Pension benefits paid and payable	(8,498)	(9,611)
Employee contributions	63	61
Experience losses/(gains) on liabilities	3,849	(8,647)
Gains from changes in demographic assumptions	(249)	(23,302)
(Gains)/losses from changes in financial assumptions	(27,896)	21,508
At 31 December	<u>340,281</u>	<u>358,159</u>
Restriction on asset recognised		
At 1 January	-	144
Change in asset restriction	-	(144)
At 31 December	<u>-</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The principal actuarial assumptions (expressed as weighted averages) were as follows:

	2018	2017
	%	%
Discount rate	2.70	2.40
Inflation (RPI)	3.20	3.20
Inflation (CPI)	2.20	2.20
Future salary increases	4.13	4.37
Future increase in pensions in deferment	2.29	2.24
Future average pension increases (RPI)	3.00	3.00
Future average pension increases (CPI)	1.50	1.75

	2018	2017
Mortality rate		
The average life expectancy in years of a pensioner retiring at age 65, at the balance sheet date, is as follows:		
Male	23.1	23.0
Female	24.6	24.5
The average life expectancy in years of a pensioner retiring at age 65, 20 years after the balance sheet date, is as follows:		
Male	24.8	24.8
Female	26.3	26.3

Plan assets are as follows:	2018	2017
	£000	£000
Cash and other*	24,982	21,406
Equity instruments		
UK quoted	80,334	83,228
UK unquoted	125	233
Overseas quoted	73,027	72,566
	<u>153,486</u>	<u>156,027</u>
Liability driven investments	37,857	47,958
Debt instruments		
UK public sector quoted - fixed interest	2,440	256
UK non-public sector quoted - fixed interest	66,006	75,432
UK quoted - index-linked	23,351	25,626
	<u>91,797</u>	<u>101,314</u>
Derivative financial instruments	(1,981)	790
Property	44,702	44,902
Other	1,572	1,620
	<u>352,415</u>	<u>374,017</u>

*Cash and other includes accrued income, prepayments and other debtors and creditors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The actual return on pension plan assets was a loss of £16,086,000 (2017: gain of £41,952,000).

The underlying assets of the liability driven investments are primarily UK government bonds and interest rate repurchase agreements at various rates and terms.

The fair value of unquoted securities is measured using inputs for the asset that are not based on observable market data. For the trading subsidiaries' main plan, the fair value is estimated and approved by the Trustee based on the advice of investment managers. Property is valued annually by independent qualified surveyors using standard industry methodology to determine a fair market value. All other investments either have a quoted price in active markets or are valued based on observable market data.

(c) Post-employment medical benefits

EIO plc operates a post-employment medical benefit plan, for which it chooses to self-insure. The method of accounting, assumptions and the frequency of valuation are similar to those used for the defined benefit pension plans.

The amounts recognised in the balance sheet are determined as follows:

	2018	2017
	£000	£000
Present value of unfunded obligations and net obligations in the balance sheet	<u>5,813</u>	<u>10,932</u>
Movements in the net obligations recognised in the balance sheet are as follows:		
At 1 January	10,932	11,913
Total expense charged to net income/(expenditure)	259	307
Net actuarial gains during the year, recognised in other comprehensive income	(5,262)	(1,184)
Benefits paid	(116)	(104)
At 31 December	<u>5,813</u>	<u>10,932</u>
The amounts recognised through net income/(expenditure) are as follows:		
Interest cost	259	307
Total, included in employee benefits expense	<u>259</u>	<u>307</u>

An actuarial review of the assumptions used to measure the net obligation for post-employment medical benefits was carried out during the current year. As a result of the review, the methodology for setting the medical cost inflation assumption was revised, generating an actuarial gain of £1.8m. An experience gain of £3.3m has been recognised as a result of updating for actual scheme experience.

The principal actuarial assumptions were as follows:	2018	2017
	%	%
Discount rate	2.7	2.4
Medical cost inflation	7.2	9.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 Summary of reserve movements

	Unrestricted fund £000	Endowment fund £000	Revaluation reserve £000	Non-charitable trading reserve £000	Translation and hedging reserve £000	Total £000
Fund balance at 1 January 2018	19,918	88,145	553	452,847	20,588	582,051
Income	1,695	3,297	-	339,023	-	344,015
Gift aid paid to charity parent	17,000	-	-	(17,000)	-	-
Expenditure	(17,708)	(307)	-	(294,744)	-	(312,759)
Fair value losses on investments	-	(6,896)	-	(30,842)	-	(37,738)
Taxation	-	(43)	-	1,644	-	1,601
Net reserve transfers	(1,510)	1,510	-	-	-	-
Gains on revaluation of fixed assets	-	-	105	-	-	105
Currency translation differences	-	-	-	-	(3,082)	(3,082)
Gains on net investment hedges	-	-	-	-	1,692	1,692
Actuarial gains on retirement benefit obligations	-	-	-	4,562	-	4,562
Tax attributable to other recognised (losses)/gains	-	-	(18)	(788)	(187)	(993)
Minority interests	-	-	-	(8,922)	-	(8,922)
Acquisition of minority interests	-	-	-	(325)	-	(325)
Fund balance at 31 December 2018	19,395	85,706	640	445,455	19,011	570,207

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Unrestricted fund £000	Endowment fund £000	Revaluation reserve £000	Non-charitable trading reserve £000	Translation and hedging reserve £000	Total £000
Fund balance at 1 January 2017	15,998	69,878	577	380,327	21,448	488,228
Income	4,212	2,436	-	330,408	-	337,056
Gift aid paid to charity parent	26,000	-	-	(26,000)	-	-
Expenditure	(16,315)	(253)	-	(286,690)	-	(303,258)
Fair value gains on investments	-	6,145	-	36,938	-	43,083
Taxation	-	(38)	-	(10,155)	-	(10,193)
Net reserve transfers	(9,977)	9,977	(30)	30	-	-
Currency translation differences	-	-	-	-	(1,642)	(1,642)
Gains on net investment hedges	-	-	-	-	855	855
Actuarial gains on retirement benefit obligations	-	-	-	44,998	-	44,998
Tax attributable to other recognised (losses)/gains	-	-	6	(7,628)	(73)	(7,695)
Minority interests	-	-	-	(8,953)	-	(8,953)
Acquisition of minority interests	-	-	-	(428)	-	(428)
Fund balance at 31 December 2017	19,918	88,145	553	452,847	20,588	582,051

The unrestricted fund consists of funds available to the trustees to apply for the general purposes of the charity, in addition to each of the priorities it has adopted as set out in the Strategic Report on pages 11-12.

The capital endowment fund is an expendable endowment fund that is retained to strengthen the charity's reserves and provide diversification of the charity's assets. The trustees have the power to convert endowment funds to expendable income.

The revaluation reserve represents the cumulative net fair value gains on the trading subsidiaries' freehold property

41 Translation and hedging reserve

	Translation reserve £000	Hedging reserve £000	Total £000
At 1 January 2018	17,962	2,626	20,588
Losses on currency translation differences	(3,082)	-	(3,082)
Gains on net investment hedges	-	1,692	1,692
Attributable tax	-	(187)	(187)
At 31 December 2018	14,880	4,131	19,011

The translation reserve arises on consolidation of the group's foreign operations. The hedging reserve represents the cumulative amount of gains and losses on designated hedging instruments in respect of the trading subsidiaries' net investments in foreign operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 Minority interests

Minority interests comprise 96.8% (2017: 97.5%) of the 106,450,000 (2017: 106,450,000) 8.625% Non-cumulative Irredeemable Preference shares (NcIPs) in Ecclesiastical Insurance Office plc.

Through the course of 2018, the charity's direct subsidiary, EIG plc, acquired NcIPs with a nominal value of £710,000 (2017: £1,050,000) for a cash consideration of £1,035,000 (2017: £1,478,000) paid to minority interest holders. The £325,000 (2017: £428,000) paid in excess of the shares acquired has been transferred directly to the non-charitable trading reserve.

43 Financial commitments

Capital commitments

At the year end, the group had capital commitments of £8,712,000 relating to computer software (2017: £nil) and £1,207,000 relating to office equipment (2017: £nil). The charity had no capital commitments in the current and prior year.

Operating lease commitments

Amounts receivable

The trading subsidiaries lease premises under non-cancellable operating lease agreements. The future aggregate minimum lease rentals receivable under non-cancellable operating leases are as follows:

	2018 £000	2017 £000
Within 1 year	8,019	7,783
Between 1 & 5 years	25,946	26,911
After 5 years	32,478	37,799
	<u>66,443</u>	<u>72,493</u>

Amounts payable

The trading subsidiaries lease premises and equipment under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2018 £000	2017 £000
Within 1 year	3,848	4,052
Between 1 & 5 years	11,802	12,139
After 5 years	6,036	3,442
	<u>21,686</u>	<u>19,633</u>
Operating lease rentals charged to net (expenditure)/income in the period	3,908	3,914
Total future minimum sublease payments expected to be received under non-cancellable subleases	506	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 Related undertakings

The charity's interest in related undertakings at 31 December 2018 is as follows:

Company	Company Registration Number	Share Capital	Holding of shares by		Activity
			Charity	Subsidiary	
Subsidiary undertakings					
Incorporated in the United Kingdom					
Ecclesiastical Insurance Group plc *	1718196	Ordinary	100%	-	Investment holding company
Ecclesiastical Insurance Office plc *	24869	Ordinary Preference	-	100% 3.2%	Insurance
Ecclesiastical Investment Management Limited * ^	1811698	Ordinary	-	100%	Dormant company
Ecclesiastical Life Limited *	0243111	Ordinary	-	100%	Life insurance
Ecclesiastical Financial Advisory Services Limited *	2046087	Ordinary	-	100%	Independent financial advisory
Ecclesiastical Planning Services Limited *	02644860	Ordinary	-	100%	Funeral plan administration
Ecclesiastical Underwriting Management Limited *	02368571	Ordinary	-	100%	Insurance management services
EdenTree Investment Management Limited *	2519319	Ordinary	-	100%	Investment management
E.I.O. Trustees Limited * ^	0941199	Ordinary	-	100%	Trustee company
Ecclesiastical Group Healthcare Trustees Limited * ^	10988127	Ordinary	-	100%	Trustee company
Farmers & Mercantile Insurance Brokers Limited **	03142714	Ordinary	-	100%	Insurance agents and brokers
Lycett, Browne-Swinburne & Douglass Limited **	00706042	Ordinary	-	100%	Insurance agents and brokers
Lycetts Financial Services Limited **	02057974	Ordinary	-	100%	Insurance agents and brokers
Lycetts Holdings Limited **	05866203	Ordinary	-	100%	Investment holding company
Lycetts Risk Management Services Limited **	10906990	Ordinary	-	100%	Risk management services
South Essex Insurance Brokers Limited *	6317314	Ordinary	-	100%	Insurance agents and brokers
South Essex Insurance Holdings Limited *	6317313	Ordinary	-	100%	Investment holding company
Incorporated in Australia					
Ansvar Insurance Limited ***	007216506	Ordinary	-	100%	Insurance
Ansvar Risk Management Services Pty Limited ***	623695054	Ordinary	-	100%	Risk management services
Ansvar Insurance Services Pty Limited *** †	162612286	Ordinary	-	100%	Dormant company
* Registered office: Beaufort House, Brunswick Road, Gloucester, GL1 1JZ, United Kingdom					
** Registered office: Milburn House, Dean Street, Newcastle upon Tyne, NE1 1PP, United Kingdom					
*** Registered office: Level 5, Southbank Boulevard, Melbourne, VIC 3006, Australia					
^ Exempt from audit under s480 of the Companies Act 2006					
† Exempt from audit					

The financial statements of Ecclesiastical Insurance Office plc and Ecclesiastical Insurance Group plc, the parent companies of the main trading groups, are publicly available, therefore a detailed analysis of their results is not presented here. Copies of the financial statements are available from the registered office as shown on page 6.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 Related party transactions

Other related parties of the group includes the group's pension plans.

	2018	2017
	£000	£000
Income from transactions with other related parties	973	981
Expenditure arising from transactions with other related parties	-	325
Amounts owed by other related parties	105	7
Amounts due to other related parties	1	1

Transactions with other related parties during the current and prior year includes the investment management fee paid by the group's main defined benefit pension scheme to EdenTree Investment Management Limited, a subsidiary of the group.

46 Financial risk and insurance disclosures in respect of trading subsidiaries

I. Fair value hierarchy

The fair value measurement basis used to value those financial assets and financial liabilities held at fair value is categorised into a fair value hierarchy as follows:

Level 1: fair value measured using quoted prices (unadjusted) in active markets for identical assets or liabilities. This category includes listed equities in active markets, listed debt securities in active markets and exchange-traded derivatives.

Level 2: fair value measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes listed debt or equity securities in a market that is not active and derivatives that are not exchange-traded.

Level 3: fair values measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes unlisted debt and equities, including investments in venture capital, and suspended securities.

There have been no transfers between investment categories in the current year.

