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# FINANCIAL STATEMENTS 2013

BAPTIST UNION OF GREAT BRITAIN

YEAR ENDED 31 DECEMBER 2013





# **Annual Report and Consolidated Financial Statements Baptist Union of Great Britain**

For the year ended 31 December 2013

**Baptist House PO Box 44 129 Broadway Didcot Oxfordshire OX11 8RT**  
**England** telephone **01235 517700** facsimile **01235 517715**  
Registered Charity No **1125912**

## INTRODUCTION

The Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

The Trustees Report is structured as follows:

	Section	Description	Page Reference
1	Reference and Administrative Details	Who we are	Page 1-3
2	Structure, Governance and Management	How we do things	Page 4-5
3	Objectives and Activities	What we set out to do	Page 6-7
4	Achievements and Performance	What we have done so far	Page 8-9
5	Financial Review	About our finances	Page 10-11
6	Changes over the Last Year and Plans for the Future	What we plan to do next	Page 12
7	Audit Report	The Auditors' report	Page 13
	Financial Statements	Our finances in detail	Page 14-31

The Trustees wish to put on record our thanks to the churches, Associations, Colleges and members that make up our Union and to the staff of Baptist House for all their generosity in enabling our Union to fulfil its mission.

## **SECTION 1 – WHO WE ARE**

The Baptist Union of Great Britain  
Registered Charity Number 1125912  
Baptist House  
129 Broadway Didcot  
Oxfordshire OX11 8RT

### **TRUSTEES**

Mrs. Jenny Royal (Moderator)  
Mr Malcolm Broad, MBE (Treasurer)  
The Revd Barbara Carpenter  
The Revd John Claydon (up to 31 August 2013)  
The Revd Jonathan Edwards (General Secretary) (up to 31 July 2013)  
Mrs Marion Fiddes (appointed from 1 September 2013)  
The Revd Lynn Green (General Secretary) (appointed 9 September 2013)  
The Revd Dr Stephen Finamore  
Dr David Goodbourn  
Dr Colin Hicks, CB (up to 31 August 2013)  
Mr Rupert Hill (appointed from 1 September 2013)  
The Revd Charmaine Howard  
The Revd Joe Kapolyo  
Mr John Levick  
The Revd Dr Claire McBeath

### **BAPTIST STEERING GROUP**

The following leadership team was in place until 31 December 2013  
The Revd Alex Afriyie (appointed from 2 July 2013)  
The Revd Nick Bradshaw  
The Revd Nigel Coles  
The Revd David Ellis  
The Revd Dr Rob Ellis  
The Revd Dr Paul Goodliff  
The Revd Lynn Green (General Secretary) (appointed from 9 September 2013)  
The Revd Paul Hills  
The Revd Phil Jump  
The Revd Stephen Keyworth  
Mr David Locke FCA  
Mr Richard Nicholls  
Mrs Jenny Royal  
The Revd Dianne Tidball

### **BANKERS**

HSBC Bank plc  
186 Broadway Didcot  
Oxfordshire OX11 8RP

### **AUDITOR**

Wilkins Kennedy LLP  
Bridge House  
London Bridge  
London  
SE1 9QR

### **SOLICITORS**

Anthony Collins Solicitors LLP  
134 Edmund Street  
Birmingham  
B3 2ES

### **SURVEYORS**

Biscoe Craig Hall  
5-6 Staple Inn Holborn  
London  
WC1V 7QU

**SECTION 1 – WHO WE ARE (continued)**

**INVESTMENT MANAGERS**

Royal London Asset Management Limited (to 31 December 2013)  
55 Gracechurch Street  
London  
EC3V 0UF

Sarasin & Partners LLP (to 31 December 2013)  
Juxon House  
100 St Paul's Churchyard  
London  
EC4M 8BU

Schroders Investment Management Limited (From 1 January 2014)  
12 Moorgate  
London  
EC2R 6DA  
United Kingdom

## **SECTION 2 – HOW WE DO THINGS**

### **1 The Union**

The Baptist Union of Great Britain, which is an unincorporated association, consists of the churches, Associations of churches, Colleges, other Baptist organisations and persons who affirm the Baptist Union Declaration of Principle and are for the time being in membership with the Union.

As a membership organisation, the Union holds an annual Assembly and has a Council made up of representatives of Associations of churches, representatives of the Colleges, office holders and persons co-opted for particular skills. The Union acts by the Assembly through a Council and is administered and managed by a Trustee Board as Charity Trustees. This is detailed in the governing document, the Constitution agreed by Assembly and last revised in May 2013. A copy of the Constitution is printed annually in the Baptist Union Directory and is available on the website.

### **2 The Trustees**

The Trustee Board comprises a Moderator (Chair) appointed by Council, the General Secretary, the Treasurer and nine other persons elected by Council from a list of suitable nominations of members of Baptist churches in membership with the Union determined by a sub-group of Council.

The Trustees are usually familiar with many aspects of the Union's work prior to appointment, but receive an induction into the work of the Union by meeting Senior Staff and being advised of the general nature of their work, as well as receiving financial statements and other relevant documentation. Trustees are provided with a copy of the Charity Commission publication CC3, The Essential Trustee, and receive regular copies of the publication Governance and formal training on financial matters which was last delivered in 2010. Further training for trustees is to be carried out during 2014.

The Trustees, in accordance with law and good practice, oversee the legal, financial, charitable and strategic life of the Union. A newly formed Baptist Steering Group (Transitional) has been set up as a key location of organizational leadership and coordination, with a major focus on managing implementation. The BSG reports to Trustees and, with Council, are instrumental in shaping the strategy of the Union. Subject to any directions of the Assembly. Trustees oversee its implementation. To help the Board with governance of the charity, in 2013 a new Finance & Audit Committee was established to replace the existing Finance Committee with new Terms of Reference approved by the Trustees. The existing Investments Committee was restructured during the year and re-named as the Pensions Investment Committee to deal exclusively with funds under management for the Baptist Pension Scheme. The investments held by the Union will now be monitored by the new Finance & Audit Committee. Two former committees set up by Council, Staffing Committee and Grants Committee were disbanded at the beginning of 2013 following a restructure of the Union.

The restructure of the Union resulted from a Futures Review process engaging many constituent parts of the Baptist family which we report on more fully under the heading of Objectives and Activities elsewhere in this report.

Our Trustees are unpaid, except one detailed in note 10, and details of Trustees expenses are disclosed in note 10 to the consolidated financial statements.

Day-to-day management of the Union's business is delegated to staff who operate within the frameworks set by the Trustees.

### **3 Trustees' Responsibilities**

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

The law applicable to charities in [England & Wales/Northern Ireland] 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 financial statements, the trustees are required to:

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

The Trustees are responsible for keeping 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. 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.

### **3 Trustees' Responsibilities (continued)**

In so far as the Trustees are aware:

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

### **4 Related Organisations and Companies**

The national resource of the Union works very closely with the regional Associations, which are independent Baptist charities supporting and encouraging our Baptist churches and other Baptist projects in particular geographical Union and their local Association, and it is donations from these churches that effectively fund the Union and the Associations. Close working relationships also exist with seven Colleges involved in the training and formation of ministers and members within the Union and these are also governed independently.

The Union is involved in a number of subsidiary companies and societies as detailed below. Details of how these have been dealt with in the consolidated financial statements are given in note 12.

The Baptist Times Limited: The Baptist Union of Great Britain holds 100% of the issued share capital and appoints the directors of the Baptist Times Limited, which published the weekly Baptist Times newspaper. The company ceased to publish the paper in January 2012 because of continuing losses and is now a dormant company.

- 1 The Retired Baptist Ministers' Housing Society: This is a Society registered under the Industrial and Provident Societies Act 1965 and the Friendly and Industrial and Provident Societies Act 1968 and is an exempt charity. The Baptist Union of Great Britain Council appoints the Members of this Society, which provides housing for retired Baptist Ministers and their spouses.
- 2 The Baptist Holiday Fellowship Limited: The Baptist Union of Great Britain holds 96% of the issued share capital and appoints the directors of this charitable company which makes grants available for holidays for Baptists.
- 3 The Joint Venture: The Baptist Union of Great Britain appoints half of the Committee of the Joint Venture, which is a partnership with BMS World Mission which operates Baptist House Didcot for the Union and BMS World Mission.
- 4 Baptist House Limited: The Baptist Union of Great Britain is one of two members of this company Limited by Guarantee, which provides conference facilities and office letting facilities for local businesses.
- 5 The Baptist Assembly Limited: This is a charitable company limited by guarantee. The Baptist Union of Great Britain is one of two members and appoints half the directors of this company which manages the holding of an Annual Assembly jointly between the Union and BMS World Mission. The Union's share of the results for the year to 31 August 2013 are included in the consolidated financial statements. Since the Baptist Assembly takes place in May each year, the figures would not have been materially different if the year end had been coterminous with the Union.

### **5 Risk Management**

All significant activities undertaken are subject to a risk review. Major risks are identified and ranked in terms of their potential impact and likelihood. Major risks for this purpose are: Child Protection and Vulnerable Adults – following the Jimmy Saville case there is an increased focus on this area. Potential mishandling of sexuality and diversity issues and the potential inability of the Union to meet Pension liabilities – The pension scheme deficit is estimated at £75m at the end of 2013. BUGB's share is greater than

£5.1m, AS AT 31 December 2013. A triennial valuation is scheduled this year. Regular monitoring and review is in place.



## **SECTION 3 – WHAT WE SET OUT TO DO**

### **1 Objects**

The principal object of the Union is the advancement of Christian Faith and its Practice, especially by the means of and in accordance with the principles of the Baptist Denomination.

