



# **Baptist Union Corporation Limited**

## **Report and Financial Statements**

For the year ended 31 December 2015

**Baptist House PO Box 44 129 Broadway Didcot Oxfordshire OX11 8RT England**  
Telephone **01235 517700** facsimile **01235 517715** email **buc.corp@baptist.org.uk** DX **40852 Didcot**

A Company Limited by Guarantee Registered in England No 00032743 Registered Charities No 249635  
**Secretary** Mrs C J L Sanderson – from 30 June 2015

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors present their annual report and financial statements of the charitable company for the year ended 31 December 2015 which are also prepared to meet the requirements for a director's report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

### **Objectives and activities**

#### **Objects and principal activities**

The company's charitable purpose is the advancement of the Christian religion by the means and in accordance with the principles of the Baptist Denomination. Its activity is directed towards helping Baptist churches in their work, not least through encouraging the effective management of their assets and resources.

The principal activities of the charitable company are acting as holding trustee of many Baptist Churches, administering the Baptist Union Loan Fund and operating the Baptist Union Gift Aid Scheme. It also helps churches with guidance on legal, property and charity matters as well as having responsibility for various funds and investments.

The charitable company is part of the family of Baptist organisations serving the needs of many of the Baptist Churches in Great Britain, and works especially closely with the Baptist Union of Great Britain.

The charitable company's aims are:

- To hold as custodian trustee the property deeds and investments of Baptist churches in trust with the charitable company, together with trust funds in cash which are included in note 13. Arrangements are in place to segregate assets held in trust from the charitable company's own assets.
- To provide Baptist churches with guideline information on the legal requirements which concern them and ensure that they are updated as the law develops. This helps churches comply with the law, ensures that their legal rights are protected and costly disputes are avoided and, as far as is possible, that each individual church is spared the expense of establishing the legal position for itself.
- To make professional advisers available to churches when appropriate.
- To operate a Gift Aid Scheme for churches.
- To provide a central resource for expertise and financial and administrative services to Baptist Union of Great Britain member churches and churches in trusts with the charitable company, in order that their local resources can be directed more effectively towards activities which advance the Christian religion in their locality. This strategy is particularly effective where property transactions are concerned.
- To accept interest free deposits from individuals and interest bearing deposits from Baptist churches and other Baptist charities, to assist in obtaining competitive returns by aggregating small deposits, and to help finance the Baptist Union Loan Fund.
- To operate the Baptist Union Loan Fund to assist churches with finance for new buildings, for extensions and/or refurbishment of church premises, for the purchase of church manses and grant loans to enable churches to pay off their pension deficits.
- To run the company efficiently and thereby ensure that once costs are covered part of the surplus of income is donated to the Baptist Home Mission Fund, thereby supporting the financial needs of local churches and their Christian objectives.

Individual Baptist churches and Baptist Associations consult the charitable company on legal, property and charity issues. Responding to these enquiries is a core activity for staff in the charitable company office, which benefits the churches and also the local communities they serve.

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

**Public benefit**

The directors, having regard to the guidance 'public benefit: running a charity (PB2)' published by the Charity Commission, continued to provide public benefit by seeking to advance the Christian Faith and Practice in accordance with its core Objects.

The directors in 2015 sought to achieve this by the granting of loans to assist churches with finance for new buildings, for extensions and/or refurbishment of church premises as well as the sale and purchase of church manses. The Company also offered limited loan advances for pension deficits. The directors also sought to help churches maintain their income with interest bearing deposits and continued to assist churches with a wide range of services, including legal and general advice, Gift Aid service and acting as custodian trustees.

Elsewhere in this report further detail is provided in the Information appendices.

**Grants**

The charitable company does not normally make grants, but at its absolute discretion donates part of its surplus to the Baptist Home Mission Fund in accordance with its charitable object.

**Achievements and performance**

**Review of the year**

The charitable company continued to offer legal and practical information on trusteeship, property and other issues, provide churches with access to funding and offer deposit facilities.

During the year the charitable company undertook trust work on an agency basis on behalf of the Yorkshire Baptist Association and East Midland Baptist Trust Company. It also supported the North Western Baptist Association in some of their trust work.

The Company made available £6.96m in loans to twenty churches of which £2.11m was lent in connection with manses and £64k with paying off pension deficits. All qualifying applications were met as required. The total loans outstanding increased from £12.02m to £13.89m.

