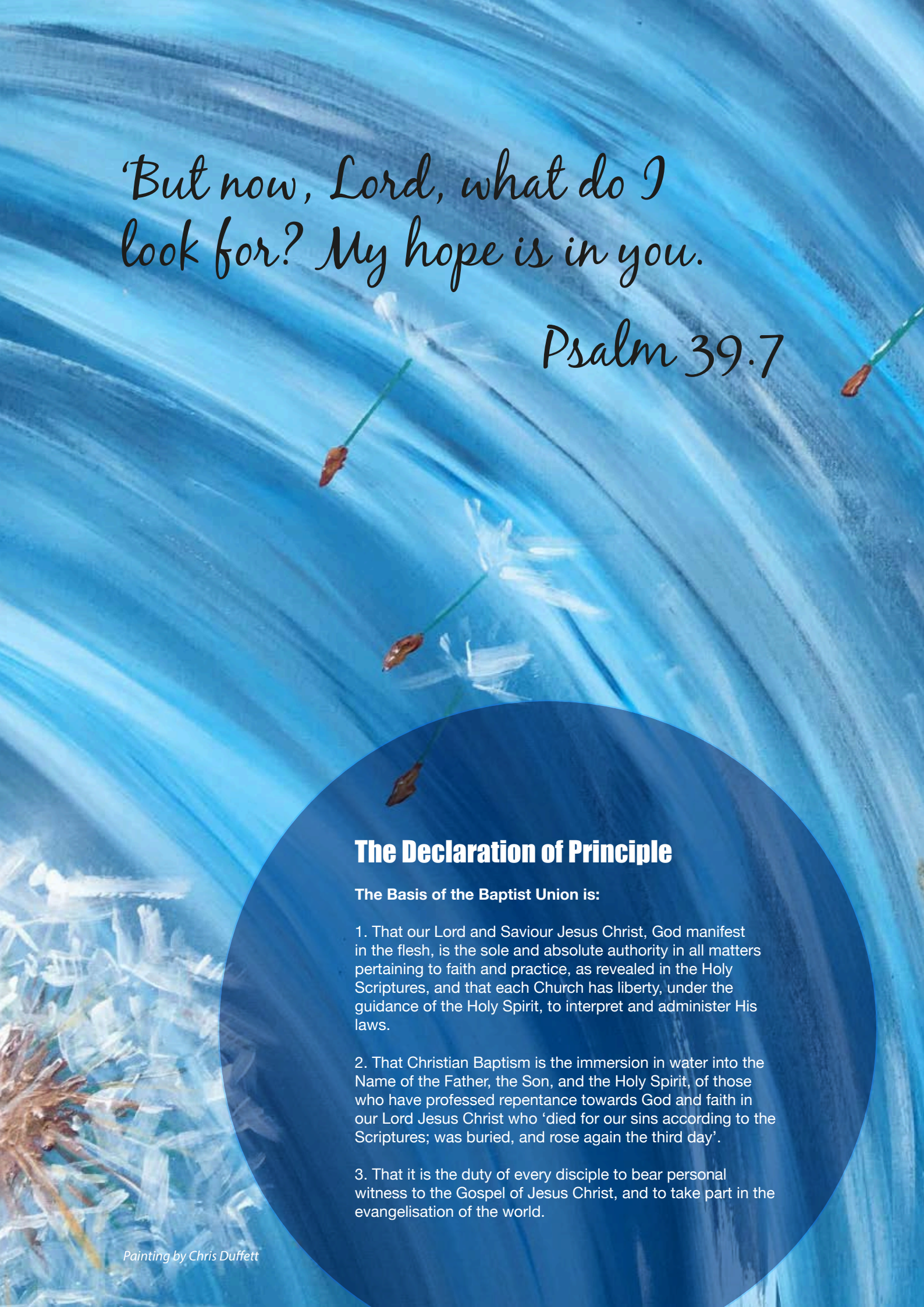


Beacons of Hope

Annual Report

of the Baptist Union of Great Britain

2018



*'But now, Lord, what do I
look for? My hope is in you.'*

Psalm 39.7

The Declaration of Principle

The Basis of the Baptist Union is:

1. That our Lord and Saviour Jesus Christ, God manifest in the flesh, is the sole and absolute authority in all matters pertaining to faith and practice, as revealed in the Holy Scriptures, and that each Church has liberty, under the guidance of the Holy Spirit, to interpret and administer His laws.
2. That Christian Baptism is the immersion in water into the Name of the Father, the Son, and the Holy Spirit, of those who have professed repentance towards God and faith in our Lord Jesus Christ who 'died for our sins according to the Scriptures; was buried, and rose again the third day'.
3. That it is the duty of every disciple to bear personal witness to the Gospel of Jesus Christ, and to take part in the evangelisation of the world.



The Trustees of the Baptist Union of Great Britain (The Union) present their Annual Report together with the audited financial statements for the year ended 31 December 2018 which comply with the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) 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).

The Annual Report and Consolidated Financial Statements are structured as follows:

Objectives and Activities	p4-9
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The Trustees wish to put on record their thanks to the churches, regional associations and colleges that make up Baptists Together and to the staff of the specialist teams based at Baptist House for all their generosity in supporting us to achieve our mission.

Our objectives

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 Baptists Together 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 Union'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.

Public Benefit

Having regard to the guidance published by the Charity Commission (PB2), 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.

Throughout 2018 our Union continued to support its member churches, regional associations and colleges by providing grants, practical support, guidance and expertise and by representing its members in the public arena. Throughout this report further detail and information is to be found about specific initiatives in 2018 and how they relate to the overall strategy of our Union.

Our Strategies to achieve success

Whilst the objects of our Union continue much unchanged from year to year, the work of our Union to achieve these is reviewed periodically to ensure there is effective and appropriate provision and support for ministers of religion, other church leaders and the churches, regional associations and colleges.

The 'Futures Review' undertaken in 2012 outlined the main strategic direction, objectives and values of the Union which continue to be implemented. The strategy of our Union arises from this and is encapsulated in the phrase:

**'Growing healthy churches in
relationship for God's mission'**

To do this, we believe that we must intentionally develop a Union that encourages and builds upon our relationships together as more than 1900 member churches, 13 member regional associations and five member colleges ie Baptists Together.

We continue to develop relationships with other Baptist organisations in the UK through the Fellowship of Baptists in Britain and Ireland, in Europe through the European Baptist Federation, and around the world through the Baptist World Alliance.

'Nations to the Light' by Chris Duffett reflects on what it means to be a Beacon of Hope in our world. Several paintings by Chris are used in this year's report. Visit www.chrisduffettart.com to find out more.



To achieve this vision, Baptists Together is committed to intentionally developing a culture where we...

Feel like one team

celebrating diversity; valuing, respecting and trusting each other as we work together in partnerships - making sure everyone feels included and listened to. (1 Corinthians 12:24b-27)

Seek to be a movement of Spirit-led communities

as those who have encountered the living Christ, to intentionally seek his will and purpose for our local churches and every expression of our shared life. (Galatians 5:22-25)

Embrace adventure

being serious about discipleship, willing to take risks, pioneer and move out of the comfort zone of familiar ways of doing things. (Matthew 28:18-20)

Inspire others

with a generosity of spirit, energise and motivate people to be all that God created them to be. (Ephesians 5:1-2)

