



THE CAMBRIDGE THEOLOGICAL FEDERATION
REPORT AND FINANCIAL STATEMENTS
31 AUGUST 2018

Registered Charity Number: 1099953
Company registration Number: 04700056

**THE CAMBRIDGE THEOLOGICAL FEDERATION
REPORT AND FINANCIAL STATEMENTS 2018**

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**THE CAMBRIDGE THEOLOGICAL FEDERATION
REPORT AND FINANCIAL STATEMENTS 2018
LEGAL AND ADMINISTRATIVE DETAILS**

The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 August 2018.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered charity name	The Cambridge Theological Federation
Charity registration number	1099953
Company registration number	4700056
Principal and registered office	The Bounds Westminster College Lady Margaret Road Cambridge, CB3 0BJ

Trustees

Dr Anna Abram	
Professor John Bell	Chair from 8 May 2018
Dr Andrew Cates	
Rev'd Canon Chris Chivers	President from 11 July 2018
Rev'd Dragos Herescu	
Rt Rev'd Richard Atkinson	Resigned 31 August 2018
Gladys Kathleen Bland	Resigned 26 June 2018
Roberta Canning	Resigned 22 November 2018
Rt Rev'd Stephen Conway	Resigned 26 November 2018
Dr Christopher Grogan	Resigned 22 November 2018
Rev'd Dr Alex Jensen	Resigned 31 August 2018
Rev'd Dr Stuart Jordan	Resigned 22 November 2018
Rev'd Dr Jane Leach	Resigned 22 November 2018
Sam Lohead	Appointed 26 June 2018; resigned 22 November 2018
The Ven Hugh McCurdy	Resigned 23 November 2018
Very Rev'd Archpriest Stephen Platt	Appointed 26 June 2018; resigned 22 November 2018
Dr Ian Randall	Resigned 8 May 2018
Rachel Jane Revely	Resigned 26 June 2018
Dame Mary Tanner	Chair until 8 May 2018; resigned 8 May 2018
Rev Neil Thorogood	President until 11 July 2018; resigned 22 November 2018
Rev Nigel Uden	Resigned 22 November 2018
Rev'd Dr Michael Volland	Resigned 22 November 2018

COMPANY SECRETARY

Sharon Williamson	Resigned 28 February 2018
Alastair Oatey	Appointed 1 March 2018

AUDITORS

Chater Allan LLP
Chartered Accountants & statutory auditors
Beech House
4a Newmarket Road
Cambridge
CB5 8DT

**THE CAMBRIDGE THEOLOGICAL FEDERATION
REPORT AND FINANCIAL STATEMENTS 2018
LEGAL AND ADMINISTRATIVE DETAILS**

REFERENCE AND ADMINSTRATIVE DETAILS (continued)

ACCOUNTANCY AND PAYROLL

Bidwells LLP
Bidwell House
Trumpington Road
Cambridge
CB2 9LD

BANKERS

Barclays PLC
PO Box No2
Cambridge
CB3 3PZ

KEY MANAGEMENT PERSONNEL

During the year the key management personnel were Sharon Williamson, Registrar (resigned 28th February 2018), Rev Neil Thorogood, President, Revd Dragos Herescu, Chair of Resources Committee) and Alastair Oatey (appointed as Finance Manager 1st March 2018 and as Chief Operating Officer on 8th May 2018).

INTRODUCTION

The Cambridge Theological Federation, formed in 1972, is an ecumenical collaboration between eleven colleges and institutions who teach theology in Cambridge. The member institutions together fund the Federation and through it are able to offer their students access to degrees through Anglia Ruskin University, Durham University and the University of Cambridge.

The Federation is registered with the Higher Education Funding Council of England as an Alternative Provider of Higher Education, which enables the Federation to offer student loans and to be registered with the Home Office to sponsor Tier 4 student visas. During the year application was made for registration with the Office for Students. Registration with HEFCE/OFS brings a wide range of regulatory responsibilities including reporting to, and assessment by, the Quality Assurance Agency.

