

CHARITY REGISTRATION NUMBER 529386

CLIFF COLLEGE
CONSOLIDATED ACCOUNTS
YEAR ENDED 31 AUGUST 2018



CLIFF COLLEGE

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Revd Rachel Deigh (Chair) Stephen Holliday (Vice-Chair) Revd Ashley Cooper (Principal) Ashley France Matthew Lee Revd Loraine Mellor (Appointed 1 September 2018) Joan Ryan Revd Roger Walton
Charity number	529386
Principal address	Cliff College Calver Hope Valley Derbyshire S32 3XG
Auditors	Hawsons Chartered Accountants Pegasus House 463a Glossop Road Sheffield S10 2QD
Bankers	HSBC Belgravia Branch The Peak 333 Vauxhall Bridge Road London SW1V 1EJ
Solicitors	Graysons Solicitors Courtwood House Silver Street Head Sheffield S1 2DD

CLIFF COLLEGE

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CLIFF COLLEGE

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The managing trustees present their report and accounts for the year ending 31 August 2018. The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, applicable law and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2015).

Structure, governance and management

The charity is governed by two charitable trust deeds, one dated 1903 and a second dated 1930. The managing trustees who served during the year were:

Revd Rachel Deigh (Chair)
Stephen Holliday (Vice-Chair)
Revd Ashley Cooper (Principal)
Ashley France
Matthew Lee
Revd Loraine Mellor (Appointed 1 September 2018)
Joan Ryan
Revd Alistair Sharp (Resigned 31 August 2018)
Revd Dr Roger Walton

The College Committee is appointed by the Methodist Council. In the appointment of managing trustees to serve on the Committee, the Methodist Church seeks to employ the widest possible range of skills and expertise, and fully bears this in mind when inviting new managing trustees to take up their responsibilities. Each member of the College Committee oversees and supports a specific area of College life and, by doing so, enables an external influence to be brought into the College which has a significant beneficial effect on the work of the College. All new managing trustees are inducted in briefing meetings with the Principal and senior staff members, and develop a detailed knowledge of the College by working alongside staff members who have day-to-day responsibility for the specific area in which the managing trustee has expertise.

Appointments to the College Committee are for an initial period of three years, with the option to extend for up to a further three years. Thereafter, a member may serve for a further year if the nomination is supported by 75% of the members present at a meeting to consider the nomination.

The ultimate responsibility for the College lies with Methodist Conference and, as the College is part of the wider Methodist Church, it is governed by Methodist Church standing orders and the decisions made annually by the Methodist Conference. The Trusteeship is held by the Methodist Council which appoints the Cliff College Committee to govern the College.

The strategic direction of the charity is set by the College Committee which then delegates the day-to-day running of the College to the College's Executive Committee (an internal management group consisting of the Principal, Revd Ashley Cooper; the Academic Director, Dr Justin Thacker; and the Operations Director, Paul Taylor). The College Committee Chair and Vice-Chair receive the minutes of the Executive Committee meetings and attend meetings when appropriate. The Executive Committee reports back to the College Committee on a regular basis.

The College Committee also receives regular reports from the Board of Directors of Cliff College Outreach Limited, the trading arm of the College which specialises in providing conferencing facilities and accommodation on the College campus.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

Objectives and activities

The College's vision is 'to be a beacon of excellence for training in mission and evangelism, serving the church, especially in the UK but also internationally'.

In living out this vision, the College recognises its commitment to the Methodist Church and its heritage in the Wesleyan family; it exists to train people in mission and evangelism, which aims to impact all sections of the church and serve the widest possible constituency. These are achieved through:

- a range of validated courses and programmes with mission and evangelism at their core
- short courses and Summer Schools to serve the needs of lay people in the church
- evangelists to act as a catalyst for mission and evangelism in the church
- an annual Festival to deliver a vibrant programme for all ages
- the Cliff Year to provide young people with a year of vocational exploration
- the conference centre to provide accommodation for individuals and groups
- Global partnerships to support lay and ordained training across the globe
- a series of resources to promote the themes of mission and evangelism.

Cliff College exists for the charitable purposes of the advancement of education and of the advancement of religion. All other charitable activities undertaken by the College are to further the attainment of its vision. The trustees have paid due regard to the guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Risk factors

The managing trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks. A risk register is maintained by senior management and the register is reviewed and approved by the Cliff College Committee on an annual basis. The most serious risks to Cliff College's survival and development are identified as:

- insufficient student numbers leading to a loss in income
- changes in Government legislation and/or the policies of our partners
- loss of key staff and their knowledge and experience.

These risks are managed in a number of ways:

A Communications & Recruitment Officer will be recruited, who will build on the developing marketing strategy, recent rebranding and more innovative promotional campaigns. The College website will be updated to provide clear and concise information and to link with our growing social media presence. Courses are constantly under review to ensure continued relevance to students, with the BA in Mission and Ministry now being promoted at Certificate level to make it more accessible to those employed in lay ministry roles. Online modules are now offered in the Masters programme; these will be further developed on a new online platform. The Summer School programme has been expanded in partnership with the Methodist Church, with a Spring School to be added in 2019; the short course programme is growing with a renewed emphasis on providing training for those in lay ministry roles, a growing area in the church.

The College now participates in the US Federal Student Aid programme and our first full-time American students joined the College in September 2018.

Staff are up to date with government policy and have positively responded to the development of the Office for Students with a successful application. A new undergraduate programme is being developed that will meet the requirements of the new government apprenticeships and enable students to access apprenticeship funding. The College maintains strong relationships with its partners, meeting regularly and ensuring that each other's expectations are fully understood.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

Staff retention rate is high but, as a small organisation, there is a lot of reliance on individual knowledge and expertise. IT solutions are therefore used to enable collaborative use of online resources and information and staff meet regularly as teams to share developments and issues and work to maintain good internal communications. Staff job descriptions are being updated, leading to a review of salaries.