Our Christian faith understands that we can come to know God in Jesus Christ, who is both human and divine and is the person in whom all that is lost and broken can be redeemed and who inspires his followers to work for a world that is a better place for all.

Our Baptist principles mean that within the covenant relationship of the Union we value the freedom of the local church to discern for itself its practices and policies within the broad scope of Baptist belief. We stress the importance of individual response in faith, and we understand that each Christian is to play their part in advancing Christian faith and witness. Because of our emphasis on personal faith and the freedom of the local church we are committed to religious freedom for people of all Christian traditions and other faiths.

The Charity's overriding function is to provide encouragement, advice and support to member churches so that they too may maximise their ability to achieve their own charitable objective of making Jesus Christ known to particular individuals and to society in general.

### **2 Public Benefit**

Having regard to the guidance published by the Charity Commission, the Charity Trustees continued to provide public benefit by seeking to advance the Christian Faith and Practice in accordance with the principles of the Baptist Denomination. The Union also acts as an umbrella resource body for its member churches, which are all separate charities.

Baptists believe that each Christian has a duty to share their faith with the wider public and recognises that mission is not just evangelism, but also includes promoting justice, social welfare, healing, education and peace in the world.

Through 2013 the Union continued to support its member churches and the regional Associations in a wide range of activities including:

- communication, including the provision of religious material via the Union's website: [www.baptist.org.uk](http://www.baptist.org.uk)
- a new website with new branding and logo with new improved navigation
- website providing substantial support for churches, church leaders particularly in areas of finance and property matters
- promoting the study of religious teachings and practices and scriptures
- support of religious office holders for acting as such, e.g. Regional Ministers
- promoting prayer, praise and study
- support for ecumenical and inter-faith charities
- pastoral support to ministers
- contributing to the spiritual and moral education of children
- grants made to churches and special ministries who cannot afford full-time ministry themselves

Throughout this report further detail and information is to be found about specific initiatives in 2013 and how they relate to the overall Strategy of the Union.

### **3 Strategy**

Much of the work of the Union continues unchanged from year to year as, for example, procedures for the calling, training and support of Ministers of Religion and for the giving of grants to such churches as are in need, which are needed all the time. However, during 2008, following wide consultation, the Union Trustees adopted a Strategy which sets out the particular ways in which the work of the Union is to be focused in the next few years. The overall Strategy is encapsulated in the phrase 'Encouraging Missionary Disciples', and emerges from trying to fulfil our objects by setting clear aims as to the changes or differences we seek to make through our activities.

The principles of the Strategy were:

- to encourage people of all ages to follow Jesus and to pray and to work for the coming of the Kingdom in every part of society
- to equip people to understand the Bible and Christian Faith and to engage with it in their personal lives, their churches and within society
- to enable people to share the love of Jesus in word and action in a way that engages prophetically with our society.

### **3 Strategy (continued)**

In the light of these principles strategic goals were identified in 2008 for a five year period and these are summarised below:

- to produce resources which encourage life-long discipleship, enrich worship and enhance corporate prayer
- to refocus the Union on the challenges of evangelism and to develop resources and tools which encourage and enable effective mission
- to develop and implement diversity strategies which ensure that everyone has a respected and valued place within the life of the Union, irrespective of age, disability, gender or race
- to develop and provide resources to churches which encourage a deeper understanding of other religions within our society
- to develop clear theological principles to support environmental concern and advice, and resource churches in responding practically
- develop resources on what it means to be a Baptist church
- to undertake a detailed mapping exercise identifying places of Baptist presence and gaps, which has been completed
- to envision children and young people in their discipleship
- to review processes for the protection of children and vulnerable adults
- to develop a comprehensive framework for understanding and promoting the practice of ministry
- to develop the communication and promotion of the Union's work, which is known as the Home Mission Fund
- to develop and strengthen communication channels between the main offices of the Union at Didcot, which is known as the National Resource, the Associations, Colleges and local churches.

Following the Futures review in 2012 and 2013 a new strategy is now being developed.

### **4 Grants**

Each Baptist church is an autonomous charity, and therefore self financing. However, through a large part of the Home Mission Fund, grants are made available to local churches and Associations to enable them to have appropriately paid and trained Ministry. These grants are assessed annually, and emphasis is placed not just on each church's finances but also its plans and achievement in making Jesus known in its locality. The authority to make and approve grants was delegated to Associations in 2013.

### **5 Subsidiary Companies**

The subsidiary Entities of the Union operate according to their constitutions and/or company memorandum and articles and report to the Baptist Union Council accordingly. The Trustee Board works in partnership with the relevant officers of these entities where issues arise that impact upon the wider life of the Union.

### **6 Volunteers**

In the wider context, the Union is substantially dependent for its work on the contribution of volunteers. At church level, the work of stipendiary and paid staff is supported at all levels by volunteers both in terms of governance and management and in the practical delivery. Such is the magnitude of the contribution made by volunteers that it is impossible to quantify. This pattern is reflected in Associations and at the National Resource where many people commit significant time to help with the outworking of the Union's objectives.

## **SECTION 4 – WHAT WE HAVE DONE SO FAR**

As we seek to meet our objective of the advancement of Christian religion, we engage with the community through over 2,000 churches, which have approximately 135,000 members and contact with approximately 1/3 million people. There were 15 (2012: 32) new grants to churches approved in 2013 and approximately 50 (2012: 55) ministers completed training in our colleges.

The Baptist Union of Great Britain plays its full part in the wider church, offering the distinctive insights that reflect our Baptist way of being church and continuing the strengthening of Baptist witness throughout the world, and this is reflected in the spend on ecumenical matters. The call of the gospel is to work for freedom, peace and justice, and we believe that this is part of what it means to be a missionary people today. So, working collaboratively with ecumenical partners and agencies, we enable Baptists to be active, involved in creating a movement for change in our world. One example of this is our contribution to the Joint Public Issues team, a Baptist, Methodist and United Reformed Church collaboration which provides resources and speaks out on issues of justice, social affairs, peacemaking, international affairs and the environment.

Most of the Union's income is raised from its member churches on a voluntary basis. However, the Union has set a goal in this respect and that is that every church gives at least 5% of its General Income to the Home Mission Appeal. This compares to the current level of giving of around 3%. In 2013, the Union Trustees set an Appeal figure of £4.1m (2012: £4.4m) to which they asked member churches to contribute. The actual amount raised, and included within voluntary income, was £3.95m (2012: £4.09m) which was over 96% of target, and which the Trustees considered was a good response given the national financial climate during the year.

The thirteen Regional Associations account for £1.8m (2012:£1.8m) of Union expenditure. Each Regional Association has a small team of Regional Ministers and Administrative staff, who support the local church pastorally, advise on mission and practical matters, and organise training events. The Trustees have established a sub group to review the formula for the Funding of Associations, as laid down in the Union Bye-Laws, and it is scheduled that the proposals for 2015 to 2017 will be confirmed and agreed in 2014.

Representatives of each Association are part of the National Settlement Team which helps churches looking for Ministers to be put in touch with Ministers and final year student Ministers seeking settlement. Guidance, oversight and quality assurance are provided by the Ministry Team for all processes involved, including child protection matters. Training is provided for Mentors and Appraisal Guides, conferences are organised to support all stages of ministry and the accreditation of pastors, preachers, evangelists, youth specialists and all forms of sector ministry is supported. The Ministry Team also operates the National Settlement Team.

Operating churches effectively and properly, and in accordance with legislation, is increasingly demanding, and providing the support they need in the most helpful way and through the best media is an ongoing challenge. We aspire to developing Christ-centred, core-value focused and creative communications that will enable the mission and the purposes of the Union to be communicated effectively, internally and externally.

A range of training is provided for students, Ministers and staff and this is reflected in the training spend, the biggest element of which is Student Bursaries.

The Retired Baptist Ministers' Housing Society (RBHMS) has again had sufficient resources to house all 15 (2012: 15) qualifying applicants for assistance in 2013. As at 30th September 2013, RBHMS owned 229 properties (2012:225) and manages a further 9 on behalf of other charities. The number of applicants to the Society shows little sign of decreasing, and the Society continues to have capital funding by means of loans financed from the Baptist Union Loan Fund, the London Baptist Property Board and HSBC Bank plc.

The Baptist Holiday Fellowship continued to make grants to other Baptist charities in accordance with its objectives of advancing Christianity and assisting Baptist Ministers in need to have holidays free of charge or at reduced cost.

The Joint Venture of the Baptist Union of Great Britain and BMS World Mission continued to run the facilities at Baptist House used by the two organisations. During 2012, a full structural review of the building was completed, and an ongoing programme of maintenance continues. Financed by further capital from the Union and BMS World Mission, Solar panels were installed on the roof of Baptist House in 2012 and this has since produced a good return on investment.

The Baptist Assembly Limited organised the Baptist Assembly in Blackpool in May 2013 with the theme "Like Stars in the Universe". The 2014 Assembly will be in West Bromwich.

Baptist House Limited continued to make a small contribution towards the overall costs of Baptist House by offering meeting accommodation to local groups and businesses.