Analysis of fair value measurement bases	Fair value measurement at the			Total
	end of the reporting period based on			
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
At 31 December 2018				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	241,115	246	52,099	293,460
Debt securities	495,348	1,233	261	496,842
Derivatives	-	5,331	-	5,331
	<u>736,463</u>	<u>6,810</u>	<u>52,360</u>	<u>795,633</u>
Financial assets at fair value through other recognised gains/(losses)				
Derivatives	-	737	-	737
	<u>-</u>	<u>737</u>	<u>-</u>	<u>737</u>
Total financial assets at fair value	<u>736,463</u>	<u>7,547</u>	<u>52,360</u>	<u>796,370</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Analysis of fair value measurement bases	Fair value measurement at the end of the reporting period based on			Total £000
	Level 1	Level 2	Level 3	
	£000	£000	£000	
At 31 December 2017				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	286,552	238	49,171	335,961
Debt securities	515,277	1,340	125	516,742
Derivatives	-	2,611	-	2,611
	<u>801,829</u>	<u>4,189</u>	<u>49,296</u>	<u>855,314</u>
Financial assets at fair value through other recognised gains/(losses)				
Derivatives	-	1,388	-	1,388
	<u>-</u>	<u>1,388</u>	<u>-</u>	<u>1,388</u>
Total financial assets at fair value through profit or loss	<u>801,829</u>	<u>5,577</u>	<u>49,296</u>	<u>856,702</u>

The derivative liabilities of the trading subsidiaries are measured at fair value through the statement of financial activities and are categorised as level 2 (see note 34).

The valuation techniques used for instruments categorised in levels 2 and 3 are described below.

Listed debt and equity securities not in active market (level 2)

These financial assets are valued using third-party pricing information that is regularly reviewed and internally calibrated based on management's knowledge of the markets.

Non-exchange-traded derivative contracts (level 2)

The trading subsidiaries' derivative contracts are not traded in active markets. Foreign currency forward contracts are valued using observable forward exchange rates corresponding to the maturity of the contract and the contract forward rate. Over-the-counter equity or index options and futures are valued by reference to observable index prices.

Unlisted equity securities (level 3)

These financial assets are valued using observable net asset data, adjusted for unobservable inputs including comparable price-to-book ratios based on similar listed companies, and management's consideration of constituents as to what exit price might be obtainable.

The valuation is most sensitive to the level of underlying net assets, the Euro exchange rate, the price-to-book ratio chosen, an illiquidity discount and a credit rating discount applied to the valuation to account for the risks associated with holding the asset. If the price-to-book ratio, illiquidity discount and credit rating discount applied changes by +/-10%, the value of unlisted equity securities could move by +/-£6m (2017: +/-£6m).

The increase in value during the year is primarily the result of an increase in the price-to-book ratio.

Unlisted debt (level 3)

Unlisted debt is valued using an adjusted net asset method whereby management uses a look-through approach to the underlying assets supporting the loan, discounted using observable market interest rates of similar loans with similar risk, and allowing for unobservable future transaction costs.

The valuation is most sensitive to the level of underlying net assets, but it is also sensitive to the interest rate used for discounting and the projected date of disposal of the asset, with the exit costs sensitive to an expected return on capital of any purchaser and estimated transaction costs. Reasonably likely changes in unobservable inputs used in the valuation would not have a significant impact on total funds or on net income/(expenditure).

The increase in value during the year is primarily the result of a liability management exercise which restructured an investment from an equity holding to a debt holding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

II. Financial risk and capital management

The principal financial risks to which the trading subsidiaries are exposed arise from the financial assets, financial liabilities, reinsurance assets and reinsurance liabilities of the trading subsidiaries.

There has been no change from the prior period in the nature of the financial risks to which the trading subsidiaries are exposed. Brexit has continued to result in greater uncertainty in relation to the economic risks to which the trading subsidiaries are exposed, including equity price volatility, movements in exchange rates and long-term UK growth prospects. The group's management and measurement of financial risks is informed by either stochastic modelling or stress testing techniques.

(a) Credit risk

Credit risk is the risk of non-payment of obligations by counterparties and financial market borrowers. Key areas where the trading subsidiaries are exposed to credit risk are:

- counterparty default on loans and debt securities;
- reinsurers' share of general insurance technical provisions (excluding provision for unearned premiums) and amounts due from reinsurers' in respect of claims already paid;
- deposits held with banks;
- amounts due from insurance intermediaries and policyholders; and
- the carrying value of whole-of-life assurance policies, purchased by the trading subsidiaries from independent, third party, life insurance companies, to meet the trading subsidiaries' obligations in respect of funeral plans sold.

The carrying amount of financial and reinsurance assets represents the trading subsidiaries' maximum exposure to credit risk. The trading subsidiaries structure the levels of credit risk they accept by placing limits on their exposure to a single counterparty. Limits on the level of credit risk are regularly reviewed. The trading subsidiaries also manage their exposure to credit risk in relation to credit risk ratings. Investment grade financial assets are classified within the range of AAA to BBB ratings, where AAA is the highest possible rating. Financial assets which fall outside this range are classified as sub-investment grade. 'Not rated' assets capture assets not rated by external agencies.

The debt securities portfolio consists of a range of mainly fixed interest instruments including government securities, local authority issues, corporate loans and bonds, overseas bonds, preference shares and other interest-bearing securities. Limits are imposed on the credit ratings of the corporate bond portfolio and exposures regularly monitored.

Reinsurance is used to manage insurance risk. This does not, however, discharge the trading subsidiaries' liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the trading subsidiaries remain liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on a regular basis through the year by reviewing their financial strength.

The trading subsidiaries' cash balances are regularly reviewed to identify the quality of the counterparty bank and to monitor and limit concentrations of risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A detailed breakdown of the trading subsidiaries' current debt securities, reinsurance debtors and cash credit exposure based on S&P or equivalent rating is presented below.

	At 31 December 2018			At 31 December 2017		
	Debt securities	Reinsurance debtors	Cash*	Debt securities	Reinsurance debtors	Cash*
	£000	£000	£000	£000	£000	£000
AAA	126,227	-	122,829	122,829	-	-
AA	142,426	2,788	144,613	144,613	6,144	26,926
A	115,026	8,058	141,312	141,312	6,953	41,093
BBB	91,471	3	88,483	88,483	-	59,974
Below BBB	12,197	-	10,354	10,354	7	90
Not rated	9,495	763	9,151	9,151	1,378	50
	496,842	11,612	516,742	516,742	14,482	128,133

*Cash includes amounts held on deposit classified within financial investments and disclosed in note 33. Cash balances which are not rated include cash amounts in hand.

Purchase of a whole-of-life assurance policy does not discharge the trading subsidiaries' liability to provide a funeral. If a third party life insurance company fails to pay a claim on notification of death of the insured life, for any reason, the trading subsidiaries remain liable for the funeral fee payable to the funeral director. The trading subsidiaries purchase life assurance policies from reputable, authorised life insurance companies, which are regulated by the PRA and FCA, and considers the risk of non-payment to be remote.

The trading subsidiaries' credit risk policies detail prescriptive methods for the collection of premiums and control of intermediary and policyholder debtor balances. The level and age of debtor balances are regularly assessed via monthly credit management reports. These reports are scrutinised to assess exposure by geographical region and counterparty of aged or outstanding balances. The trading subsidiaries have no material concentration of credit risk in respect of amounts due from insurance intermediaries and policyholders due to the well-diversified spread of such debtors.

(b) Liquidity risk

Liquidity risk is the risk that funds may not be available to pay obligations when due. The trading subsidiaries are exposed to daily calls on their available cash resources mainly from claims arising from insurance contracts. The trading subsidiaries have robust processes in place to manage liquidity risk and have available cash balances, other readily marketable assets and access to funding in case of exceptional need. This is not considered to be a significant risk to the group.

A maturity analysis for the non-derivative net financial liabilities of the trading subsidiaries' long-term business liabilities is as follows:

	Maturing:			Total £000
	Within 1 year £000	Between 1 & 5 years £000	After 5 years £000	
At 31 December 2018				
Gross long-term business provision	18,541	63,102	157,797	239,440
Ceded long-term business provision	(12,813)	(43,114)	(101,549)	(157,476)
Net long-term business provision	5,728	19,988	56,248	81,964
At 31 December 2017				
Gross long-term business provision	16,451	56,209	143,546	216,206
Ceded long-term business provision	(10,420)	(35,062)	(82,583)	(128,065)
Net long-term business provision	6,031	21,147	60,963	88,141

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(c) Market risk

The trading subsidiaries are exposed to market risk (comprising interest rate, currency and equity price risk). The sensitivity of net income/(expenditure) and reserves to movements in market risk variables, each considered in isolation and before the mitigating effect of derivatives, is shown in the following table:

Variable	Change in variable	Potential increase/ (decrease) in net income/(expenditure)		Potential changes in funds	
		2018 £000	2017 £000	2018 £000	2017 £000
Interest rate risk	-100 basis points	(4,730)	(6,686)	-	(6)
	+100 basis points	2,799	3,496	(3)	2
Currency risk	-10%	5,523	4,721	7,613	8,017
	+10%	(4,519)	(3,863)	(6,229)	(6,559)
Equity price risk	+/- 10%	23,770	27,129	-	-

The following assumptions have been made in preparing the above sensitivity analysis:

- the value of fixed income investments will vary inversely with changes in interest rates, and all territories experience the same interest rate movement;
- currency gains and losses will arise from a change in the value of Sterling against all other currencies moving in parallel;
- equity prices will move by the same percentage across all territories; and
- change in net income/(expenditure) is stated net of tax at the standard rate applicable in each of the territories in which the trading subsidiaries operate.

(i) Interest rate risk

The trading subsidiaries' exposure to interest rate risk arises primarily from movements on financial investments that are measured at fair value and have fixed interest rates, which represent a significant proportion of the group's assets, and from those insurance liabilities of the trading subsidiaries for which discounting is applied at a market interest rate. Investment strategy is set in order to control the impact of interest rate risk on anticipated trading subsidiary cash flows and asset and liability values. The fair value of the trading subsidiaries' investment portfolio of fixed income securities reduces as market interest rates rise as does the present value of discounted insurance liabilities, and vice versa.

Interest rate risk concentration is reduced by adopting asset-liability duration matching principles where appropriate.

For funeral plans sold by the trading subsidiaries, where the trading subsidiaries also provide the whole-of-life assurance policy backing the plan, benefits payable to policyholders are independent of the returns generated by interest-bearing assets held by the trading subsidiaries. Therefore the interest rate risk on the invested assets supporting these liabilities is borne by the trading subsidiaries. This risk is mitigated by purchasing fixed interest investments with durations that match the profile of the liabilities. For funeral plan policies, benefits are linked to the Retail Price Index (RPI). Assets backing these liabilities are also linked to the RPI, and include index-linked gilts and corporate bonds. For practical purposes it is not possible to exactly match the durations due to the uncertain profile of liabilities (e.g. mortality risk) and the availability of suitable assets, therefore some interest rate risk will persist. The trading subsidiaries monitor their exposure by comparing projected cash flows for these assets and liabilities and making appropriate adjustments to its investment portfolio.

Where the trading subsidiaries invest funeral plan funds in a whole-of-life assurance policy with an independent, third party, life insurance company, the trading subsidiaries have no net exposure to interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ii) Currency risk

Foreign exchange risk arises from recognised assets and liabilities denominated in other currencies and net investments in foreign operations. The trading subsidiaries mitigate this risk through the use of derivatives when considered necessary.

The trading subsidiaries exposure to foreign currency risk within the investment portfolios arises from purchased investments that are denominated in currencies other than Sterling.

The foreign operations of the trading subsidiaries create two sources of foreign currency risk:

- the operating results of the foreign branches and subsidiaries in the group financial statements are translated at the average exchange rates prevailing during the period; and
- the equity investment in foreign branches and subsidiaries is translated into sterling using the exchange rate at the year-end date.

The trading subsidiaries have designated certain derivatives as a hedge of their net investments in Canada and Australia, which have Canadian and Australian Dollars respectively as their functional currency. The forward foreign currency risk arising on translation of these foreign operations is hedged by the derivatives which are detailed in note 34.

The largest currency exposures, before the mitigating effect of derivatives, with reference to net assets/(liabilities) are shown below, representing effective diversification of resources:

	2018		2017
	£000		£000
Euro	50,374	Aus \$	48,861
Aus \$	47,884	Euro	45,176
Can \$	31,024	Can \$	31,584
NZ \$	1,046	USD \$	640
USD \$	538	NZ \$	282

The figures in the table above, for the current and prior years, do not include currency risk that the trading subsidiaries are exposed to on a 'look through' basis in respect of collective investment schemes denominated in Sterling. The trading subsidiaries enter into derivatives to hedge currency exposure, including exposures on a 'look through' basis. The open derivatives held by the trading subsidiaries at the year end to hedge currency exposures are detailed in note 34.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(iii) Equity price risk

Equity price risk exists because of financial investments held by the trading subsidiaries which are stated at fair value through profit and loss. The trading subsidiaries mitigate this risk by holding a diversified portfolio across geographical regions and market sectors, and through the use of derivative contracts from time to time which would limit losses in the event of a fall in equity markets.

The concentration of equity price risk by geographical listing, before the mitigating effect of derivatives, to which the group is exposed is as follows:

	2018		2017
	£000		£000
UK	241,116	UK	286,715
Europe	52,148	Europe	49,060
Hong Kong	197	Hong Kong	186
Total	<u>293,461</u>	Total	<u>335,961</u>

(d) Capital management

The group's primary objectives when managing capital are to:

- comply with the regulators' capital requirements of the markets in which the trading subsidiaries operate; and
- safeguard the group's ability to continue to meet stakeholders' expectations in accordance with the charity's objectives.

The trading subsidiaries are subject to insurance solvency regulations in all the territories in which they issue insurance and investment contracts, and capital is managed and evaluated on the basis of both regulatory and economic capital.