Students have a complex set of contractual arrangements. Most students are admitted through one of the member institutions and so are members of that House. They become students of the Federation as well as being a student of the validating University. BTh students also matriculate with one of the Cambridge Colleges. There are some students who are directly admitted as Federation students and so only have contracts with the Federation and the relevant University.

The Federation employs a small central team at its Bounds House office that provides administrative support and a central Information Services function but it does not employ any teaching staff. All teaching and assessment of Federation students is provided by staff employed by the member institutions and independent scholars who are, for the most part, ordained practitioners skilled in both research and progressive teaching methodology. The Director of Professional Doctorate is an employee of Anglia Ruskin University, though primarily based with the Bounds House team.

More details about the Federation can be found at www.theofed.cam.ac.uk

**THE CAMBRIDGE THEOLOGICAL FEDERATION
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REFERENCE AND ADMINSTRATIVE DETAILS (continued)

STATEMENT OF PURPOSE

Shaped by a common life of prayer and study, the Cambridge Theological Federation is an ecumenical collaboration of educational institutes engaged in the formation of Christian leaders. Individually and together we teach theology for ministry; reflect on the local and global, ecumenical and inter-faith context for Christian mission; foster encounter between people of different ecclesial and faith traditions; and undertake research in theology and religious studies.

Member Institutions

During 2017/18 there were seven Member Bodies and two Associate Institutions:

Member Bodies

- | | |
|--|------------------------|
| • Eastern Region Ministry Course | Church of England |
| • Institute for Orthodox Christian Studies | Orthodox Christian |
| • Margaret Beaufort Institute of Theology | Roman Catholic |
| • Ridley Hall | Church of England |
| • Wesley House | Methodist |
| • Westcott House | Church of England |
| • Westminster College | United Reformed Church |

Associate Institutions

- Cambridge Centre for Christianity Worldwide
- Woolf Institute

At its meeting on 8th May 2018 the Council welcomed two new member institutions, both to take effect from 1st September 2018. Westfield House (Lutheran Church of England) joined as full members and the Faraday Trust for Science and Religion joined as an Associate Institution.

During the year the Eastern Region Ministry Course was accredited by Durham University as a Theological Education Institute in its own right. From 1st September 2018 they admitted their own students to Common Awards degrees and so no longer have any students in the Federation. From 1st September 2018 they changed status to become an Associate Institution.

**THE CAMBRIDGE THEOLOGICAL FEDERATION
TRUSTEES' ANNUAL REPORT (Incorporating the Directors' Report)
FOR THE YEAR ENDED 31 AUGUST 2018**

STRUCTURE GOVERNANCE AND MANAGEMENT

The charity is constituted as a company limited by guarantee and until 21st November 2018 was governed by its memorandum of association (2003) and articles of association (2007). On 22nd November 2018 the Council adopted revised articles of association that replace the existing memorandum and the existing articles.

During 2017/18 year members of the Federation's Council were the charity trustees and directors and had control of the Federation and its property and funds. The Council comprised:

- a) The nominee of the governing body of each Member Body of the Federation, who shall normally be the Chair of that Member Body
- b) The Principal or Acting Principal of each Member Body
- c) The Chairs of the three Forums established under the Articles
- d) The Chair of any Committee established by the Council
- e) Not fewer than three and not more than five people elected by the Annual General Meeting who shall have no current connection with any one Member Body. Normally one of these people shall be elected by the Council and Chair of the Council.

Since 22nd November 2018 the company's members are individuals appointed by the Federation's Member Institutions and Associate Institutions. (The difference being that Associate Institutions do not have the right to present students for enrolment on courses accredited via the Federation.)

Two individuals are appointed by each of:

- Institute for Orthodox Christian Studies
- Margaret Beaufort Institute of Theology
- Ridley Hall
- Wesley House
- Westcott House
- Westfield House
- Westminster College

One individual is appointed by each of:

- Cambridge Centre for Christianity Worldwide
- Eastern Region Ministry Course
- The Faraday Trust
- Woolf Institute

The members appoint the company's directors who govern the business of the Federation. The directors are also the charity's trustees.

Governance

The Members have retained the functions listed below.