The Gift Aid Scheme continued to act on behalf of the churches and £91k tax was reclaimed.

The charitable company's investments decreased by £58k. The charitable company assisted many churches to buy, sell, let or alter their property. In 2015 property transactions totalling over £1.8m were completed.

The directors were able to make from the charitable company's surplus a single donation of £75k to the Baptist Home Mission Fund.

The charitable company continues to publish leaflets and other information for churches, all of which are available from the Baptist Union of Great Britain website at [www.baptist.org.uk](http://www.baptist.org.uk).

**Financial effect of significant events**

Decreased market movement had an adverse impact on investment and dividend payments for 2015.

The charitable company has seen an increase in loan application and deposits due to offering competitive interest rates to both depositors and borrowers.

The charitable company has seen increases in withdrawals as some depositors are putting their money in investment portfolios instead of on cash depositor because of higher returns

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

**Financial review**

The results of the charitable company and appropriation thereof for the year are set out in the accompanying Statement of Financial Activities and notes 14 - 16 to the financial statements. There was a surplus of £50,737 (2014: £377,825) from which £75,000 (2014: £65,000) was donated to the Baptist Union of Great Britain. There was a deficit of £23,461 in the restricted fund. The general fund made a deficit of £802, which was transferred from the General Reserve. The company continued to maintain a policy of offering interest on deposits at a margin above the Bank of England's Minimum Lending Rate, and sometimes above the rates received by the company on its own cash deposits. This is seen as appropriate assistance to churches in a low interest rate environment. The charitable company does not set financial targets because its success is not measured by increasing deposits, or loans, or churches in Trusteeship, but by whether it substantially meets the needs of the Baptist churches in membership of the Baptist Union of Great Britain. The directors are satisfied that the charitable company has done so during the past year.

More detail is also provided in the Information appendices.

**Investment powers, policy and performance**

The Memorandum and Articles give the charitable company power to invest in such securities and on such terms as the charitable company may deem fit. The investment strategy is to increase the income in line with inflation while maintaining the long term purchasing power of the capital against inflation.

The directors noted that the value of investments during the year decreased by £172k from a value of £4.0m to £3.8m (a decrease in capital value of 4.3%).

The directors have delegated the detailed monitoring of the portfolio to the Finance & Audit Committee of the Baptist Union of Great Britain. The investments are managed within ethical guidelines set down by the Council of the Baptist Union of Great Britain. Within the investment strategy, the investment managers have discretion over particular investments. Details of the investments are set out in note 10 to the financial statements.

The performance of the investment managers was 1.3% versus 4.0% for the year ending 31 December 2015.

Performance can be summarised as:

<i>Performance from 1 Jan 2015 to 31 Dec 2015</i>	<b>Portfolio</b>	<b>Benchmark</b>	<b>Relative</b>
<b>Baptist Union Corporation Investment Funds</b>	<b>1.3%</b>	<b>4.0%</b>	<b>-2.7%</b>

The Finance & Audit Committee has set a benchmark for Schroders based on 25% FTSE All Shares Index Sterling, 25% MSCI World Excluding UK Index Sterling, 10% FTA British Government Sterling All Stocks, 15% IBOXX Sterling Non-gilts All Maturities Index, 15% UK Interbank 3 month rate, 10% IPD Property Index and 3% for the cash index.

The actual asset allocation position at the end of December 2015 is shown below:

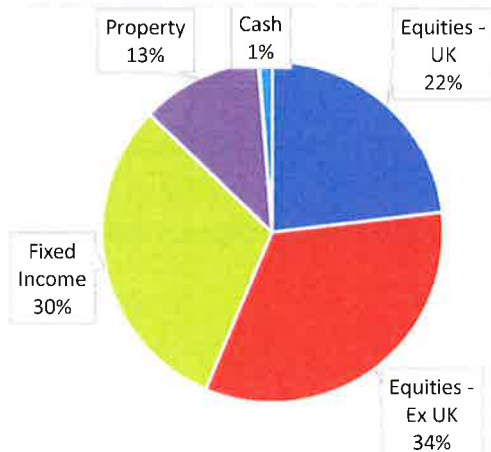


Figure 1 – BUC Investment Portfolio Asset Allocation at 31 December 2015

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

**Reserves policy and going concern**

One of the principal ways of meeting its charitable objective is for the charitable company to operate the Baptist Union Loan Fund. The charitable company needs to maximise the reserves available in order to be in a position to satisfy demand for loans for new buildings, for extensions and/or refurbishment of church premises, and for the purchase of church manses.