Achievements and performance

The College runs taught academic programmes at both undergraduate and postgraduate levels, as well as supervising research programmes. All of the College's academic programmes are validated by the University of Manchester, a Russell Group university, which unconditionally revalidated the College for five years from 1 January 2016. An unconditional revalidation is a very positive affirmation of the work of the College and a great achievement. The next revalidation process will take place in the autumn of 2020.

Undergraduate programmes include:

- Certificate, Diploma and Honours degree programmes in Theology
- Certificate, Diploma and Honours degree programmes in Mission and Ministry

Postgraduate programmes include:

- Postgraduate Certificate, Diploma and Masters degree programmes with specialist pathways including:
 - Biblical Theology and Mission
 - Children's and Youth Mission
 - Christian Mentoring
 - Disability, Theology and Mission
 - Leadership, Mission and Renewal
 - Literature, Theology and Culture
 - Mission and Evangelism
 - Mission and Global Justice
 - Mission and Islamic contexts
 - Pioneering Ministries/Fresh Expressions
 - Spirituality and Mission
 - PhD programme (research)
 - PhD Missiology programme (professional doctorate)

The faculty of the College continues to seek to develop and deliver our various courses in effective ways so that the educational and religious aims of the charity continue to be achieved. As part of its Christian heritage, and by provision being built into the learning objectives of accredited programmes, Cliff College students continue to engage in periods of placement and mission. For full-time students these placement experiences significantly increase their employability. The majority of part-time students remain active in their paid or voluntary church or community roles throughout their time of study at the College.

Cliff Global Partnerships

For many years, the International Training Centre has supported partner churches overseas through a range of courses, programmes and other projects. A review of this work has enabled us to engage with partners to explore how this learning could be more effectively delivered and, in response to this review, an online learning platform is being developed in order to meet this need.

New relationships and partnerships have also been made and developed during the year, including with Perkins School of Theology, in Dallas, and a number of other British Methodist Church partners, including in Nigeria, Kenya, Korea, Sierra Leone and Uganda. The appointment of a Head of Global Partnerships will enable this work to be developed and strengthened.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

Library

The library is a valuable resource for students, not only for those attending internal courses but also for others who come to carry out their research activities. The development of new programmes continues to be matched by an expansion of the range of resources available, including online access to e-books, journals and periodicals. An archive section, growing in size and importance, attracts many students wishing to explore Methodist history and heritage in detail; it is a part of one of the largest collections of Wesleyan material to be found throughout the world, located at sites connected to the University of Manchester.

Festival

The Cliff College 'Festival' is a major public event that the College holds each year over the second bank holiday weekend in May. Much time and expense is put into maintaining the high quality of Festival, to promote the work of the College and provide an enjoyable experience for all visitors. Festival provides a resource for church groups and individuals and is also an important aspect of our student recruitment activity. Increased numbers of young people have been attending Festival in recent years and it is hoped that this will result in increased student recruitment in the years ahead.

Cliff College Outreach Limited (CCO)

CCO is the trading arm of the College, providing high-quality facilities and modern accommodation options across the site. CCO reimburses the College for utility costs paid on its behalf together with management charges relating to salary and administration expenses. Profits from CCO are donated to the College under the Gift Aid scheme. Under a ten year agreement reached in 2013, the national headquarters of Girls Brigade Ministries are located on the College site. The company's turnover for the year was in line with the previous year. In addition to providing accommodation for part-time students of the College, the facilities are also regularly used by the Discipleship and Ministries Learning Network of the Methodist Church and The Girls Brigade for gatherings of people from across the UK. A large number of smaller organisations, both Christian and secular, hold conferences on the site. The board of directors continues to actively monitor the financial context in which the Conference Centre operates in order that appropriate and prompt action can be taken to respond to the external challenges.

Financial review

From a financial point of view, the College had a difficult year due to low numbers of students joining programmes in previous years. However, we have seen an improvement in numbers in 2017/18, in line with targets set for the BA Theology and postgraduate programmes, both taught and research.

Income from general donations followed the downward trend seen over the last few years. However, a number of generous legacies were received during the year which offset this decline. Legacies are never budgeted for so are 'the icing on the cake' when received.

The College is constantly monitoring its costs in order to keep them to a minimum. However, there are increasing costs being incurred due to Government regulation and there is little that can be done about these as we continue as a provider of higher education.

The College seeks to let properties externally where these are not required by staff or students. Two houses have been successfully let during the year, providing a valuable source of income. Care is taken to ensure that the facilities are maintained to a high standard and that there is no backlog of urgent work. Over the last three years, a programme of planned preventative maintenance has taken place which has been partially funded by the Methodist Church and partially by College funds. The College will continue to plan capital projects that enhance the experience of students and conference visitors.

IT systems and hardware are constantly under review to ensure suitability for purpose for students, conference visitors and staff alike. Increasing regulatory requirements have required the implementation of a computerised

CLIFF COLLEGE

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

IT systems and hardware are constantly under review to ensure suitability for purpose for students, conference visitors and staff alike. Increasing regulatory requirements have required the implementation of a computerised student record system which will provide the statistics required by government agencies and this will be developed further as government requirements change.

We are keen to make students aware of their financial responsibilities towards the College and to this end all new BA Theology students are provided with information and support in managing their personal finances. One-to-one 'finance' interviews are held with all students, in which they are made aware of the specific charges that they will be required to pay to the College for tuition fees and residential fees; a payment plan is then agreed upon. Most of these students are able access loans from the Student Loans Company to finance their studies. Throughout the year, student accounts are closely monitored in order to ensure the minimum of bad debts. The Government has now made student loans available to postgraduate students and, whilst some of our Masters Programme students are funded by their employer, these new loans will be beneficial to those who are not.