The UK regulated subsidiaries are required to comply with rules issued by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). The PRA expects a firm, at all times, to hold Solvency II Own Funds in excess of its calculated Solvency Capital Requirement (SCR). Both quarterly and annual quantitative returns are submitted to the PRA, in addition to an annual narrative report, the Solvency and Financial Condition Report (SFCR). A further report, the Regular Supervisory Report (RSR) is periodically submitted to the PRA.

The EIG figures in the table below are unaudited and based on the latest information provided to management. The prior year figures in the table below are the final audited figures as disclosed in EIG's SFCRs, available on the EIG plc's website. These differ from the figures reported last year as they were estimated based on information available to management at the time the accounts were signed.

EIG's Solvency II Own Funds will be subject to a separate independent audit, as part of the trading subsidiaries' process for Solvency II reporting to the PRA. The SCR will not be subject to audit as it is calculated using an internal model which has been approved for use by the PRA. Final audited figures will be made publicly available in the SFCR which will be available on EIG plc's website shortly after the deadline for submission to the PRA of 3 June 2019.

	2018	2017
	(unaudited)	(audited)
	£000	£000
Solvency II Own Funds	509,603	530,793
Solvency Capital Requirement	(274,221)	(308,535)
Own Funds in excess of Solvency Capital Requirement	<u>235,382</u>	<u>222,258</u>
Solvency II Capital Cover	186%	172%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

III. Insurance risk

Through the general insurance and long-term insurance operations of the trading subsidiaries, the group is exposed to a number of insurance risks. Factors such as the business and product mix, the external environment including market competition and reinsurance capacity all may vary from year to year, along with the actual frequency, severity and ultimate cost of claims and benefits. This subjects the trading subsidiaries to underwriting and pricing risk (the risk of failing to ensure disciplined risk selection and obtain the appropriate premium), claims reserving risk (the risk of actual claims payments exceeding the amount being held in technical provisions) and reinsurance risk (the risk of failing to access and manage reinsurance capacity at a reasonable price).

More detailed information relating to the insurance risk arising from the trading subsidiaries can be found in note 3 of the EIO plc annual report and accounts, which is available from the registered office on page 6.

(i) Risk mitigation

The trading subsidiaries' underwriting strategy is designed to ensure that the underwritten risks are well diversified in terms of type and amount of risk and geographical spread. Gross and net underwriting exposure is protected through the use of a comprehensive reinsurance programme.

(ii) Concentrations of risk

With reference to written premium, the concentrations of insurance risk for the financial year, before and after reinsurance, by territory and by class of business is summarised below.

Group		General insurance			Long-term insurance		Total
		Property	Liability	Miscellaneous financial loss	Other	Funeral plans	
Territory		£000	£000	£000	£000	£000	£000
2018							
United Kingdom and Ireland	Gross	172,191	53,949	16,922	2,784	37,006	282,852
	Net	92,337	51,490	10,657	645	21	155,150
Australia	Gross	34,681	20,141	1,115	1,009	-	56,946
	Net	3,550	17,289	1,073	169	-	22,081
Canada	Gross	36,560	17,598	-	-	-	54,158
	Net	25,854	16,246	-	-	-	42,100
Total	Gross	243,432	91,688	18,037	3,793	37,006	393,956
	Net	121,741	85,025	11,730	814	21	219,331
2017							
United Kingdom and Ireland	Gross	163,907	52,352	15,691	2,494	43,216	277,660
	Net	88,269	50,111	9,826	473	28	148,707
Australia	Gross	33,225	21,411	1,286	943	-	56,865
	Net	4,356	18,429	1,240	934	-	24,959
Canada	Gross	35,399	16,181	-	-	-	51,580
	Net	24,801	15,063	-	-	-	39,864
Total	Gross	232,531	89,944	16,977	3,437	43,216	386,105
	Net	117,426	83,603	11,066	1,407	28	213,530

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IV. Net insurance premium income

	General insurance £000	Long-term insurance £000	Total £000
For the year ended 31 December 2018			
Gross written premiums	356,950	37,006	393,956
Outward reinsurance premiums	(137,640)	(36,985)	(174,625)
Net written premiums	219,310	21	219,331
Change in the gross provision for unearned premiums	(11,005)	-	(11,005)
Change in the provision for unearned premiums, reinsurers' share	5,764	-	5,764
Change in the net provision for unearned premiums	(5,241)	-	(5,241)
Earned premiums, net of reinsurance	214,069	21	214,090
For the year ended 31 December 2017			
Gross written premiums	342,889	43,216	386,105
Outward reinsurance premiums	(129,387)	(43,188)	(172,575)
Net written premiums	213,502	28	213,530
Change in the gross provision for unearned premiums	(12,369)	-	(12,369)
Change in the provision for unearned premiums, reinsurers' share	6,051	-	6,051
Change in the net provision for unearned premiums	(6,318)	-	(6,318)
Earned premiums, net of reinsurance	207,184	28	207,212

Earned premiums net of reinsurance are included in the income arising from trading activities in the statement of financial activities.

V. Fees, commissions and other acquisition costs arising from insurance business

	2018 £000	2017 £000
Fees paid	1,849	1,182
Commission paid	54,768	51,812
Change in deferred acquisition costs	(3,078)	(762)
Other acquisition costs	13,858	13,389
Fees, commissions and other acquisition costs	67,397	65,621

Fees, commissions and other acquisition costs are included in expenditure arising from trading activities in the statement of financial activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

VI. Deferred acquisition costs

	2018	2017
	£000	£000
At 1 January	31,267	30,705
Increase in the period	34,041	31,414
Release in the period	(30,963)	(30,652)
Exchange differences	(438)	(200)
At 31 December	<u>33,907</u>	<u>31,267</u>
All balances are current.		

Deferred acquisition costs are included in debtors in the balance sheet (note 35).

VII. General insurance liabilities and reinsurance assets

	2018	2017
	£000	£000
Gross		
Claims outstanding	457,319	509,319
Unearned premiums	180,766	171,788
Total gross insurance liabilities	<u>638,085</u>	<u>681,107</u>
Recoverable from reinsurers		
Claims outstanding	78,731	102,635
Unearned premiums	61,615	56,573
Total reinsurers' share of insurance liabilities	<u>140,346</u>	<u>159,208</u>
Net		
Claims outstanding	378,588	406,684
Unearned premiums	119,151	115,215
Total net insurance liabilities	<u>497,739</u>	<u>521,899</u>
Gross insurance liabilities		
Current	316,064	322,848
Non-current	322,021	358,259
Reinsurance assets		
Current	102,788	110,013
Non-current	37,558	49,195

Gross insurance liabilities, also referred to as technical provisions are included in provisions for liabilities (note 38). Reinsurers' share of insurance liabilities is included in debtors (note 35).

(i) Reserving methodology

Reserving for general business insurance claims is a complex process and the trading subsidiaries adopt recognised actuarial methods and, where appropriate, other calculations and statistical analysis. Actuarial methods used include the chain ladder, Bornhuetter-Ferguson and average cost methods.

(ii) Uncertainty margin

To reflect the uncertain nature of the outcome of the ultimate settlement cost of claims, an uncertainty margin is added to the best estimate. The addition for uncertainty is assessed using actuarial methods including the Mack method and Bootstrapping techniques, based on at least the 75th percentile confidence level for each portfolio.

(iii) Calculation of provisions for latent claims

The trading subsidiaries adopt commonly used industry methods including those based on claims frequency and severity and benchmarking.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(iv) Discounting

General insurance outstanding claims provisions are undiscounted, except for designated long-tail classes of business for which discounted provisions are held in the following territories:

Geographical territory	Discount rate		Mean term of discounted liabilities (years)	
	2018	2017	2018	2017
UK and Ireland	1.8% to 3.0%	1.0% to 2.5%	17	16
Canada	2.2% to 2.7%	1.9% to 2.6%	15	11
Australia	2.3%	2.5%	5	4

At the end of the year the undiscounted gross outstanding claims provision was £505,147,000 (2017: £549,264,000).

The impact of discount rate changes on the outstanding claims provision is presented within net (losses)/gains on investments (note 23).

(v) Assumptions

The most significant assumptions in determining the undiscounted general insurance outstanding claims provision are the anticipated number and ultimate settlement cost of claims, and the extent to which reinsurers will share in the cost. Factors which influence decisions on assumptions include legal and judicial changes, significant weather events, other catastrophes, subsidence events, exceptional claims or substantial changes in claims experience and developments in older or latent claims. Significant factors influencing assumptions about reinsurance are the terms of the reinsurance treaties, the anticipated time taken to settle a claim and the incidence of large individual and aggregated claims.

There are no significant changes in assumptions.

(vi) Claims development tables

The nature of liability classes of business is that claims may take a number of years to settle and before the final liability is known. The tables below show the development of the undiscounted estimate of ultimate gross and net claims cost for these classes across all territories.

Estimate of gross ultimate claims											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
At end of year	74,742	84,476	82,095	100,612	81,725	61,901	46,464	51,738	50,736	48,759	
One year later	59,807	75,550	76,371	88,046	80,027	50,571	43,582	46,073	46,885		
Two years later	55,250	62,239	71,543	78,196	69,860	48,327	40,337	41,041			
Three years later	57,134	66,422	68,587	72,516	66,192	45,495	33,804				
Four years later	55,695	61,330	60,841	67,980	60,174	37,064					
Five years later	58,631	62,074	59,914	62,712	56,912						
Six years later	54,942	61,871	57,950	61,213							
Seven years later	57,729	60,155	57,939								
Eight years later	57,626	60,037									
Nine years later	56,556										
Current estimate of ultimate claims	56,556	60,037	57,939	61,213	56,912	37,064	33,804	41,041	46,885	48,759	500,210
Cumulative payments to date	(48,936)	(52,604)	(49,910)	(50,920)	(42,875)	(21,550)	(11,537)	(9,381)	(5,284)	(1,243)	(294,240)
Outstanding liability	7,620	7,433	8,029	10,293	14,037	15,514	22,267	31,660	41,601	47,516	205,970
Effect of discounting											(15,311)
Present value											190,659
Discounted liability in respect of earlier years											116,948
Total discounted gross liability (for liability classes) included in provisions in the balance sheet											307,607

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Estimate of net ultimate claims

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
At end of year	64,476	73,218	75,302	88,247	76,729	59,633	42,739	47,402	45,920	44,053	
One year later	53,700	64,796	72,336	79,272	66,475	47,690	40,397	41,631	41,706		
Two years later	50,805	57,758	68,057	73,735	60,075	47,428	37,740	37,740			
Three years later	50,168	59,353	66,822	69,837	55,710	41,494	32,297				
Four years later	50,062	55,975	60,314	65,872	51,482	35,164					
Five years later	49,879	57,012	59,521	60,800	49,196						
Six years later	48,960	57,070	57,641	59,338							
Seven years later	52,254	55,778	57,591								
Eight years later	52,330	55,827									
Nine years later	51,684										
Current estimate of ultimate claims	51,684	55,827	57,591	59,338	49,196	35,164	32,297	37,740	41,706	44,053	464,596
Cumulative payments to date	(44,613)	(48,453)	(49,700)	(49,216)	(35,372)	(20,375)	(11,537)	(9,337)	(5,284)	(1,243)	(275,130)
Outstanding liability	7,071	7,374	7,891	10,122	13,824	14,789	20,760	28,403	36,422	42,810	189,466
Effect of discounting											(15,311)
Present value											174,155
Discounted liability in respect of earlier years											108,762
Total discounted net liability (for liability classes) included in provisions in the balance sheet											282,917

VIII. Long-term business provision and reinsurance assets

	2018	2017
	£000	£000
Gross long-term business provision	239,440	216,206
Ceded long-term business provision	157,476	128,065
Net long-term business provision	81,964	88,141
Gross long-term business provision		
Current	18,541	16,451
Non-current	220,899	199,755
Reinsurance assets		
Current	12,814	10,420
Non-current	144,662	117,645

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(i) Assumptions

Where the trading subsidiaries' liability under the funeral plan is linked to performance of a with-profits life assurance plan provided by an independent, third party, life insurance company, liabilities are based on the group's estimate of the surrender value of the with-profits life assurance policy.

Where the trading subsidiaries' liability under the funeral plan is linked to inflation, the most significant assumptions in determining long-term business provision are as follows:

Mortality

An appropriate base table of standard mortality is chosen depending on the type of contract. For the only material line of business, the base tables used are English Life Tables number 16F and English Life Tables number 16M. Where prudent, an allowance is made for future mortality improvements based on trends identified in population data.

Investment returns

Projected investment returns are based on actual yields for each asset class less an allowance for credit risk, where appropriate.

The investment return assumption is determined by calculating an overall yield on all cash flows projected to occur from the portfolio of financial assets which are assumed to back the relevant class of liabilities.

Funeral plans renewal expense level and inflation

Where the life assurance contracts backing funeral plans are underwritten by the trading subsidiaries, an expense reserve is included in the valuation of long-term business provision.

(ii) Changes in assumptions

Projected investment returns have been revised in line with the changes in the actual yields of the underlying assets. As a result, liabilities have increased by £0.3m (2017: £0.4m increase).

Changes to unit renewal expense assumptions was a £1.1m decrease (2017: £0.5m increase), due to lower expected professional fees than had previously been assumed.

(iii) Sensitivity analysis

The sensitivity of the net income/(expenditure) before tax of the trading subsidiaries to changes in the key assumptions used to calculate the long-term business provision is shown in the following table. No account has been taken of any correlation between the assumptions.