At the end of the year, the General Reserves amounted to £8,989,779 (2014: £8,990,581). This compares to an estimate of required reserves of £8.3m (see analysis below). This estimated reserve requirement figure varies according to the economy and lending/deposit levels. The level of the current reserve is considered by the directors to be adequate at the present time to meet likely demand for loans in 2016, and the demand for loans and availability of loans will continue to be reviewed by the directors in 2016.

**Estimate of required Reserves:**

Area	£m	Commentary
Two years' operating expenditure	0.9	<i>Based on budgeted annual expenditure</i>
Winding up costs	0.5	<i>Redundancy costs plus other</i>
Investment Risk	1.0	<i>25% of investment portfolio</i>
Deposit Risk	2.1	<i>10% of deposits with banks</i>
Lending Risk	1.2	<i>10% of loan book</i>
Legal	1.5	<i>Cost of any possible future legal action</i>
Pension Scheme risk	1.1	<i>Estimate relating to pension buy out costs relating to staff</i>
<b><i>Estimated Reserves requirement</i></b>	<b>8.3</b>	

**General Reserves:**

BUC Free Reserves	2.9
BUGB Investment Capital (HMF)	6.1
<b><i>Actual Reserves available</i></b>	<b>9.0</b>

**Plans for future periods**

The charitable company intends to continue to respond to the needs of Baptist churches and to offer guidance to them on legislative and other statutory developments affecting churches. Charitable Incorporated Organisations are available as an alternative legal structure for charities. The charitable company created a 'Baptist precedent document' that was recognised as an Approved Governing Document by the Charity Commission. The document, with suitable notes, is available free of cost under Licence to Baptist churches. Training days for churches to explain the CIO structure will continue to be offered by the charitable company over the year ahead.

The charitable company is also undertaking a review of its current Deposit Account offering to churches and this will continue throughout 2016 and into the next financial year.

As part of a risk assessment, the charitable company is currently scoping work for a project to scan the church trust deeds being held by the charitable company on behalf of local churches.

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

**Reference and administrative information**

<b>Moderator and Director</b>	Mr T S Lees
<b>Directors</b>	Mr P E Brazier Mr M A Broad MBE The Revd S L Copson Mr R J English Mr J Greenwood Mr J M Hemes – until March 2015 Mr J Holmes Mr R A Hughes The Revd S M Keyworth – from November 2015 Mr P Lancaster
	Mr K Lawson Mr D M Leverett Mr D Locke – until June 2015 The Revd P W Martin – until March 2015 Ms K Martindale The Revd R Merrin Mr S Salmen – from May 2015 Mr S P Welch
<b>Secretary</b>	Mr D J Locke FCA - until 26 June 2015 Mrs C J L Sanderson – from 14 July 2015
<b>Manager</b>	Mrs L A Holder – to 30 April 2015 Mrs Caroline Sanderson – from 1 May 2015
<b>Deputy Manager</b>	Mr S Wing
<b>Interim Team Leader Support Services Team</b>	M R Nicholls – 1 July 2015
<b>Finance Officer</b>	Mrs M Kareem-Osho
<b>Registered Office</b>	Baptist House 129 Broadway Didcot Oxfordshire OX11 8RT
<b>Company Registration No</b>	00032743
<b>Charity Registration No</b>	249635
<b>Auditor</b>	Wilkins Kennedy LLP Bridge House London Bridge London SE1 9QR
<b>Bankers</b>	HSBC Bank plc 186 Broadway Didcot Oxfordshire OX11 8RP
<b>Investment Managers</b>	Schroders (Cazenove Capital Management) 12 Moorgate London EC2R 6DA
<b>Solicitors</b>	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B2 2EF
<b>Surveyors</b>	Rapleys 51 Great Malborough Street London W1F 7JT

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

**Structure, governance and management**

**Governing document**

The Company is governed by its Memorandum and Articles of Association dated 14 November 1890 as amended by Special Resolutions dated 14 April 1950; 12 March 1963; 22 November 2001; 15 March 2005, 20 March 2006, 3 May 2013 and 24 June 2014.