Share a hunger for God's coming Kingdom

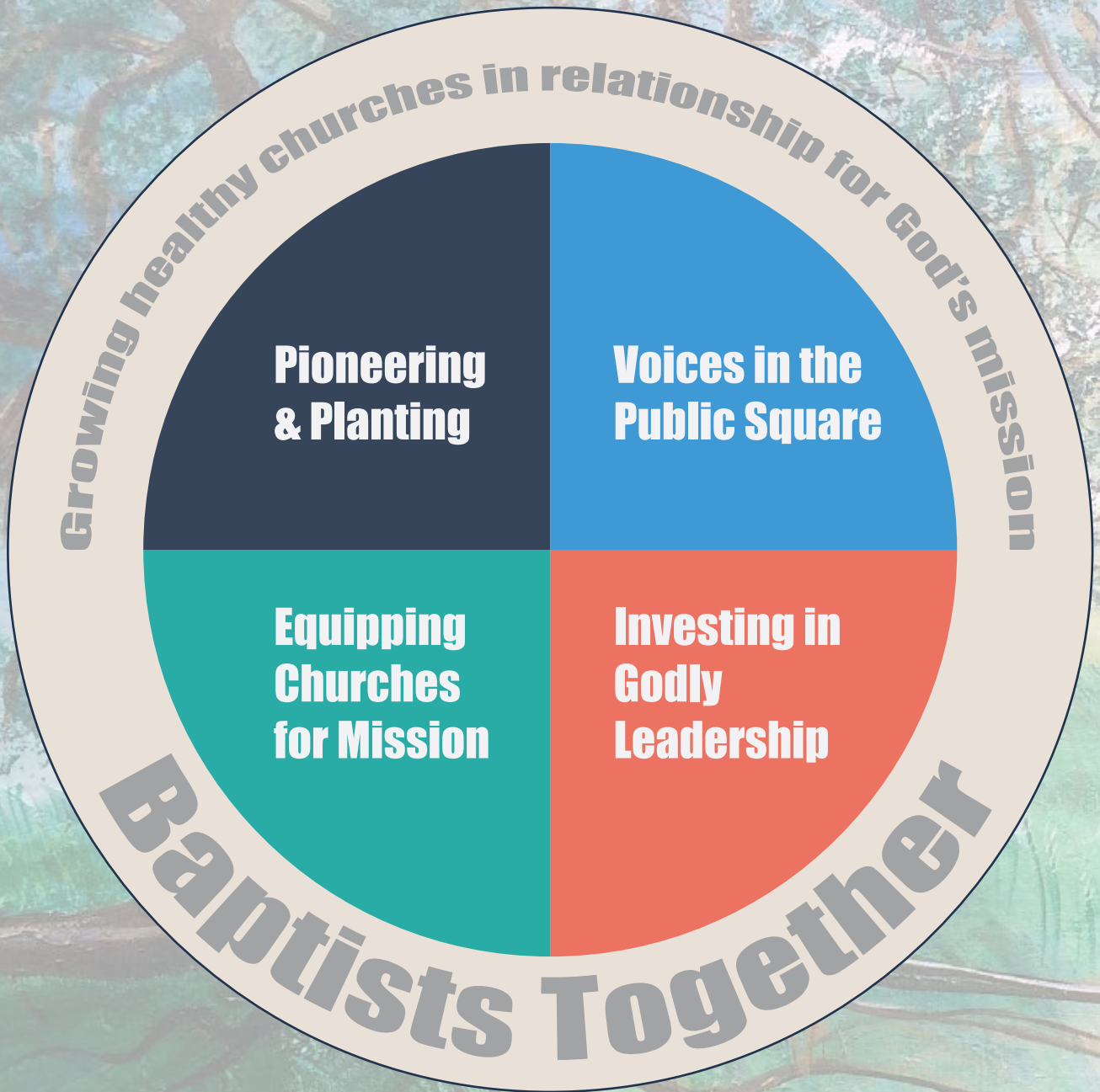
nurturing a 'holy discontent' that arises from our desire to give practical expression to our vision of God's purpose for creation - confronting evil, injustice and hypocrisy and challenging worldly attitudes to power, wealth, status and security both within and beyond our Union. (Matthew 6:9-10)

Areas of strategic focus

In the second half of 2018 the Baptist Steering Group and Baptist Union Council began to review our existing priorities and projects in order to identify what is important for us to focus on now and in the future. Whilst continuing to develop our ongoing work in our four key areas (see page 8), we highlighted a number of issues which we felt needed particular focus for the next three to five years. These were:

- Given the urgent need to pursue God's mission in our UK context, we believe that we need to focus on our value: 'Embrace adventure: Being serious about discipleship, willing to take risks, pioneer and move out of the comfort zone of familiar ways of doing things (Matt 28:18-20)'. Council particularly wanted to embody this value in the context of mission, evangelism and discipleship. Our Mission Forum is particularly key to developing work in this area.
- To work through the remaining recommendations of the Ignite report into the future of ministry. Developing leadership in all its forms, together with a focus on equipping the whole body of Christ.
- Children Young People and Families – our CYF Round Table is offering leadership in this area.
- A similar but separate focus on Emerging Adults aged 18-35 – a group which is largely missing from our churches.
- Digital revolution – not only our own digital capacity but reflecting on the implications of the digital revolution on mission, ministry and society.

We seek to deliver our vision through...





“2018 has been a year of prayer and seeing God at work through our prayers.”

Overall 2018 has been a year of prayer and seeing God at work through our prayers. With two national live prayer events hosted by Baptist Union Council through social media, regional prayer events like the Eastern Baptist Association’s Wave of Prayer and the ecumenical call to prayer, Thy Kingdom Come, I know that many up and down the country have been committed to prayer and seeking the Lord. As we continue to ‘Grow healthy churches in relationship for God’s mission’ Baptists Together is encouraging kingdom collaboration between our churches, associations and colleges and with other partners in our communities. And we are seeing fruit. Barriers to mission are being addressed and, at the same time, lots of mission initiatives are bubbling up as well! This report will give you a flavour of some vibrant mission that is emerging from the grassroots.

Together with our President, Dave Gregory, it has been so encouraging and inspiring to visit churches and projects and to be able to meet so many of our ministers and leaders. We are a movement and we all have a unique contribution to make as part of our Baptist family. As Dave writes,

‘Across the Baptist Together family, from RAF Chaplains, to new initiatives and churches with a heritage flowing from historic pioneering moves of the Spirit, I have met people sharing hope with one another, to their communities, to strangers and creation as they share together in the life of Jesus’

Looking back over 2018 it seemed like a year of two parts. The early part of the year saw some of our significant projects come together and so at our Assembly in May we were able to make the final decision in the process of incorporation into a CIO and also present the Pensions Family Solution. Having made good progress with addressing some of our barriers to mission, the second half of the year has been used to begin to seek the Lord afresh for what is important for the next season.

*Lynn Green, General Secretary
Baptists Together*



Regional Associations

The main work of Baptists Together in supporting churches continues to be through our 13 regional associations. These are separately constituted charities, but receive a substantial part of their income from the Home Mission Fund administered by the Union. Total funding for associations from the Home Mission Fund in 2018 totalled £3.34m (2017: £3.49m).

Each regional association has a small team of Regional Ministers and administrative staff, who support the churches in their area pastorally, assist in the settlement of ministers, advise on mission and practical matters, and organise training events.

The regional associations are also responsible for administering Home Mission grants to churches and other organisations to support development of Baptist mission and ministry where it would not otherwise be financially viable. This includes pioneering mission, church planting, renewing local churches and other mission project grants.

The following pages provide some examples of the work of regional associations and the churches they support on behalf of Baptists Together.





Castle Donington Community Church

A new Baptist church officially launched in the rapidly growing Leicestershire town of Castle Donington in September.

The journey began after a group of Baptist ministers in the Soar Valley started to explore the possibility of planting a new church. After much prayer and consulting, Castle Donington was identified as the place: the town is near East Midlands Airport, and is seeing hundreds of new houses built and industries attracted. A small Baptist community had worshipped in the town for decades, but it was felt a new church would better serve God's purposes.

Roy Monks received the call to lead the church. More than 300 people attended the launch and the church has continued to establish its presence in the town by opening a drop-in centre for vulnerable people.



Mission through rap music

Willesden Green Baptist Church in north London has reached out to young people through rap music. In a ministry spearheaded by associate pastor Denzil Larbi, himself a rapper, the church built a music studio.

After a quiet start, interest in the studio 'exploded'. The majority are non-churched youth, many living in precarious situations. Denzil chats with them about music, their lifestyle choices, and the love of God. "God has been amazing by bringing these young people to us – and we're building relationships with them."



Chaplaincy stories



Two of our chaplains hit the headlines in 2018. Gary Birch, on deployment in Canada with the King's Royal Hussars (Tidworth, Wiltshire), baptised two young men. In the wilderness of the Alberta prairie, a JCB bucket was used as the baptistery pool. The subsequent footage of the baptisms went viral, clocking up more than one million views.



Sarah Crane featured in a national Care Quality Commission publication highlighting people who have made a difference in NHS Trusts. Sarah, team chaplain at Milton Keynes Hospital, pioneered a peer-to-peer staff listening service.



The service, and Sarah's role in developing it, featured alongside stories of surgeons, nurses, pharmacists, paramedics and managers.



Driftwood, Lyme Regis Baptist Church

The Driftwood is a new café at Lyme Regis Baptist Church. Extensively panelled with reclaimed wood, it is a visually stunning venue that has wowed visitors. The renovation project of a well-used but dated church hall to become The Driftwood was led by 25-year-old Megan Woodman, who had a vision of creating a community venue where life's deeper questions could be explored.

The work was informed by the church's commitment to creation care. Since opening at the end of 2017, it has operated as an events venue for the community and the church.



Londonderry Baptist Church

A church on fire for Jesus! There are many testimonies of transformed lives at this west midlands church. Led by Aaron Jarvis, a gifted evangelist, the church has seen dozens of responses to the saving grace of Jesus; at one point Londonderry had experienced 25 consecutive weeks of people coming to faith. They have seen baptisms each month, its children's work grow from very little to more than 50, and a new Iranian-speaking congregation emerge.

"We love Jesus with all our hearts!" says Aaron. "The Gospel is central to all we do. We were once lost but now we're found, and we believe with all our hearts that God is on the move."



Learning communities in Yorkshire

What does it mean to live out our discipleship in the places we are in? To help its churches answer that, the Yorkshire Baptist Association (YBA) has developed a couple of learning communities, one in partnership with the London Institute for Contemporary Christianity (LICC), and one run by regional ministers. Around 50 people attend, representing 10-12 churches.

One is Denise Lancaster, pastor of Mexborough Baptist Church, which is working alongside Maltby Baptist Church.

"We are excited! Both leadership teams are a blessing and support to each other. We have felt strengthened and encouraged as we jointly committed ourselves to the LICC learning partnership. Through support from the YBA Mission Enabler, Kez Robinson, our own praying, creative thinking and sharing, we are growing."