Assumption	Change in assumption	Potential increase/ (decrease) in net income/ (expenditure)	
		2018 £000	2017 £000
Deterioration in annuitant mortality	+10%	900	900
Improvement in annuitant mortality	-10%	(1,100)	(1,100)
Increase in fixed interest/cash yields	+1% pa	200	(200)
Decrease in fixed interest/cash yields	-1% pa	(600)	-
Worsening of base renewal expense level	+10%	(600)	(700)
Improvement in base renewal expense level	-10%	600	700
Increase in expense inflation	+1% pa	(900)	(1,100)
Decrease in expense inflation	-1% pa	700	900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IX. Movements in insurance liabilities and reinsurance assets

	Group £000	Reinsurance £000	Net £000
Claims outstanding			
At 1 January 2018	509,319	(102,635)	406,684
Cash (paid)/received for claims settled in the year	(155,137)	48,691	(106,446)
Change in liabilities/reinsurance assets	107,996	(26,389)	81,607
Exchange differences	(4,859)	1,602	(3,257)
At 31 December 2018	457,319	(78,731)	378,588
Provision for unearned premiums			
At 1 January 2018	171,788	(56,573)	115,215
Increase in the period	181,373	(61,854)	119,519
Release in the period	(170,368)	56,090	(114,278)
Exchange differences	(2,027)	722	(1,305)
At 31 December 2018	180,766	(61,615)	119,151
Long-term business provision			
At 1 January 2018	216,206	(128,065)	88,141
Effect of new business in the year	36,998	(36,998)	-
Effect of claims during the year	(17,982)	11,732	(6,250)
Changes in assumptions	(449)	(95)	(544)
Other movements	4,667	(4,050)	617
At 31 December 2018	239,440	(157,476)	81,964
Claims outstanding			
At 1 January 2017	540,864	(115,179)	425,685
Cash (paid)/received for claims settled in the year	(148,717)	43,676	(105,041)
Change in liabilities/reinsurance assets	119,188	(32,031)	87,157
Exchange differences	(2,016)	899	(1,117)
At 31 December 2017	509,319	(102,635)	406,684
Provision for unearned premiums			
At 1 January 2017	160,288	(50,753)	109,535
Increase in the period	172,518	(56,875)	115,643
Release in the period	(160,149)	50,824	(109,325)
Exchange differences	(869)	231	(638)
At 31 December 2017	171,788	(56,573)	115,215
Long-term business provision			
At 1 January 2017	182,352	(90,452)	91,900
Effect of new business in the year	43,231	(43,231)	-
Effect of claims during the year	(15,231)	8,885	(6,346)
Changes in assumptions	1,084	(103)	981
Other movements	4,770	(3,164)	1,606
At 31 December 2017	216,206	(128,065)	88,141

SUPPLEMENTARY INFORMATION
(UNAUDITED)

SUPPLEMENTARY INFORMATION (UNAUDITED)

During the year, the charity awarded grants to the following National Bodies:

	2018 £000
Grants to National Bodies:	
Church of England National Safeguarding Team, London	292

During the year, the charity awarded grants to the following beneficiaries in England:

	2018 £000
Grants in England:	
Abbots Langley Methodist Church, Abbots Langley, Hertfordshire	2
Admaston Methodist Church, Shropshire	1
Aldham Parish Church, Colchester, Essex	1
All Hallows Church, Bow, London	6
All Hallows Church, Wellingborough, Northamptonshire	2
All Hallows Church, Whitchurch, Hampshire	1
All Saints' Church, Isle Brewers, Somerset	5
All Saints and St James Church, Silkstone, South Yorkshire	2
All Saints Church Danehill and Chelwood Gate Church, Danehill, East Sussex	1
All Saints' Church, Beeston Regis, Norfolk	1
All Saints' Church, Bisham, Berkshire	2
All Saints' Church, Croxley Green, Hertfordshire	1
All Saints' Church, Freethorpe, Norfolk	1
All Saints' Church, Gosforth, Tyne & Wear	1
All Saints Church, Great Chesterford, Essex	1
All Saints Church, Hawton, Nottinghamshire	1
All Saints' Church, Kirkby Overblow, North Yorkshire	1
All Saints Church, Laughton, East Sussex	2
All Saints Church, Lessingham, Norfolk	1
All Saints Church, Lindfield, West Sussex	16
All Saints' Church, Little Horton, West Yorkshire	5
All Saints' Church, Mappleton, North Humberside	2
All Saints' Church, Marsham, Norfolk	2
All Saints' Church, Newton on Ouse, North Yorkshire	4
All Saints' Church, Peckham, Greater London	1
All Saints Church, Roos, East Yorkshire	1
All Saints' Church, Sutton, Merseyside	2
All Saints' Church, Swindon, Wiltshire	1
All Saints Church, Ulcombe, Kent	1
All Saints Church, Upper Sheringham, Norfolk	2
All Saints Church, West Farleigh, Kent	2
All Saints Church, Weston on Avon, Warwickshire	1
All Saints Church, Weston, Somerset	2
All Saints Church, Weymouth, Dorset	1
All Saints Church, Witley, Surrey	1
All Saints Church, Woodham, Surrey	1
All Saints Methodist Church, Abingdon, Oxfordshire	12
All Saints' Parish Church, Crofton, West Yorkshire	2

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in England:	
All Saints' Church, Burton Dassett, Warwickshire	2
Altrincham Methodist Church, Altrincham, Cheshire	10
Ark Church Nottingham	2
Arthur Rank Hospice Charity, Cambridge	1
Ashton Church of England Primary School, Northampton	1
Astley Bridge Baptist Church, Bolton, Lancashire	1
Audacious Foundation, Manchester	1
Awareness Foundation, London	1
Aylesbury Methodist Church, Buckinghamshire	2
Barons Court Project Limited, London	1
Barrow Methodist Church, Barrow-upon-Humber, North Lincolnshire	1
Barrow upon Soar Methodist Church, Loughborough, Leicestershire	25
Batley Central Methodist Church, Batley, West Yorkshire	2
Bealings Community Hub at All Saints Church, Little Bealings, Suffolk	3
Beckenham Methodist Church, Beckenham, Kent	62
Bedale and District Methodist Church, Bedale, North Yorkshire	50
Bethesda Congregational Church, Badminton, South Gloucestershire	1
Bilston Baptist Church, West Midlands	2
Birmingham Cathedral	22
Bishops Waltham United Free Church, Bishops Waltham, Hampshire	2
Blackburn Cathedral	22
Blackhill Baptist Church, Consett, County Durham	1
Blackley Baptist Church and Centre, West Yorkshire	1
Blyth Family Church, Blyth, Northumberland	1
Boasley Methodist Church, Bratton Clovelly, Devon	1
Boldmere Methodist Church, Sutton Coldfield, West Midlands	25
Bolton Road Methodist Church, Bury, Lancashire	2
Bonny Downs Community Association, East Ham, London	1
Bournville Parish Church, Birmingham	3
Bowthorpe Road Chinese Methodist Church, Norwich, Norfolk	50
Bradford Cathedral	32
Bridge Builders Christian Trust, Stevenage, Hertfordshire	6
Bridge Church Hayling Island, Hampshire	2
Bridge Ministries, Grimsby, North East Lincolnshire	2
Bristol Cathedral	23
Bristol Diocesan Board of Finance Ltd	60
British Library, London	40
British Youth for Christ, Halesowen, West Midlands	1
Broad Street Methodist Church, Spalding, Lincolnshire	13
Broughton Community Action, Aylesbury, Buckinghamshire	1
Brunswick Methodist Church, Newcastle-upon-Tyne, Tyne and Wear	1
Burrswood Health and Wellbeing, Groombridge, Kent	1
Bury St Edmunds Cathedral	22
Buttershaw Christian Family Centre, Bradford, West Yorkshire	1
C4WS Homeless Project, London	2
Canterbury Cathedral	32
Canterbury Cathedral Trust, Kent	46

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in England (continued):	
Cantley Methodist Church, Doncaster, South Yorkshire	7
CAP Centre, City Evangelical Church, Beeston, West Yorkshire	2
Cardinal Hume Centre, London	13
Caring for God's Acre, Craven Arms, Shropshire	1
Caritas Anchor House, Canning Town, London	2
Carleton Rode Baptist Church, Attleborough, Norfolk	2
Carlisle Cathedral	22
Carlisle Vineyard Church, Cumbria	1
Carne Hill Methodist Church, St Austell, Cornwall	28
Castlegate Church, Dudley, West Midlands	1
Catton Methodist Church, Hexham, Northumberland	1
Celebrate King's Lynn, Norfolk	1
Central Methodist Church, Chesterfield, Derbyshire	1
Charlemont Methodist Church, West Bromwich, West Midlands	1
Chelmsford Cathedral	22
Cheltenham Christian Arts, Gloucestershire	2
Chester Cathedral	22
Chew Stoke Methodist Church, Somerset	1
Chichester Cathedral	22
Christ Church Newham URC, London	25
Christ Church United Reformed Church and Community Centre, Henley-on-Thames, Oxfordshire	1
Christ Church W4, Turnham Green, London	3
Christ Church with St Philip's Church, Eastbourne, East Sussex	1
Christ Church Yardley Wood Centre, Birmingham, West Midlands	3
Christ Church, Bedford	5
Christ Church, Downend, Bristol	11
Christ Church, Heeley, South Yorkshire	2
Christ Church, Linthwaite, West Yorkshire	1
Christ Church, Sowerby Bridge, West Yorkshire	1
Christ Church, Summerfield, Birmingham	2
Christ Church, Walshaw, Greater Manchester	4
Christ Church, Ware, Hertfordshire	13
Christ Church, Wesham, Lancashire	1
Christ the King Church, Leicester	2
Christ the King Church, Sonning Common, Oxfordshire	1
Christ the Lord Church, Broadfield, Crawley, West Sussex	1
ChristChurch L.E.P., Grantham, Lincolnshire	2
Church of God of Prophecy, Pensnett, West Midlands	3
Church of St Barnabas, Great Tey, Essex	2
Church of St Cyriacus and St Julitta, Luxulyan, Cornwall	1
Church of St John the Evangelist, Meadowfield, Durham	1
Church of St Mary and St John, Hinxton, Essex	2
Church of St Mary Magdalene, Fifehead Magdalen, Dorset	1
Church of St Mary Magdalene, Madingley, Cambridgeshire	4
Church of St Mary, Breamore, Hampshire	1
Church of St Mary, St Peter and St Paul, Westbury-on-Severn, Gloucestershire	4

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in England (continued):	
Church of the Ascension, Whixley, North Yorkshire	1
Church of the Good Shepherd, Carshalton Beeches, Surrey	5
Church of the Holy Ascension, Settle, North Yorkshire	2
Church of the Holy Cross, Hoggeston, Buckinghamshire	1
Church of the Holy Cross, Sampford Arundel, Somerset	2
Church of the Holy Ghost, Yeovil, Somerset	2
Churches Conservation Trust, London	52
Cirencester Baptist Church, Gloucestershire	2
City Life International Church, Sheffield, South Yorkshire	1
Clare United Reformed Church, Sudbury, Suffolk	2
Cleveleys Park Methodist Church, Lancashire	1
Cloudesley, London	45
Cloverfield Community Church, Thetford, Norfolk	1
Community Resources for Change, Dagenham, Essex	10
Coquetdale Music Trust, Thropton, Northumberland	1
Cornerstones Centre for the Community at Chester-le-Street Methodist Church, County Durham	1
Cotham Parish Church, Bristol	2
Countess Free Church, Ely, Cambridgeshire	2
Coventry Cathedral	27
Cranleigh Methodist Church, Cranleigh, Surrey	25
Cranmer Hall, Durham	1
Crawley Assemblies Of God Church (CAOGIC), West Sussex	1
Crawley United Reformed Church, West Sussex	2
Croughton Parish Church, Northamptonshire	2
Crown Court Church of Scotland, London	4
Dawley Christian Centre, Telford, Shropshire	1
Derby Cathedral	22
Diocese of Hallam Caring Services, Sheffield, South Yorkshire	1
Diocese of Norwich, Norfolk	50
Dogsthorpe Methodist Church, Peterborough, Cambridgeshire	5
Doncaster Deaf Trust, South Yorkshire	1
Doncaster Minster, South Yorkshire	2
Dorset Youth For Christ, Blandford, Dorset	1
Dove Holes Methodist Church, Buxton, Derbyshire	1
Dudley Community Church (AOG), West Midlands	9
Durham Cathedral	48
East Durham Ministry Experience Volunteers Project, Hartlepool, County Durham	1
Eden's Project, Sudbury, Suffolk	3
Elim Pentecostal Church, Leytonstone, London	1
Ely Cathedral	22
Ely Diocesan Board of Finance, Cambridgeshire	50
Emmanuel Church, Chatteris, Cambridgeshire	1
Emmanuel Church, Saltburn-by-the-Sea, North Yorkshire	2
Empingham Methodist Church, Oakham, Rutland	1
Enderby Parish Church, Leicestershire	3