Set the Federation's strategic direction, including determining its educational character and mission

- Amend the Articles
- Appoint the President who will chair meetings of the members
- Amend rules for General Meetings of the members
- Appoint and remove the Directors
- Appoint and remove the Chair of the Board and the Company Secretary.
- Set the basis of fees for Institution and Associate Members
- Appoint auditors
- Receive the annual report and accounts
- Approve the budget
- Approve the Scheme of Delegation
- Any other matter specifically requiring members' approval under the Companies Act.

STRUCTURE GOVERNANCE AND MANAGEMENT (continued)

All other functions are delegated to the Board through the Members' Scheme of Delegation.

At its meeting on 26th June 2018 the Council adopted revised governance documents comprising a Governing Council scheme of delegation, Management Committee scheme of delegation, Membership Agreement and Governance Manual. The new structures create committees that are aligned with the degree programmes being taught, aligning the interests of students and staff on those awards and enabling a more agile way of working.

Management

During 2017/18 authority to run the Federation was delegated to the Federation Management Committee. For most of the year the Management Committee comprised the Principal of each Member Body and Associate Institution, staff from the Federation's office and the chair of the Student Forum.

At its meeting on 26th June 2018 the Council dissolved the Management Committee and created a new Committee comprising Anna Abram, John Bell (Chair), Andrew Cates, Chris Chivers and Dragos Herescu. On 22nd November they became members of the board. It had been agreed in June that the other directors would stand down when the organisational changes occur.

Day to day management of the Federation was delegated to Sharon Williamson (Registrar) until she left on 28th February 2018 and to Alastair Oatey (Chief Operating Officer) from 1st March 2018.

Director Selection Methods

Directors are selected through personal recommendation for their willingness to support and promote the vision of the Federation, and also for their expertise in areas key to the Federation's achieving its financial, legal and ecumenical objectives.

OBJECTIVES AND ACTIVITIES

Under the 2003 Memorandum of Association, the Federation's objectives are to advance the Christian faith, to advance religious, ecumenical education in accordance with the doctrine and principles of the Christian faith, and to prepare men and women for ordained or lay ministry and service within the Christian churches.

Under the Articles adopted on 22nd November 2018, the objects are: to advance the Christian faith, to advance religious ecumenical education consistent with the doctrine and principles of the Christian faith, and to prepare men and women for ordained or lay ministry and service within the Christian churches.

Public Benefit

The public benefit activities we have undertaken this year in relation to our purposes have included:

- the provision of regular communal acts of worship to encourage and facilitate the practice of the Christian religion by those training for ministry and their families;
- supporting the theological colleges which are members of the Federation in raising awareness of religious practices and beliefs;
- providing education in accordance with the principles and practices of the Christian religion;
- providing opportunities through placements for students to engage in prison, hospital and school chaplaincy work;
- providing training in pastoral and liturgical work, both within and beyond faith communities;
- providing opportunities for continuing ministerial education for ministers through formal and informal educational programmes and through training offered for placement supervisors, academic tutors and others;

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TRUSTEES' ANNUAL REPORT (Incorporating the Directors' Report)
FOR THE YEAR ENDED 31 AUGUST 2018**

OBJECTIVES AND ACTIVITIES (continued)

Public Benefit (continued)

- providing, through our member institutions, seminars and lectures on current topics of interest to Christian faith for the general public;
- engaging in dialogue and research to explore and promote inter-faith understanding and cooperation

Details of further activities are discussed in the "achievements and performance" section below.

The Trustees have paid due regard to the published guidance from the Charity Commission on the operation of the Public Benefit requirement under the Charities Act.

Contribution made by volunteers

The Federation has not had a coordinated volunteer programme in the past. In August 2018 we took a volunteer into our IT team so that they could gain experience in the workplace and help us with several projects. In the year we created a programme for recruiting volunteers to help in our libraries which will start in 2018/19.

ACHIEVEMENTS AND PERFORMANCE

The main achievement of the Federation remains teaching students. 314 students were taught on courses validated through the Federation in 2017/18, compared with 317 in 2016/17. In addition a number of students read for the BA in Theology and Religious Studies by arrangements made directly between a member institution and the University of Cambridge.