New Growth Ministries, Colchester

Colchester in Essex is the fastest-growing town in the country, and a neighbourhood known as Myland is its fastest-growing area. It's where New Growth Ministries sprouted in April 2017. Sprouted is the right word, too, because Forest Church, where people can get out, enjoy God's creation and explore Bible stories in inspiring settings, is a key part of worship.



Lynsey Heslegrave, previously at Colchester Baptist Church, set things in motion with the aim of responding to the exact needs of the people God sent her way – and it quickly became apparent that a traditional church filled with rotas and 'do' lists wasn't going to work. Alongside Forest Church, Film and Faith is another area of growth, and Mindful Prayer Breakfast is a popular meeting point.



Transitioning churches

One way the North Western Baptist Association supports its churches in pastoral vacancy is through regional minister for transition Jane Henderson. Hers is an experimental, pioneering role that sees her walking alongside churches in pastoral vacancy as a companion and facilitator. "It's much more than a moderator – it's helping churches to get to know themselves, helping the church identify who God is calling them to be," she explains.

"Every situation is different and there are no easy answers, but we're on the cusp of seeing the fruit of this. It's amazing to see churches that have lost their minister and thought 'how can we go on?', actually realise they can."



Bishop Auckland Baptist Church

Re:imagine is a missional learning community for church leadership teams, a process that helps churches put mission at the heart of who they are. The Northern Baptist Association is one of the associations where it's offered. After taking part in the process, members at Bishop Auckland Baptist Church are connecting with their community in new ways and new partnerships, including a street café, creating an allotment and 'Garden of Tranquillity' in their grounds, a dementia project and stronger ecumenical ties.



"Re:imagine challenged us to look forward, to look at our community", says Tony Taylor, the church's Pastor-Moderator. "God has given us the impetus to reach out. This is just the start."



Building relationships in Easton

One of the West of England Baptist Association (WEBA) churches that Home Mission currently supports is St Mark's Baptist Church in Easton, an inner city and multi-ethnic area. Effective community engagement is a high priority for St Mark's, but due to resource constraints, one of the areas that the church has found more difficult to connect with effectively has been that of children's and youth work. With Home Mission funding, Bethany Young was employed by the church to fulfil this role in May.

So far, Bethany has begun an activity with pre-school children and their parents or carers in St Mark's Community Café with the future intention of continuing with further age groups in the autumn.

She is building good relationships with customers, volunteers and the Manager of St Marks Community Café. And most importantly, she is engaging with the local community – for example, attending a community Iftar meal in St Mark's Road during Ramadan, developing links with the Bannerman Road Children's Centre.



Gilgal Baptist Church

For three days in the autumn, Porthcawl hosts the world's largest Elvis Presley festival – and it's too good an opportunity for Gilgal Baptist Church to miss!



The church's approach is quite novel. While church members chat to visitors, church member Ivor Williams sings Elvis gospel songs and pastor Martin Gillard mans his 'Graffiti Board' – a white-board with an open-ended question about Elvis written on top. People are invited to write a comment underneath. In 2018 the question was 'Why did Elvis sing Gospel?'

Each year, the questions have proved to be very thought-provoking, and many visitors and towns-folk have had some stimulating conversation with Martin and his team. Ivor says: "The church's motto is 'To know Jesus better and to make him better known'. The Elvis Festival gives us a huge platform to be able to do this."



South Wales
Baptist Association

Earlswood Baptist Church

Earlswood Baptist Church is a small fellowship grateful to God for Home Mission funding which has enabled the church to develop and grow its role in the community. This has included a Royal Wedding community party, an end of year Kids' Club BBQ and The Earlswood Community Picnic, run in memory of Jo Cox MP, and a great community get together. For two years they responded to the challenge that Halloween presents to the local church by giving away hotdogs and soup to people out trick or treating. In 2018 they ran their first 'light Party'.

Minister Jonathan Hardwick says "The support of Home Mission has been tremendously enabling to Earlswood Baptist Church. I personally am very grateful for the opportunity that Home Mission has afforded me to minister at Earlswood Baptist Church and feel blessed as a result. I also believe that the church has developed and grown its role in the community as a direct result of the opportunities that Home Mission support has provided."



seba
enabling mission and Christian living

Mission Forum

The Mission Forum is a gathering of people involved in mission work across Baptists Together including representatives of each regional association. The forum met twice during the year, in June and October to engage in a process of prayerful discernment and strategic discussion – hearing from those present about what is happening missionally across Baptists Together. The forum also organised the Baptists Together Mission Conference.

The forum has responsibility for allocating funds from the Baptists Together Strategic Mission budget.

Some small grants were awarded with the specific aim of listening to what is happening on the ground across Baptists Together. The forum also agreed grants to support strategic mission initiatives.

Millennials (£3,756) – funding was released to host a strategic conversation amongst those engaged in mission and ministry amongst those aged 18-30, and to enable those in this age group to attend the Baptist Assembly and the Baptists Together Mission Conference free of charge.



The Listening Project (£2,600) – an activity for listening to the ‘grass roots’ was commissioned and piloted in a few associations. The findings from this were presented at the October Forum, and after positive feedback it was agreed that this project should be developed further.



Listening Project

Renew Wellbeing (£20,000 a year for up to three years) – responds to the issue of mental health by seeking to equip, train and resource churches to set up and sustain ‘quiet shared spaces where it’s ok not to be ok’ in their communities.



Together Free (£12,000) is an emerging national Baptist led initiative to help churches and communities end modern slavery and human trafficking.



Painting by Chris Duffett, photos belong to each respective individual or organisation excepting Millennials image: pixabay.com

Spurgeon's College

(£40,000 a year for up to two years) to develop a suite of training and formational programmes specifically designed and tailored for those who sense a call to pioneer ministry and missional leadership.



Firestarters (£16,000) – is an initiative led by the leaders of some of the fastest growing Baptist Together churches, to see '100 Baptist Together churches see twice the number of baptisms in the next 12 months as the last five years'. The 2018 grant allowed eight Firestarter type conversations, engaging a remarkable 127 churches.



Re:imagine (£15,000 a year for up to three years) – is a missional learning community, which has begun to empower church leadership teams to take their churches on a journey from decline to growth. This grant allows the project to be taken from the West of England Baptist Association, where it began, and offered across Baptists Together.



Missional Adventure (£2,000) – this amount was given to enable the initial idea for a website 'portal' for mission opportunities across Baptists Together to be developed further.

#missional adventure

Susan Myatt
(£20,000 a year for up to three years)

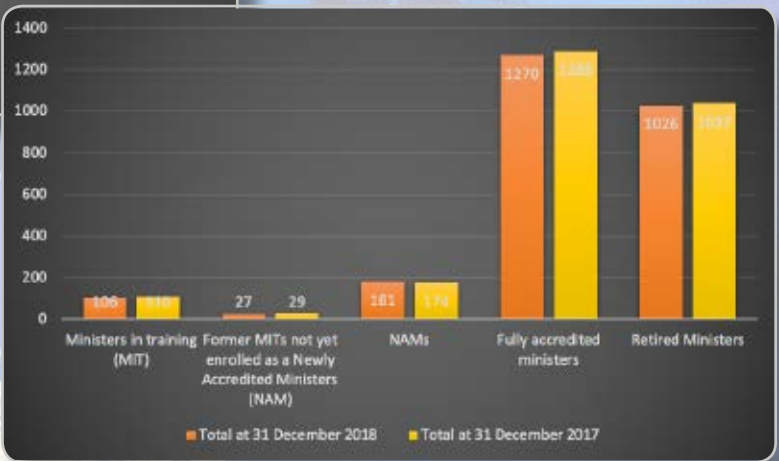
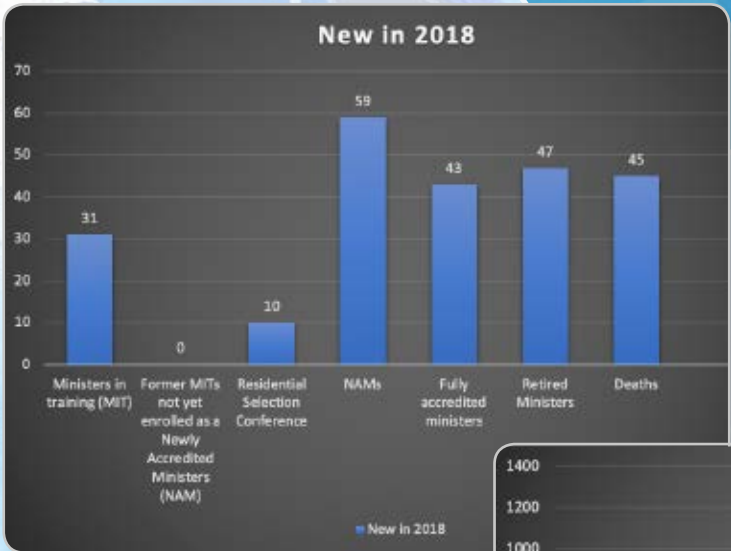
– was the first Baptist Deaf minister in 2016, and this funding enables her to work nationally with Baptists Together to help in the integration of deaf and hearing people, and to develop ministry amongst the Deaf Community.