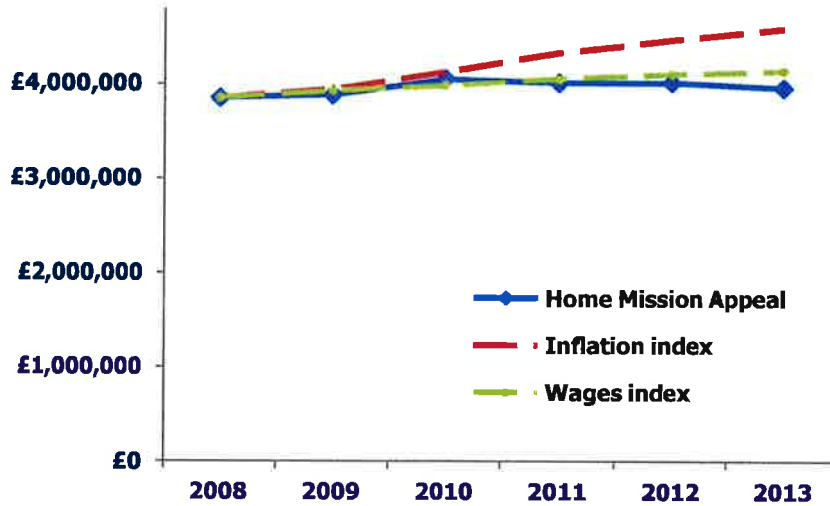
The contribution made to our society by the Charitable Sector is crucial, and the Baptist Union of Great Britain seeks to serve society in the ways described to fully share in that responsibility.

**SECTION 4 – WHAT WE HAVE DONE SO FAR (continued)**

During 2013 we continued to work with other churches on the development of 'Get In The Picture' and 'The Big Welcome'. We ran a major conference on being church for the boomer generation and one for children and youth workers. We continued our work on encouraging young people to be disciples and our involvement with the inter faith agenda.

Networks for Association Youth Officers, Youth and Children's and family workers and Pastors of Larger Churches have continued to develop.

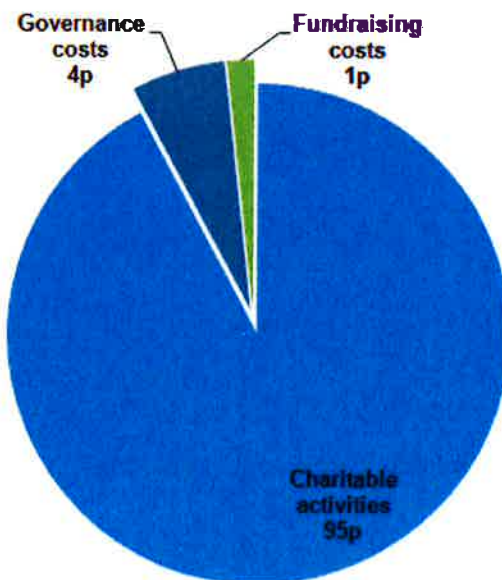
*Home Mission appeal*



**Figure 1 – Home Mission appeal compared to inflation and wages**

In the graph above is shown the last five years of the home mission appeal compared to inflation (as measured by the government RPI measure) and wages (as per the ONS Average Weekly Earnings data). This shows that the Home Mission Appeal has not increased with RPI between 2009 and 2013 but when compared with earnings there is a closer correlation. When the impact of increases in price inflation upon our church members is factored in then we give thanks to God that the giving to Home Mission appeal has stayed relatively stable during this time.

*Charity stewardship and efficiency*



**Figure 2 – Efficiency levels and where every pence in the £ goes**

As a charity the Trustees take a focused view of ensuring that maximum efficiency is achieved for the contributions given by churches and individuals around the Union. In 2013 95p in the £ was spent on charitable activities. The expenditure figure on governance is at a high level due to the legal costs incurred with restructuring and also with essential safeguarding work.

## SECTION 5 – ABOUT OUR FINANCES

The consolidated results of the Union for the year showed net incoming resources of £1,657,515 (2012 £620,786) and benefited from an overall increase in the market value of investments of £854,398 (2012 increase £1,013,861). The main charity had an operating surplus in its unrestricted fund known as the Home Mission Fund of £147,148 (2012 Deficit £762,338) in the year. After increases in the market value of investments and surpluses on the sale of property, an overall net surplus of £2,511,520 (2012 £1,629,844) is reported. The Union is grateful to past generations of Baptists who have ensured through their generosity that, for a limited period, operating losses such as these can be absorbed from reserves.

The Statement of Financial Activities shows that 95% (2012 93.4%) of the expenditure was directly on the furtherance of the Charity's objects, with comparatively small amounts expended on both fundraising and governance. In 2013, governance costs decreased by approximately £101K largely attributable to a reduction in legal fees and office costs as a result of restructuring the teams at the national resource.

The Union has an ethical investment policy which means that it does not invest in stocks which are predominantly based in alcohol, tobacco, gambling, pornography or armaments. There were two firms of Investment Managers: Sarasin and Partners LLP, who were responsible for equity and property investments and tactical changes in Asset Allocation, and Royal London Asset Management, who managed a bond portfolio. Both Managers are satisfied that in the medium-term the funds are not significantly disadvantaged by the operation of the ethical policy.

The performance of all investments in 2013 was encouraging. The aim is to out-perform the benchmark by 1% net of fees. The Equities and Property portfolio continued to be managed by Sarasin and Partners LLP and the Bond portfolio remained with Royal London Asset Managers Limited. The equity and property portfolio managed by Sarasin & Partners increased by 20.2% gross of fees, compared with the benchmark of 17.1%. The Bond portfolio increased by 2.8% net of fees, compared to its benchmark of 0.9%. The investment managers regularly report to finance and audit committee which in turn reports to the Trustee Board.

Following a review of arrangements at end of 2013 and a competitive tender process, Schroders Investments was awarded the investment management mandate from 1 January 2014.

The consolidated financial statements show how the Direct Charitable Expenditure is divided into various categories and a brief explanation of these is given below.

Over £2m (2012 £2m) was expended in direct grants to churches. Most of these grants are made to churches for the support of mission focused pastoral ministry. Other grants are made to support Chaplains, Ecumenical Officers and a wide range of mission-based ministries. Mission Project Grants are also given to encourage and enable Baptist churches to respond to the mission needs of their community as part of their on-going work and ministry.

The Ministries team accounts for about £470K (2012 £509K) of the expenditure and supports all forms of recognised ministry amongst Baptist Union churches through all its stages.

The Faith & Society team is tasked with oversight of our communications portfolio as well as areas such as Ecumenical and justice matters and accounts for £526K (2012 £475K) of expenditure.

### *Policy on Reserves*

During the year the Trustees reviewed the reserves policy for BUGB (excluding RBMHS which has a separate policy). The policy is to ensure that the Union has sufficient free and available funds to meet at least 9 months of annual budgeted expenditure. In addition the Trustees consider it is prudent to provide for a further 6 months for funding grants to churches and associations. The latter is necessary because to stop a payment to a church or association involves a period of time to adjust.

On the basis of the budgeted expenditure for 2014 the calculation of reserve funds needed is:-

9 months expenditure	£5,729,802
6 months grants & funding of associations expenditure	<u>£1,768,000</u>
Total Level of Reserves needed	£7,597,802

Cognisant of the Charity Commission requirements and particularly the Charities SORP, BUGB holds a number of Unrestricted (including Designated) income funds which can be spent at the discretion of the Trustees in furtherance of the charity's objects.

Trustees are expected to justify the holding of income as reserves though certain funds can be excluded. The Trustees have carried out a review of Designated Funds where some have been undesignated as the Annual Accounts show (see Note 19).

## SECTION 5 – ABOUT OUR FINANCES (continued)

The table below sets out in more detail the reserves available and details of each fund can be found in Note 19.

	Free Funds	Fixed Assets	Programme Related Investments
	£	£	£
General Funds	6,347,970	-	-
Fixed Asset Reserve	-	3,182,456	-
Baptist House JV Investment	-	-	2,900,000
Newington Court	3,862,965	-	-
Student Training Capital	-	-	4,757,737
Loan Fund Capital	-	-	5,950,424
Baptist Strategy Building Scheme	-	-	335,708
Pension Reserve	1,362,148	-	-
<b>Sub Total</b>	<b>11,573,083</b>	<b>3,182,456</b>	<b>13,943,869</b>
Less Reserves Needed	<u>7,597,802</u>		
Free Funds Available	<b>3,975,281</b>		
Baptist Pension Scheme Deficit	<u>5,100,000</u>		
Net Free Funds Available	<b>£(1,124,719)</b>		

**Figure 3 – Analysis of Reserves Policy**

BUGB has an estimated £5.1M deficit share of the Baptist Pension Scheme deficit of £75M at the end of 2013 which is currently being serviced with deficit contributions from BUGB in line with the recovery plan approved by the Pensions Regulator. When this deficit figure is subtracted as shown above the net free reserves equates to a shortfall of £1.1M in the Union's reserves, equivalent to 15% of the annual budgeted expenditure.

The Trustees are satisfied the reserves policy accords to the requirements of the Charities SORP and subject to the deficit share of the Baptist Pension Scheme demonstrates the charity's sustainability and capacity to manage unforeseen financial difficulties. During 2014 the Trustees will keep the policy under review.

## **SECTION 6 – CHANGES OVER THE LAST YEAR AND PLANS FOR THE FUTURE**

As reported previously on 12 - 14 November 2012 the Baptist Union Council, the governing body of the Baptist Union of Great Britain, agreed major reforms of the denomination's structures to strengthen the support it gives to local churches. This was known as the futures review. Accordingly, and in line with these decisions in 2013 major structural changes were made. These are outlined in further detail below.

The reforms arose out of a year-long review which was initiated by financial concerns but which has been undertaken with a much broader remit to establish structures more fitting for mission in the 21st century.

At the heart of the changes is a new way of working together between the national office in Didcot, the regional associations and the Baptist colleges to support churches. The changes are designed to enhance the inter-dependence between churches, associations and members of specialist teams.

As a result there was a downsizing of the national office in Didcot, with some work taken on by associations to remove duplication of activity in both Didcot and the associations.