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in England (continued):	
Endon Methodist Church, Stoke-on-Trent, Staffordshire	3
Englesea Brook Chapel & Museum, Crewe, Cheshire	44
Eothen Homes, Newcastle upon Tyne, Tyne and Wear	1
Erdington Methodist Church, Birmingham, West Midlands	2
Exe Valley Federation, Exeter, Devon	1
Exeter Cathedral	22
Eyres Monsell Baptist Free Church, South Wigston, Leicestershire	2
Faithworks Wessex, Bournemouth, Dorset	1
Farley Hill Methodist Church, Luton, Bedfordshire	2
Field Lane Foundation, London	5
Firth Park Methodist Church, Sheffield, South Yorkshire	3
Fountain Square Church, Tideswell, Derbyshire	50
Friends of Droxford Church, Southampton, Hampshire	3
Friends of Elsie Briggs House, Bristol	1
Friends of Kent Churches, Yalding, Kent	40
Friends Of Lambeth Palace Library, London	3
Friends of Shepherds Down School, Compton, Hampshire	1
Friends of Slimbridge School, Gloucestershire	1
Friends of St Nicholas Church, Newington, Folkestone, Kent	1
Garland Street Baptist Church, Bury St Edmunds, Suffolk	8
Gilded Hollins Community Primary School, Leigh, Wigan	2
Gilead Foundations Charity, Okehampton, Devon	1
Gloucester Cathedral	32
Gloucester City Mission, Gloucester	1
Gloucester Mariners Church	2
Gravesend Methodist Church & Community Centre, Gravesend, Kent	56
Grays Thurrock Team Ministry, Grays, Essex	2
Great Bentley Methodist Church, Colchester, Essex	1
Great Malvern Priory, Worcestershire	1
Great Yarmouth Minster, Norfolk	2
Greenhill Methodist Church, Sheffield, Yorkshire	60
Guildford Cathedral	22
Hambleton Methodist Church, Selby, North Yorkshire	1
Hapton Methodist Church, Hapton, Lancashire	1
Harbour Church Portsmouth, Hampshire	2
Harley Village Mission Rooms Trust, Rotherham, South Yorkshire	2
Havering Road Methodist Church, Romford, Essex	50
Henley Baptist Church, Henley on Thames, Oxfordshire	2
Hereford Cathedral	22
Hereford Cathedral Perpetual Trust	22
Heritage of London Trust Operations, London	6
High Town Methodist Church, Luton, Bedfordshire	1
Hillsborough Trinity Methodist Church, Sheffield, South Yorkshire	31
Hilltop Community Association, Canterbury, Kent	1
Histon Methodist Church, Cambridgeshire	4
Historic Coventry Trust, Coventry, West Midlands	125

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in England (continued):	
Holy Ascension Church, Littleworth, Oxfordshire	1
Holy Cross Church, Ashton Keynes, Wiltshire	1
Holy Cross Church, Pattishall, Northamptonshire	2
Holy Spirit Church, Bretton, Cambridgeshire	2
Holy Trinity Church, Clifton, Nottingham	2
Holy Trinity Church, Leamington Spa, Warwickshire	5
Holy Trinity Church, Leicester, Leicestershire	23
Holy Trinity Church, Minchinhampton, Gloucestershire	2
Holy Trinity Church, Morton Bagot with Spernal, Warwickshire	1
Holy Trinity Church, Rainow with Saltersford and Forest, Macclesfield, Cheshire	3
Holy Trinity Church, Ratcliffe-on-Soar, Nottinghamshire	1
Holy Trinity Church, Swyre, Dorset	1
Holy Trinity Church, Thorpe Hesley, South Yorkshire	2
Holy Trinity Church, Twickenham, Middlesex	2
Holy Trinity Church, Upper Tooting, London	1
Holy Trinity Church, Watermoor, Cirencester, Gloucestershire	1
Holy Trinity Church, Weare Giffard, Devon	1
Holy Trinity Minster Church, Great Paxton, Cambridgeshire	1
Holy Trinity Platt Church, Manchester	2
Hope into Action, Peterborough, Cambridgeshire	59
Hope into Action: Black Country, Bilston, West Midlands	2
Hope Methodist Church, Failsworth, Manchester	7
Hope Methodist Church, Higham Ferrers, Northamptonshire	55
Hope Support Services, Ross-on-Wye, Herefordshire	1
Hope with Culcheth Methodist Church, Manchester, Lancashire	50
Hornchurch Methodist Church, Hornchurch, Essex	1
Hornsey YMCA (Trading as YMCA North London), London	5
House of Bread, Stafford	1
House of Empowerment, Coventry, West Midlands	4
Hurstpierpoint Methodist Church, Hassocks, West Sussex	2
Jesus Army Charitable Trust Ltd - Sheffield, South Yorkshire	1
Joel Community Services, Kingston upon Thames, London	1
Jordan Healing Church, Leeds, West Yorkshire	2
Kainos Community, Coventry, Warwickshire	2
Kirkleatham Parish, Redcar, Cleveland	7
Lavant Churches, Mid Lavant, West Sussex	1
Leaside Church, Ware, Hertfordshire	40
Leek and District Churches Youth Work Project, Staffordshire	1
Leicester Cathedral	163
Leicestershire Historic Churches Trust, Leicester	50
Liberty English Language School affiliated with BCC Bridge Community Church, Leeds, Yorkshire	1
Lichfield Cathedral	22
Life Changers Empowering Centre, Liverpool	2
Life Church, Sheringham, Norfolk	2
Life Stream Church, Knypersley, Staffordshire	1

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in England (continued):	
LifeStreams St Peter's Church, Westcliff-on-Sea, Essex	4
Lincoln Cathedral	22
Lincolnshire Youth Mission Ltd, Carlton-le-Moorland, Lincolnshire	1
Linthorpe Methodist Church and Resource Centre, Middlesbrough, Cleveland	2
Linton Free Church (United Reformed), Cambridgeshire	1
Litlington Congregational Church, Royston, Hertfordshire	1
Liverpool Cathedral	22
Liverpool One Church, Merseyside	2
Long Lawford Methodist Church, Rugby, Warwickshire	2
Love and Joy Ministries, Liverpool, Merseyside	6
LoveBristol, Bristol	1
Lutterworth College, Leicestershire	1
Malmesbury United Reformed Church, Wiltshire	1
Manchester Cathedral	22
Mansfield Baptist Church, Nottinghamshire	2
Market Harborough Baptist Church, Leicestershire	2
Marshalswick Baptist Free Church, St Albans, Hertfordshire	3
Marston Green Parish Hall, Solihull, West Midlands	1
Matlock Moor Methodist Church, Matlock, Derbyshire	24
Medina Valley Centre, Newport, Isle of Wight	3
Melbourne Methodist Church, Melbourne, Derbyshire	28
Methodist Connexion, London	910
Methodist Relief and Development Fund – All We Can, London	35
Milton Baptist Church, Acton Bridge, Cheshire	1
Mollington and Backford District Village Hall, Chester, Cheshire	8
Mow Cop Methodist Church, Cheshire	1
Mustard Seed Songs. Lee on the Solent, Hampshire	1
n:flame, London	1
New Life Community Church, Boston, Lincolnshire	14
New Life Wood, Leigh on Sea, Essex	2
New Testament Church of God, Oldbury, West Midlands	6
Newcastle Cathedral	22
Newcastle Cathedral Trust, Newcastle upon Tyne, Tyne and Wear	80
Newport Minster, Isle of Wight	1
Newton upon Derwent Methodist Church and Community Centre, York, East Riding of Yorkshire	2
Nexus Methodist Church, Bath	1
Northamptonshire Historic Churches Trust, Northampton	50
Northamptonshire Surprise, Lord Lieutenant Fund, Northamptonshire Community Foundation, Northar	10
Norwich Cathedral, Norfolk	22
Nuthall Methodist Church, Nottingham	5
Oak Tree Anglican Fellowship Trust, Acton, London	1
Oakham Methodist Church, Rutland	1
Oakworth Methodist Church, Keighley, West Yorkshire	25
Off The Fence Trust, Brighton and Hove, East Sussex	1
Old Royal Naval College, London	3
Operation Mobilisation UK (OM UK), Weston Rhyn, Shropshire	1

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in England (continued):	
Our Lady of Fatima Church, Quinton, Birmingham	4
Parish Church of St Andrew, Moretonhampstead, Devon	1
Parish Church of St George the Martyr, Shirley, Surrey	1
Parish of Thornton-le-Moors with Ince and Elton, Chester, Cheshire	2
Paulton Methodist Church, Bristol, Somerset	1
PCC of the Anglican Parish of Penn Street with Holmer Green, High Wycombe, Buckinghamshire	1
Pelynt Methodist Church, Looe, Cornwall	1
Penhurst Retreat Centre Charitable Trust, Battle, East Sussex	3
Persian Celebration at Wakefield Cathedral, West Yorkshire	3
Peterborough Cathedral	22
Petts Wood Methodist Church, Kent	2
Pickering Methodist Church, Pickering, North Yorkshire	53
Pierremont Methodist Church, Darlington, County Durham	27
Pipers Pool Methodist Church, Launceston, Cornwall	13
Polzeath Methodist Church, Cornwall	1
Poole Methodists, Dorset	13
Poppleton Methodist Church, Poppleton, North Yorkshire	37
Portsmouth Cathedral	22
Poulton-le-Fylde Methodist Church, Poulton-le-Fylde, Lancashire	20
Priory Church of St Peter, Dunstable, Bedfordshire	2
Priory Church of the Holy Trinity, Christchurch, Dorset	2
Prison Hope, Rochester, Kent	1
PSALMS (Putting Sport alongside local ministries), Painswick, Gloucestershire	45
Queen Elizabeth Scholarship Trust, London	114
Railway Mission, Rugby, Leicestershire	1
Rainham Foodbank, Essex	2
REInspired, Reading, Berkshire	1
Restored, Teddington, Middlesex	1
Riding for the Disabled Association Incorporating Carriage Driving (RDA), Warwick	37
Riding Mill Village Hall Trust, Northumberland	2
Ringstead Baptist Church, Kettering, Northamptonshire	1
Ripon Cathedral	22
Rochester Cathedral	22
Saint Andrew's Parish Church, Borrowdale, Cumbria	1
Saint Neophytos Church, St Crispin's Village, Northampton	1
Salem Methodist Church, Blackpool, Lancashire	9
Salisbury Cathedral	42
Sands Methodist Church, Appleby-in-Westmorland, Cumbria	1
Savio House, Bollington, Cheshire	1
Scotby and Cotehill with Cumwhinton Parish Church, Carlisle, Cumbria	1
Seven Saints Parish, Bolton, Greater Manchester	3
Shaw and Heyside United Reformed Church, Shaw, Greater Manchester	1
Sheerness Dockyard Preservation Trust, Kent	102
Sheffield Cathedral	23
Shepherds Dene Retreat House, Riding Mill, Northumberland	1

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in England (continued):	
Shildon Methodist Church, County Durham	2
Shutford Village Hall, Banbury, Oxfordshire	1
Solihull Methodist Church, Solihull, West Midlands	5
South Baddesley CE Primary School, Hampshire	1
South Harrow Baptist Church, Middlesex	1
South West Youth Ministries, Woodbury Salterton, Devon	1
Southampton Lighthouse International Church (SLIC), Hampshire	14
Southend Vineyard Church, Essex	9
Southwark Cathedral	22
Southwark Diocesan Board of Education and London Diocesan Board of Education, London	6
Southwell Minster	22
SPCK, London	10
Spiritualized Youth for Christ, Kingsbridge, Devon	1
Spital Chapel of St James, Tamworth, Staffordshire	1
Spurgeon's College, South Norwood, London	1
SS Peter and Paul Parish Church, Enfield, London	2
St Agnes Church, Cawston, Norfolk	4
St Agnes Church, Middlesbrough, North Yorkshire	3
St Albans Cathedral	22
St Albans Church, Coventry, West Midlands	2
St Andrew Holborn Church, London	18
St Andrew's Church (Old Felixstowe Parish), Felixstowe, Suffolk	1
St Andrew's Church, Arthingworth, Leicestershire	1
St Andrew's Church, Boothby Pagnell, Lincolnshire	1
St Andrews Church, Boynton, East Yorkshire	1
St Andrew's Church, Calstock, Cornwall	1
St Andrew's Church, Dacre, Cumbria	1
St Andrew's Church, Field Dalling, Norfolk	1
St Andrew's Church, Harlestone, Northamptonshire	1
St Andrew's Church, Langar, Nottinghamshire	1
St Andrew's Church, Leysters, Herefordshire	1
St Andrew's Church, Marlesford, Suffolk	1
St Andrew's Church, Mutford, Suffolk	1
St Andrew's Church, North Burlingham, Norfolk	3
St Andrew's Church, Nunton, Wiltshire	2
St Andrew's Church, Shalford, Essex	1
St Andrew's Church, Shrivenham, Oxfordshire	2
St Andrew's Church, Stainland, West Yorkshire	1
St Andrew's Church, Stratton, Cornwall	1
St Andrew's Church, Taunton, Somerset	1
St Andrew's Church, Thursford, Norfolk	2
St Andrew's Church, Totteridge, London	1
St Andrew's Church, Trowse, Norfolk	2
St Andrews Church, Wellingborough, Northamptonshire	2
St Andrew's Church, Winterborne Houghton, Dorset	1
St Andrew's Church, Witchford, Cambridgeshire	2