Ministries

The Ministries Team works in collaboration with the 13 regional associations and five colleges in supporting the training and ongoing development of accredited ministers, nationally recognised preachers, pastors and pioneers to serve within Baptist churches, in a wide range of chaplaincies, trans-locally, in church planting and pioneering, and other contexts.



Anderson Baptist Church and their ministers Judith Wheatley and Alina Rai



Andy Glover baptises at one of the Missional Communities of HBC Chester

Financial support has been provided from **Home Mission giving to 31 ministerial students** to support them as they train, and 106 received a book grant of £120. Additionally, **we provided funding for 23 ministers to help them undertake masters or doctorates** as part of their ongoing development and we began the three year funding for a new PhD student, Meghan Byerley. The title for her research is 'The Virtuous Community: Collective Virtue Theory within the Local Christian Context'.

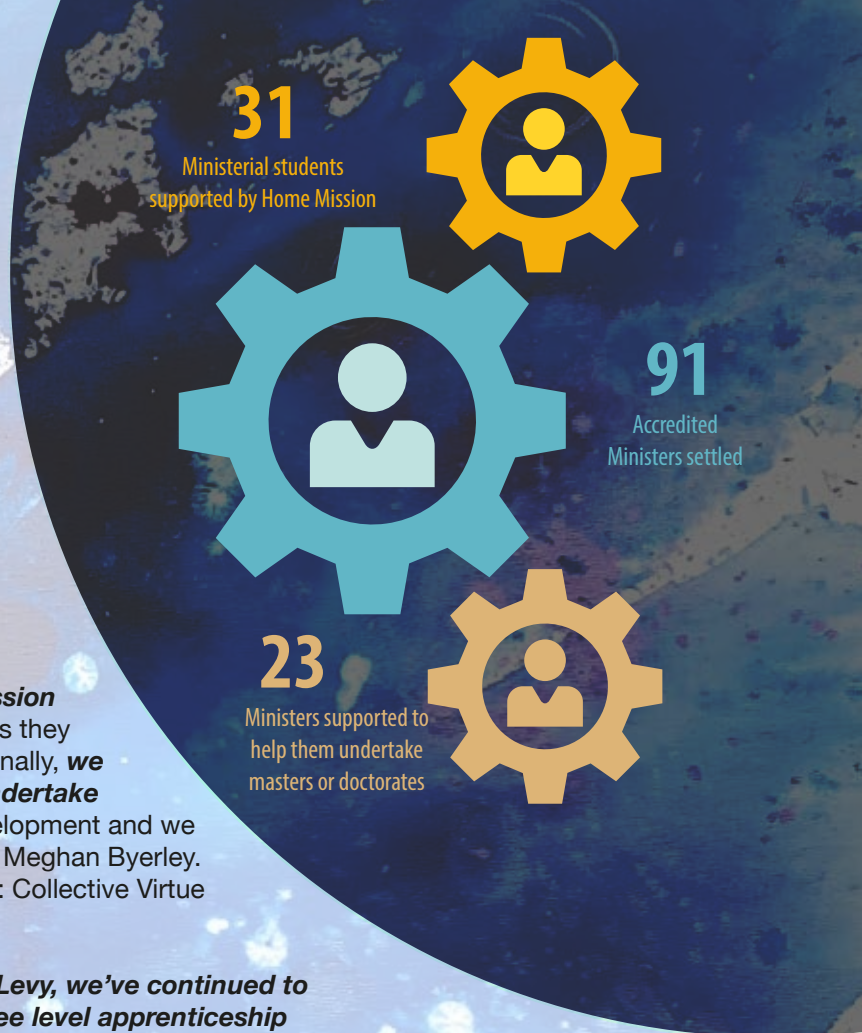
Following the introduction of the Apprenticeship Levy, we've continued to work with ecumenical partners to develop a degree level apprenticeship scheme for the training of ministers. The apprenticeship standard has been approved in 2019. Further work is taking place to see if some of our colleges will be able to adapt their programmes, enabling access to new funding for the training of our future ministers and hopefully increase the number of ministers we train, and provide our colleges with the funding they require.

Through the work of the National Settlement Team, 65 Fully Accredited Ministers settled (2017: 40), along with 26 Newly Accredited Ministers (2017: 32). As part of the review of the settlement process changes were made to increase the amount of information available to ministers about pastoral vacancies via our website. The review will continue to look at ways in which we can improve the settlement process in 2019.

Further work took place in the implementation of the Ignite Report, including the introduction of a new process for discerning the initial call to ministry based on the Marks of Ministry. All the Ministerial Recognition Committees across the associations are now using the same criteria for those applying to college in 2019. The change in process coincides with the roll-out to the associations and colleges of MIX (Ministries Information eXchange), which is a SharePoint file storage system which allows the Ministries Team, colleges and associations to work together more effectively.

At the end of the year it was agreed that we would create a new role, Ministries Adviser (Ministerial Development) who will focus on the implementation of the remaining elements of the Ignite Report, and particularly give attention to the ongoing development of our ministers and other church leaders.

We provided short-term counselling support to 88 ministers and adult members of their households through Churches' Ministerial Counselling Service during the year (2017: 68). This was a substantial increase from previous years. CMCS provides counselling services for a growing number of denominations and dioceses and is co-ordinated by Hilary Mason in the Ministries Team. Ian Millgate, who ran it for many years, retired in July having been a member of the specialist teams for 27 years.





The Faith and Society Team has continued to support our churches, regional associations and colleges with resources and initiatives to enable their mission and ministry.

This enables Baptists Together to play its full part in the wider Church, offering the distinctive insights that reflect the local nature and impact of our Baptist churches as we seek to resource and promote engagement with local communities and activity which provides benefit to wider society.



Baptisms in a JCB in Canada

How do you respond when someone wants to be baptised, but there's no baptistery in sight? Army chaplain and Baptist minister Gary Birch's story was the most read story of 2018. It was also the most engaged social media post achieving more than 1,100 likes and reaching 19,000 people on Facebook alone.

THE BAPTIST TIMES
The online newspaper of the Baptist Union of Great Britain

National News [Back to Baptist Times Home](#)

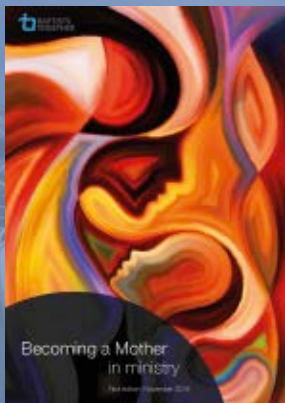
Baptisms in a JCB in Canada

How do you respond when someone wants to be baptised, but there's no baptistery in sight? Army chaplain and Baptist minister Gary Birch takes up the story

It's chaplain to The King's Royal Hussars and while on exercise in Canada, three lads came to our command service and expressed an interest in baptism, writes Gary. I asked it all through with them, and as already committed but not yet baptised Christians, what better place?

Resourcing

The Faith and Society Team engages in theological reflection and research to provide information and study resources on a variety of social, political and church based issues. In 2018 we produced several new resources working with our Baptist family.



- *Becoming a Mother in Ministry* is a resource designed to support ministers and churches going through the process of preparing for maternity leave.
- Two new resources for work with children, young people and families were developed: **CYF employment Guide for churches** and **CYF Toolkit - A conversation starter for your church.**

We changed the way we send out our monthly update emails, which contains information on resources and events of interest to Baptist churches. This was to enable clearer communication to churches.

Another aspect of our resourcing involves giving our churches crisis media support when a difficult issue arises.



Connecting

The Faith and Society Team helps to develop and maintain dialogue with other Christians in the UK and worldwide.



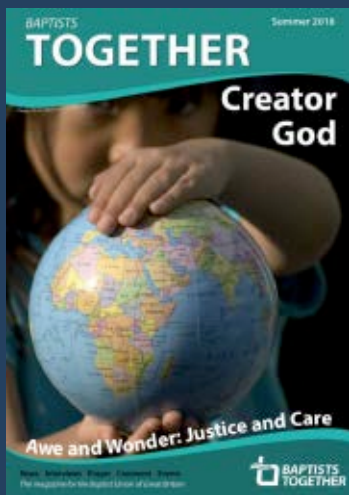
These include the Joint Public Issues Team, a Baptist, Methodist, United Reformed Church and Church of Scotland collaboration which provides resources and speaks out on issues of justice, social affairs, peace-making, international affairs and the environment. In 2018 we appointed a Public Issues Enabler as part of the team to provide further voices in the public square.

Internationally, the Faith and Society Team also develops and maintains links with the European Baptist Federation and Baptist World Alliance. Nationally we work alongside Churches Together in England, and Churches Together in Britain and Ireland as well as other national Christian organisations.

Communicating

One of the key roles of the Faith and Society Team is communicating – sharing news and views across the Baptist world and supporting our churches in their communication. In 2018 we have:

Produced three editions of **Baptists Together magazine**, encompassing themes of multicultural church, the environment, and discipleship. Our **social media channels** continue to grow and include Facebook, Twitter, Instagram, Pinterest and YouTube.



Published 35 **Home Mission stories** in 2018, sharing the kingdom impact of our supporters' giving.