In July 2017, the annual Methodist Conference, the governance body of the Methodist Church, agreed a budget which included financial support for the College covering the next three years. Whilst budgets beyond this period have not yet been approved, there are no plans to deviate from this on-going financial support. During the year, the College received income of £2,063,966 (2017: £1,723,690) and had free reserves of £525,722 as at 31 August 2018 (2017: £873,199).

Investments

Supporters of the College, over many years, have donated substantial sums of money by way of gifts and legacies. The outcome of this generosity is that many investments have been made to provide an income, some for the specific benefit of the students and some to provide general income for the College. Most of the funds are invested through either the Trustees for Methodist Church Purposes (TMCP) or the Central Finance Board of the Methodist Church (CFB), and are therefore subject to the Methodist Church's ethical investment policy. Interest rates continue at the low levels experienced in previous years but the College is still committed to moving its investments, where possible, into higher yielding funds without compromising its commitment to a low risk investment strategy as befits a charity.

Arrangements for setting the remuneration of key management personnel

The salaries of key management personnel are set by reference to recommended ministerial stipend set by the Methodist Church, salary levels offered in the theological college sector (for teaching staff), and general salary levels (for non-teaching staff).

Reserves policy

At the 31 August 2018 the College held total reserves of £8,977,846.

It is the policy of the College that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The level of free reserves at 31 August 2018 of £525,722 is consistent with this policy. The managing trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised.

On behalf of the board of managing trustees,



Revd Ashley Cooper, Principal and Trustee
05/3/2019

CLIFF COLLEGE

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The managing trustees are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales 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 charity and of the incoming resources and application of resources of the charity for that period.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. 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.

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

CLIFF COLLEGE

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF CLIFF COLLEGE

Opinion

We have audited the financial statements of Cliff College (the 'charity') for the year ended 31 August 2018 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Charity Statement of Financial Activities, Charity Balance Sheet, Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2018, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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 trustees are responsible for the other information. The other information comprises the information included in the trustees' 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF CLIFF COLLEGE (CONTINUED)

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 8, the trustees are responsible for the preparation of financial statements which 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

CLIFF COLLEGE

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF CLIFF COLLEGE (CONTINUED)

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

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

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed

Hawsons

Hawsons Chartered Accountants, Statutory Auditor
Pegasus House
463a Glossop Road
Sheffield
S10 2QD

Date 12 March 2019

Hawsons Chartered Accountants is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

CLIFF COLLEGE

**GROUP STATEMENT OF FINANCIAL ACTIVITIES INCLUDING
INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 AUGUST 2018**

		Unrestricted funds	Restricted funds	Endowment funds	Total 2018	As restated Total 2017
	Note	£	£	£	£	£
Income from:						
Donations and grants	2	809,621	69,032	-	878,653	689,957
Charitable activities	3	620,220	-	-	620,220	532,271
Other trading activities	4	200,941	-	-	200,941	195,922
Investment income	5	15,996	-	-	15,996	16,037
Other incoming resources	6	<u>348,156</u>	<u>-</u>	<u>-</u>	<u>348,156</u>	<u>289,503</u>
Total income		<u>1,994,934</u>	<u>69,032</u>	<u>-</u>	<u>2,063,966</u>	<u>1,723,690</u>
Expenditure on:						
Raising funds	7	252,181	-	-	252,181	203,978
Charitable activities	8	<u>1,835,587</u>	<u>85,544</u>	<u>-</u>	<u>1,921,131</u>	<u>1,709,476</u>
Total expenditure		<u>2,087,768</u>	<u>85,544</u>	<u>-</u>	<u>2,173,312</u>	<u>1,913,454</u>
Losses on investments	14	<u>(1,376)</u>	<u>(4,602)</u>	<u>1,936</u>	<u>(4,042)</u>	<u>(3,637)</u>
Net income/(expenditure)		(94,210)	(21,114)	1,936	(113,388)	(193,401)
Transfers between funds	20	<u>30,777</u>	<u>(30,777)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		(63,433)	(51,891)	1,936	(113,388)	(193,401)
Fund balances brought forward		<u>8,316,884</u>	<u>350,464</u>	<u>423,886</u>	<u>9,091,234</u>	<u>9,284,635</u>
Fund balances carried forward		<u>8,253,451</u>	<u>298,573</u>	<u>425,822</u>	<u>8,977,846</u>	<u>9,091,234</u>

CLIFF COLLEGE

CHARITY STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 31 AUGUST 2018

					As restated	
	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2018 £	Total 2017 £
Income from:						
Donations and grants	2	809,621	69,032	-	878,653	689,957
Charitable activities	3	620,220	-	-	620,220	532,271
Other trading activities	4	963	-	-	963	309
Investment income	5	15,996	-	-	15,996	16,037
Other incoming resources	6	<u>381,475</u>	<u>-</u>	<u>-</u>	<u>381,475</u>	<u>355,470</u>
Total income		<u>1,828,275</u>	<u>69,032</u>	<u>-</u>	<u>1,897,307</u>	<u>1,594,044</u>
Expenditure on:						
Raising funds	7	29,792	-	-	29,792	47,031
Charitable activities	8	<u>1,835,587</u>	<u>85,544</u>	<u>-</u>	<u>1,921,131</u>	<u>1,760,363</u>
Total expenditure		<u>1,865,379</u>	<u>85,544</u>	<u>-</u>	<u>1,950,923</u>	<u>1,807,394</u>
Gains/(Losses) on investments	14	<u>(1,376)</u>	<u>(4,602)</u>	<u>1,936</u>	<u>(4,042)</u>	<u>(3,637)</u>
Net income/(expenditure)		(38,480)	(21,114)	1,936	(57,658)	(216,987)
Transfers between funds	20	<u>30,777</u>	<u>(30,777)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		(7,703)	(51,891)	1,936	(57,658)	(216,987)
Fund balances brought forward		<u>8,377,248</u>	<u>350,464</u>	<u>423,886</u>	<u>9,151,598</u>	<u>9,368,585</u>
Fund balances carried forward		<u>8,369,545</u>	<u>298,573</u>	<u>425,822</u>	<u>9,093,940</u>	<u>9,151,598</u>