Master of Arts in Pastoral Theology	Anglia Ruskin University	1
MPhil Theology	Anglia Ruskin University	3
PhD Theology	Anglia Ruskin University	11
Professional Doctorate in Practical Theology	Anglia Ruskin University	37
Certificate of Higher Education in Theology, Ministry and Mission	Durham University	62
Diploma of Higher Education in Theology, Ministry and Mission	Durham University	61
Graduate Diploma of Higher Education in Theology, Ministry and Mission	Durham University	6
BA (Hons) in Theology, Ministry and Mission	Durham University	50
Postgraduate Certificate in Theology, Ministry and Mission	Durham University	12
Master of Arts in Theology, Ministry and Mission	Durham University	40
Bachelor of Theology for Ministry	University of Cambridge	24
Diploma in Theology for Ministry	University of Cambridge	4

During the year the Quality Assurance Agency for Higher Education undertook an annual monitoring visit to assess progress in implementing the action plan following the full review in May 2017. The outcome of the visit was confirmation that the Federation "has made acceptable progress with implementing the action plan." The report states:

- Reasonable progress has been made to revise the student representation structure
- The Federation continues to consolidate the areas of good practice relating to academic governance; student personal and professional development; and the student attachment and placement system.
- The Federation aligns its policies and procedures to the Expectations of the UK Quality Code for Higher Education, recognising it as a key reference point to design policies and procedures for maintaining academic standards and quality.

ACHIEVEMENTS AND PERFORMANCE (continued)

A major achievement in the year was the validation of four new MA degrees with Anglia Ruskin University for admission from September 2018. The MAs are in Contemporary Ethics, Contemporary Faith and Belief, Pastoral Care and Chaplaincy, and Spirituality. Each of the courses is also available as a Postgraduate Certificate or a Postgraduate Diploma. They are available full-time and part-time and by classroom and online teaching. These MAs will enable the Federation to increase its reach and impact as the MAs are not restricted to those preparing for Ministry and Mission.

Strategic Plan

In April 2017 the Governing Council agreed a Strategic Plan for 2017-2022 which had the following nine strategic priorities:

- 1 To provide students of the CTF with a high quality learning experience that is supported by a research culture.
- 2 To improve the student experience and understanding of ecumenical and interfaith engagement at local, national and global levels.
- 3 To improve our teaching and learning and social facilities to support an improved student experience in each of the three zones of the CTF.
- 4 To improve financial information and collective business planning.
- 5 To develop a model of working together that is transparent and sustainable.
- 6 To become a market leader/service provider of choice in the delivery of programmes that are responsive to changing patterns of religious life and the church's needs both in the UK and globally.
- 7 To increase public engagement with the CTF in order to promote our work and support for it.
- 8 To enhance the mutual working of member institutions, the CTF secretariat and the zones of the CTF.
- 9 To agree a strategy for future CTF membership and external partnerships.

The Governing Council reviewed these priorities in June 2018 and considered that priorities 4, 5, 8 and 9 had been met though the activities undertaken during the year.

Fundraising activities

In 2012 the Maurice and Hilda Laing Trust made a grant of £5m towards the development of the Federation and a number of its member institutions. During the year the Federation received a final £128,000 from the Trust, bringing its share of the grant to £2,128,500. The member institutions agreed a split of the balance of the grant and the relevant member institutions are making applications directly to the Trust for their share of the remaining £1,895,000.

Other than the Laing grant, there were no fundraising activities in the year

FINANCIAL REVIEW

The Trustees agreed a budget that assumed use of £50,000 of reserves to achieve a balanced budget in 2017/18 and report that instead a surplus of £60,000 was generated in the year. Much of this was due to additional payments made in the year by the member institutions which totalled £80,000.

The Trustees would particularly like to record their gratitude to Westminster College who supported the Federation during the year through releasing a significant amount of Rev Neil Thorogood's time to act as President, waiving the £10,000 budgeted fee for acting as President, making additional donations of £4,000 (on top of a share of the £80k mentioned above) and providing hospitality without charge. All of these contributions helped ensure that the Federation ended up in a positive financial position at the end of the year as well as bringing the structural and financial review to fruition.

The new business model adopted in the year (see below) means that from September 2018 the Federation is operating a cost-sharing model and so the financial position will remain robust, subject to managing cashflow.