**Charitable object**

The main Charitable Object of the charitable company is the advancement of the Christian religion by the means and in accordance with the principles of the Baptist Denomination.

**Recruitment and appointment of directors**

The charitable company is run by a Board of Directors who act as directors of the charitable company, and who met three times in 2015.

The Board of Directors consists of:

- Two senior staff chosen by the Baptist Union of Great Britain, and Treasurer for the time being of the Baptist Union of Great Britain; who serve ex-officio.
- The Moderator of the Company; appointed by the members in the Annual General Meeting.
- Thirteen Association Directors; one appointed by each of the thirteen Associations designated by the Baptist Union of Great Britain, as set out below.
- Up to five Directors; co-opted by the remaining Directors.

The day to day running of the charitable company is overseen by the Company Secretary and the Manager.

**Directors**

The Directors who served during the year were as follows:

Ex-officio:

The Revd S Keyworth  
Mr M A Broad MBE

Team Leader Faith and Society Team  
Treasurer

Appointed by the members in Annual General Meeting:

Mr T S Lees (Moderator)

Appointed by Associations:

Mr P E Brazier  
The Revd S L Copson  
Mr E J Greenwood  
Mr S Salmen  
Mr R A Hughes  
Mr J Holmes  
Mr P Lancaster  
Mr K Lawson  
Vacancy  
The Revd R Merrin  
Mr R J English  
Mr S P Welch  
Vacancy

Heart of England Baptist Association  
Central Baptist Association  
Southern Counties Baptist Association  
East Midlands Baptist Association  
South Eastern Baptist Association  
Eastern Baptist Association  
Yorkshire Baptist Association  
South West Baptist Association  
London Baptist Association  
Northern Baptist Association  
West of England Baptist Association  
North Western Baptist Association  
South Wales Baptist Association

Co-opted:

Mr D M Leverett  
Ms K A Martindale

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

### Directors' interests

No Director had any beneficial interest in the charitable company or in any contract or arrangement of a material nature with the charitable company during the year under review, although one church (2014: one) and one Association (2014: one), of which a Director is a member, has a loan from the Company in the ordinary course of its business. Expenses were paid to the twenty (2014: twenty) Directors amounting to £4,970 (2014: £4,952).

### Induction and Training of Directors

Prospective Directors are asked to confirm they are not disqualified from serving as charity trustees. After appointment they are provided with information about governance and the charitable company's principal activities and processes. Updates on current legal issues are regularly provided to the Directors

### Related Parties

The members of the charitable company are the members of the Trustee Board of the Baptist Union of Great Britain following a change to previous arrangements in May 2013. The Home Mission Fund is the principal working fund of that Union. The Home Mission Fund provides staff, offices and ancillary support to the charitable company, as well as substantial capital. Details of these costs and interest paid are set out in note 17 of these financial statements.

### Key management personnel remuneration

Key management personnel are considered to be:

- The Board of Directors for the charitable company – as detailed above
- Support Services Team Leader – Richard Nicholls (on an interim basis)
- Baptist Union Corporation Ltd Manager/Legal Services Manager – Caroline Sanderson
- Operations Manager – Steve Wing

All staff of the charitable company are employed by the Baptist Union of Great Britain and the arrangements for setting the pay and remuneration is the responsibility of the Trustee Board of the Baptist Union. There is a management fee in place whereby the charitable company reimburses staff costs to BUGB in proportions relevant to the work done on behalf of the charitable company and the Union

### Risk management

The charitable company maintains a Risk Management Matrix which is reviewed annually by the key management personnel as a means of identifying the risks, financial and non-financial that might affect the work and reputation of the charitable company. The aim is to establish and operate appropriate and adequate controls.

The key risks identified in the previous review were:

- ensuring that the charitable company comply with banking legislation and regulation
- an inability by the charitable company to respond to changes in property ownership affecting the BUC business model
- legal action against the charitable company on account of inaccurate advice or guidance
- the failure of a banking provider leading to a major financial loss
- mismanagement of trust monies
- a decline in the denomination – leading to a fall in loan applications
- an extended low interest environment having the effect of reducing available funds
- a long term recession causing a collapse in loan applications and increased number of loan defaults

These risks are managed through maintaining awareness of emerging legislation and practice, taking legal advice where necessary, reshaping our business model where appropriate to respond to any change in the law, staff training and awareness, insurance, maintaining and improving systems to ensure appropriate management of funds, promotion of the loan fund and regular reporting to Directors with appropriate policies in place.