At Baptist House (Didcot) the number of staff has been reduced by 14 full time equivalent posts from 46 to 32. The previous five departments have become three new specialist teams. Finance and Administration including the Baptist Union Corporation Limited (legal and property matters) became the Support Services Team. The Ministry Department, responsible for the training and accreditation of ministers, became the Ministries Team. Faith and Unity, Mission and Communications Departments were merged into a new team called Faith and Society.

A new leadership team, the Baptist Steering Group, replaced the Senior Management Team at Baptist House and is responsible for implementing the strategy of the Union that has been agreed by Baptist Union Council. The group includes the new General Secretary, the leaders of the new teams at Baptist House, representatives from the regional associations, Baptist colleges, BU Trustees and BU Council. An accompanying group will meet with the Steering Group three times a year to provide spiritual support and different viewpoints from across the Union. This group, whose membership will be refreshed regularly, will include the President of the BUGB and at least two people from a black or ethnic minority background, two people under 40 and two women.

Part of the money received by the Union from its members through the annual 'Home Mission' appeal is dispersed as grants. Grants are awarded to support a minister's stipend or mission project in situations where these posts and projects would not otherwise be possible. This has been done centrally at Baptist House but is now administered mainly through six association partnerships. In these partnerships two or three associations decide together who is awarded grants in their regions.

As agreed at BU Council, the size of Council has been reduced and its role made more strategic, encouraging the establishment of networks of Baptist churches and a reduction in the number of committees reporting to Council.

These decisions came after a year of prayer, consultation and discussion to 'discern the mind of Christ' as to the future of the Union. It was prompted partly by a deficit in the Union's finances but also in response to the 400th anniversary of the Baptist denomination in the UK and the desire to know which direction God was calling Baptists to follow in the future.

During 2013 the Revd Lynn Green was unanimously elected as the next general secretary of the Baptist Union of Great Britain. She took up the post in September 2013 and became the first female general secretary of our Union. She was the unanimous choice of the General Secretary Nominating Group, Council and the Assembly.

### **PLANS FOR FUTURE PERIODS**

Moving into 2014 Lynn Green is working with BSG and the Council to develop agreed values and a shared vision. At the heart of these deliberations is a concern to put Mission at the centre.

Our Home Mission funding will continue to support our churches' mission in areas that would otherwise be without a Baptist presence.

We are exploring ways of supporting the Pioneer Collective, which seeks to identify and release 400 Baptist Pioneers in the next five years, and will continue to signpost people to the Equipped to Pioneer training platform launched in 2013. We hope to strengthen our work with in the Joint Public Issues Team with a further appointment.

Our ministerial formation is currently undergoing a wide-ranging review to ensure that our training and formation match the ministry demands of an ever changing society.

To mark the 200<sup>th</sup> anniversary of our links with Baptists in Jamaica a series of events have been planned in 2014, which we hope will strengthen and inform our justice work.

As well as new innovative approaches to mission and our commitment to justice the Union is also keen to continue to have at its heart a commitment to prayer, to keep the local church at the centre of decisions, to continue to "break new ground" and to bring the gospel to a new generation.

J Royal

Moderator of the Trustee Board



## SECTION 7 – INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE BAPTIST UNION OF GREAT BRITAIN

We have audited the financial statements of the Baptist Union of Great Britain for the year ended 31 December 2013 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Parent Charity Balance Sheet, the Consolidated Cashflow Statement 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 company's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under that Act. 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page three, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 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.

### Scope of the audit of the financial statements

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 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 Trustees' Report 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 impact for our report.

### Opinion on financial statements

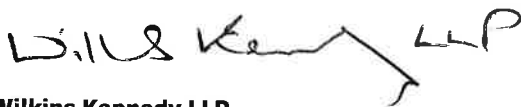
In our opinion the financial statements:

- give a true and fair view of the state of the group and charity's affairs as at 31 December 2013 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.

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

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

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



**Wilks Kennedy LLP**  
Statutory Auditor and Chartered Accountants

Date: 31 March 2014

Bridge House  
London Bridge  
London SE1 9QR



## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 DECEMBER 2013

	Notes	Unrestricted	Designated	Restricted	Endowment	Total 2013	Total 2012
		£	£	£	£	£	£
<b>Incoming resources</b>							
Incoming resources from generated funds							
Voluntary income	2	5,022,520	-	1,020,013	-	6,042,533	5,364,962
Investment income	3	310,810	324,198	24,182	34,691	693,881	715,870
Incoming resources from charitable activities							
	4	521,273	-	454,545	-	975,818	1,007,474
Other incoming resources	5	143,440	-	414,348	-	557,788	1,487,936
Less share of gross incoming resources from Joint Venture		(14,546)				(14,546)	(9,745)
<b>Total incoming resources</b>		<b>5,983,497</b>	<b>324,198</b>	<b>1,913,088</b>	<b>34,691</b>	<b>8,255,474</b>	<b>8,566,497</b>
<b>Resources expended</b>							
Costs of generating funds							
Costs of generating voluntary income	6	24,550	(4,872)	(450)	(715)	18,513	162,376
Charitable activities	7	5,397,528	521,013	409,854	350	6,328,745	7,425,617
Governance costs	8	242,790	-	7,911	-	250,701	357,718
<b>Total resources expended</b>	9	<b>5,664,868</b>	<b>516,141</b>	<b>417,315</b>	<b>(365)</b>	<b>6,597,959</b>	<b>7,945,711</b>
Net incoming/(expended) resources							
before transfers		318,629	(191,943)	1,495,773	35,056	1,657,515	620,786
Transfers between funds	19	(4,404,622)	4,438,963	-	(34,341)	-	-
Net incoming (expended) resources before other recognised gains and losses		(4,085,994)	4,247,020	1,495,773	715	1,657,515	620,786
Net interest in the results of the year from Joint Venture		(393)	-	-	-	(393)	(4,803)
Other recognized gains and (losses)	12	134,415	630,514	36,826	52,643	854,398	1,013,861
<b>Net movement in funds</b>		<b>(3,951,972)</b>	<b>4,877,534</b>	<b>1,532,599</b>	<b>53,358</b>	<b>2,511,520</b>	<b>1,629,844</b>
<b>Balances at 1 January 2013</b>		<b>10,511,103</b>	<b>17,473,904</b>	<b>24,039,739</b>	<b>849,211</b>	<b>52,873,957</b>	<b>51,244,113</b>
<b>Balances at 31 December 2013</b>		<b>£6,559,131</b>	<b>£22,351,438</b>	<b>£25,572,338</b>	<b>£902,569</b>	<b>£55,385,477</b>	<b>£52,873,957</b>

There were no recognised gains or losses other than those shown in the Statement of Financial Activities. There were no acquisitions or discontinued operations during either of the above two financial years.

The notes on pages 14 - 31 form an integral part of these financial statements.

**CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2013**

	Notes	2013 £	2012 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	11	32,642,110	31,517,388
Investments	12	<u>17,360,358</u>	<u>16,538,966</u>
		50,002,468	48,056,354
<b>CURRENT ASSETS</b>			
Stocks		14,322	6,000
Debtors	13	1,685,961	711,635
Loans	14	360,229	1,297,350
Cash and bank	15	<u>6,498,311</u>	<u>6,069,863</u>
		8,558,823	8,084,848
<b>CURRENT LIABILITIES</b>			
Creditors:			
Amounts falling due within one year	16	<u>3,175,814</u>	<u>3,267,245</u>
<b>NET CURRENT ASSETS</b>		5,383,009	4,817,603
<b>NET ASSETS</b>		<u><b>£55,385,477</b></u>	<u><b>£ 52,873,947</b></u>
<b>ENDOWMENT FUNDS</b>			
ENDOWMENT FUNDS	17	902,569	849,211
<b>RESTRICTED FUNDS</b>			
RESTRICTED FUNDS	18	25,572,338	24,039,739
<b>DESIGNATED FUNDS</b>			
DESIGNATED FUNDS	19	22,351,438	17,473,904
<b>UNRESTRICTED FUNDS</b>			
UNRESTRICTED FUNDS		6,559,132	10,511,103
	20	<u><b>£55,385,477</b></u>	<u><b>£52,873,957</b></u>

The financial statements were approved by the Trustees on 19 March 2014 and signed on their behalf by

J Royal – Moderator



M Broad – Treasurer



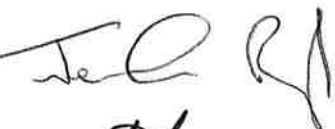
There were no recognised gains or losses other than those shown in the Statement of Financial Activities. There were no acquisitions or discontinued operations during either of the above two financial years.


The notes on pages 14 – 31 form an integral part of these financial statements.

**BALANCE SHEET AT 31 DECEMBER 2013**

	Notes	2013 £	2012 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	11	3,183,144	3,382,525
Investments	12	<u>20,274,517</u>	<u>19,442,535</u>
		23,457,661	22,825,060
<b>CURRENT ASSETS</b>			
Stocks		14,322	6,000
Debtors	13	833,282	654,639
Loans	14	360,228	1,297,350
Cash and bank	15	<u>5,961,487</u>	<u>5,678,605</u>
		7,169,319	7,636,594
<b>CURRENT LIABILITIES</b>	16	<u>261,226</u>	<u>1,094,031</u>
Creditors amounts falling due within one year			
<b>NET CURRENT ASSETS</b>		6,908,093	6,542,563
<b>NET ASSETS</b>		<u><b>£30,365,754</b></u>	<u><b>£29,367,623</b></u>
<b>ENDOWMENT FUNDS</b>	17	902,569	849,211
<b>RESTRICTED FUNDS</b>	18	779,838	727,035
<b>DESIGNATED FUNDS</b>	19	22,351,438	17,473,904
<b>UNRESTRICTED FUNDS</b>		6,331,909	10,317,473
		<u><b>£30,365,754</b></u>	<u><b>£29,367,623</b></u>

The financial statements were approved by the Trustees on 19 March 2014 and signed on their behalf by

J Royal – Moderator 

M Broad – Treasurer 

There were no recognised gains or losses other than those shown in the Statement of Financial Activities. There were no acquisitions or discontinued operations during either of the above two financial years.