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in England (continued):	
St Andrew's Hospice, Grimsby, North East Lincolnshire	2
St Andrews Methodist Church, Filton, Bristol	4
St Andrew's Parish Church, Chale, Isle of Wight	1
St Anne's Church, Ings, Kendal, Cumbria	2
St Anne's Church, Stanley and St Paul's Church, Stoneycroft, Liverpool	2
St Barnabas Church and Community Project, Oldham, Greater Manchester	2
St Barnabas Church, Bath	1
St Barnabas Church, Brampton Bryan, Herefordshire	5
St Barnabas Church, Clapham Common, London	1
St Barnabas Church, Darwen, Lancashire	1
St Barnabas Church, Gillingham, Kent	1
St Bartholomew`s Church, Much Marcle, Herefordshire	2
St Bartholomew's Church, Horley, Surrey	1
St Bartholomew's Church, Brisley, Norfolk	1
St Bartholomew's Church, Holland-on-Sea, Essex	2
St Bartholomew's Church, Lostwithiel, Cornwall	1
St Bartholomew's Church, Moreton Corbet, Shropshire	3
St Bartholomew's Church, Sproxton, Leicestershire	1
St Bartholomew's Church, Tong, Shropshire	3
St Basils, Birmingham	1
St Bede Community Project, Sunderland, Tyne and Wear	2
St Botolph's Church, Newbold-on-Avon, Warwickshire	1
St Botolph's Church, Beauchamp Roding, Essex	1
St Botolph's Church, Shepshed, Leicestershire	1
St Bridget's Church, Moresby, Cumbria	1
St Cassian's Church, Chaddesley Corbett, Worcestershire	2
St Catherine of Siena Church, Sheffield, South Yorkshire	2
St Catherine's Church, New Brancepeth, County Durham	1
St Catherine's Church, Stoke Aldermoor, Coventry	10
St Chad's Church, Chadsmoor, Staffordshire	1
St Chad's Church, Kirkby, Merseyside	4
St Chad's Church, Tonge Fold, Greater Manchester	1
St Chad's Church, Wood End, Coventry, West Midlands	1
St Christopher with St Philip's Church, Sneinton, Nottinghamshire	2
St Christopher's C.E. High School, Accrington, Lancashire	2
St Clement's Church, York	1
St Columba's Church, part of Drypool Parish, Hull, East Riding of Yorkshire	2
St Cross Church Food Bank, Manchester	2
St Cuthbert with St Mary Church, Barton, North Yorkshire	1
St Cuthbert's Church, Bradford, West Yorkshire	2
St Cyr's Church, Stinchcombe, Gloucestershire	1
St Denys Church, Goadby Marwood, Leicestershire	1
St Denys' Church, Stanford Dingley, Berkshire	3
St Dubricius' Church, Porlock, Somerset	1
St Dunstan with Holy Cross Church, Canterbury, Kent	2
St Dunstan's Church, Bellingham, London	3

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in England (continued):	
St Dunstan's Church, Monks Risborough, Buckinghamshire	1
St Edmund's Church, Hargrave, Suffolk	1
St Edmunds Church, Warkton, Northamptonshire	2
St Edmunds, King and Martyr, Church, Old Costessey, Norfolk	1
St Edward's Church, Egguckland, Devon	2
St Edyth's Church, Sea Mills, Bristol	1
St Faith's Church, Havant, Hampshire	2
St Francis Church, Bramley, South Yorkshire	1
St Francis' Church, Horley, Surrey	1
St Francis Church, Petts Wood, Kent	2
St Francis of Assisi Church, Morley, West Yorkshire	1
St Gabriels Church, Aldersbrook, London	2
St George the Martyr Church, Bolton, Greater Manchester	1
St George-in-the-East Church, London	2
St George's Chapel, Windsor	32
St George's Church, Brinsop, Herefordshire	1
St George's Church, Enfield, Middlesex	1
St George's Church, Great Bromley, Essex	1
St George's Church, Hanworth Park, Middlesex	1
St George's Church, Hinton St George, Somerset	1
St George's Church, Hyde, Cheshire	2
St George's Church, Rodington, Shropshire	1
St George's Church, St Cross South Elmham, Suffolk	1
St George's Church, Stamford, Lincolnshire	11
St George's Church, Upper Cam, Gloucestershire	1
St George's Church, Wembdon, Somerset	1
St George's Crypt, Leeds, West Yorkshire	50
St Germain's Church, Scothorn, Lincolnshire	1
St Giles Church, Desborough, Northamptonshire	1
St Giles' Church, Leigh-on-Mendip, Somerset	1
St Giles Church, Oxford, Oxfordshire	2
St Giles' Church, Balderton, Nottinghamshire	1
St Helena Church, West Leake, Leicestershire	1
St Helen's Church, Stickford, Lincolnshire	1
St Helen's Church, Stillingfleet, North Yorkshire	1
St Hilda's Church, Liverton Mines, North Yorkshire	5
St Hugh's Church, Lewsey, Luton, Bedfordshire	1
St James' Church, Bream, Gloucestershire	7
St James' Church, Chorley, Lancashire	2
St James' Church, Colesbourne, Gloucestershire	2
St James Church, Doncaster, South Yorkshire	2
St James' Church, Kinnersley, Herefordshire	1
St James' Church, Leckhampstead, West Berkshire	1
St James' Church, Oldbury, West Midlands	2
St James' Church, Shaftesbury, Dorset	2
St James' Church, Tedstone Delamere, Herefordshire	1

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in England (continued):	
St James Road Methodist Church, Shirley, Southampton	50
St James the Apostle Church, Bondleigh, Devon	1
St James the Great Church Woodhall and Waterloo, Pudsey, West Yorkshire	1
St James the Great Church, Bratton, Wiltshire	1
St James The Great Church, Thurning, Northamptonshire	2
St James's Church, Silsden, West Yorkshire	4
St John at Hackney Church, London	100
St John the Baptist Church, Ashton, Devon	1
St John the Baptist Church, Axbridge, Somerset	2
St John the Baptist Church, Cold Overton, Leicestershire	4
St John the Baptist Church, Flitton, Bedfordshire	1
St John the Baptist Church, Great Bolas, Shropshire	2
St John The Baptist Church, Harringworth, Northamptonshire	1
St John the Baptist Church, Hornton, Oxfordshire	2
St John the Baptist Church, Knaresborough, North Yorkshire	1
St John the Baptist Church, Newport, Devon	1
St John the Baptist Church, Paignton, Devon	5
St John the Baptist Church, South Croxton, Leicestershire	2
St John The Baptist Church, St John's Chapel, Durham	1
St John the Baptist Church, Wasperton, Warwickshire	1
St John the Baptist Church, Whitbourne, Herefordshire	1
St John the Baptist Church, White Ladies Aston, Worcestershire	1
St John the Baptist with Our Lady and St Laurence Church, Thaxted, Essex	1
St John the Divine Church, Brooklands (Baguley), Cheshire	1
St John the Divine Church, Selsdon, Surrey	2
St John the Evangelist Church, Brigg, North Lincolnshire	1
St John the Evangelist Church, Bury St Edmunds, Suffolk	5
St John the Evangelist Church, Caldecott, Rutland	1
St John the Evangelist Church, Crowborough, East Sussex	1
St John the Evangelist Church, Hucknall, Nottinghamshire	3
St John the Evangelist Church, Kingston upon Thames, Surrey	2
St John the Evangelist Church, Middlesbrough, Yorkshire	1
St John the Evangelist Church, Sparkhill, Birmingham	3
St John the Evangelist Church, Workington, Cumbria	1
St John the Evangelist Parish Church, Lepton, West Yorkshire	1
St John's Church of England Primary School, Penge, London	1
St John's Church, Bowling, Bradford, West Yorkshire	2
St John's Church, Chapeltown, Sheffield, South Yorkshire	1
St John's Church, Cowgill, Cumbria	1
St John's Church, Eastbourne, East Sussex	5
St John's Church, Hartley Wintney, Hampshire	5
St John's Church, Holbeach Fen, Lincolnshire	1
St John's Church, Kensal Green, London	2
St John's Church, Seaborough, Dorset	1
St John's Church, Stratford, London	3
St John's College, Durham	43

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in England (continued):	
St John's Methodist Church, Whitchurch, Shropshire	17
St Joseph's Catholic Church, Tadcaster, North Yorkshire	1
St Joseph's Roman Catholic Church, Nechells, Birmingham	2
St Just-in-Penwith Parish Church, Cornwall	5
St Laurence Church, Ansley, Warwickshire	1
St Laurence Church, Downton, Wiltshire	1
St Laurence Church, Surfleet, Lincolnshire	2
St Laurence's Church, Winslow, Buckinghamshire	2
St Lawrence Charitable Fund, Sidcup, Kent	1
St Lawrence Church, Effingham, Surrey	1
St Lawrence with St Paul Church, Longridge, Lancashire	2
St Leonard and St Dilpe Church, Landulph, Cornwall	2
St Leonard's Church, Cliddesden, Hampshire	2
St Leonard's Church, Malinslee, Telford	1
St Leonard's Church, Shoreditch, London	6
St Leonard's Church, Swithland, Leicestershire	1
St Luke's Church, East Morton, West Yorkshire	1
St Luke's Church, Gaddesby, Leicestershire	1
St Luke's Church, Manchester	2
St Luke's Church, Tutshill, Gloucestershire	3
St Maby'n Parish Church, St Maby'n, Cornwall	1
St Margaret of Antioch Church, Halesowen, West Midlands	1
St Margaret of Antioch Church, Sea Palling, Norfolk	1
St Margaret of Antioch Church, Tanfield, County Durham	2
St Margaret's Church, Breckles, Norfolk	1
St Margaret's Church, Hucking, Kent	1
St Margaret's Church, Ilkley, West Yorkshire	2
St Margaret's Church, Kirstead, Norfolk	2
St Margaret's Church, Millington, East Riding of Yorkshire	1
St Margaret's Church, Queen Charlton, Keynsham, Bath and North East Somerset	1
St Margaret's Church, Somerton, Suffolk	2
St Margaret's Church, West Hoathly, West Sussex	4
St Margaret's Church, Wolston, Warwickshire	2
St Margaret's Church, Womenswold, Kent	1
St Mark's Church, Southampton, Hampshire	1
St Mark's Crescent Methodist Church, Maidenhead, Berkshire	6
St Marks Shared Church, Bordon, Hampshire	1
St Martin-in-the-Fields Trust, London	91
St Martin's Church, Ancaster, Lincolnshire	1
St Martin's Church, Barcheston, Warwickshire	2
St Martin's Church, Preston, Hertfordshire	2
St Martin's Church, South Raynham, Norfolk	3
St Martin's Church, Thompson, Norfolk	4
St Martin's Church, Trimley, Suffolk	2
St Martin's Church, Womersley, North Yorkshire	2
St Martin's Church, Worcester, Worcestershire	1

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in England (continued):	
St Martin's Parish Church, Potternewton, West Yorkshire	2
St Martin's Parish Church, Seamer, North Yorkshire	1
St Mary and Corpus Christi Church, Down Hatherley, Gloucestershire	2
St Mary and St Benedict Church, Buckland Brewer, Devon	2
St Mary and St Botolph's Church, Hevingham, Norfolk	1
St Mary and St Lambert Church, Stonham Aspal, Suffolk	1
St Mary and St Thomas a Becket Church, Much Birch, Herefordshire	1
St Mary Magdalen Church, Chapelfields, Coventry	1
St Mary Magdalen Church, Great Alne, Warwickshire	2
St Mary Magdalene Church, Great Hampden, Buckinghamshire	1
St Mary Magdalene Church, Stockbury, Kent	3
St Mary Magdalene Church, Turnastone, Herefordshire	1
St Mary Magdalene Church, Wethersfield, Essex	2
St Mary of the Angels Church, Batley, West Yorkshire	2
St Mary the Virgin Church, Beighton, South Yorkshire	1
St Mary the Virgin Church, Berkeley, Gloucestershire	1
St Mary the Virgin Church, Bosley, Cheshire	3
St Mary the Virgin Church, Burghill, Herefordshire	2
St Mary the Virgin Church, Burrough on the Hill, Leicestershire	2
St Mary the Virgin Church, Charlton Mackrell, Somerset	2
St Mary the Virgin Church, Clifton Village, Nottingham	1
St Mary the Virgin Church, Corringham, Essex	2
St Mary the Virgin Church, Eastry, Kent	2
St Mary the Virgin Church, Great Brington, Northamptonshire	1
St Mary the Virgin Church, Happisburgh, Norfolk	1
St Mary the Virgin Church, Holmbury St Mary, Surrey	1
St Mary the Virgin Church, Ingleton, North Yorkshire	2
St Mary the Virgin Church, Kemsing, Kent	9
St Mary the Virgin Church, Long Preston, North Yorkshire	1
St Mary the Virgin Church, Martlesham, Suffolk	1
St Mary the Virgin Church, Mursley, Buckinghamshire	2
St Mary the Virgin Church, Stansted, Kent	1
St Mary the Virgin Church, Stopham, West Sussex	1
St Mary the Virgin Church, Swanley, Kent	1
St Mary the Virgin Church, Walton, Suffolk	2
St Mary the Virgin Church, Waterloo Park, Liverpool	1
St Mary the Virgin Church, Wendens Ambo, Essex	2
St Mary the Virgin Church, Woodchester, Gloucestershire	2
St Mary the Virgin Church, Woodditton, Cambridgeshire	1
St Mary's Church Third Portion, Burford, Shropshire	2
St Mary's Church, Eastham, Wirral	2
St Mary's Church, Ampport, Hampshire	2
St Mary's Church, Bridgwater, Somerset	1
St Mary's Church, Buttsbury, Essex	1
St Mary's Church, Clipsham, Rutland	1
St Mary's Church, Coddington, Cheshire	1