Produced **The Baptist Times**, our daily updated online newspaper featuring stories, opinions, baptisms, obituaries, jobs and reviews. The Baptist Times is a place of record for The Baptist Assembly and Baptist Union Council.

Continue to manage and develop the **Baptists Together website** which is the main portal of information for Baptists Together.

21,000

views of the top 10 2018 Baptist Times articles

13,000

followers on social media

5,000

pages on the Baptists Together website



Networking

Members of the Faith and Society team actively contribute to (and in some cases lead) a number of Baptist networks which gather to share particular areas of expertise and experiences to help inform our churches. In 2018 these included:



- *Small Church Connexion*
- *Together Free*
- *Children, Young People and Families Round Table*
- *Inter Faith Working Group*
- *Justice Hubs*
- *Larger Churches' Network*



baptist assembly



Baptist Assembly

The 2018 Assembly took place at the Peterborough KingsGate Centre on 12 May and over 800 delegates were in attendance representing 304 churches.

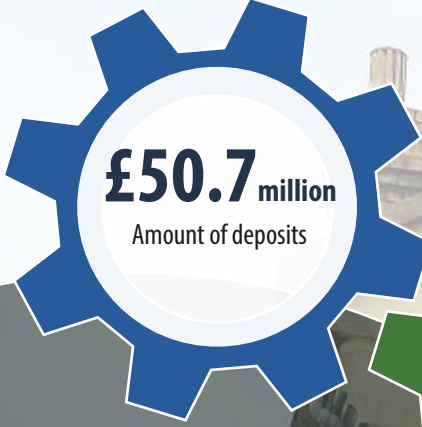
Following a significant period of reflection through 2017 it was agreed that 2019-22 would see two-day Assemblies. During the discernment period it was noted that increased opportunities for connection was particularly important. Telford 2019 will see the first opportunity to experience that with a dedicated networking day on the Saturday. **The aim is to create a dynamic, inspiring and vibrant space where our formal and informal networks can gather, share and explore areas of interest.** The sole purpose will be to equip and encourage our local churches and leaders for mission.

There are several elements to this time together. **A Networking Zone** brings together formal and informal networks across Baptists Together where delegates will be able to gather ideas and resources for their local church, and hear more about missional and justice initiatives running across our Union. Contributors include Fresh Streams, Renew Wellbeing, Firestarters, the Joint Public Issues Team, the Small Churches' Connexion, the Baptist Ministers' Fellowship and many more.

Running alongside the Networking Zone are **Network Day sessions**, based around our key areas of work as Baptists Together: **Investing in Godly Leadership; Equipping the Local Church for Mission; Planting and Pioneering; and Enabling Baptist Voices and Action in the Public Square.** The aim of these hour-long sessions will be to gather together existing networks and initiatives to spark fresh energy, ideas and relationships.

A **creative prayer space** will be open for all to use throughout the event, which will also involve active prayer being led by different churches and groups throughout the day. There will be **two celebrations to choose from on Saturday evening.** One will feature many of the traditional elements of Baptist Assembly, including the induction of Ken Benjamin as our new President and the recognition of Ministers and Mission Personnel.

Sunday will be a time to celebrate, pray and be encouraged, as delegates gather together at the beginning of the day to worship before moving into the business part of Assembly. Here there will be presentations from BMS and the AGM of the Baptist Union of Great Britain. The final session, after lunch, will be led by the Heart of England Baptist Association.



Financial Services for churches

The Support Services Team continues to operate the Baptists Together Deposit Scheme and Loan Fund.

The Deposit Scheme offers competitive rates of interest of up to 1.35% on deposits with the Baptist Union Corporation from member churches, regional associations and other Baptist bodies. We relaunched the scheme in April 2017 with tiered rates of interest for 7-day notice, 3-month notice and 1-year fixed rate accounts. We continue to be very encouraged by the response and deposits increased by 20% during 2018, having already increased by more than 40% in 2017. We are targeting modest growth in the level of deposits in 2019.



Using the funds deposited under the Deposit Scheme, we continue to offer loans to churches for acquisition and development of church buildings and manses. We also offer loans to churches who have suffered a cessation event and need to settle a debt to the Baptist Pension Scheme. This offers churches access to finance at competitive rates of interest with much lower fees than commercial lending.

The increased level of deposits also enabled the Loan Fund to provide two loans to the Retired Baptist Ministers Housing Organisation. The first was a £2m working capital facility, replacing a facility previously provided by HSBC and the second was a £20m loan to support the Family Solution to the Baptist Pension Scheme (see page 29 for more details).



Amphill Baptist Church family outside their building. Photo by Ken Argent

Abingdon Baptist Church

Abingdon Baptist Church borrowed £278,000 from the Baptists Together Loan Fund to enable improvements to their building.



Rodney Pollock, Project Co-ordinator for Abingdon Baptist's redevelopment project writes:

'We see our buildings as not just for us or just for Sundays, but for the wider use of the community any day of the week. We completed the refurbishment of the original manse dating from 1650 in the early 1990s, turning it into a volunteer-run café and a meeting place used by many groups – seven days a week. Our continuing vision of our church is to enrich people's lives with the gospel and to bring about life in all its fullness through the redevelopment of our church Sanctuary by:

- *Creating a new foyer for a more open, welcoming entrance giving more space for people to mix and mingle*
- *Removing the pews and creating a more flexible environment for worship and more activities*
- *Enhancing the building both inside and out with new and improved lighting*
- *Introducing eco-efficient heating*
- *Using a new internal colour scheme to bring the church into the 21st century without losing the historic character of the building*
- *Improving access and worship opportunities for people with disabilities*

If you find yourself near Abingdon do call in and have a look'.

Coulby Newham Baptist Church

Steve Sutton, Minister at Coulby Newham Baptist Church writes:

"We were one of the dreaded cessation event churches and got handed a big pensions bill that needed to be settled immediately. Incredibly though, through our amazing Baptist family we were able to take out a long-term loan to pay off the debt in full, and our loan re-payments ended up being almost exactly the same as the deficit payments we were already making.

We completely saw this as God's provision for us. To be given a huge scary bill and it not in any way hinder our mission or burden us heavily for the future was a massive answer to prayer. We are blessed and super-thankful."





2000
views of GDPR webinar

400
GDPR queries responded to

Specialist Advice and Support for churches

We continue to support churches with free advice and support on a range of specialist topics.

Our aim is to provide a comprehensive suite of guidance to enable churches to operate effectively and substantially reduce their need to buy in external advice. We publish and maintain over 100 guideline leaflets on topics including church finance, charity governance, legal and trust issues, listed buildings, property and tax.

We also provide bespoke advice to support churches where they have specific queries or complex issues not covered by our leaflets, which is provided via phone, email and site visits as appropriate. The scope of work we can carry out is supported by two of our staff holding Legal Practising Certificates issued by the Solicitors Regulatory Authority.

A key area of work in 2018 was helping churches to adapt to the implementation of the General Data Protection Regulation (GDPR) in May 2018. We produced a new Data Protection guidance leaflet and template policy documents, which we updated several times as the government and Information Commissioner clarified the new regulations. We ran a highly successful GDPR webinar in March 2018 which has been viewed more than 2,000 times. We also responded to around 400 individual queries from churches related to GDPR. As well as the GDPR webinar, we have run training webinars on Charitable Incorporated Organisations (CIOs) and Church Accounts, and further webinars are planned for 2019. We also ran face to face training days on CIOs in Sheffield and Warrington, in partnership with our solicitors, Anthony Collins.

During the year the Support Services team launched a new initiative called 'Your Kingdom Legacy', in partnership with the Free Wills Network. This initiative allows anyone over the age of 60 who is in membership with a Baptist church to have a simple will written by a qualified solicitor without charge to them. This is aimed at encouraging future legacies to Baptist churches, the Union and other Baptist bodies.





**Family
Solution**



Pensions

In April 2018, the Family Solution to the Baptist Pension Scheme (BPS) was agreed between the Pension Trustee and the Trustees of the Union, advised by the BPS Employers' Group, to address the deficit in the Defined Benefit Section of the BPS. Under this agreement the Union agreed to contribute an additional £33.5m to the scheme by 2023 and the Pension Trustee agreed to use the Consumer Price Index (CPI) rather than the Retail Price Index (RPI) for future uplifts to pensions in payment as well as a range of other adjustments relating to the inflation-adjustment of benefits.

Thanks to these changes, the new recovery plan is shortened by 6½ years to finish in 2028, whilst the employer contributions are maintained in line with the previous recovery plan.

In December 2018 the Union made £33m of cash contributions to the scheme. A further £0.5m is due by the end of 2023, but we hope to pay it in 2019. As a result, the scheme deficit on a technical provisions basis was reduced to under £50m at the end of 2018, which is less than half the deficit in the summer of 2016.

In 2018 the Union, in partnership with the Pension Trustee, commenced a review of the Defined Contribution section of the BPS to ensure it continues to meet the needs of all employers. This will continue during 2019.

Baptist Union Staff Pension Scheme (BUSPS)

In partnership with the other employers in the BUSPS, the Union has progressed a buy-out of this scheme, which provided pensions to staff of the Union and other Baptist bodies. A contract has been signed with Aviva to take on the liabilities of the scheme and the scheme was completed in April 2019. Due to favourable pricing this process resulted in a gain to the Union of over £1.2 million compared to the provision held at the end of 2017, which was released into the Union's reserves.