The notes on pages 14 – 31 form an integral part of these financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2013

	2013 £	2012 £
RECONCILIATION OF CHANGES IN RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Net incoming resources for the year	1,657,515	620,786
Depreciation charges	15,782	18,116
Loss on disposal of tangible fixed assets	(377,788)	(1,030,838)
(Increase)/decrease in stocks	(8,322)	6,198
(Increase)/decrease in debtors	(968,326)	750,469
Decrease in loans	937,122	208,824
(Decrease)/increase in creditors	(91,431)	1,213,869
<b>Net cash inflow from operating activities</b>	<b><u>£1,158,551</u></b>	<b><u>£1,787,424</u></b>
CASH FLOW STATEMENT		
Net cash inflow from operating activities	1,158,551	1,787,424
Payments to acquire tangible fixed assets	(2,443,615)	(3,419,046)
Receipts from sale of tangible fixed assets	1,661,029	2,169,380
Payments to acquire investments	(244,695)	(299,541)
Receipts from sale of investments proceeds	297,258	-
<b>Net cash/inflow in the year</b>	<b><u>£428,528</u></b>	<b><u>£238,217</u></b>
Cash and Bank Balances		
1 January 2013	6,069,863	5,831,646
31 December 2013	6,498,391	6,069,863
<b>Net cash inflow in the year</b>	<b><u>£428,528</u></b>	<b><u>£238,217</u></b>

The notes on pages 14 to 31 form an integral part of these financial statements.

## **1 ACCOUNTING POLICIES**

The following accounting policies have been used consistently in dealing with items which are considered material in the Charity's financial statements and in accordance with applicable accounting standards.

### **1.1 Basis of Accounting**

The financial statements have been prepared in accordance with the Charity Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005) and under the historical cost convention except for investments which are included at market value. They incorporate the results of the principal activity which is the advancement of the Christian faith and practice, especially by the means of and in accordance with the principles of the Baptist Denomination, and which is continuing.

### **1.2 Basis of Consolidation is as per signed 2012 accounts**

Where control is exercised by the parent charity over another entity, those entities are consolidated as subsidiaries on a line by line basis in accordance with FRS2 and the SORP.

Details of these entities are given in note 12 to the financial statements.

The charity's interest in a joint venture and joint arrangement are accounted for in accordance with the SORP.

Details of these interests are given in note 12 to the consolidated financial statements

### **1.3 Fund Accounting**

#### **Unrestricted Funds**

General unrestricted funds represent funds which are expendable at the discretion of the Union in the furtherance of the objects of the charity and which have not been designated for other purposes. These funds are known as the Home Mission Fund. Such funds may be held to finance both working and capital investment.

#### **Designated Funds**

These represent amounts set aside by the Union for specific purposes as set out in note 19. They may be returned to General funds at the discretion of the Union.

#### **Restricted Funds**

These represent amounts which have been restricted by the donors for use for specific purposes as set out in note 18.

#### **Endowment Funds**

These represent amounts which are restricted for specific purposes but where the capital is not expendable.

### **1.4 Incoming resources**

Donations are accounted for gross when received.

Legacies are accounted for at the earlier of the Estate accounts being finalised and notified, and cash received.

Investment income is accounted for in the year in which it is receivable.

### **1.5 Resources expended**

Costs of generating voluntary income represents publicity material and promotion of the Union and the Home Mission Fund. Direct charitable expenditure represents expenditure in the furtherance of the object of the Union.

Governance costs are the costs which related to the general running and strategy of the charity, in distinction to those costs related to charitable activity.

Grants payable are agreed on an annual basis and accounted for in the year in which they are paid.

Support costs represent central finance and computer facilities, fixed asset depreciation, storage, insurance and stationery, together with an appropriate allowance for salaries and other office costs.

### **1.6 Depreciation**

No depreciation is charged on freehold properties required under Financial Reporting Standard 15, as the Trustees consider that any charge would be immaterial. In the opinion of the Trustees the residual values of these properties is in excess of their carrying value in the financial statements.

As expected useful economic life of these assets is believed to be in excess of fifty years, annual impairment reviews are undertaken by the Trustees at each balance sheet date. These reviews involve assessing current property market conditions and their impact on the estimated market values of the Union's properties. Any material deficit between the anticipated recoverable amount of freehold property and its cost is recognised in the statement of financial activities.

Depreciation on other fixed assets is calculated to write off the cost on a straight line basis over their expected useful life, at the following rates:

Furniture and fittings	10% and 20%
Computers and equipment	25% and 33%

## 1 ACCOUNTING POLICIES (continued)

### 1.7 Stocks

Stocks of publications are included at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

### 1.8 Consolidation

The subsidiary companies and the charity's interest in its Joint Venture detailed in note 12 have not been consolidated.

### 1.9 Investment assets

Quoted investments are stated at market value. All other investment assets are shown at cost.

#### a. Realised and unrealised gains and losses

All realised gains and losses on quoted investments are recognised in the financial statements.

#### b. Pensions

The cost of providing retirement pensions is charged to the statement of financial activities over the periods benefiting from the employees' services. The difference, if any, between the charge to the statement of financial activities and the contributions paid to the schemes is shown as an asset or as a provision for liability in the balance sheet as appropriate.

## 2 VOLUNTARY INCOME

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	2013 £	2012 £
Donations	3,962,502	-	22,975	-	3,985,476	4,164,869
Legacies	596,193	-	997,038	-	1,593,231	850,314
Subscriptions	382,825	-	-	-	382,825	284,779
Gifts from other Baptist Constituents	81,000	-	-	-	81,000	65,000
	<b>£5,022,520</b>	<b>-</b>	<b>£1,020,013</b>	<b>-</b>	<b>£6,042,532</b>	<b>£5,364,962</b>

## 3 INVESTMENT INCOME

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	2013 £	2012 £
UK Listed Bonds	76,360	217,955	14,988	22,953	332,256	345,813
UK Listed Equities	44,558	28,091	3,518	5,387	81,554	58,294
UK Property Unit Trusts	20,211	31,363	3,967	6,075	61,616	64,174
Return on investment in BUC	153,193	-	-	-	153,193	166,318
Interest on Cash Deposits	16,488	46,789	1,709	276	65,262	81,271
	<b>£310,810</b>	<b>£324,198</b>	<b>£24,182</b>	<b>£34,691</b>	<b>£693,881</b>	<b>£715,870</b>

## 4 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	2013 £	2012 £
Grants receivable	521,273	-	454,545	-	975,818	857,714
Trading income	-	-	-	-	-	149,760
	<b>£521,273</b>	<b>£0</b>	<b>£454,545</b>	<b>£0</b>	<b>£975,818</b>	<b>£1,007,474</b>

## 5 OTHER INCOMING RESOURCES

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	2013 £	2012 £
Profit on sale of properties	-	-	414,348	-	414,348	1,030,838
Funds received from Ultimate Trusts	143,440	-	-	-	143,440	457,098
	<b>£143,440</b>	<b>£0</b>	<b>£414,348</b>	<b>£0</b>	<b>£557,788</b>	<b>£1,487,936</b>

## 6 COST OF GENERATING FUNDS

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	2013 £	2012 £
Generating voluntary income	25,880	-	-	-	25,880	167,530
Investment Management	(1,330)	(4,872)	(450)	(715)	7,367	5,154
	<b>£24,550</b>	<b>(£4,872)</b>	<b>(£450)</b>	<b>(£715)</b>	<b>£18,513</b>	<b>£162,376</b>

## 7 CHARITABLE ACTIVITIES

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	2013 £	2012 £
Grants payable	1,741,127	306,395	-	350	2,047,872	2,651,035
Associations	1,890,416	-	-	-	1,890,416	1,801,504
Faith and Society	369,262	-	-	-	369,262	294,935
Ministries	470,314	-	-	-	470,314	509,975
Advice and Information	665,964	-	-	-	665,964	987,213
Pension Fund	-	-	-	-	-	2,900
Ecumenical	156,623	-	-	-	156,623	181,325
Reorganisation costs	-	-	-	-	-	311,426
Training	84,318	199,714	-	-	284,032	278,839
Holidays	19,504	-	-	-	19,504	20,303
Retirement Housing	-	-	394,541	-	394,541	344,952
Benevolent Funds	-	14,904	15,313	-	30,217	41,210
	<b>£5,397,528</b>	<b>£521,013</b>	<b>£409,854</b>	<b>£350</b>	<b>£6,328,745</b>	<b>£7,425,617</b>

## 8 GOVERNANCE COSTS

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	2013 £	2012 £
Assembly	2,969	-	-	-	2,969	6,053
Council	37,286	-	-	-	37,286	30,094
Committees	6,399	-	-	-	6,399	11,536
Audit Fee	34,010	-	7,911	-	41,921	38,140
Legal Fees	46,945	-	-	-	46,945	81,829
Trustee Insurance	5,055	-	-	-	5,055	4,505
Salaries	50,928	-	-	-	50,928	65,158
Futures	20,732	-	-	-	20,732	-
Office Costs	15,948	-	-	-	15,948	74,381
Support Costs	22,518	-	-	-	22,518	46,022
	<b>£242,790</b>	<b>£0</b>	<b>£7,911</b>	<b>£0</b>	<b>£250,701</b>	<b>£357,718</b>