CLIFF COLLEGE

**CONSOLIDATED BALANCE SHEET
YEAR ENDED 31 AUGUST 2018**

	Notes	2018 £	As restated 2017 £
Fixed assets			
Intangible assets	12	4,625	10,759
Tangible assets	13	7,723,104	7,432,926
Investments	14	<u>591,096</u>	<u>595,138</u>
		8,318,825	8,038,823
Current assets			
Debtors	15	218,941	178,470
Cash at bank and in hand		<u>945,483</u>	<u>1,131,126</u>
		1,164,424	1,309,596
Creditors: amounts falling due within one year	16	<u>(253,025)</u>	<u>(257,185)</u>
Net current assets		<u>911,399</u>	<u>1,052,411</u>
Total assets less current liabilities		<u>9,230,224</u>	<u>9,091,234</u>
Creditors: amounts falling due after more than one year	17	<u>(252,378)</u>	<u>-</u>
Net assets		<u>8,977,846</u>	<u>9,091,234</u>
Capital funds			
Endowment funds	19	425,822	423,886
Income funds			
Restricted funds	20	298,573	350,464
Unrestricted funds			
General	21	<u>8,253,451</u>	<u>8,316,884</u>
		<u>8,977,846</u>	<u>9,091,234</u>

The financial statements were approved and authorised for issue by the Board on 05/3/19....

Signed on behalf of the board of managing trustees

Revd Ashley Cooper
Principal and Trustee




CLIFF COLLEGE

**CHARITY BALANCE SHEET
YEAR ENDED 31 AUGUST 2018**

	Notes	2018 £	As restated 2017 £
Fixed assets			
Intangible assets	12	4,625	10,759
Tangible assets	13	7,723,104	7,432,926
Investments	14	591,096	595,138
		<u>8,318,825</u>	<u>8,038,823</u>
Current assets			
Debtors	15	388,436	264,574
Cash at bank and in hand		<u>868,649</u>	<u>1,085,415</u>
		1,257,085	1,349,989
Creditors: amounts falling due within one year	16	<u>(229,592)</u>	<u>(237,214)</u>
Net current assets		<u>1,027,493</u>	<u>1,112,775</u>
Total assets less current liabilities		9,346,318	9,151,598
Creditors: amounts falling due after more than one year	17	<u>(252,378)</u>	<u>-</u>
Net assets		<u>9,093,940</u>	<u>9,151,598</u>
Capital funds			
Endowment funds	19	425,822	423,886
Income funds			
Restricted funds	20	298,573	350,464
Unrestricted funds			
General	21	<u>8,369,545</u>	<u>8,377,248</u>
		<u>9,093,940</u>	<u>9,151,598</u>

The financial statements were approved and authorised for issue by the Board on 05/3/19.
Signed on behalf of the board of managing trustees

Revd Ashley Cooper
Principal and Trustee



CLIFF COLLEGE

**CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 AUGUST 2018**

		2018	As restated
	Notes	£	2017
			£
Cash flow from operating activities	23	(29,181)	(60,291)
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(447,351)	(244,824)
Interest received		<u>10,889</u>	<u>2,990</u>
Net cash flow from investing activities		<u>(436,462)</u>	<u>(241,834)</u>
		(465,643)	(302,125)
Cash flow from financing activities			
Bank loan received		<u>280,000</u>	<u>-</u>
Net (Decrease) in cash and cash equivalents		(185,643)	(302,125)
Cash and cash equivalents at beginning of year		<u>1,131,126</u>	<u>1,433,251</u>
Cash and cash equivalents at end of year		<u>945,483</u>	<u>1,131,126</u>

CLIFF COLLEGE

NOTES TO THE CONSOLIDATED ACCOUNTS FOR YEAR ENDED 31 AUGUST 2018

1 Accounting policies

Company information

Cliff College is a registered charity (no 529386). The principal address is Calver, Hope Valley, Derbyshire, S32 3XG.

1.1 Accounting convention

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Charities Act 2011, the Companies Act 2006 and United Kingdom Generally Accepted Practice.

The financial statements consolidate the accounts of Cliff College and Cliff College Outreach Limited.

The financial statements are prepared on a going concern basis under the historic cost convention, modified to include certain items at fair value.

The financial statements are prepared in sterling, which is the main functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

1.2 Charitable funds

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the accounts.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
YEAR ENDED 31 AUGUST 2018

1.3 Income recognition

Grants are accounted for on a receivable basis.

For legacies, entitlement and recognition is the earlier of the charity being notified of an impending distribution or the legacy being received.

Donations received towards student fee sponsorship may be deferred for use in later years. The disbursements from this fund vary according to student needs.

Incoming resources from endowment funds are unrestricted and are transferred to unrestricted funds at the end of the financial year.

Student fees invoiced in advance are treated as deferred income.

1.4 Expenditure recognition

Resources expended are recognised in the year in which the liability is incurred.

Costs of raising funds relate to the cost of bookshop stock, of providing conference facilities and other fundraising activities.

Expenditure relating to charitable activities includes all the costs, including support costs, relating to the running of the college as an educational institution.

Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

1.5 Intangible fixed assets

Intangible fixed assets are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Computer software	33.3% straight line
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1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

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

Buildings	Straight line over 100 years
Property refurbishment	Straight line over 15 years
Computer equipment	33.3% straight line
Fixtures, fittings and equipment	20% straight line
Motor vehicles	20% straight line
Land is not depreciated	

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

NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
YEAR ENDED 31 AUGUST 2018

1.7 Investments

Investments are recognised initially at fair value, which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in net gain/losses in the SOFA.