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in England (continued):	
St Mary's Church, Compton Pauncefoot, Somerset	1
St Mary's Church, Crich, Derbyshire	1
St Mary's Church, East Molesey, Surrey	1
St Mary's Church, Easton Neston, Northamptonshire	1
St Mary's Church, Harrington, Cumbria	2
St Mary's Church, Haversham, Buckinghamshire	1
St Mary's Church, Hollingworth, Cheshire	1
St Mary's Church, Holywell, Tyne and Wear	1
St Mary's Church, Knockin, Shropshire	1
St Mary's Church, Lidgate, Suffolk	1
St Mary's Church, Liphook, Hampshire	2
St Mary's Church, Lytchett Matravers, Dorset	1
St Mary's Church, Monnington-on-Wye, Herefordshire	1
St Mary's Church, Moseley, Birmingham	3
St Mary's Church, Nettlestead, Suffolk	2
St Mary's Church, Newbourne, Suffolk	1
St Mary's Church, Orcheston, Wiltshire	2
St Mary's Church, Ramsgill, North Yorkshire	1
St Mary's Church, Shawbury, Shropshire	1
St Mary's Church, Southampton, Hampshire	16
St Mary's Church, Staunton in the Vale, Nottinghamshire	1
St Mary's Church, Sundridge, Kent	2
St Mary's Church, Syderstone, Norfolk	1
St Mary's Church, Temple Guiting, Gloucestershire	1
St Mary's Church, Walkern, Hertfordshire	1
St Mary's Church, Wargrave, Berkshire	4
St Mary's Church, West Somerton, Norfolk	1
St Mary's Church, Whissonsett, Norfolk	1
St Mary's Church, Willand, Devon	3
St Mary's Church, Wingham, Kent	2
St Mary's Church, Woodham Ferrers, Essex	1
St Mary's Church, Wootton, Oxfordshire	3
St Mary's Parish Church, Abbotskerswell, Devon	1
St Mary's Parish Church, Chaddesden, Derbyshire	6
St Mary's Parish Church, Winterborne Stickland, Dorset	1
St Mary's Priory Church, Tutbury, Staffordshire	2
St Mary's RC Church, Halifax, West Yorkshire	3
St Matthew's Church, Blackmoor and Whitehill, Hampshire	2
St Matthew's Church, Fromes Hill, Herefordshire	1
St Matthew's Church, Lightcliffe, Halifax, West Yorkshire	1
St Mellitus College, Kensington, London	50
St Michael and All Angels Church, Angersleigh, Somerset	2
St Michael and All Angels Church, Bartley Green, Birmingham	1
St Michael and All Angels Church, Brooksby, Leicestershire	1
St Michael and All Angels Church, Bunwell, Norfolk	2
St Michael and All Angels Church, Cofton Hackett, Birmingham	1

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in England (continued):	
St Michael and All Angels Church, Colehill, Dorset	1
St Michael and All Angels Church, Edwyn Ralph, Herefordshire	1
St Michael and All Angels Church, Guiting Power, Gloucestershire	2
St Michael and All Angels Church, Lancing, West Sussex	2
St Michael and All Angels Church, Linton Falls, North Yorkshire	2
St Michael and All Angels Church, Middleton Tyas, North Yorkshire	1
St Michael and All Angels Church, Moccas, Herefordshire	2
St Michael and All Angels Church, Sandhurst, Berkshire	2
St Michael and All Angels Church, Shefford, Bedfordshire	4
St Michael and All Angels Church, Waddesdon, Buckinghamshire	6
St Michael and All Angels Parish Church, Diseworth, Derbyshire	1
St Michael Mission Church, Perranporth, Cornwall	1
St Michael the Archangel Church, Shalfleet, Isle of Wight	2
St Michael's Church, Tidcombe, Wiltshire	2
St Michael-in-the-Hamlet with St Andrew Church, Toxteth Park, Liverpool	5
St Michaels and All Angels Church, Aylsham, Norfolk	1
St Michael's and All Angels Church, Cockerham, Lancashire	2
St Michael's Church, Blewbury, Oxfordshire	2
St Michael's Church, Camberley, Surrey	4
St Michael's Church, East Anstey, Devon	3
St Michael's Church, Kirby-le-Soken, Essex	2
St Michael's Church, Skidby, East Yorkshire	2
St Michael's Church, Theydon Mount, Essex	1
St Michael's Parish Community Hall, Northern Moor, Manchester	2
St Milburga's Church, Stoke St Milborough, Shropshire	1
St Nicholas Church, Ashchurch, Gloucestershire	1
St Nicholas' Church, Charlwood, Surrey	2
St Nicholas Church, Cublington, Buckinghamshire	1
St Nicholas Church, Holmpton, East Riding of Yorkshire	2
St Nicholas Church, Maidstone, Kent	1
St Nicholas Church, Plumstead, London	1
St Nicholas Church, Skirbeck, Lincolnshire	1
St Nicholas Church, Standish, Gloucestershire	1
St Nicholas' Church, Sutton St Nicholas, Herefordshire	1
St Nicholas Church, Willoughby, Warwickshire	1
St Nicolas Church, Taplow, Buckinghamshire	2
St Osmund's Church, Tarlton, Gloucestershire	1
St Oswald's Church, Crowle, North Lincolnshire	2
St Owen's Church, Bromham, Bedfordshire	5
St Patrick's Catholic Church, Stafford	1
St Paul's Cathedral	32
St Paul's Church, Ansdell and Fairhaven, Lancashire	1
St Paul's Church, Clacton-on-Sea, Essex	2
St Paul's Church, Constable Lee, Lancashire	1
St Paul's Church, Healey, North Yorkshire	2
St Paul's Church, Marylebone, London	4

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in England (continued):	
St Paul's Church, Norden, Lancashire	3
St Paul's Church, Penketh, Cheshire	2
St Paul's Church, Salisbury, Wiltshire	1
St Paul's Church, Shipley, West Yorkshire	4
St Paul's Church, Warton, Lancashire	2
St Paul's Church, Winchester, Hampshire	9
St Paul's Harlow Town Centre with St Mary's Little Parndon Churches, Essex	1
St Peter ad Vincula Parish (St Nicholas Chapel), Coggeshall, Essex	1
St Peter and Paul Charlton Church, Dover, Kent	2
St Peter and St Lawrence Church, Wickenby, Lincolnshire	1
St Peter and St Mary's Church, Stowmarket, Suffolk	2
St Peter and St Paul Church, Hockley, Essex	1
St Peter and St Paul's Church, Chacombe, Northamptonshire	1
St Peter and St Paul's Church, Appleford, Oxfordshire	1
St Peter and St Paul's Church, Bardwell, Suffolk	4
St Peter and St Paul's Church, Chingford, London	4
St Peter and St Paul's Church, Fenstanton, Cambridgeshire	1
St Peter and St Paul's Church, Hoxne, Suffolk	2
St Peter and St Paul's Church, Little Gaddesden, Hertfordshire	5
St Peter and St Paul's Church, Stoke Lacy, Herefordshire	3
St Peter-le-Poer Church, Friern Barnet, London	1
St Peter's Church, Barnburgh, South Yorkshire	1
St Peter's Church, Bengeworth, Worcestershire	2
St Peter's Church, Bentley, South Yorkshire	3
St Peter's Church, Brampford Speke, Devon	1
St Peter's Church, Brandon, Suffolk	2
St Peter's Church, Brighton, East Sussex	2
St Peter's Church, Brimpton, Berkshire	1
St Peter's Church, Buckland in the Moor, Devon	1
St Peter's Church, Burnley, Lancashire	2
St Peter's Church, Carleton St Peter, Norfolk	1
St Peter's Church, Castle Carrock, Cumbria	1
St Peter's Church, Claybrooke Parva, Leicestershire	2
St Peter's Church, Clayworth with Wiseton, Nottinghamshire	1
St Peter's Church, Clayworth, Nottinghamshire	1
St Peter's Church, Copdock, Suffolk	1
St Peters Church, Coventry, West Midlands	2
St Peter's Church, Easton, Cambridgeshire	1
St Peter's Church, Firle, East Sussex	2
St Peter's Church, Flushing, Cornwall	1
St Peter's Church, Framilode, Gloucestershire	1
St Peter's Church, Hever, Kent	1
St Peter's Church, Hoyland, South Yorkshire	1
St Peter's Church, Martley, Worcestershire	2
St Peter's Church, Norbury, Staffordshire	1
St Peter's Church, North Newton, Somerset	2

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in England (continued):	
St Peter's Church, Ousden, Suffolk	2
St Peter's Church, Portesham, Dorset	1
St Peter's Church, Shepton Montague, Somerset	2
St Peter's Church, Stanton Lacy, Shropshire	1
St Peter's Church, Swainsthorpe, Norfolk	1
St Peter's Parish Church, Gaulby, Leicestershire	1
St Petrock's Church, Newton St Petrock, Devon	1
St Philip and St Jacob Church, Bristol, Somerset	7
St Philip and St James' Church, Scholes, West Yorkshire	2
St Philip and St James' Church, Tarrington, Herefordshire	1
St Richard of Chichester Christian Care Association (Stonepillow), Chichester, West Sussex	25
St Richard of Chichester Church, Langney, East Sussex	1
St Richard's Church, Kitts Green, Birmingham	4
St Saviour's Church, Guildford, Surrey	10
St Saviour's Church, Walthamstow, London	6
St Silas with All Saints Church, Pentonville, London	2
St Simon and St Jude's Church, Earl Shilton, Leicestershire	2
St Stephens Cafe Church, Worthing, West Sussex	1
St Stephen's Church, Charlton Musgrove, Somerset	3
St Stephen's Church, Etton, Cambridgeshire	1
St Stephen's Church, Pamphill, Dorset	4
St Stephen's with St Paul's Church, Hyson Green, Nottingham	2
St Swithun's Church, Launcells, Cornwall	1
St Swithun's Church, Great Chishill, Hertfordshire	2
St Swithun's Church, Nately Scures, Hampshire	1
St Symphorian's Church, Durrington, West Sussex	1
St Thomas a Beckett Church, Kirkhouse, Cumbria	1
St Thomas Church, Delph, Greater Manchester	4
St Thomas' Church, Garstang, Lancashire	1
St Thomas' Church, Moorside, Greater Manchester	1
St Thomas' Church, Werneth, Greater Manchester	4
St Thomas of Canterbury Church, Elsfeld, Oxfordshire	1
St Thomas of Canterbury Church, Frisby on the Wreake, Leicestershire	1
St Thomas the Apostle Church, Camber, East Sussex	1
St Thomas The Apostle Church, Ipswich, Suffolk	1
St Thomas the Martyr Church, Winchelsea, East Sussex	3
St Timothy's Church, Hemlington, Middlesbrough	2
St Vincent's Church, Littlebourne, Kent	1
St Vincent's Family Project, Westminster, London	2
St Wilfrid's Church, Burnsall, North Yorkshire	1
St Wilfrid's Church, Egginton, Derbyshire	1
Station Hill Baptist Church, Chippenham, Wiltshire	7
Stithians Methodist Church, Cornwall	1
Stockland Green Methodist Church, Birmingham, West Midlands	2
Stoke Gabriel Baptist Chapel, Devon	1
Stowmarket Methodist Church, Suffolk	1

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in England (continued):	
Streetly Methodist Church, Sutton Coldfield, West Midlands	1
Sunderland Street Pastors, Tyne and Wear	2
Swindon URC, South Staffordshire	1
Telford Elim Community Church, Shropshire	3
The Archbishop of York Youth Trust, York	528
The Baytree Centre, London	1
The Beacon Christian Fellowship, Loughborough, Leicestershire	1
The Bible Reading Fellowship (BRF), Abingdon, Oxfordshire	50
The Blessed Virgin Mary Church, Portbury, North Somerset	4
The Chamwell Centre Charity, Gloucester, Gloucestershire	51
The Charnwood Trust, Manchester	5
The Christian Fellowship Norwich, Norfolk	1
The Church of All Saints, Saughall, Chester	2
The Church of St Mary the Virgin and St Mary Magdalen, Tetbury, Gloucestershire	1
The Church of St Mary the Virgin, Badby, Northamptonshire	1
The Church of St Peter-in-the-Forest, Walthamstow, Essex	24
The Church of the Holy Jesus, Lydbrook, Gloucestershire	1
The Churches Conservation Trust, London	1
The Diocese in Europe	39
The Diocese Of Bath And Wells	140
The Diocese of Birmingham	136
The Diocese of Blackburn	130
The Diocese of Bristol	83
The Diocese of Canterbury	121
The Diocese of Carlisle	99
The Diocese of Chelmsford	260
The Diocese of Chester	159
The Diocese of Chichester	170
The Diocese of Coventry	91
The Diocese of Derby	140
The Diocese of Durham	173
The Diocese of Ely	101
The Diocese of Exeter	195
The Diocese of Gloucester	111
The Diocese of Guildford	99
The Diocese of Hereford	91
The Diocese of Leeds	353
The Diocese of Leicester	131
The Diocese of Lichfield	233
The Diocese of Lincoln	166
The Diocese of Liverpool	156
The Diocese of London	440
The Diocese of Manchester	218
The Diocese of Newcastle	120
The Diocese of Norwich	178
The Diocese of Oxford	270
The Diocese of Peterborough	115