### Funds Held as Custodian Trustee on Behalf of Others

The directors of the charitable company continued to act as custodian trustees for churches in which both property and cash deposits were held in this capacity.

A full list of the churches on whose behalf assets are held by the charitable company is available if requested.

Arrangements are made for the safe custody of deeds and documents, with each set stored in a labelled packet, and included in an index system.



**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

**Directors' responsibilities in relation to the financial statements**

The charity trustees (who are also the directors of Baptist Union Corporation Limited for the purposes of company law) are responsible for preparing the directors annual report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

In so far as the directors are aware at the time of approving our directors annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the charitable company's auditor is unaware; and
- the directors, having each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditors**

Wilkins Kennedy LLP have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

Approved by the directors on 9 March 2016 and signed on their behalf by:



Mrs C J L Sanderson – Secretary

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE BAPTIST UNION CORPORATION LIMITED**

We have audited the financial statements of Baptist Union Corporation Limited for the year ended 31 December 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. 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).

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

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors' to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**P Barton (Senior Statutory Auditor)**

For and on behalf of **Wilkins Kennedy LLP, Statutory Auditor and Chartered Accountants**

Bridge House  
London Bridge  
London SE1 9QR

Date: 2 March 2016

BAPTIST UNION CORPORATION LIMITED  
(Company Number 00032743)

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	Unrestricted £	Restricted £	Total 2015 £	Total 2014 £
<b>INCOME</b>					
Donations		156	-	156	197
Charitable activities	2	554,372	-	554,372	580,600
Investments	3	384,141	99	384,240	346,484
		<u>938,669</u>	<u>99</u>	<u>938,768</u>	<u>927,281</u>
<b>EXPENDITURE</b>					
Raising funds	4	23,385	-	23,385	13,910
Charitable activities	5	859,064	-	859,064	827,916
Other	6	-	23,560	23,560	-
		<u>882,449</u>	<u>23,560</u>	<u>906,009</u>	<u>841,826</u>
NET INCOME/(EXPENDITURE)		56,220	(23,461)	32,759	85,455
Net (losses)/gains on investments	10	(57,022)	-	(57,022)	217,370
NET MOVEMENT IN FUNDS		(802)	(23,461)	(24,263)	302,825
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		8,990,581	488,456	9,479,037	9,176,212
TOTAL FUNDS CARRIED FORWARD	16	<u>£8,989,779</u>	<u>£464,995</u>	<u>£9,454,774</u>	<u>£9,479,037</u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 13 to 20 form part of these financial statements.

BAPTIST UNION CORPORATION LIMITED  
(Company Number 00032743)

**BALANCE SHEET AS AT 31 DECEMBER 2015**

	Note	2015		2014	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	9	333,321		471,881	
Investments	10	<u>3,835,269</u>		<u>4,007,009</u>	
			4,168,590		4,478,890
<b>CURRENT ASSETS</b>					
Debtors	11	14,052,848		12,122,575	
Cash at bank and in hand	12	<u>21,116,932</u>		<u>20,636,835</u>	
		35,169,780		32,759,410	
<b>LIABILITIES:</b>					
Creditors falling due within one year	13	<u>29,883,596</u>		<u>27,759,263</u>	
<b>NET CURRENT ASSETS</b>			<u>5,286,184</u>		<u>5,000,147</u>
<b>NET ASSETS</b>			<u>£9,454,774</u>		<u>£9,479,037</u>
<b>THE FUNDS OF THE CHARITY</b>					
Unrestricted income funds	14		8,989,779		8,990,581
Restricted funds	15		<u>464,995</u>		<u>488,456</u>
<b>TOTAL CHARITY FUNDS</b>			<u>£9,454,774</u>		<u>£9,479,037</u>

The financial statements were approved by the Board of Directors on 9 March 2016 and were signed on its behalf by:



Simon Lees - Moderator

The notes on pages 13 to 20 form part of these financial statements.