FINANCIAL REVIEW (continued)

The Federation's total incoming resources from charitable activities for the year amounted to £642,547 (2017: £639,387). Included in Donations and Legacies is a grant of £128,496 (2017: Donations and legacies £36,301) received from the Maurice & Hilda Laing Trust towards the transition costs of the Federation's financial and governance restructure.

The costs of charitable activities amounted to £742,370 (2017: £861,071) of which £551,520 (2017: £672,844) related to direct costs and £190,850 (2017: £188,227) related to support costs. This included Governance costs of £23,217 (2017: £24,577). Staff costs, including pension and social security costs, were £230,924 (2017: £319,902)

Net current assets at the end of the year amounted to £292,036 (2017: £213,030). Total funds were £1,804,097 of which unrestricted funds amounted to £1,717,555 (2017: £1,711,383) and restricted funds amounted to £86,542 (2017: £32,674).

Reserves Policy

The policy of the Federation is to hold sufficient reserves to be able to meet its commitments to staff (including redundancy costs), students (including teach out costs) and suppliers in the event of the charity ceasing to operate. The Resources Committee has set a target reserves figure of £200,000. At 31.08.18, free reserves were £205,495.

Principal sources of funds

The Federation does not undertake any fundraising; it is fully funded from contributions from its member institutions and a share of student fee income.

On 8th May 2018 the Governing Council adopted a new funding model to take effect from 1st September 2018 which is based on the following principles:

- 1 The CTF charity will have a balanced budget each year.
- 2 The core central costs are to be split amongst the member institutions in equal proportions, according to their membership category (Full or Associate).
- 3 The library costs are to be split amongst the member institutions according to their level of demand on the service
- 4 The costs of running each of the degree programmes are to be borne in full by those member institutions wishing to offer those degrees.
- 5 The member institutions keep all of the student fee income after the university has taken its share.

Going concern

The changes to the Federation's funding model discussed above, taken with the reserves held, enable the charity trustees to consider that the Federation is a going concern and will remain so in the future as any operating deficit will be fully covered by the member institutions.

Risk Management

The Governing Council identified the main risk to the charity was that the business model was based on income being a share of student fee income, which is declining, whilst the charity's costs continue to rise. This risk has been removed with the introduction of the new business plan and additional contributions to reserves from the member institutions.

Other risks that have been identified include staff retention, the safety of staff and students, the impact on the Federation if a member institution leaves, the impact of the loss of TEI status or registration as a higher education provider, and the loss of any of the agreements with the universities that validate our courses. Processes have been established to manage these risks.

**THE CAMBRIDGE THEOLOGICAL FEDERATION
TRUSTEES' ANNUAL REPORT (Incorporating the Directors' Report)
FOR THE YEAR ENDED 31 AUGUST 2018**

PLANS FOR FUTURE PERIODS

Plans for the future are guided by the Strategic Plan as detailed in the "Achievements and Performance" section above, in particular the key responsibility to provide a high quality learning experience for our students.

Significant time and effort is expected to take place in 2018/19 to ensure that the organisational changes detailed in the "Structure" section above are implemented effectively, with time for review as the year progresses.

2018/19 sees the first admissions to the new Masters degrees detailed in the "Achievements" section above. The member institutions involved (IOCS, Margaret Beaufort Institute, Wesley House and Westminster College) are working together to market, resource and teach the degrees to enable them to reach sustainable levels as soon as possible. In addition to the new MAs, the Federation remains committed to offering the full range of degrees it currently offers through its partnerships with Anglia Ruskin University, Durham University and the University of Cambridge.

TRUSTEES' RESPONSIBILITIES STATEMENT

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

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, 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 applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

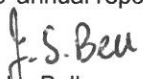
AUDITOR

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

The trustees' annual report was approved on*5 Dec 2018*..... and signed on behalf of the board of trustees by:


Professor John Bell
Chair of Trustees

**THE CAMBRIDGE THEOLOGICAL FEDERATION
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018**

Opinion

We have audited the company financial statements of The Cambridge Theological Federation for the year ended 31 August 2018 which comprise the statement of financial activities (including income and expenditure account), the balance sheet, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Statement of Recommended Practice: Accounting and Reporting by 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) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2018 and of the company's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors 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 this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report has been prepared in accordance with applicable legal requirements.