£33 million

contributed to Baptist
Pension scheme in
December 2018

6 ½

years taken off
recovery plan

<£50 million

deficit reduced to by the
end of 2018

**No increase
in church
contributions**

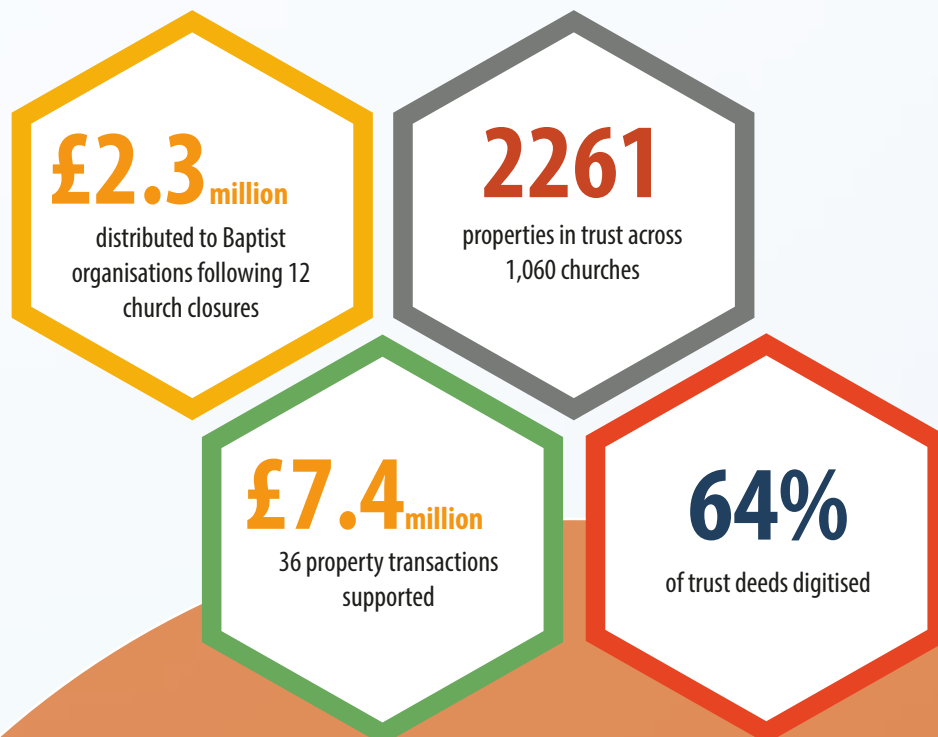


Supporting Baptists Together

The Support Services Team supports the internal operations of Baptists Together and the Baptist Union charity itself. This includes

- Administration of the Home Mission Fund to bring together the funds collected by regional associations and distribute them according to the agreed funding formula.
- Collection of Subscriptions from member churches, associations, colleges and personal members.
- Operation of the Collaborate database which is a single national database of our churches and ministers, following the completion of rollout in 2017. This is accessible via a web interface to staff in the specialist teams and regional associations and is enabling the teams to work more efficiently.
- Operation of the IT that supports Baptists Together.

A key ongoing project throughout 2018 has been to change the legal structure of the Baptist Union of Great Britain to a Charitable Incorporated Organisation (CIO), which is more suitable for a charity of our size and complexity. Following the consent of our members at Baptist Assembly 2018 to the new constitution, the CIO was registered by the Charity Commission on 2 January 2019. We expect to complete the transfer of assets, liabilities and operations of the Union to the new structure in 2019.



Property Trustee Services for churches

The Baptist Union Corporation continues to support member churches by acting as a Property Trustee for church buildings, manse and other properties. As the majority of our member churches are unincorporated associations, they are unable to directly hold property, so this service is a key practical support to churches in their work.

In 2018 we continued the process of taking over trusteeship of all properties from the North West Baptist Trust Corporation. We operate the East Midlands Baptist Trust Corporation on behalf of their Trustees and provide support to the Yorkshire Baptist Association Incorporated. As part of this service, we assist churches in the acquisition and disposal of properties, helping the church to comply with its trust deeds and Charity Commission requirements.

One of our key improvement projects in this area is the digitising of trust deeds to safeguard key church legal documents from deterioration and risk of fire and other damage and to make them more readily accessible for churches. We have now completed the second year of this three-year programme of work.

As Property Trustee, we also support churches that are closing. Whilst it is always sad when a church closes, we wish to ensure that resources are efficiently recycled into future Baptist work. We advise churches on the closure process and then dispose of assets, settle any liabilities and distribute the remaining funds to beneficiaries of the relevant trusts.



Safeguarding

The national safeguarding team provides support to churches, associations and colleges across Baptists Together in four key areas:

- Providing template policies, procedures and best practice guidelines
- Leading our work on the Excellence in Safeguarding training programmes and resources
- Providing specialist advice and support on safeguarding concerns, including complex cases or those which generate national media interest
- Leading and coordinating the work of the National Safeguarding Contacts Group

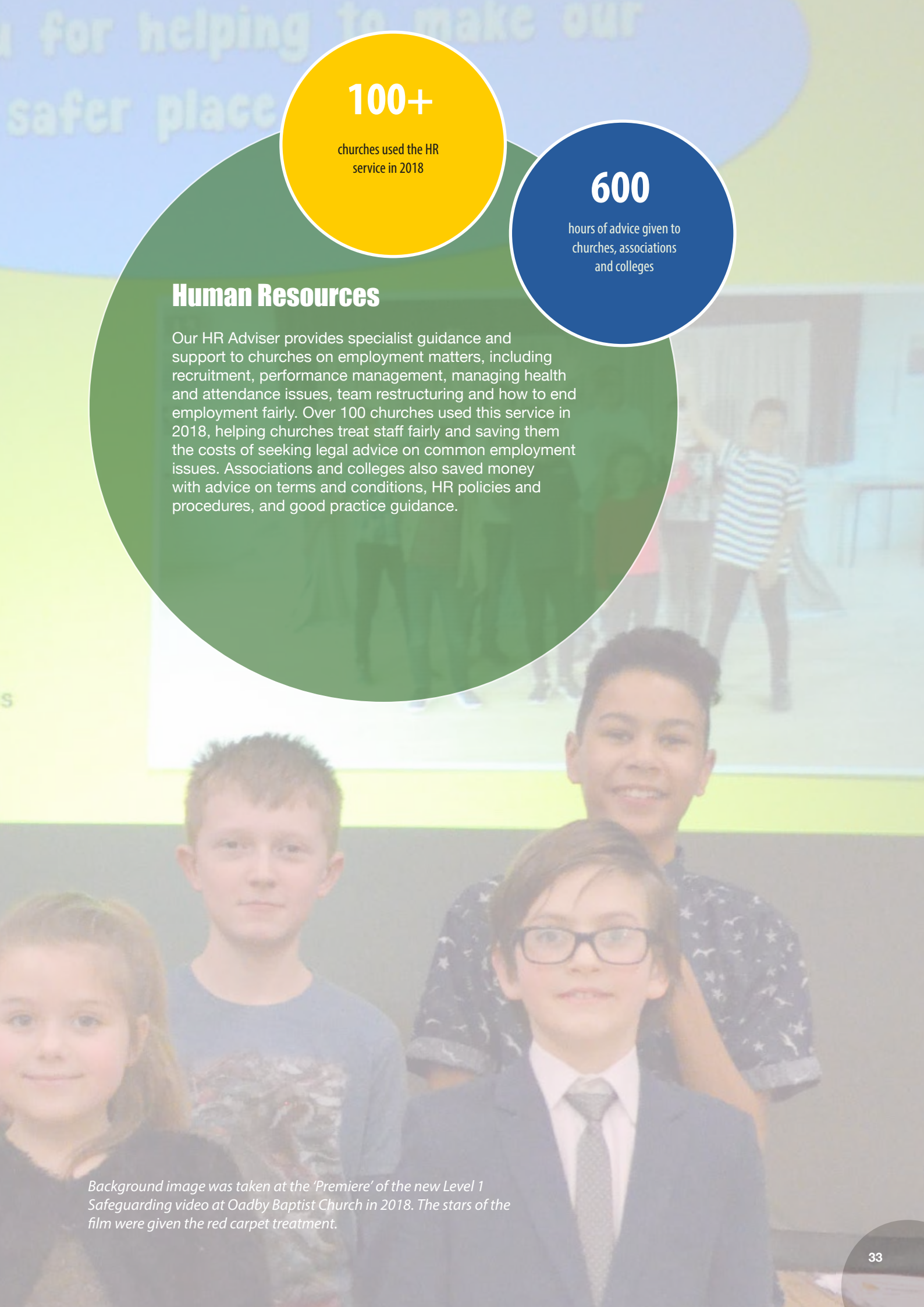
During 2018, we have launched the new Level 1 Excellence in Safeguarding film for use in church services and church meetings, developed the first online safeguarding training for accredited ministers (focusing on domestic abuse) and published a guide for churches on supporting those who have experienced abuse.