BAPTIST UNION CORPORATION LIMITED  
(Company Number 00037423)

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015		2014	
		£	£	£	£
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	18		(597,591)		2,632,313
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends and interest from investments		847,970		826,632	
Proceeds from sale of property		115,000		-	
Proceeds from sale of investments		608,048		3,043,751	
Purchase of investments		<u>(493,330)</u>		<u>(3,047,027)</u>	
Net cash provided by investing activities			<u>1,077,688</u>		<u>823,356</u>
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR			480,097		3,455,669
Cash and cash equivalents brought forward			<u>20,636,835</u>		<u>17,181,166</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	19		<u>£21,116,932</u>		<u>£20,636,835</u>

The notes on pages 13 to 20 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

1 ACCOUNTING POLICIES

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

(a) Basis of Accounting:

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) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Baptist Union Corporation Limited meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

(b) Reconciliation with previous Generally Accepted Accounting Practice:

In preparing the accounts, the directors have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required, and have concluded that no such restatements were necessary.

(c) Preparation of the accounts on a going concern basis:

The charitable company has a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future. It has therefore continued to adopt the going concern basis in preparing its financial statements.

(d) Income:

Income is recognised in the Statement of Financial Activities when the Charitable Company has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that income will be received and the amount can be measured reliably.

- Donations are included during the period in which they are received.
- Income on loans is included when receivable.
- Expenses receivable on trusts are included during the period in which they are received.
- Accommodation fees are recognised on an accruals basis, taking into account the 6 month grace period on drawdown.
- The gift aid scheme is administered as agent on behalf of churches and other Baptist organisations, and the charitable company's fee is recognised on an accruals basis.
- Investment income has been included on an accruals basis.

(e) Expenditure and irrecoverable VAT:

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

- Costs of raising funds comprise investment management fees.
- Expenditure on charitable activities includes interest payable on deposits, supporting the Baptist Home Mission Fund, interest payable to Baptist Union of Great Britain, management charges payable to Baptist Union of Great Britain and general support costs.
- Other expenditure represents the loss on disposal of tangible fixed assets.

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

(f) Allocation of support costs:

Support Costs are borne by the Baptist Union of Great Britain.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

(g) Fund accounting:

Unrestricted funds are available to spend on activities that further any of the purposes of the Charitable Company.

Restricted funds represent a legacy received which is allocated by the donor for specific purposes.

(h) Tangible fixed assets:

Office equipment is written off in the year of purchase.

No depreciation is provided on freehold properties, in accordance with section 17 of FRS 102, as in the opinion of the directors the lives of the properties are so long and their residual value so high based on prices at the time of acquisition that the annual depreciation charge and accumulated depreciation is not material.

Annual impairment reviews are undertaken by the directors at each balance sheet date. This review involves assessing current property market conditions and their impact on the estimated market values of the Charitable Company's properties. Any material deficit between the anticipated recoverable amount of the property and its cost is recognised in the Statement of Financial Activities.

(i) Fixed asset investments:

Investments are held for their income generation and investment potential and are valued at market value at the reporting date.

Any surplus or deficit arising is included in the Statement of Financial Activities.

(j) Debtors:

Loan Fund loans are considered concessionary loans made as they are made by the Charitable Company to further its purposes and any interest charged is below the prevailing market rates.

Other debtors and prepayments are recognised at the settlement amount due.

(k) Cash at bank and in hand:

Cash at bank and in hand includes notice deposits and short-term deposits.

(l) Creditors:

Creditors are recognised where the Charitable Company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

Loans are considered concessionary loans received as they are made by the Charitable Company to further its purposes and any interest charged is below the prevailing market rates.

Other creditors and accruals are recognised at their settlement amount due

(m) Financial instruments:

The Charitable Company only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

(n) Assets held as custodian trustee:

These financial statements do not include any assets held by the Company as Custodian Trustee with the exception of assets held on Miscellaneous Trusts Account and Covenant Trust Account shown in note 13.

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Miscellaneous Trust Account Assets	14,100,147	12,849,880
Covenant Trust Account Assets	10,881	10,881
Miscellaneous Trust Account Creditors	(14,100,147)	(12,849,880)
Covenant Trust Account Creditors	(10,881)	(4,850)
	<u>£ -</u>	<u>£ -</u>

(o) Taxation:

The charitable company is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(p) Transition to FRS 102:

No restatement of opening fund balances at the date of transition were required in making the transition to FRS 102. The transition date was 1 January 2014.