A subsidiary is an entity controlled by the charity. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

1.9 Pensions

The pension costs charged in the accounts represent the contributions payable by the charity during the year.

The charity participates in two multi-employer defined benefit schemes, as the proportion attributable to the charity is not separately identifiable, the pension schemes are accounted for as defined contribution pension schemes in the accounts. Further details are included in note 18.

1.10 Cash and cash equivalents

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.

1.11 Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

1.12 Judgements and key sources of estimation uncertainties

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

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

The trustees have based their estimate of the value of the land and buildings of the charity on a valuation completed by a professional valuer and on one prepared by the Estate Manager looking at similar properties in the location near to the charity's properties. The accuracy of these valuations could therefore have a material adjustment to the carrying amount of assets and liabilities.

CLIFF COLLEGE

NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

2 Donations and grants

	Unrestricted funds £	Group and Charity Restricted fund £	Total 2018 £	Total 2017 £
Donations and gifts	39,288	10,910	50,198	78,046
Legacies receivable	313,833	-	313,833	64,970
DMLN Grant from The Methodist Church	366,500	-	366,500	362,052
Other grants	<u>90,000</u>	<u>58,122</u>	<u>148,122</u>	<u>184,889</u>
	<u>809,621</u>	<u>69,032</u>	<u>878,653</u>	<u>689,957</u>
For the year ended 31 August 2017	<u>499,938</u>	<u>190,019</u>		<u>689,957</u>

	2018 £	Group 2017 £
Legacies receivable		
Unrestricted funds:		
I Starkie	-	1,900
P Nickson	-	2,946
N Sykes	-	9,640
H McLay	-	28,452
A R Walton	-	4,003
B Smith	-	2,828
D I Jones	-	5,010
D A Elder	-	10,128
T V Antill	-	63
K Connor	71,857	-
C Bryant	5,000	-
M E Graham	500	-
J Terry	2,000	-
E Hopkins	104,476	-
N Porter	60,000	-
M Porter	<u>70,000</u>	<u>-</u>
	<u>313,833</u>	<u>64,970</u>

CLIFF COLLEGE

NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

3 Charitable activities

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Student fees	<u>620,220</u>	<u>532,271</u>	<u>620,220</u>	<u>532,271</u>

4 Other trading activities

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Conference income	<u>200,941</u>	<u>195,922</u>	<u>963</u>	<u>309</u>

5 Investment income

	Group & Charity			Total	Total
	Unrestricted Funds £	Restricted funds £	Endowment funds £	2018 £	2017 £
Central Finance Board Funds	10,889	-	-	10,889	10,695
Other investment income	<u>2,891</u>	<u>2,216</u>	<u>-</u>	<u>5,107</u>	<u>5,342</u>
	<u>13,780</u>	<u>2,216</u>	<u>-</u>	<u>15,996</u>	<u>16,037</u>
For the year ended 31 August 2017	<u>13,274</u>	<u>2,332</u>	<u>431</u>	<u>-</u>	<u>16,037</u>

6 Other income

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Rental income	235,026	196,937	235,026	196,937
Other income	<u>113,130</u>	<u>92,566</u>	<u>146,449</u>	<u>158,533</u>
	<u>348,156</u>	<u>289,503</u>	<u>381,475</u>	<u>355,470</u>

CLIFF COLLEGE

NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

7 Raising funds

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Conference costs	233,600	172,578	11,211	15,631
Publication of Cliff Today	-	15,943	-	15,943
Other publicity costs	<u>18,581</u>	<u>15,457</u>	<u>18,581</u>	<u>15,457</u>
	<u>252,181</u>	<u>203,978</u>	<u>29,792</u>	<u>47,031</u>

8 Charitable expenditure

	Group			
	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Staff costs	398,015	-	398,015	384,985
Student course costs	<u>188,707</u>	<u>-</u>	<u>188,707</u>	<u>197,147</u>
	586,722	-	586,722	582,132
Share of support costs (see note 9)	<u>1,248,865</u>	<u>85,544</u>	<u>1,334,409</u>	<u>1,127,344</u>
	<u>1,835,587</u>	<u>85,544</u>	<u>1,921,131</u>	<u>1,709,476</u>
For the year ended 31 August 2017	<u>1,641,721</u>	<u>67,755</u>		<u>1,709,476</u>

	Charity			
	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Staff costs	398,015	-	398,015	384,985
Student course costs	<u>188,707</u>	<u>-</u>	<u>188,707</u>	<u>248,034</u>
	586,722	-	586,722	633,019
Share of support costs (see note 9)	<u>1,248,865</u>	<u>85,544</u>	<u>1,334,409</u>	<u>1,127,344</u>
	<u>1,835,587</u>	<u>85,544</u>	<u>1,921,131</u>	<u>1,760,363</u>
For the year ended 31 August 2017	<u>1,692,608</u>	<u>67,755</u>		<u>1,760,363</u>

CLIFF COLLEGE

NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

9 Support costs

	Support costs	Group and Charity Governance costs	2018	2017
	£	£	£	£
Staff costs	476,056	-	476,056	438,540
Depreciation	163,307	-	163,307	154,735
Energy	47,177	-	47,177	39,409
Rates	9,980	-	9,980	12,159
Irrecoverable VAT	80,650	-	80,650	50,181
Travelling expenses	49,241	-	49,241	32,221
Sundry expenses	73,303	-	73,303	60,418
Festival expenses	113,771	-	113,771	99,377
Repairs	122,802	-	122,802	70,502
Insurance	30,813	-	30,813	32,076
Housekeeping	63,876	-	63,876	50,519
Stationery and telephone	9,754	-	9,754	8,871
Computer costs	59,806	-	59,806	47,258
Furniture and equipment	10,559	-	10,559	11,064
Professional fees	14,936	-	14,936	11,652
Interest payable	378	-	378	-
Audit fees	-	8,000	-	7,000
Other governance costs	-	-	-	1,362
	<u>1,326,409</u>	<u>8,000</u>	<u>1,334,409</u>	<u>1,127,344</u>
2017 Analysed between Charitable activities	<u>1,118,982</u>	<u>8,362</u>		<u>1,127,344</u>

Allocation is based upon actual expenditure.