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in England (continued):	
The Diocese of Portsmouth	73
The Diocese of Rochester	136
The Diocese of Salisbury	163
The Diocese of Sheffield	142
The Diocese of Southwark	258
The Diocese of Southwell and Nottingham	132
The Diocese of St Albans	147
The Diocese of St Edmundsbury And Ipswich	115
The Diocese of Truro	97
The Diocese of Winchester	125
The Diocese of Worcester	101
The Diocese of York	202
The Eldwick Church, Bingley, West Yorkshire	50
The Elspeth J. Thompson Memorial Trust (Slyne-with-Hest Church Hall), Lancaster	2
The Forbury Chapel, Leominster, Herefordshire	3
The Friends of St Mary's Church, Tuddenham, Suffolk	1
The Gloucester Diocesan Board of Finance, Gloucester	4
The High Street Centre Ltd, Rotherham, South Yorkshire	29
The Historic England Foundation, London	471
The Jonas Trust, Leyburn, North Yorkshire	5
The KEYS Project, Hove, East Sussex	2
The Lambeth Conference Company Ltd, London	900
The Lantern Church (Canford Magna Parish), Merley, Dorset	1
The Mary Stevens Hospice, Stourbridge, West Midlands	2
The Methodist Church for Prescot and Whiston, Liverpool, Merseyside	6
The Methodist Church, Ryde, Isle of Wight	1
The Mustard Tree Foundation, Reading, Berkshire	2
The Parish Church of All Saints, Hollesley, Suffolk	1
The Parish Church of St Margaret, Syleham, Suffolk	1
The Parish Church of St Mary, Kersey, Suffolk	2
The Parish Church of St Michael and All Angels, Oxnead, Norfolk	1
The Parish Church of St Peter, Holton, Suffolk	1
The Parish Church of St Stephen, Bexhill-on-Sea, East Sussex	2
The Philip Lank Trust, Grantham, Lincolnshire	1
The Priory Church of St Mary, Deerhurst, Gloucestershire	1
The Redeemed Christian Church of God, Covenant of Grace, Leicester	3
The Salvation Army - Strawberry Field, Liverpool	115
The Salvation Army UK and Ireland, Ilford, Greater London	24
The Trustees of the Grammar School of King Edward VI at Stratford-upon-Avon, Warwickshire	1
The Vineyard Life Church, Richmond, Surrey	3
The Well Christian Healing Centre, Leamington Spa, Warwickshire	1
Thornbury Baptist Church, South Gloucestershire	1
Thursford Methodist Church, Norfolk	1
Torrisholme Methodist Church, Morecambe, Lancashire	5
Treloar Trust, Holybourne, Hampshire	1
Trinity Church, Ossett, West Yorkshire	2

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in England (continued):	
Trinity Methodist Church, Clitheroe, Lancashire	50
Truro Cathedral	23
TwentyTwenty, Loughborough, Leicestershire	1
Upwell St Peter's Church, Norfolk	1
Vicars Cross United Reformed Church, Chester	1
Wakefield Cathedral	22
WALK Ministries, Tunstall, Stoke-on-Trent	1
Wells Cathedral	22
Wellspring Community Church, Bretton, Cambridgeshire	5
Wellspring Family Church, Dereham, Norfolk	1
Wellspring Therapy and Training, Harrogate, North Yorkshire	1
Wellsprings Chapel, Taunton, Somerset	5
West Melton United Reformed Church, Wath-upon-Deerne, South Yorkshire	1
West Suffolk Vineyard Church, Bury St Edmunds, Suffolk	19
Westminster Abbey	32
Westwood Christian Centre, Pudsey, West Yorkshire	1
Whaddon Way Church Centre, Bletchley, Buckinghamshire	1
Wheatley United Reformed Church, Oxfordshire	3
Whitley Bay Baptist Church, Tyne and Wear	3
Wiggonholt Church, West Sussex	1
William Wilkins Trust, Derby	2
Winchester Cathedral	22
Winslow Church of England School, Buckinghamshire	1
Wirral Churches' Ark Project, Birkenhead, Merseyside	2
Wombourne United Reformed Church, South Staffordshire	1
Woodhouse Eaves Methodist Church, Leicestershire	1
Worcester Cathedral	22
Worthing Churches Homeless Projects, West Sussex	4
Wroughton Youth Adventure Charity, Wiltshire	1
Wycliffe Congregational Church, Stockport, Cheshire	6
Wycombe Marsh Baptist Church, High Wycombe, Buckinghamshire	1
York Minster	32
Young Women's Trust, London	1
Youth for Christ North East, Newcastle upon Tyne, Tyne and Wear	5

SUPPLEMENTARY INFORMATION (UNAUDITED)

During the year, the charity awarded grants to the following beneficiaries in Wales:

	2018 £000
Grants in Wales:	
Aenon Baptist Church, Morriston, West Glamorgan	4
All Saints' Church, Cardiff, South Glamorgan	1
Bangor Cathedral	11
Blaenycwm Chapel, Tynewydd, Rhondda Cynon Taff	1
Brecon Cathedral	11
Church in Wales Diocese of Llandaff	50
Church of the Resurrection, Ely, Cardiff	2
Connect Life Church, Caerphilly, South Wales	1
Cwmifor Baptist Church, Llandeilo, Carmarthenshire	1
Ebenezer Baptist Church, Abertillery, Gwent	1
Holy Trinity Church, Minsterley, Shropshire	3
Holy Trinity Church, Ystrad Mynach, Mid Glamorgan	1
Hope Church (AOG), Newtown, Powys	60
Impact Schools Team, Newtown, Powys	1
Llandaff Cathedral	22
Llanfihangel Ystrad Church Hall, Lampeter, Ceredigion	1
Malpas Road Evangelical Church, Newport, Gwent	3
Marlborough Primary School, Cardiff	1
Monmouth Cathedral	11
Saron Congregational Church, Tredegar, Gwent	2
St Asaph Cathedral	11
St Cybi's Church, Holyhead, Anglesey	3
St Cynbryd's Church, Llanddulas, Conwy	2
St Cynfarch and St Mary's Church, Llanfair Dyffryn Clwyd, Denbighshire	2
St David's Church, Glascwm, Powys	1
St David's Cathedral	22
St David's Church, Groesfaen, Rhondda Cynon Taf	2
St David's Church, Hubberston, Pembrokeshire	2
St David's Church, Laleston, South Wales	1
St Edmund's Church, Crickhowell, Powys	2
St Edward's Church, Knighton, Powys	1
St Grwst's Church, Llanrwst, Conwy	10
St Isan Parish Church, Llanishen, Cardiff	2
St James' Church, Llwydcoed, Rhondda Cynon Taff	1
St John the Baptist Church, Nelson, Wales	2
St John's Church, Llansamlet, Swansea	2
St John's Church, Tretower, Powys	1
St Katharine and St Peter's Church, Milford Haven, Pembrokeshire	1
St Lucia's Church, Upton Magna, Shropshire	3
St Mary the Virgin Church, Troedriwgarth, South Wales	1
St Mary's Church, Carew Cheriton, Pembrokeshire	1
St Mary's Church, Fishguard, Pembrokeshire	4
St Michael's Church, Eglwysfach, Powys	1
St Michael's Church, Llandre, Ceredigion	1
St Nicholas Church, Trellech, Monmouthshire	2
St Senwyr Church, Llansannor, Vale of Glamorgan	1

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in Wales (continued):	
St Tathan Church, St Athan, Vale of Glamorgan	2
St Thomas a Becket Church, Wolvesnewton, Monmouthshire	2
The Diocese of Bangor	14
The Diocese of Llandaff	47
The Diocese of Monmouth	22
The Diocese of St Asaph	23
The Diocese of St Davids	24
The Diocese of Swansea and Brecon	20
The Representative Body of the Church in Wales	182
Waterfront Community Church, Swansea, Glamorganshire	3
Ymddiriedolaeth Drws i'r Dyffryn The Tywi Gateway Trust, Llandeilo, Carmarthenshire	24

During the year, the charity awarded grants to the following beneficiaries in Scotland:

	2018 £000
Grants in Scotland:	
Aberdeen Cathedral	11
Barrhead St Andrew's Parish Church of Scotland, East Renfrewshire	8
Beith Parish Church of Scotland, North Ayrshire	4
Bethany Christian Trust, Edinburgh	2
Central Evangelical Church, Kilmarnock, East Ayrshire	1
Church of St John the Evangelist, Edinburgh	1
Comrie Parish Church, Perthshire	2
Cumbræ Cathedral	11
Dundee Cathedral	11
Dunoon Baptist Church, Argyll and Bute	9
Edinburgh Cathedral	22
Glasgow Cathedral	11
Gordon Chapel, Fochabers, Moray	1
Highland Theological College UHI, Dingwall, Ross-shire	2
Holy Trinity Church, Elgin, Morayshire	1
Holy Trinity Episcopal Church, Motherwell, North Lanarkshire	1
Inverness Cathedral	11
Junction Church Inverness (Christian Outreach Centre Inverness), Inverness-shire	1
Monifieth Parish Church of Scotland, Angus	23
Motherwell South Parish Church, North Lanarkshire	1
New Team SCIO, Glasgow, Lanarkshire	2
Newburgh United Reformed Church, Fife	2
Oban Cathedral	11
People with a Mission Ministries, Perth, Perth and Kinross	1
Perth Cathedral	11
Peterhead Baptist Church, Aberdeenshire	17
Prison Fellowship Scotland, Glasgow, Lanarkshire	3
Re:Hope Church, Glasgow	2
Saint Conan's Kirk, Lochawe, Argyll	2

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in Scotland (continued):	
Saline and Blairingone Parish Church of Scotland, Saline, Fife	5
Scripture Union Scotland, Glasgow, Lanarkshire	5
St Ebba's Episcopal Church, Eyemouth, Berwickshire	2
St James Episcopal Church, Leith, Edinburgh	1
St John's Scottish Episcopal Church, Dumfries, Dumfriesshire	3
St John's Church (Black Isle Charge), Arpafeelie, Ross-shire	1
St Margaret's Church of Scotland, Dunfermline, Fife	1
St Mary's Scottish Episcopal Church, Port Glasgow, Inverclyde	4
St Peter's Scottish Episcopal Church, Edinburgh, Lothian	12
St Saviour's Episcopal Church, Bridge of Allan, Stirlingshire	4
The Church Of The Holy Cross, Edinburgh	2
The Diocese of Aberdeen	7
The Diocese of Argyll	4
The Diocese of Brechin	7
The Diocese of Edinburgh	19
The Diocese of Glasgow and Galloway	14
The Diocese of Moray	4
The Diocese of St Andrews	8
The General Synod of the Scottish Episcopal Church Nominees	18
The Iona Community, Glasgow, South Lanarkshire	45
The Prince's Foundation, Cumnock, East Ayrshire	177
Uddingston: Viewpark Parish Church of Scotland, Glasgow	2

During the year, the charity awarded grants to the following beneficiaries in Ireland:

	2018 £000
Grants in Ireland:	
All Saints Church, Carnew, County Wicklow	2
Armagh First Presbyterian Church, County Armagh	2
Ballysally Presbyterian Church Youth and Community Project, Coleraine, County Londonderry	1
Broomhedge Methodist Church, Moira, County Armagh	11
Cashel Cathedral, County Tipperary	2
Christ Church, Aughnamullen, County Monaghan	1
Christ Church, Derriaghy, Lisburn, County Antrim	7
Church on the Hill, Maghaberry, County Antrim	3
Colaghty or Lack Parish Church, County Fermanagh	1
Crown Jesus Ministries, Belfast, County Down	1
Drimoleague Methodist Church, Drimoleague, County Cork	25
Dublin and Glendalough Dioceses, Dublin	5
Dublin Cathedral (Christ Church)	11
First Bangor Presbyterian Church, County Down	3
Fisherwick Presbyterian Church, Belfast	25
Gracehill Moravian Church, Ballymena, County Antrim	2
Holy Trinity Church, Croghan, County Roscommon	1

SUPPLEMENTARY INFORMATION (UNAUDITED)

	2018 £000
Grants in Ireland (continued):	
Killinchy Presbyterian Church, County Down	1
Lisburn Cathedral, County Antrim	2
Newtownbutler Methodist Church, County Fermanagh	1
Representative Body Of The Church Of Ireland, Dublin	94
Scripture Union Ireland, Bray, County Wicklow	2
Seskinore Church (part of Clogherny Parish), Sixmilecross, County Tyrone	2
St Anne's Cathedral, Belfast	11
St Brigid's Cathedral, Kildare	11
St Brigids Church of Ireland, Kiltubrid, County Leitrim	1
St Canice's Cathedral, Kilkenny	11
St Catherine's Church of Ireland, Fenagh, County Leitrim	2
St Cedma's Church of Ireland, Larne, County Antrim	8
St Columb's Cathedral, Derry	11
St Fethlimidh's Cathedral, Kilmore	11
St Fin Barre's Cathedral, Cork	11
St James Church, Castledermot, County Kildare	2
St James' Church, Moy, County Tyrone	7
St John's Church (Naas Union), Naas, County Kildare	1
St Macartan's Cathedral, Enniskillen	11
St Mary's Cathedral, Limerick	11
St Mary's Cathedral, Tuam	11
St Patrick's Cathedral, Armagh	11
St Patrick's Cathedral, Dublin	11
St Patrick's Church, Aghagallon, County Armagh	2
St Patrick's Methodist Church/St Patrick's Gateway Centre, Waterford	29
St Saviours National School, Rathdrum, County Wicklow	1
St Thomas's Church, Moyard, Connemara, County Galway	2
Strean Presbyterian Church, Newtownards, County Down	1
Summer Madness, Belfast	1
Swanlinbar and Kinawley Church, County Cavan	1
The Old Presbyterian Church, Templepatrick, County Antrim	1
Trustees of the Methodist Church in Ireland	55

During the year, the charity awarded grants to the following other beneficiaries:

	2018 £000
Other grants:	
Alderney Methodist Church, Guernsey, Channel Islands	4
Anglican Centre in Rome, Italy	5
Melbourne Anglican Foundation, Australia	140
Peel Cathedral, Isle of Man	22
St German's Cathedral, Peel, Isle of Man	2
The Diocese of Sodor and Man	15