(q) Legal status of the charitable company:

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding-up is limited to £0.25p.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

2 CHARITABLE ACTIVITIES

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Interest receivable from loans	463,730	480,148
Expenses receivable on trusts	162,069	87,273
Fee for operating gift aid scheme	3,654	9,036
Accommodation fees	12,196	4,143
	<u>£554,372</u>	<u>£580,600</u>

3 INVESTMENTS

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Interest income	247,283	219,805
Income from managed portfolio	134,632	126,679
Tax repayments	2,325	-
	<u>£384,240</u>	<u>£346,484</u>

4 RAISING FUNDS

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Investment management expenses	23,385	13,910
	<u>£23,385</u>	<u>£13,910</u>

5 CHARITABLE ACTIVITIES

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Interest payable on deposits:		
- To Trusts	76,044	72,514
- To Depositors	92,723	89,255
	<u>168,767</u>	<u>161,768</u>
Supporting the Baptist Union Home Mission Fund	75,000	65,000
Support costs (note 7)	615,298	601,148
	<u>£859,065</u>	<u>£827,916</u>

6 OTHER EXPENDITURE

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Loss on sale of tangible fixed assets	23,560	-
	<u>£23,560</u>	<u>£ -</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

**7 SUPPORT COSTS**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Management charges (note 8)	275,096	274,309
Interest paid to Baptist Union Home Mission Fund	148,823	140,862
Office facilities	48,070	47,000
Legal and professional expenses	46,364	46,681
Printing, postage, office equipment & sundry expenses	34,358	30,802
Auditor remuneration	29,898	28,520
Computer expenses	27,295	26,500
Trustees' indemnity insurance	5,394	6,474
	<u>£615,298</u>	<u>£601,148</u>

**8 DIRECTORS' EMOLUMENTS**

No director received any emoluments from the Charitable Company during the year (2014: £nil).

There are no direct employees of the Charitable Company.

Expenses were paid to the twenty (2014: twenty) directors amounting to £4,970 (2014: £4,952).

**9 TANGIBLE FIXED ASSETS**

Freehold Properties:	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Balance at 1 January	471,881	471,881
Additions	-	-
Disposals	(138,560)	-
Balance at 31 December	<u>£333,321</u>	<u>£471,881</u>

The freehold properties are used for direct charitable purposes and are for the housing of retired Baptist ministers, missionaries and widows (see note 14).

29 Sycamore Close, Taunton, was sold during the year, with proceeds received of £115,000.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

10 FIXED ASSET INVESTMENTS

	<b>Quoted at Market Value</b>	<b>Cash with Managers</b>	<b>Total 2015 £</b>
Balance at 1 January	3,956,897	50,112	4,007,009
Additions	245,263	248,067	493,330
Disposals	(337,011)	(271,037)	(608,048)
Realised and unrealised gains	(57,022)	-	(57,022)
Balance at 31 December	<u>£3,808,127</u>	<u>£27,142</u>	<u>£3,835,269</u>

The above investments are managed by Schroders with the exception of direct investments of £105,367 (2014: £216,162).

In 2014 stocks were transferred from Sarasins and Partners and Royal London Asset Management Limited to Schroders.

	<b>2015 £</b>	<b>2014 £</b>
Historical Cost	<u>£3,718,323</u>	<u>£3,243,229</u>

The following investments exceed 5% of the total portfolio during 2015:

<b>Security</b>	<b>Holding</b>	<b>2015 £</b>	<b>2014 £</b>
Royal London Ethical Bond Fund	1,036,323	1,104,720	1,136,846
Charities Property Fund	365,671	430,066	443,479

11 DEBTORS

	<b>2015 £</b>	<b>2014 £</b>
Loans:		
- Manses	4,885,436	3,624,802
- Churches	8,898,574	8,281,119
- Pensions	104,852	113,959
	<u>13,888,862</u>	<u>12,019,880</u>
Interest due but unpaid	75,514	61,155
Secured advances to Churches	76,540	35,240
Other Debtors	11,932	6,300
	<u>£14,052,848</u>	<u>£12,122,575</u>

The outstanding loans of £13,888,862 (2014: £12,019,880) include £1,943,848 (2014: £1,828,716) due to be repaid within 12 months, a further £1,294,949 (£1,388,614) due within 2 years, £3,208,694 (2014: £3,474,185) due between three and five years, and £7,441,371 (£5,328,365) due in more than five years.