10 Trustees and key management remuneration

Cliff College is controlled by The Methodist Council, whose members are the Trustees of Cliff College and appoint the Cliff College Committee to serve as the governing body of the college. During the year, one (2017: none) trustee was employed by Cliff College.

The college considers its key management personnel to be its Executive Committee which comprise the Principal, the Academic Director and the Operations Director. The total amount of employee benefits received by key management personnel is £127,197 (2017: £87,096).

During the previous year, secondment charges of £38,000 were paid to the Methodist Church for Rev. Dr. Stephen Skuce, a trustee, who was the acting Principal during the year to 31 August 2017.

During the year six (2017: five) members of the Cliff College Committee were reimbursed a total of £1,296 (2017: £1,367) relating to travel expenses.

CLIFF COLLEGE

NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
YEAR ENDED 31 AUGUST 2018

11 Employees

Number of employees

The average monthly number of employees during year was as follows

	Group and Charity	
	2018	2017
	Number	Number
College	28	27
Trustees	<u>9</u>	<u>8</u>
	<u>37</u>	<u>35</u>
	Group	
	2018	2017
	£	£
Employment costs		
Wages and salaries	743,697	661,783
Social security costs	68,668	61,418
Other pension costs	<u>61,706</u>	<u>49,686</u>
	874,071	772,887
Secondment charge	<u>-</u>	<u>45,833</u>
Total staff costs	<u>874,071</u>	<u>818,720</u>

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

12 Intangible fixed assets

	Group and Charity
	Total
	£
Cost	
At 1 September 2017	18,420
Additions	<u>-</u>
At 31 August 2018	<u>18,420</u>
Amortisation	
At 1 September 2017	7,661
Charge for the year	<u>6,134</u>
As at 31 August 2018	<u>13,795</u>
Net book value	
At 31 August 2018	<u>4,625</u>
At 31 August 2017	<u>10,759</u>

CLIFF COLLEGE

NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

13 Tangible fixed assets

	Group and Charity					
	Land and Buildings	Plant and machinery	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 September 2017	8,366,564	15,104	225,625	415,229	8,800	9,031,322
Additions	411,446	-	23,481	12,424	-	447,351
Disposals	-	-	(405)	-	-	(405)
At 31 August 2018	<u>8,778,010</u>	<u>15,104</u>	<u>248,701</u>	<u>427,653</u>	<u>8,800</u>	<u>9,478,268</u>
Depreciation						
At 1 September 2017	1,086,953	4,474	198,360	299,863	8,746	1,598,396
Charge for the year	86,384	3,021	23,354	44,360	54	157,173
Disposals	-	-	(405)	-	-	(405)
At 31 August 2018	<u>1,173,337</u>	<u>7,495</u>	<u>221,309</u>	<u>344,223</u>	<u>8,800</u>	<u>1,755,164</u>
Net book value						
At 31 August 2018	<u>7,604,673</u>	<u>7,609</u>	<u>27,392</u>	<u>83,430</u>	<u>-</u>	<u>7,723,104</u>
At 31 August 2017	<u>7,279,611</u>	<u>10,630</u>	<u>27,265</u>	<u>115,366</u>	<u>54</u>	<u>7,432,926</u>

CLIFF COLLEGE

NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

14 Fixed assets investments

	CFB Managed mixed fund	Group and Charity CFB Managed fixed interest	Total
	£	£	£
Market value at 1 September 2017	131,181	463,957	595,138
Change in value in the year	<u>5,574</u>	<u>(9,616)</u>	<u>(4,042)</u>
Market value at 31 August 2018	<u>136,755</u>	<u>454,341</u>	<u>591,096</u>

The custodian trustees are the Trustees for the Methodist Connexional Funds (Registered) and the Trustees for Methodist Church Purposes. The market value of the investments has been provided by the Trustees for Methodist Church Purposes (TMCP).

15 Debtors

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Trade debtors	165,386	126,954	130,109	95,305
Amounts owed by group undertakings	-	-	204,772	118,166
Other debtors	5,963	10,674	5,963	10,261
Prepayments and accrued income	<u>47,592</u>	<u>40,842</u>	<u>47,592</u>	<u>40,842</u>
	<u>218,941</u>	<u>178,470</u>	<u>388,436</u>	<u>264,574</u>

CLIFF COLLEGE

NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

16 Creditors: amounts falling due within one year

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	115,871	113,917	108,329	102,728
Tax and social security costs	22,148	14,214	16,810	14,214
Other creditors	41,110	23,102	41,110	17,427
Bank loan	28,000	-	28,000	-
Accruals and deferred income	<u>45,896</u>	<u>105,952</u>	<u>35,343</u>	<u>102,845</u>
	<u>253,025</u>	<u>257,185</u>	<u>229,592</u>	<u>237,214</u>

17 Creditors: amounts falling due after one year

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Bank Loan	<u>252,378</u>	<u>-</u>	<u>252,378</u>	<u>-</u>

18 Pension costs

The College is a participating employer of the Pension and Assurance Scheme for Lay Employees of the Methodist Church ("the Scheme"), a defined benefit scheme.