## 9 TOTAL RESOURCES EXPENDED

	Direct Charitable £	Grant Funding £	Support Costs £	2013 £	2012 £
Grants payable (note 21)	-	2,047,872	-	2,047,872	2,651,035
Associations	1,890,416	-	-	1,890,416	1,801,504
Faith and Society	334,501	-	34,761	369,262	294,935
Ministry	418,103	-	52,211	470,314	509,97
Advice and Information	617,090	-	48,874	665,964	987,213
Pension Fund	-	-	-	-	2,900
Ecumenical	141,879	-	14,744	156,623	181,325
Reorganisation Costs	-	-	-	-	311,426
Training	284,032	-	-	284,032	278,839
Holidays	19,504	-	-	19,504	20,303
Retirement Housing	394,541	-	-	394,541	344,952
Benevolent Funds	30,217	-	-	30,217	41,210
	4,130,283	2,047,872	150,590	6,328,745	7,425,617
Cost of generating funds	16,313	-	2,200	18,513	162,376
Governance	228,183	-	22,518	250,701	357,718
<b>Total</b>	<b>£4,374,779</b>	<b>£2,047,872</b>	<b>£175,308</b>	<b>£6,597,959</b>	<b>£7,945,711</b>



## Notes to the financial statements for the year ended 31 December 2013

## 10 EMPLOYEES AND TRUSTEES

	Consolidated		Charity	
	2013	2012	2013	2012
	£	£	£	£
Staff Costs				
Salaries	989,018	1,259,108	887,562	1,147,859
Social security costs	89,187	111,408	85,579	101,728
Pension costs	116,749	142,136	110,083	120,882
Other costs	94,967	113,205	94,967	97,024
	<u>1,289,921</u>	<u>1,625,857</u>	<u>1,178,191</u>	<u>1,467,493</u>
Less Attributable to other Baptist entities	<u>426,745</u>	<u>390,451</u>	<u>426,745</u>	<u>431,253</u>
	<b>£863,176</b>	<b>£1,235,406</b>	<b>£751,446</b>	<b>£1,036,240</b>
Average number of employees during the year was	<u>37</u>	<u>42</u>	<u>32</u>	<u>37</u>

No employee received emoluments in excess of £60,000 during the year (2012 nil).

Emoluments including pension contributions amounting to £42,770 (2012 £58,235) were paid to the Revd J Edwards for his work as General Secretary. He was also a trustee until 31 July 2013.

No emoluments were paid to any of the other trustees for their work as Trustees.

One trustee, who is also an employee, lived in housing wholly or partly owned by the Union, on the same terms and conditions as other staff for whom housing may be made available.

A total of £3,233 was paid to 12 Trustees in reimbursement of travelling and subsistence expenses as Trustees (2012 £5,328 to 12 Trustees).

## 11 TANGIBLE FIXED ASSETS

Consolidated	Freehold Properties	Computers and Equipment	Furniture and Fittings	Total
	£	£	£	£
Cost				
1 January 2013	31,427,385	347,911	265,977	32,041,273
Additions	2,457,227	848	-	2,458,075
Disposals	(1,317,571)	(875)	-	(1,317,446)
31 December 2013	<u>32,567,042</u>	<u>347,884</u>	<u>265,977</u>	<u>33,180,902</u>
Depreciation				
1 January 2013	-	260,215	263,670	523,885
Charge for the year	-	14,163	1,619	15,782
On disposals	-	(875)	-	(875)
31 December 2013	<u>£0</u>	<u>273,503</u>	<u>265,289</u>	<u>538,792</u>
<b>Net Book Value</b>				
<b>31 December 2013</b>	<b>£32,567,041</b>	<b>£74,381</b>	<b>£688</b>	<b>£32,642,110</b>
<b>31 December 2012</b>	<b>£31,427,385</b>	<b>£87,696</b>	<b>£2,307</b>	<b>£31,517,388</b>

**BAPTIST UNION OF GREAT BRITAIN**

**Notes to the financial statements for the year ended 31 December 2013**

**11 TANGIBLE FIXED ASSETS (continued)**

Charity	Freehold Properties £	Computers and Equipment £	Furniture and Fittings £	Total £
Cost				
1 January 2013	3,380,218	86,374	265,977	3,732,569
Additions	324,026	-	-	324,026
Disposals	(521,788)	-	-	(521,788)
31 December 2013	<u>3,182,456</u>	<u>86,374</u>	<u>265,977</u>	<u>3,534,807</u>
Depreciation				
1 January 2013	-	86,374	263,670	350,044
Charge for the year	-	-	1,619	1,619
On disposals	-	-	-	-
31 December 2013	<u>-</u>	<u>86,374</u>	<u>265,289</u>	<u>351,663</u>
<b>Net Book Value</b>				
<b>31 December 2013</b>	<b>£3,182,456</b>	<b>£0</b>	<b>£688</b>	<b>£3,183,144</b>
<b>31 December 2012</b>	<b>£3,380,218</b>	<b>£0</b>	<b>£2,307</b>	<b>£3,382,525</b>

Most of the fixed assets are used for direct charitable purposes. Some of the computers, office equipment and furniture and fittings are used both for direct charitable expenditure and for generating funds and governance.

No depreciation is provided on freehold properties owned by the Union for the furtherance of its objects.

**12 INVESTMENTS  
Consolidated**

	Quoted at Market Value £	Investment in Baptist Union Corporation £	2013 £
01 January 2013	10,813,235	5,738,950	16,552,185
Additions	244,695	-	244,695
Disposals	(277,308)	-	(277,308)
Realised and unrealised gains	643,064	211,334	854,398
31 December 2013	<u>£11,423,686</u>	<u>£5,950,284</u>	<u>£17,373,970</u>
Less share of net losses in Joint Venture			13,612
Historical cost of investments			<u>£17,360,358</u> <u>£16,301,067</u>

Charity	Unquoted at ost £	Quoted at Market Value £	Investment in Baptist Union Corporation £	2013 £
1 January 2013	2,916,687	10,786,898	5,738,950	19,442,535
Additions	-	244,695	-	244,695
Disposals	-	475,030	-	475,030
Realised and unrealised gains	-	850,983	211,334	1,062,317
31 December 2012	<u>£2,916,687</u>	<u>£11,407,546</u>	<u>£5,950,284</u>	<u>£20,274,517</u>
Historical cost of investments				<b>£21,224,577</b>

The following investment exceeded 5% of the total portfolio.

Royal London Ethical Bond Fund	£6,591,604	£6,689,444
Sarasin Equisar – Socially Responsible (Sterling Hedged) B Income	£2,852,319	£2,354,761

## 12 INVESTMENTS (continued)

The investment in Baptist Union Corporation Ltd corresponds to the designated reserve in note 19.

	2013	2012
	£	£
Unquoted investments at cost		
1 January 2013 and 31 December 2013		
Baptist Holiday Fellowship Limited	16,687	16,687
Joint Venture	2,900,000	2,900,000
	<b>£2,916,687</b>	<b>£2,916,687</b>

The unquoted investments represent 96% of the issued share capital of Baptist Holiday Fellowship Limited which provides holidays, and 50% of the Joint Venture between the Baptist Missionary Society and the Baptist Union of Great Britain which owns and runs the premises at Baptist House.

The following entities have been consolidated because of the control exercised by the parent charity:

The Baptist Union of Great Britain appoints the Directors of the Retired Baptist Ministers' Housing Society which is an Industrial and Provident Society registered in England, and which provides housing for Retired Baptist Ministers and their spouses. It has been consolidated on a line by line basis.

The Baptist Union of Great Britain appoints a majority of the Directors of Baptist Holiday Fellowship Limited, which makes grants available for holidays, and has been consolidated on a line by line basis.

The Baptist Union of Great Britain appoints half of the Committee of the Joint Venture with BMS World Mission which operates Baptist House Didcot for the Union and BMS World Mission. The Union's share of the Joint Venture has been treated as a joint arrangement and accounted for as a branch.

The Baptist Union of Great Britain appoints half the Directors of Baptist House Limited which provides conference facilities in Didcot for local businesses, and the Union's share has been consolidated as a Joint Venture.

The Baptist Union of Great Britain appoints half the Directors of The Baptist Assembly which runs the annual Baptist Assembly and the Union's share has been consolidated as a Joint Venture. While the year end is 31 August, since the event takes place annually in May the figures would not have been materially different if the year end had been coterminous with the Union.

The latest available figures for each of the entities are as follows:

During the year ended 30 November 2013 the Baptist Holiday Fellowship made a profit of £20,128 (2012 profit £19,626) based on a turnover of £41,279 (2012 £41,503) and the company had accumulated capital and reserves of £331,972 (2012 £312,529).

During the year ended 31 October 2013 the Joint Venture made a surplus of £21,172 (2012 deficit £19,418) based on a turnover of £835,707 (2012 £818,403) and the Venture had accumulated reserves of £5,841,426 (2012 £5,820,252).

During the year ended 30 September 2013 the Retired Baptist Ministers Housing Society made a surplus of £1,479,796 (2012 Surplus £1,381,016), and the Company had accumulated capital and reserves of £24,792,500 (2012 £23,312,704).

During the year ended 31 October 2013 Baptist House Limited made a deficit of £785 (2012 surplus £9,605) based on a turnover of £29,091 (2012 £19,490) and the Company had an accumulated deficit on reserves of £27,223 (2012 £26,438). The Union has offered support to allow the Company to trade in 2013.

During the year ended 31 August 2013 Baptist Assembly Limited made a surplus of £7,909 (2012 surplus £443) based on a turnover of £152,048 (2012 £160,977). The company had capital and reserves of £54,438 (2012 £46,529).