**THE CAMBRIDGE THEOLOGICAL FEDERATION
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018**

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustee's remuneration specified by law are not made; or
- we have not received all the information and explanation we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a Strategic Report.

Auditor's responsibilities for the audit of the financial statements

As explained more fully in the trustees' responsibilities statement, the trustees 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 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 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: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

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



Graham Michael David Day (Senior Statutory Auditor)

For and on behalf of Chater Allan LLP

Chartered Accountants and Statutory Auditors

Beech House

4a Newmarket Road

Cambridge

CB5 8DT

Date: 14 December 2018

**THE CAMBRIDGE THEOLOGICAL FEDERATION
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted Funds £	2018 Restricted Funds £	Total Funds £	2017 Total Funds £
Income and endowments					
Donations and legacies	4	4,933	128,496	133,429	75,302
Charitable activities	5	642,547	-	642,547	639,387
Other trading activities	6	26,175	-	26,175	24,600
Investment income	7	254	5	259	213
Total Income		<u>673,909</u>	<u>128,501</u>	<u>802,410</u>	<u>739,502</u>
Expenditure					
Charitable activities	8	674,619	67,751	742,370	861,071
Total expenditure		<u>674,619</u>	<u>67,751</u>	<u>742,370</u>	<u>861,071</u>
Net income/(expenditure)		<u>(710)</u>	<u>60,750</u>	<u>60,040</u>	<u>(121,569)</u>
Transfers between funds		6,882	(6,882)	-	-
Net movement in funds		<u>6,172</u>	<u>53,868</u>	<u>60,040</u>	<u>(121,569)</u>
Reconciliation of funds					
Total funds brought forward		<u>1,711,383</u>	<u>32,674</u>	<u>1,744,057</u>	<u>1,865,626</u>
Total funds carried forward		<u>1,717,555</u>	<u>86,542</u>	<u>1,804,097</u>	<u>1,744,057</u>

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

**THE CAMBRIDGE THEOLOGICAL FEDERATION
BALANCE SHEET
AS AT 31 AUGUST 2018**

REGISTERED NUMBER: 04700056

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible fixed assets	14	1,512,061	1,531,028
Total fixed asset		<u>1,512,061</u>	<u>1,531,028</u>
CURRENT ASSETS			
Trade and other debtors	15	59,226	221,091
Cash at bank and in hand		<u>307,570</u>	<u>149,602</u>
		366,796	370,693
CREDITORS: amounts falling due within one year	16	74,760	157,664
NET CURRENT ASSETS		292,036	213,029
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,804,097</u>	<u>1,744,057</u>
NET ASSETS		<u>1,804,097</u>	<u>1,744,057</u>
RESERVES			
Restricted Funds	17	86,542	32,674
Unrestricted Funds	17	1,717,555	1,711,383
TOTAL FUNDS		<u>1,804,097</u>	<u>1,744,057</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 5th December 2018 and signed on its behalf by


.....
Professor John Bell
Chair of Trustees

**THE CAMBRIDGE THEOLOGICAL FEDERATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018**

	2018	2017
	£	£
Cash flows from operating activities		
Net income/(expenditure)	60,040	(121,569)
Adjustments for:		
Depreciation of tangible fixed assets	19,659	21,915
Other interest receivable and similar income	(259)	(213)
Changes in:		
Trade and other debtors	161,866	41,746
Trade and other creditors	(82,905)	77,572
Net cash generated by/(used in) operating activities	<u>158,402</u>	<u>19,451</u>
Cash flows from investing activities		
Interest received	259	213
Purchase of tangible assets	(692)	(17,519)
Net cash generated by/(used in) investing activities	<u>(434)</u>	<u>(17,306)</u>
Net increase/(decrease) in cash and cash equivalents	157,968	2,145
Cash and cash equivalents at beginning of year	149,602	147,457
Cash and cash equivalents at end of year	<u>307,570</u>	<u>149,602</u>

**THE CAMBRIDGE THEOLOGICAL FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. GENERAL INFORMATION

The charity is a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is The Bounds, Westminster College, Lady Margaret Road, Cambridge, CB3 0BJ.