A valuation of the Scheme for the purposes of these disclosures was carried out at 31 August 2018 by an independent Actuary. The major assumptions used by the Actuary, together with those used in the previous year were:-

	2018	2017
	%	%
Discount rate	2.7	2.5
RPI inflation rate	3.3	3.6
CPI inflation rate	2.3	2.6
Rate of increase in pensionable earnings	2.3	3.6
Rate of increase in pension payments	2.2/3.2/5.0	2.3/3.5/5.0

CLIFF COLLEGE

NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

18 Pension costs (continued)

The major categories of the Scheme's assets as a percentage of the total Scheme assets, were as follows:

	31 August 2018	31 August 2017
	%	%
Equities	54	52
Corporate bonds	5	13
Property	8	8
Cash	10	8
Liability driven investment	17	13
Annuities	6	6

The following amounts at 31 August 2018 were measured in accordance with the requirements of FRS 102.

	£ million
Total market value of assets	76.9
Present value of scheme liabilities	<u>76.3</u>
Net overfunding in Scheme	<u>0.6</u>
Unrecognised assets	<u>(0.6)</u>
Net Defined Benefit Asset	<u>0.0</u>

The Scheme operated by the Methodist Church is a defined benefit scheme. However, the College is not the only participating employer in the Scheme and it is unable to determine its share of the underlying assets and liabilities on a consistent and reasonable basis. This is because contributions paid into the Scheme are not invested separately to those paid by other employers participating in the Scheme. As such no separate fund is identifiable in respect of the College. In order to determine a current fund for each participating employer it would be necessary to separately account for contributions, benefit payments and investment returns for each participating employer. Approximately 2.1% of the active membership of the Scheme are employees of the College.

Under the terms of the Scheme, the assets and liabilities are pooled amongst the participating employers. If a participating employer were to cease to participate then that employer would be required to pay a debt to fully fund their share of the Scheme's liabilities. The College would not be liable for another employer's debt, but has an option to assume responsibility under an apportionment arrangement.

The total employer contributions paid to the Scheme during the year were £1.902m (2017: £1.847m), of which the College's contributions totalled £22,164 (2017: £21,880).

NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
YEAR ENDED 31 AUGUST 2018

18 Pension costs (continued)

A full actuarial valuation of the Scheme was carried out at 1 September 2017 by the Scheme Actuary. The valuation disclosed a past service deficit of £3.5m. It was agreed that the shortfall revealed at 1 September 2017 should be eliminated by contributions to be paid from the Pension Reserve Fund of the Methodist Church to the scheme as follows:

- £650,000 per annum each August, starting August 2018 up to and including August 2022 and
- Between £0 and £447,000 each December, starting December 2018 up to and including December 2022. The precise amount payable will be determined by the Scheme Actuary having regard to Scheme experience.

The employers' share of the cost of providing future service benefits on 1 September 2017 amounted to 34.6% of Pensionable Earnings. This is higher than the employers' contribution rate of 24.1% of Pensionable Earnings currently being paid. However, part of the core Pension Reserve Fund contribution of £650,000 per annum represents the cost of future service benefits in excess of the current contribution rate over the period from 1 September 2017 to 31 August 2019. Therefore, employer contributions will remain at 24.1% of Pensionable Earnings until 31 August 2019. A consultation regarding the future of the Scheme is currently underway. If the benefit structure and member contribution rate are unchanged at 1 September 2019, the employers' future service contribution rate will increase to 34.6% of Pensionable Earnings.

The next full actuarial valuation is due as at 1 September 2020, with interim updates of the funding position to be carried out as at 1 September 2018 and 2019.

The College also contributes to the Methodist Ministers' Pension Scheme (MMPS) for its ordained staff members. MMPS is a defined benefit scheme. However, the College is unable to determine its share of the underlying assets and liabilities of MMPS on a consistent and reasonable basis. The total contributions paid to MMPS by Cliff College in the year to 31 August 2018 were £13,201 (2017: £9,251).

A full actuarial valuation of MMPS is carried out every three years, the latest was carried out at 1 September 2017, by the Scheme Actuary. The valuation results showed that the Scheme was in surplus on the funding basis. It was agreed that this surplus be retained within the Scheme as a buffer against future adverse experience. The valuation also revealed that, to meet the cost of the future service benefits accruing and the expected expenses of the Scheme, the total future service contribution required from the Church and the members was 31.5% of stipends. Members pay 9.3% of stipends and therefore the required Church future service contribution rate is 22.2% of stipends. However, Conference agreed to maintain the current Church contribution rate of 26.9% of stipends. The contributions being paid therefore exceed the future service rate required and the position will be reviewed again at the 2020 actuarial valuation.

CLIFF COLLEGE

NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
YEAR ENDED 31 AUGUST 2018

19 Endowment funds

	Group and Charity Movement in funds					
	Balance at 1 September 2017	Incoming resources	Resources expanded	Transfers	Investment gains/ (losses)	Balance at 31 August 2018
	£	£	£	£	£	£
Permanent endowments						
General	10,496	-	-	-	332	10,828
Library	3,394	-	-	-	(67)	3,327
Ministerial	11,419	-	-	-	(237)	11,182
Perpetuated subscriptions	3,175	-	-	-	(66)	3,109
Student fees	250,104		-	-	(2,869)	247,235
Student fees (3 rd party interest)	119,460	-	-	-	5,076	124,536
Student prizes	17,432	-	-	-	(59)	17,373
Trekkers	<u>8,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(174)</u>	<u>8,232</u>
	<u>423,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,936</u>	<u>425,822</u>

CLIFF COLLEGE

NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

20 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes.