2,800
volunteer DBS verifiers
in Baptist churches
across the country

10,300
DBS checks, processed through
our DBS checking partner, DDC
Ltd during 2018. This is paid for
by BUGB meaning all volunteer
checks are free of charge for
Baptist churches.

135
trainers delivered
safeguarding training to
more than 4,000 people
during 2018



100+

churches used the HR service in 2018

600

hours of advice given to churches, associations and colleges

Human Resources

Our HR Adviser provides specialist guidance and support to churches on employment matters, including recruitment, performance management, managing health and attendance issues, team restructuring and how to end employment fairly. Over 100 churches used this service in 2018, helping churches treat staff fairly and saving them the costs of seeking legal advice on common employment issues. Associations and colleges also saved money with advice on terms and conditions, HR policies and procedures, and good practice guidance.

Background image was taken at the 'Premiere' of the new Level 1 Safeguarding video at Oadby Baptist Church in 2018. The stars of the film were given the red carpet treatment.

The Retired Baptist Ministers' Housing Organisation (RBHMO)

The Retired Baptist Ministers' Housing Organisation (RBHMO) and its predecessor organisation The Retired Baptist Ministers' Housing Society (RBHMS) had sufficient resources to house all 13 (2016: 16) qualifying applicants for assistance in the 15 months to 31 December. As at 31 December 2018, RBHMO owned 261 properties (2015: 251) and manages a further seven on behalf of other charities.

Baptist Union Corporation (BUC)

BUC continued to act as custodian trustee for over 1,000 Baptist organisations. At the end of 2018 it held £50.7m of interest-bearing deposits from Baptist organisations and had £38.0m on loan to Baptist organisations to support their work.



Baptist House

We continue to collaborate with BMS World Mission over the management of Baptist House which we jointly own. The building serves as the key office location for each organisation. During the year, the company continued to reduce the cost to the Union and BMS of their occupancy by obtaining tenants for vacant parts of the building.

Baptist Holiday Fellowship

Baptist Holiday Fellowship continued to receive rental from Westholme and paid grants of £21,515 (2017: £12,762) during the year to 30 November 2018. The trustees have designated a further £19,000 (2017: £19,000) of grant funding for future years.

Baptist Assembly Limited

Up to and including 2018, Baptist Assembly Limited organised The Baptist Assembly, a joint annual event for the Baptist Union of Great Britain and BMS World Mission. During 2018, the assets and liabilities of Baptist Assembly Limited were transferred to the Union to reduce administration and audit costs for the event. The company was dissolved on 19 February 2019.

Plans for the future

Here are some highlights from our plans for 2019 and beyond



Whilst we continue to need to work on developing appropriate structures for relating and governance and to consolidate sustainable funding streams, there is a clear sense emerging that we need to continue to look to the future and be adventurous in encouraging and releasing mission and ministry that is relevant to our current context. As a movement, the most important motivation for all that we do is proclaiming Jesus and sharing in God's mission in the world. So, 2018 ended with a renewed sense of God's call and a fresh commitment to keep in step with him in the year to come.



Over the coming year we'll continue to focus on the implementation of the Ignite Report, and particularly the ongoing development of ministers, in the hope that they are all better equipped to engage in ministry and mission in whatever context the Lord leads them.



Our three-year safeguarding plan for the period from 2019-21 focuses on information and resources for those with specific safeguarding roles in the life of local Baptist churches, supporting our 'Excellence in Safeguarding' training programmes and providing tailored support for associations and colleges.



During 2019 we will add to our team with a new Centenary Development Enabler. This role will offer sustained input over three years to make progress and overcome barriers towards greater equality between women and men in ministry in Baptist life. We will be updating the Baptists Together website, significantly improving how content is presented.



BU Staff Pension Scheme: We expect to complete the process of transferring the liabilities of the BU Staff Pension scheme to Aviva and closing the scheme in the first half of 2019.

Baptist Pension Scheme: We are working with the Pension Trustee to explore ways of further reducing the risk to the denomination from the Defined-Benefit Pension Scheme. We are also reviewing the Defined Contribution Scheme to ensure it remains appropriate to the needs of ministers and staff in Baptist organisations.

Church Support: We are looking to develop the services we can offer to support our member churches to better meet their evolving requirements, helping them to operate efficiently, effectively and in compliance with a regulatory environment that is increasingly difficult for voluntary organisations.

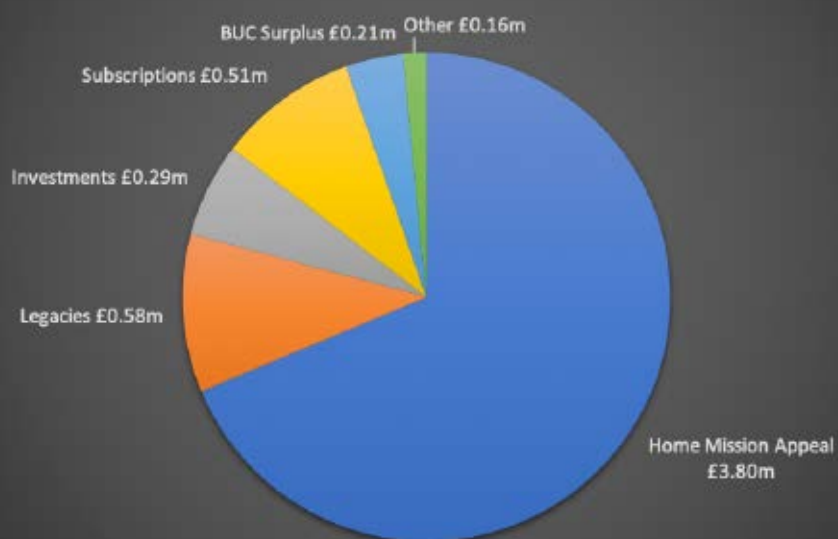
Home Mission Fund Review

Overall the Home Mission Fund (which is the name given to the General Fund of the Union) had an operating deficit of £0.08m, compared to a surplus of £0.33m in 2017 (excluding receipts from Ultimate Trusts¹ and gains and losses on Investments and Asset sales), a deterioration of £0.41m. The most significant differences compared to 2017 were:

- Legacy income decreased by £0.42m from the unusually high level received in 2017.
- Investment income reduced by £0.35m due to reduction in the level of investments held in the Home Mission Fund due to sales of investments and transfers to the Pension Reserve.
- A reduction in underlying charitable expenditure of £0.53m.
- Exceptional (non-underlying) expenditure of £0.16m relating to the closure of the Baptist Union Staff Pension Scheme, which will not recur in future years.

The following charts show the Home Mission Fund income of the Union in 2018 and the long-term income trends over the last 10 years.

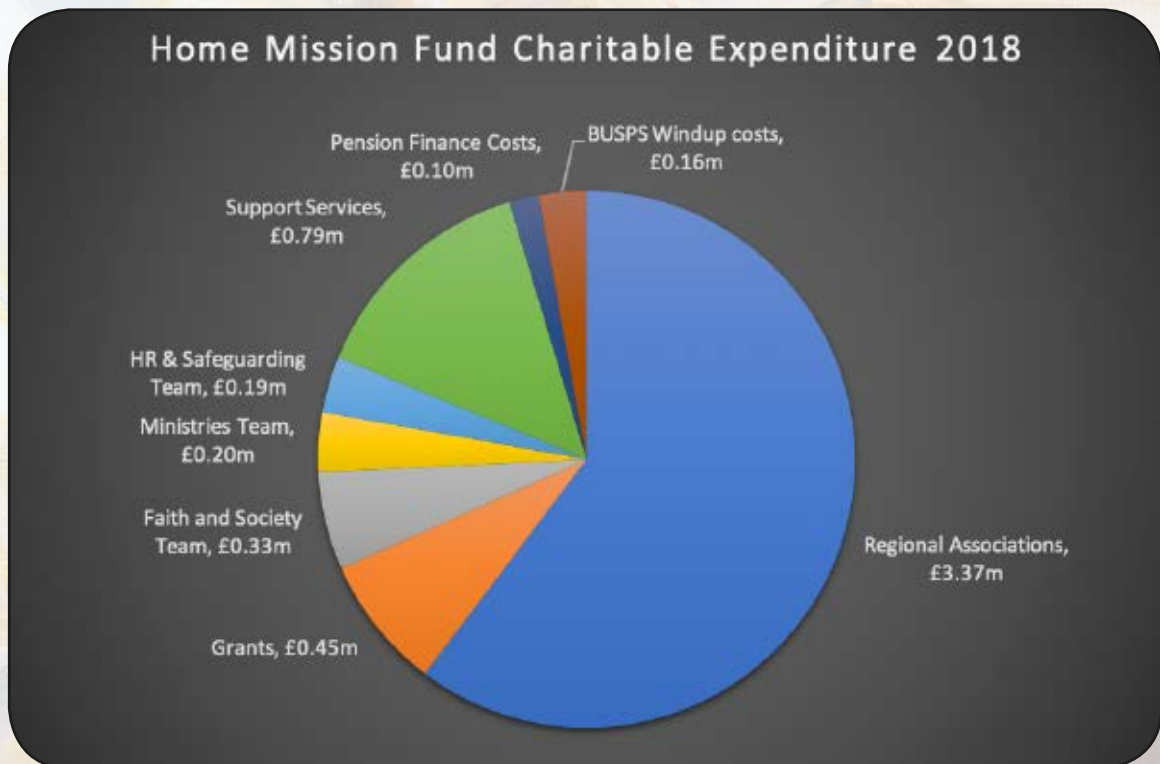
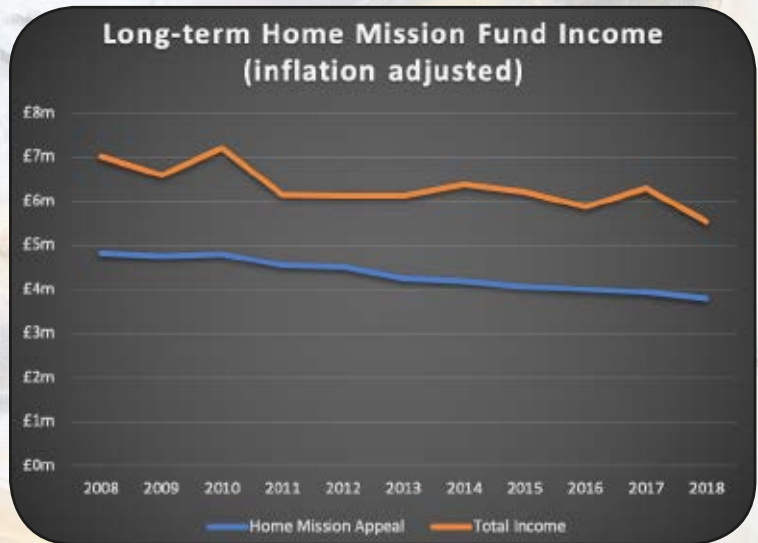
Home Mission Fund Income Sources 2018