Loans totalling £4,638,047 (2014: £4,265,250) have been approved but not taken up as at 31 December 2015.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

12 CASH AT BANK AND IN HAND

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Notice deposits	1,949,697	2,798,222
Short-term deposits	19,167,235	17,838,613
	<u>£21,116,932</u>	<u>£20,636,835</u>

13 CREDITORS: Due within one year

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Loan Fund Deposits:		
- Individuals	9,841	9,841
- Churches and other Baptist organisations	12,659,435	11,848,773
- Baptist Union of Great Britain	2,981,366	2,944,740
	<u>15,650,642</u>	<u>14,803,354</u>
Miscellaneous Trust Accounts	14,100,147	12,849,880
Covenant Trust Accounts	10,881	4,850
Other Creditors	121,926	101,179
	<u>£29,883,596</u>	<u>£27,759,263</u>

14 GENERAL FUND

	<b>BUGB HMF</b>	<b>BUC Ltd</b>	<b>2015 Total</b>	<b>2014 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance as at 1 January	6,154,149	2,836,432	8,990,581	8,687,855
Surplus/(deficit) for the year	223,823	(224,625)	(802)	302,726
Balance as at 31 December	<u>£6,377,972</u>	<u>£2,611,807</u>	<u>£8,989,779</u>	<u>£8,990,581</u>

The capital introduced by the Baptist Union of Great Britain Home Mission Fund (BUGB HMF) is unrestricted.

The Baptist Union Corporation (BUC Ltd) pays interest on this sum.

15 RESTRICTED FUND

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Balance as at 1 January	488,456	488,357
(Deficit)/surplus for the year	(23,461)	99
Balance as at 31 December	<u>£464,995</u>	<u>£488,456</u>

The funds are available for housing of retired Baptist ministers, missionaries and their widows.

Three freehold properties are held and administered by the Retired Baptist Ministers Housing Society with the balance of funds being held in cash.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<b>General Funds £</b>	<b>Restricted Funds £</b>	<b>Total £</b>
Fixed Assets	3,835,269	333,321	4,168,590
Current Assets	35,038,106	131,674	35,169,780
Current Liabilities	(29,883,596)	-	(29,883,596)
Balance as at 31 December	<u>£8,989,779</u>	<u>£464,995</u>	<u>£9,454,774</u>

17 RELATED PARTY TRANSACTIONS

The members of the Charitable Company are the Trustees of Baptist Union of Great Britain, therefore the Baptist Union of Great Britain is a related party to the company and its Ultimate Controlling Party.

- a) During the year ended 31 December 2015 the charitable company:
- i) Incurred management charges and office and ancillary costs totalling £385,173 (2014: £378,612) from the Baptist Home Mission Fund.
  - ii) Incurred interest of £148,823 (2014: £140,862) on Capital advanced by the Baptist Home Mission Fund.
  - iii) Allocated £75,000 (2014: £65,000) of its surplus for the year to the Baptist Home Mission Fund.
- b) At 31 December 2015 the Charitable Company owed the Baptist Home Mission Fund £nil (2014: £nil) in connection with these transactions.

18 RECONCILIATION OF NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES

	<b>2015 £</b>	<b>2014 £</b>
Net (expenditure)/income for the reporting period	(24,263)	302,825
Adjustments for:		
- Losses/(gains) on investments	57,022	(217,370)
- Dividends and interest from investments	(847,970)	(826,632)
- Loss on sale of fixed assets	23,560	-
- (Increase)/decrease in debtors	(1,930,273)	1,356,975
- Increase/(decrease) in creditors	2,124,333	2,016,515
Net cash (used in)/provided by operating activities	<u>£(597,591)</u>	<u>£2,632,313</u>

19 ANALYSIS OF CASH AND CASH EQUIVALENTS

	<b>1 Jan 2015 £</b>	<b>Cash Flow £</b>	<b>31 Dec 2015 £</b>
Notice deposits	2,798,222	(848,525)	1,949,697
Short-term deposits	17,838,613	1,328,622	19,167,235
Total cash and cash equivalents	<u>£20,636,835</u>	<u>£480,097</u>	<u>£21,116,932</u>