### 13 DEBTORS

	Consolidated		Charity	
	2013	2012	2013	2012
	£	£	£	£
Baptist Union Corporation Limited	385	44,399	385	44,399
Accrued income	1,475,452	598,895	657,741	572,541
Prepayments and other debtors	210,124	68,341	175,156	37,699
	<b>£1,685,961</b>	<b>£711,635</b>	<b>£833,282</b>	<b>£654,639</b>

Included in prepayment is a total of £64,904 for database project, on account payment.

There is additional £73,095 capital commitment, the project is expected to complete in May 2014.

### 14 LOANS CONSOLIDATED AND CHARITY

	CHARITY	
	2013	2012
	£	£
BSBS	335,781	1,263,400
Loans to Staff	24,448	33,950
	<b>£360,229</b>	<b>£1,297,350</b>

In 2013 total bad debt provision of £950K have been net off against outstanding loan. Included in loans are amounts due after one year amounting to £335,780 (2012 £1,268,952).

The outstanding loans of £360,228 include £117,436 due to be repaid within 12 months, a further £89,936 due within 2 years, £152,856 due between three and five years

### 15 CASH AND BANK BALANCES

	Consolidated		Charity	
	2013	2012	2013	2012
	£	£	£	£
HSBC Bank plc	1,282,655	693,856	777,946	525,810
Lloyds Bank plc	-	1,000,000	-	1,000,000
Royal London Cash Management	582,681	1,326,816	582,681	1,326,816
Santander	1,500,000	-	1,500,000	-
Baptist Union Corporation Limited	1,955,210	1,747,258	1,946,531	1,694,714
Clydesdale Bank Limited	699,434	679,062	699,434	679,062
Charities Official Investment Fund Deposit	478,331	622,871	454,895	452,203
	<b>£6,498,311</b>	<b>£6,069,863</b>	<b>£5,961,487</b>	<b>£5,678,605</b>

### 16 CREDITORS

	Consolidated		Charity	
	2013	2012	2013	2012
Amounts falling due within one year:				
Accruals and other creditors	<b>£3,175,814</b>	<b>£3,267,245</b>	<b>£261,226</b>	<b>£1,094,031</b>

### 17 ENDOWMENT FUNDS – Consolidated and Charity

	1 January 2013	Incoming Resources	Resources Expended	Gains and Losses	Transfers	31 December 2013
	£	£	£	£	£	£
Sustentation Fund	£849,211	£34,691	£(365)	£52,643	£(34,341)	£902,569
		<b>Investments</b>		<b>Current Assets</b>		<b>Total</b>
		£		£		£
Sustentation Fund		<b>£876,783</b>		<b>£25,786</b>		<b>£902,569</b>

18 RESTRICTED FUNDS

	1 January 2013 £	Incoming Resources £	Resources Expended £	Gains and Losses £	Transfers £	31December 2013 £
Continental Fund	54,137	1,526	31	2,285	-	57,979
Deaconesses' Benevolent Fund	14,188	100	-	-	-	14,288
Ministers' Benevolent Fund	60,264	1,930	(1,461)	2,830	-	63,563
Retired Ministers' Benevolent Fund	193,185	6,675	(865)	10,245	-	209,240
Widows' Benevolent Fund	17,640	119	(4,300)	-	-	13,459
J A Spurgeon Memorial Trust	387,621	23,905	(8,268)	18,051	-	421,309
<b>Total Charity</b>	<b>£727,035</b>	<b>£34,255</b>	<b>£(14,863)</b>	<b>£33,411</b>	<b>£0</b>	<b>£779,838</b>
Retired Baptist Ministers Housing Society	23,312,704	1,878,833	(402,452)	3,415	-	24,792,500
<b>Total Consolidated</b>	<b>£24,039,739</b>	<b>£1,913,088</b>	<b>£(417,315)</b>	<b>£36,826</b>	<b>£0</b>	<b>£25,572,338</b>

	Fixed Assets £	Investments £	Current Assets £	Total £
Continental Fund	-	38,188	19,791	57,979
Deaconesses' Benevolent Fund	-	-	14,288	14,288
Ministers' Benevolent Fund	-	47,309	16,254	63,563
Retired Ministers' Benevolent Fund	-	164,956	44,284	209,240
Widows' Benevolent Fund	-	-	13,459	13,459
J A Spurgeon Memorial Trust	-	301,661	119,648	421,309
<b>Total Charity</b>	<b>-</b>	<b>552,114</b>	<b>227,724</b>	<b>779,838</b>
Retired Baptist Ministers Housing Society	26,524,144	28,752	1,761,396	24,792,500
<b>Total Consolidated</b>	<b>£26,524,144</b>	<b>£581,866</b>	<b>£1,561,679</b>	<b>£25,572,338</b>

## 19 DESIGNATED FUNDS

	1 1 2013	Incoming Resources	Resources Expended	Gains and Losses	Transfers	31 12 2013
		£	£	£	£	£
New Venture	119,263	3,924	(3,919)	6,118	(125,386)	-
Overseas Travel	18,000	-	-	-	(18,000)	-
Newington Court	3,794,851	53,754	(41,624)	55,984	-	3,862,965
Tithe Fund Capital	1,085,559	-	-	69,148	(1,154,707)	-
Tithe Fund Income	76,525	45,724	(13,962)	-	(108,287)	-
Student Training	4,451,285	0	-	283,540	22,912	4,757,737
Student Training	31,273	187,490	(195,851)	-	(22,912)	-
Loan Fund Capital	5,739,090	-	-	211,334	-	5,950,424
Baptist Strategy Building Scheme	703,400	-	(250,000)	-	(117,692)	335,708
Scholarship Fund	36,556	756	(13)	978	(38,277)	-
Pension Reserve	1,340,897	32,023	(10,772)	-	-	1,362,148
Worship Fund	77,205	527	-	3,412	(81,144)	-
Baptist House JV Investment	-	-	-	-	2,900,000	2,900,000
Fixed Asset Reserve	-	-	-	-	3,182,456	3,182,456
	<b>£17,473,904</b>	<b>£324,198</b>	<b>£(516,141)</b>	<b>£630,514</b>	<b>£4,438,963</b>	<b>£22,351,438</b>

	Fixed Asset	Investments	Current Assets	Total
	£	£	£	£
Newington Court	-	1,999,910	1,863,055	3,862,965
Student training	-	4,738,687	19,050	4,757,737
Loan fund capital	-	5,950,424	-	5,950,424
Baptist Strategy Building	-	-	335,708	335,708
Pension Reserve	-	-	1,362,148	1,362,148
Baptist JV Investment	-	2,900,000	-	2,900,000
Fixed Asset Reserve	3,182,456	-	-	3,182,456
	<b>£3,182,456</b>	<b>£15,589,021</b>	<b>£3,579,961</b>	<b>£22,351,438</b>

The New Venture supports new projects of a social/community nature in Baptist churches.

The Overseas travel Fund equalises the cost of attendance at international conferences.

The proceeds of Newington Court, which are unrestricted funds, have been designated, with income, and capital as appropriate, to be allocated by the Trustees.

The Tithe Fund capital is that part of the proceeds of Baptist Church House made available for non-Baptist Union of Great Britain purposes.

The Tithe Fund income is the balance of income not yet donated.

The Student Training capital is that part of the proceeds of Baptist Church House made available for the provision of Bursaries to Ministerial Students.

The Student Training income is the balance of income not yet utilised.

The Loan fund capital is the investment in the Baptist Union Loan Fund, which will only be repaid if the Loan fund is wound up.

The Baptist Strategy Building Scheme provided loan finance to churches in strategic places.

The Scholarship Fund is available to provide bursaries for Doctoral students, and receives a transfer from unrestricted income.

The Pension Reserve represents the Union's share of the proceeds of church buildings received under Ultimate Trusts in 2009, 2010 and 2011.

The Worship Fund is to facilitate the study and discussion of worship.

## 19 DESIGNATED FUNDS (continued)

Following a review of designated funds at the end of the financial year the following funds were closed and funds transferred to general funds: New Venture, Overseas Travel, Tithe Fund (Capital and income) and the Worship Fund.

The following funds were rationalised to simplify administration: Student Training Capital and Income has now been merged into the Student Training Fund.

In accordance with best practice two new designated funds have been created:

Fixed Asset Reserve – the Charities SORP specifically allows funds held as tangible fixed assets for charity use to be excluded from reserves. This recognises that certain assets will be used operationally and their disposal may adversely impact on a charity's ability to deliver its aims. Thus for BUGB this reserve includes essential housing provided for Association and other Union staff.

Baptist House Joint Venture – as with the fixed asset reserve above this recognises the investment in Baptist House that is used for operational purposes and is not readily a liquid asset.