Group and Charity Movement in funds

	Balance at 1 September 2017	Income	Expenditure	Transfers	Investment gains/ (losses)	Balance at 31 August 2018
	£	£	£	£	£	£
International Learning Centre	64,748	16,331	(26,950)	-	-	54,129
Bursary Fund	75,622	620	(4,366)	-	-	71,876
Welfare Fund	27,845	-	-	-	-	27,845
Planned Preventative Maintenance	32,692	48,122	(48,122)	-	-	32,692
New accommodation block fund	30,777	-	-	(30,777)	-	-
World Mission Fund support	12,477	-	(6,106)	-	-	6,371
Other	<u>106,303</u>	<u>3,959</u>	<u>-</u>	<u>-</u>	<u>(4,602)</u>	<u>105,660</u>
	<u>350,464</u>	<u>69,032</u>	<u>(85,544)</u>	<u>(30,777)</u>	<u>(4,602)</u>	<u>298,573</u>
	Balance at 1 September 2016	Income	Expenditure	Transfers	Investment gains/ (losses)	Balance at 31 August 2017
	£	£	£	£	£	£
International Learning Centre	54,583	51,238	(41,073)	-	-	64,748
Bursary Fund	78,202	1,196	(3,776)	-	-	75,622
Welfare Fund	27,845	-	-	-	-	27,845
Planned Preventative Maintenance	143,345	102,089	-	(212,742)	-	32,692
New accommodation block fund	30,777	-	-	-	-	30,777
World Mission Fund support	-	35,000	(22,523)	-	-	12,477
Other	<u>109,958</u>	<u>2,828</u>	<u>(383)</u>	<u>-</u>	<u>(6,100)</u>	<u>106,303</u>
	<u>444,710</u>	<u>192,351</u>	<u>(67,755)</u>	<u>(102,089)</u>	<u>(6,100)</u>	<u>350,464</u>

CLIFF COLLEGE

NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)
YEAR ENDED 31 AUGUST 2018

The running costs of the **International Learning Centre** are shown as a separate restricted fund.

The **Bursary Fund** exists to provide support to students who need help paying for their course fees.

The **Welfare Fund** exists to provide support to students who are in general financial difficulties. Disbursements are made according to need.

The **Planned Preventative Maintenance** fund comprises funds provided by the Methodist Church to assist with repairs of the buildings

The **new accommodation block fund** comprises funds provided by the Methodist Church to assist with the building of the new accommodation.

The **World Mission Fund support** comprises funds provided by the Methodist Church to enable engagement with the global church in patterns of mutual engagement and enrichment.

Sufficient resources are held in an appropriate form to enable each fund to be applied in accordance with any restrictions placed upon it.

Transfers between funds relate to the purchase of fixed assets transferred to unrestricted funds.

CLIFF COLLEGE

NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

21 Funds

The prior year figures within the SoFA and Balance Sheet have been restated to reflect the reclassification of bank balances included within investments, property rental income and the removal of the designation previously ascribed to the Cliff Development Fund.

22 Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total 2018 £
Charity					
Intangible fixed assets	4,625	-	-	-	4,625
Tangible fixed assets	7,723,104	-	-	-	7,723,104
Investments	65,007	-	217,444	308,645	591,096
Net current assets	602,333	226,854	81,129	117,177	1,027,493
Creditor greater than one year	<u>(252,378)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(252,378)</u>
	8,142,691	226,854	298,573	425,822	9,093,940
Cliff College Outreach Limited					
Net current assets	<u>(116,094)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(116,094)</u>
Group	<u>8,026,597</u>	<u>226,854</u>	<u>298,573</u>	<u>425,822</u>	<u>8,977,846</u>

	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total 2017 £
Charity					
Intangible fixed assets	10,759	-	-	-	10,759
Tangible fixed assets	7,432,926	-	-	-	7,432,926
Investments	66,383	-	222,046	306,709	595,138
Net current assets	<u>596,437</u>	<u>270,743</u>	<u>128,418</u>	<u>117,177</u>	<u>1,112,775</u>
	8,106,505	270,743	350,464	423,886	9,151,598
Cliff College Outreach Limited					
Net current assets	<u>(60,365)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,365)</u>
Group	<u>8,046,141</u>	<u>270,743</u>	<u>350,464</u>	<u>423,886</u>	<u>9,091,234</u>

CLIFF COLLEGE**NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED)**
YEAR ENDED 31 AUGUST 2018

23 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Group	
	2018	2017
	£	£
Net (expenditure) for the year	(113,388)	(193,401)
Interest receivable	(10,889)	(2,990)
Interest payable	378	-
Losses on investments	4,042	3,637
Depreciation on tangible fixed assets	157,173	149,597
Amortisation of intangible fixed assets	6,134	5,138
(Increase)decrease in debtors	(40,471)	6,819
(Decrease) in creditors	<u>(32,160)</u>	<u>(29,091)</u>
Net cash flow from operating activities	<u>(29,181)</u>	<u>(60,291)</u>

24 Operating lease commitments

At 31 August 2018 the charity had has outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group	
	2018	2017
	£	£
Within one year	<u>3,709</u>	<u>389</u>
Within two to five years	<u>5,575</u>	<u>-</u>

CLIFF COLLEGE

NOTES TO THE CONSOLIDATED ACCOUNTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

25 Related parties

Cliff College has a subsidiary company, Cliff College Outreach Limited. Cliff College Outreach Limited is a company limited by guarantee whose members are made up of the Cliff College Committee.

Cliff College Outreach Limited was set up in 1988 in order to serve the College in the building of the Broadbelt and Eagles buildings and to act as the vehicle carrying out the trading activities of the charity as provider of conference accommodation to third parties during times when the buildings were not being used by the College for housing students.

The activities of Cliff College Outreach Limited are in line with the policies and strategies of Cliff College, and indeed occupy the same premises and complement the overall charitable activities and financial strength of the charity.

Details of the subsidiary company's assets at 31 August 2018 and results for the year then ended are as follows:

	Cliff College Outreach Limited £
Turnover	199,978
Cost of sales	<u>(89,860)</u>
Gross profit	110,118
Administrative expenses	(167,528)
Other operating income	<u>1,681</u>
Loss for the financial year	<u>(55,729)</u>
	£
Debtors	35,277
Cash at bank and in hand	<u>76,834</u>
	112,111
Creditors	<u>(228,205)</u>
Net liabilities	<u>(116,094)</u>