Income and Expenditure account

A statutory Income and Expenditure account is not included as the required information is presented in the Statement of Financial Activities.

The Cambridge Theological Federation meets the definition of a public benefit entity under FRS 102.

The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)), the Charities Act 2011 and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The Trustees have considered the financial position of the charity and believe it is well placed to manage its business risks successfully. The trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis of preparation in preparing the financial statements.

Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

3. ACCOUNTING POICIES (continued)

Income

All income is included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible Assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

3. ACCOUNTING POLICIES (continued)

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Long leasehold property - 125 years straight line
Equipment - 25% reducing balance

Defined Benefit Plan

The company operates a defined benefit scheme for its employees. The assets of the scheme are held separately from those of the company. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

THE CAMBRIDGE THEOLOGICAL FEDERATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 AUGUST 2018

4. DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Donations				
Donations and other income	4,933	-	4,933	39,000
			-	
Grants				
Laing Grant	-	128,496	128,496	36,302
	<u>4,933</u>	<u>128,496</u>	<u>133,429</u>	<u>75,302</u>

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Theological education and training	642,547	-	642,547	639,387
	<u>642,547</u>	<u>-</u>	<u>642,547</u>	<u>639,387</u>

6. OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Letting	26,175	-	26,175	24,600
	<u>26,175</u>	<u>-</u>	<u>26,175</u>	<u>24,600</u>

7. INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Bank interest	254	5	259	213
	<u>254</u>	<u>5</u>	<u>259</u>	<u>213</u>

8. EXPENDITURE ON CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Activities undertaken directly 2018 £	Support Costs 2018 £	Total 2018 £	Total 2017 £
Theological education and training	551,520	190,850	742,370	861,071
	<u>551,520</u>	<u>190,850</u>	<u>742,370</u>	<u>861,071</u>

**THE CAMBRIDGE THEOLOGICAL FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

9. ANALYSIS OF SUPPORT COSTS

	Total 2018 £	Total 2017 £
Staff costs	145,139	137,596
Premises	15,414	19,395
General office	7,079	6,659
Governance costs	23,217	24,577
	<u>190,850</u>	<u>188,227</u>

10. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting)	2018 £	2017 £
Depreciation of tangible fixed assets	<u>19,659</u>	<u>21,915</u>

11. AUDITORS REMUNERATION

	2018 £	2017 £
Fees payable for the audit of the financial statements	<u>5,100</u>	<u>5,700</u>

12. STAFF COSTS

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2018 £	2017 £
Wages and salaries	194,529	282,875
Social security costs	17,457	16,499
Employer contributions to pension plans	18,938	20,528
	<u>230,924</u>	<u>319,902</u>

The average head count of employees during the year was 9 (2017: 11)

No employee received employee benefits of more than £60,000 during the year (2017: nil)

Key management personnel

Key management personnel include all person that have authority and responsibility for planning, directing and controlling the activities of the charity. The total remuneration paid to key management personnel for services provided to the charity was £23,481 (2017:£114,028)

**THE CAMBRIDGE THEOLOGICAL FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

13. TRUSTEE REMUNERATION AND EXPENSES

The Trustees received no remuneration (2017:£nil) during the year.

During the period Trustees received reimbursement of travel expenses of £nil (2017:£nil).

14. TANGIBLE FIXED ASSETS

	Long Leasehold Property £	Equipment	Totals £
Cost			
As at 1 September 2017	1,518,943	68,866	1,587,809
Additions	-	692	692
As at 31 August 2018	<u>1,518,943</u>	<u>69,558</u>	<u>1,588,501</u>
Depreciation			
As at 1 September 2017	17,204	39,578	56,782
Charge for the year	12,152	7,508	19,659
As at 31 August 2018	<u>29,355</u>	<u>47,086</u>	<u>76,441</u>
Net book value			
As at 31 August 2018	<u>1,489,588</u>	<u>22,473</u>	<u>1,512,061</u>
As at 31 August 2017	<u>1,501,740</u>	<u>29,288</u>	<u>1,531,028</u>

Long leasehold property includes £935,000 paid to Westminster College. This is in respect of a lease of the Bounds which commenced October 2015 and runs for 125 years. The lease premium is being depreciated over 125 years.