## 20 ANALYSIS OF NET ASSETS

	Fixed Assets	Investments	Current Assets	Total
	£	£	£	£
Endowment Funds	-	876,783	25,786	902,569
Restricted Funds	26,524,144	581,866	1,533,672	25,572,338
Designated Funds	3,182,456	15,589,021	3,579,961	22,351,438
Unrestricted Funds	2,935,510	312,688	3,310,934	6,559,132
	<b>£32,642,110</b>	<b>£17,360,358</b>	<b>£5,383,009</b>	<b>£55,385,477</b>

## 21 GRANTS MADE

General Grants for Baptist Organisations	2013 £	2012 £
European Baptist Federation	56,000	56,000
Baptist World Alliance	9,500	10,700
	<b>£60,100</b>	<b>£66,700</b>

Ecumenical Grants		
Churches Together in England	25,200	27,800
Cytun	14,319	14,451
Churches Together in Britain and Ireland	9,000	10,000
World Council of Churches	8,000	8,900
Free Churches Council	7,800	7,900
	<b>£64,319</b>	<b>£69,051</b>

Association Grants		
North Western Baptist Association	-	25,874
North Baptist Association	-	21,420
London Baptist Association	-	20,000
Southern Counties Baptist Association	-	4,747
West of England Baptist Association	-	2,987
South West Baptist Association	-	2,193
	<b>£0</b>	<b>£77,221</b>

## 21 GRANTS MADE (Continued)

### Ministry Grants to Churches

	2013	2012
	£	£
Bradford, Buttershaw	33,120	34,000
Huddersfield Group of churches	20,700	20,000
Letchworth Kings Community Church	18,630	18,000
Kent Thameside Project	17,595	23,250
Birmingham, Handsworth	17,595	18,000
Hull Missioner	17,250	16,000
London Arabic Evangelical Church	17,078	19,000
Kings Cross Student Worker	15,000	15,000
Glendale Missioner	14,490	16,000
Pulborough Brooks	14,490	15,000
Bristol, Stapleton	14,490	14,000
Wichelstowe Church Plant	13,973	14,000
Bovingdon	13,455	14,000
Hartlepool, Owton Manor	13,455	12,000
Bristol City Re: Source	13,350	13,000
Chadwell Heath, Eastern Avenue	12,420	12,000
Toddington Baptist Church	12,000	12,400
London Spanish Speaking	12,000	11,800
Kislingbury and Upton	11,385	12,000
Peterborough, Stanground	11,385	12,000
Stoborough, Immanuel	11,385	12,000
Wood Green, Braemar Avenue Baptist Church	10,350	12,000
Bolton, Farnworth	10,350	10,000
Derby, Osmaston Road (Youth Worker)	10,350	10,000
Dudley, Brierley Hill	10,350	10,000
Hatch End	10,350	10,000
Lode and Great Wilbraham	10,350	10,000
Manchester, Greenfield	10,350	10,000
Ellesmere Port Missioner	10,350	6,833
Corby Partnership	10,264	16,000
Hayes Grange Park	9,833	10,000
Liverpool, Aintree Village	9,315	12,000
Great Yarmouth, Park (Portuguese)	9,315	11,000
Earlswood	9,315	10,000
Emersons Green	9,315	10,000
Petts Wood, Poverest Road	9,315	10,000
Church from Scratch (Church Planter)	9,315	9,000
Church from Scratch (Pastor)	9,315	9,000
Iford Baptist Church	9,315	9,000
Isle of Wight Colwell	8,280	12,000
Barnet Underhill	8,280	9,000
Radford Semele Baptist Church	8,280	9,000
Croydon, Boston Road	7,763	18,500
Stevenage, Great Ashby	7,245	11,000
Leeds, Bramley	6,900	10,000
Enfield, Suffolks	6,210	9,000
Houghton Regis	6,210	8,000
Loughton Baptist Church	5,175	10,000
Hartlepool Headland	5,175	9,000
Cheltenham, Hester's Way	4,485	9,000
Gateshead, Durham Road	2,156	10,000
Canning Town, Victory Family Centre	-	16,292
London Brick Lane Church Plant	-	15,000
Urban Expression	-	15,000
Middleton Cheyney, New Lift Community Church	-	12,000
Chelwood Baptist Church	8,280	10,000
Carried forward	568,491	711,075



## 21 GRANTS MADE (continued)

Brought forward	568,491	711,075
Harold Hill Church Plant	-	10,000
Havant, Warren Park Café Church	9,833	10,000
Headington, Barton	8,280	10,000
Chelmsley Wood Baptist Church	8,280	9,000
Ryde Baptist Church	-	9,000
Derbyshire Missioner	-	8,000
Manchester, Levenshulme Baptist Church	-	6,667
Birkenhead, Laird Street Baptist Church	-	4,167
Forest Gate, Victory Baptist Church	4,800	2,400
Other grants to churches	1,085,476	1,254,087
	<u>£1,703,772</u>	<u>£2,034,396</u>

### Summary

General Grants to Baptist Organisations	60,100	66,700
Ecumenical Grants	64,319	69,051
Grants to Associations	-	77,221
Grants to Churches	1,703,772	1,894,396
Other grants	44,815	899,356
	<u>£1,873,006</u>	<u>£3,006,724</u>

## 22 RELATED PARTY TRANSACTIONS

The Custodian Trustee of the Baptist Union of Great Britain is the Baptist Union Corporation Limited which is charity number 249635, and which is controlled by the Baptist Union Council. The Corporation administers the Baptist Union Loan Fund. The company is therefore a related party of the Baptist Union of Great Britain.

During the year ended 31 December 2013 the Union charged the Baptist Union Corporation Limited (Corporation) £370,254 (2012 £351,121) in management charges and office and ancillary costs, £158,611 (2012 £166,318) interest on capital employed, and received from the Corporation £65,000 (2012 £60,000) as a donation to its work. At 31 December 2013 the Union was owed by the Corporation £385 (2012 owed £2,415) in connection with these transactions.

At 31 December 2013 the Union had invested capital of £5,950,424 (2012 £5,739,090) in the Corporation, and deposited funds of £1,760,957 (2012 £1,694,714) in interest bearing accounts managed by the Corporation.

## 23 PENSIONS

The Union is an employer participating in 2 pension schemes known as the Baptist Pension Scheme ("the Scheme"), which was known as the Baptist Ministers' Pension Fund until 31 December 2011 ("the Ministers' Fund"), and the Baptist Union Staff Pension Scheme ("the Staff Scheme"). The Schemes are separate legal entities which are administered by a Pension Trustee (Baptist Pension Trust Limited).

Employees are eligible to join the Scheme, which is not contracted out of the State Second Pension.

The main benefits provided by the Ministers' Fund for service prior to 1 January 2012 are a defined benefit pension of one eightieth of Final Minimum Pensionable Income for each year of Pensionable Service, together with additional pension in respect of premiums paid on Pensionable Income in excess of Minimum Pensionable Income. From 1 January 2009 Ministers paid 8% of their Pensionable Income and the employer paid 16%. The Fund started in 1925, but was closed to future accrual of defined benefits on 31 December 2011.

The main benefit provided by the Staff Scheme is a pension of one seventieth of a member's average salary over the last three years of pensionable service. From 1 January 2009 employees paid 8% of their salary, and the employer paid the balance of the necessary contribution, which was 17.1%. The scheme started in 1969, but was closed to future accrual of benefits on 31 December 2011.

From January 2012, pension provision for both Ministers and Lay Staff is being made through the Defined Contribution (DC) Plan within the Baptist Pension Scheme. Members pay 8% of their Pensionable Income and employers pay 6% of members' Pensionable Income into individual pension accounts which are operated and managed on behalf of the

### 23 PENSIONS (continued)

Pension Trustee by Legal and General Life Assurance Society Limited. In addition, the employer pays a further 4% of Pensionable Income to cover Death in Service Benefits, the administration of the DC Plan, and an associated insurance policy which provides income protection for Scheme members in the event that they are unable to work due to long-term incapacity. This income protection policy has been insured by the Baptist Union of Great Britain with Unum Limited.

A formal valuation of the Ministers' Fund was performed as at 31 December 2010 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Fund's assets at the valuation date was £129,866,000.

The valuation of the Ministers' Fund revealed a deficit of assets compared with the value of liabilities of £69,700,000 (equivalent to a past service funding level of 65%). As a result of the valuation, in addition to the contributions to the DC Plan set out above, deficiency contributions from employers to the Ministers' Fund (now the DB Plan within the Scheme) were set at 8.4% of Pensionable Income for 2012 and 11% of Pensionable Income for 2013 onwards. The Recovery Plan envisages deficiency contributions being required for 24 years.

A formal valuation of the Staff Scheme was performed at 1 January 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Fund's assets at the valuation date was £6,059,038.

The valuation of the Staff Scheme revealed a deficit of assets compared with the value of liabilities of £3,600,000 (equivalent to a past service funding level of 59%). As a result of the valuation, in addition to the contributions to the DC Plan set out above, deficiency contributions from each employer to the Staff Scheme (now a closed DB Plan within the Scheme) were set initially at £1,500 per annum for each member of the Scheme (including deferred pensioners, pensioners and widow(er)s) for which that employer is responsible. These deficiency contributions will rise annually on 1 January in line with the Retail Prices Index at the previous September, and to reflect any reduction in the overall number of Scheme members, and are subject to an inflation adjusted minimum of £240,000 each year. The Recovery Plan envisages deficiency contributions being required for some 20 years.

In addition to these deficiency contributions to the Staff Scheme, employers also pay contributions to the DC Plan within the Scheme as specified above.

The financial assumptions underlying the valuations were as follows:	Ministers and Staff
Discount rate pre retirement	5.70%
Discount rate post retirement	4.55%
Rate of price inflation	3.70%
Rate of revaluation on deferred pensions accrued to 5 April 2009	3.70%
Rate of revaluation on deferred pensions accrued after 5 April 2009	2.50%
Rate of pension increases on benefits accrued to 5 April 2006	3.50%
Rate of pension increases on benefits accrued after 5 April 2006	2.30%

As there is a large number of contributing employers participating in the Scheme, the Union is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, due to the nature of the schemes, the profit and loss charge for the period represents the employer contributions payable. The total pension cost for the Union is £116,749 (2012 £142,136).

An Actuarial valuation of the Ministers' Fund DB Plan is currently taking place as at 31 December 2013 and an actuarial valuation of the staff Scheme DB Plan is also currently taking place as at 1 January 2014, the results of these valuations are expected to be available by 19 March 2014.

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