15. DEBTORS

	2018 £	2017 £
Trade debtors	11,072	79,267
Other debtors	48,154	141,824
	<u>59,226</u>	<u>221,091</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	27,191	49,079
Social security and other taxes	3,730	6,445
Other creditors	43,838	102,140
	<u>74,760</u>	<u>157,664</u>

**THE CAMBRIDGE THEOLOGICAL FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

17. PENSIONS AND OTHER POST RETIREMENT BENEFITS

The Cambridge Theological Federation participates in the Pension Builder Scheme section of the Church Workers Pension Fund for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

Pension Builder Scheme

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two pensions, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS102. This is because it is not possible to attribute the Pension Builders Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions are £18,938 (2017: £20,528).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2016. This revealed, on the ongoing assumptions used, a deficit of £14.2m using an 'ongoing valuation' and a deficit of £15.3m using a 'security valuation'. There is no requirement for deficit payments at the current time.

Pension Builder 2014 will be valued in relation to the lump sum payable to members at normal pension age. There are no annual pension benefits. Pension Builder 2014 commenced in February 2014 so the first full valuation of that section will be carried out at the next Church Workers Pension Fund valuation date, 31 December 2016.

**THE CAMBRIDGE THEOLOGICAL FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

18. ANALYSIS OF RESTRICTED FUNDS

	At 1 September 2017 £	Income £	Expenditure £	Transfers £	At 31 August 2018 £
Eastern Region Training Partnership	32,674	5	(26,489)	(6,190)	-
Maurice and Hilda Laing Trust grant	-	128,496	(41,262)	(692)	86,542
	<u>32,674</u>	<u>128,501</u>	<u>(67,751)</u>	<u>(6,882)</u>	<u>86,542</u>

Eastern Region Training Partnership

On 5th March 2018 members of the Eastern Region Training Partnership decided to finish the project and to disperse any remaining funds equally to its nine contributory members, after paying the Federation's administrative costs. The Federation no longer holds any funds on behalf of third parties.

Maurice and Hilda Laing Trust grant

During the year the Laing Trust released £128,000 to support the Federation's transition to its new financial, governance and operational models. £41,000 of such costs were incurred in the year. The remainder is to be used on further transitional costs incurred in 2018/19, including the costs of installing a new database system and related IT.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	1,512,061		1,512,061
Net Current assets	205,495	86,542	292,036
Net assets	<u>1,717,555</u>	<u>86,542</u>	<u>1,804,097</u>

THE CAMBRIDGE THEOLOGICAL FEDERATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 AUGUST 2018

20. LEASING AGREEMENTS

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2018 £	2017 £
Not later than 1 year	853	708
Later than 1 year and not later than 5 years	853	1,416
	<u>1,706</u>	<u>2,124</u>

21. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds £	2017 Restricted Funds £	Total Funds £
Income and endowments			
Donations and legacies	39,000	36,302	75,302
Charitable activities	639,387	-	639,387
Other trading activities	24,600	-	24,600
Investment income	213	-	213
Total income	<u>703,200</u>	<u>36,302</u>	<u>739,502</u>
Expenditure			
Charitable activities	739,747	121,324	861,071
Total expenditure	<u>739,747</u>	<u>121,324</u>	<u>861,071</u>
Net income/(expenditure)	<u>(36,547)</u>	<u>(85,022)</u>	<u>(121,569)</u>
Transfers between funds	89,806	(89,806)	-
Net movement in funds	<u>53,259</u>	<u>(174,828)</u>	<u>(121,569)</u>
Reconciliation of funds			
Total funds brought forward	1,658,124	207,502	1,865,626
Total funds carried forward	<u>1,711,383</u>	<u>32,674</u>	<u>1,744,057</u>

22. RELATED PARTY TRANSACTIONS

Member bodies and associate institutions paid membership fees of £89,162 in the year.