Our overall Home Mission Fund income for the Union charity decreased to £5.56m (2017: £6.36m), a fall of 12.6%. Excluding legacies, which are erratic in nature, income was down 7.1% year-on-year at £4.98m (2017: £5.36m).

¹ Ultimate Trust receipts are funds received where the Union is the beneficiary of the trust deed of a closing church. In 2018, all such receipts have been designated directly to the Pension Reserve fund and not accounted for as income in the Home Mission Fund.

Our largest source of income, the Home Mission Appeal, continues to be in long term decline when adjusted for inflation, falling almost 21% in the last 10 years. This trend accelerated in 2018 with an appeal total of £3.80m (2017: £3.85m) showing a 1.3% decrease on the previous year, a 3.7% decline after adjusting for inflation. We continue to seek other sources of income to offset this decline.



Charitable Expenditure decreased to £5.59m (2017: £5.96m), a decrease of £0.37m, or 6.2%. Funding provided for regional associations was reduced by 6.1% to £3.37m (2017: £3.59m), whilst costs expended by the specialist teams (excluding costs of raising funds) fell by 6.3% to £2.22m (2017: £2.37m).



Designated and Restricted Reserves

Pension Reserve: During 2018, the Union continued to build up funds within the Pension Reserve funds, reaching a total of £14.98m by the year end (£14.28m in designated funds and £0.69m in restricted funds), compared with £11.94m at the end of 2017. This was through a combination of income from ultimate trusts (£1.49m), investment income (£0.21m), donations (£0.33m) and a transfer of £1.20m from the Home Mission Fund. In December 2018, a loan was taken from RBMHO which is accounted for within the Designated Pension Reserve which was combined with the balance in the Designated Pension Reserve to make a contribution of £33m to the Baptist Pension Scheme to fulfil the Union's key commitment under the Family Solution to the deficit in the scheme. It is anticipated that the final contribution of £0.5m under the Family Solution will be paid during 2019 and this was charged to the Designated Pension Reserve as a current liability at the year-end. The intention is to repay the loan using future Ultimate Trust receipts and anticipated future cash surpluses from RBMHO that will be shared with the Union under a memorandum of understanding between the Union's Trustees and the Trustees of RBMHO, which will resolve the deficit in the fund.

The Baptist Strategy Building Scheme: is a closed scheme which made interest free loans to churches for building works. Many loans have no active repayment plan and repayment plans are only put in place when it is felt that the church is able to afford it. Any loan without an active repayment plan is fully offset by a provision in the accounts as well as any repayments scheduled more than five years into the future. Repayments of £38k were received and transferred to the Home Mission Fund in 2018. A review of the provisions held at year end resulted in a reduction in the provision (shown in the accounts as a negative expenditure) of £25k. There were 26 loans outstanding at year end with a gross value of £1.06m (2017: £1.10m).

The One-Off Projects reserve: was created by Trustees to fund implementation of a three-year plan of activities. This plan was completed in 2018 and the fund closed with the remaining balance transferred to the Home Mission Fund.

The Baptist House Reserve: made a gain of £263k as Baptist House was reclassified as a Mixed-Use Asset and revalued at fair-value according to a yield-based valuation. The space that has been made available for external tenants has been transferred to Fixed Asset Investments in the accounts. The portion of the building for the Union's own use remains as a fixed asset.

Fixed Asset Reserve: The fixed asset reserve transferred £0.9m to the Home Mission Fund through the sale of three residential properties that were not replaced, due to reduced need for staff housing by the Union and associations.

Pastoral Funds: The Pastoral Fund, Deaconesses' Benevolent Fund and Retired Ministers' Benevolent Fund continued to make grants for pastoral support of members of the Baptist family totalling £0.03m (2017: £0.03m). Our strategy is to consolidate these funds over time into the Pastoral Fund as this allows greater flexibility in supporting needs that arise.

Strategic Projects Fund: The Trustees agreed to rename the Ministry Review Fund as the Strategic Projects Fund and to widen its objectives to cover projects of strategic importance to Baptists Together. Funds were taken from this fund to support the 'Your Kingdom Legacy' programme to encourage Baptist members to leave legacies to local churches, the Union and other Baptist bodies.

Results of subsidiary entities

The Retired Baptist Ministers' Housing Organisation (and its predecessor organisation the Retired Baptist Ministers' Housing Society) recorded an operating surplus for the 15 months 31 December 2018 of £0.96m (12 months to 30 September 2017: £0.76m). Included within this operating surplus was a gift valued at £0.54m from Baptist Union Corporation comprising two properties valued at £0.4m and £0.14m in cash. A gain of £0.67m (2017: £0.76m) was realised on sale of properties, giving a total surplus for the year of £1.63m (2017: 1.52m). The Surplus was used to purchase additional properties to house retiring ministers and as a result the stock of properties increased by 10 to 262. Total reserves at year end were £32.16m (2017: 30.53m).

Baptist Assembly Limited recorded a loss for the 14 months to 31 October 2018 of £0.01m (12 months to 31 August 2017: £0.03m). There was a small loss of around £4,500 on the 2018 Baptist Assembly event and then the balance of the company's reserves were donated to the parent organisations (the Union and BMS World Mission) in equal shares, leaving the company with zero reserves at the end of the period (2017: £0.01m). The company was subsequently dissolved on 19 February 2019. The Union has taken on responsibility for the running of the Baptist Assembly going forward in order to reduce the administrative overheads.

Baptist Holiday Fellowship Limited recorded an operating surplus for the year to 30 November 2018 of £0.02m (2017: £0.02m) as investment income exceeded costs and grants made. The charity made a gain of £0.03m (2017: £0.01m) on the revaluation of its BU Staff Pension Scheme liability and a gain on revaluation of its property of £0.22m (2017: £0.72m) resulting in an overall surplus of £0.27m (2017: £0.74m). Total reserves at period end were £1.25m (2017: 0.98m).

Baptist House Limited recorded a surplus for the year to 31 October 2018 of £0.005m (2017: loss of £0.032m). Total reserves at period end were £0.28m (2017: £0.20m). The company is accounted for as a Joint Venture as the Union and BMS World Mission each hold 50% shares.

The Baptist Union Corporation made an underlying operating surplus for the year ended 31 December 2018 of £0.21m (2017: £0.23m), which was transferred to the Union in its entirety by way of a gift, meaning that the general fund reserves remained at £4.26m. During the year, the Corporation wound up the Restricted Fund it was holding for housing retired ministers by gifting the assets of the fund, valued at £0.46m in the Corporation's accounts to RBMHO.

These entities are incorporated in the consolidated accounts as detailed in note 15.

The

Investment Performance

The governing documents give the Charity Trustees the power to invest in such securities and on such terms as the Charity may deem fit. The Trustees have delegated the detailed monitoring of the portfolio to the Finance and 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. In summary, these specify that we do not take direct investment in companies involved in tobacco production, distilling of alcoholic beverages, gambling, pornography, armaments and high-interest lending. Companies are screened to ensure that no more than 10% of revenue comes from these sources and pooled funds are screened prior to acquisition and half yearly to ensure that no more than 5% of the assets in the fund are investments in companies that would fail to meet the direct investment criteria. The policy also has a positive screening policy which means investing in companies or sectors which reflect Christian values in areas like environmental protection, supporting sustainable development, health, education, employment, human rights, good corporate social responsibility, good governance, financial transparency, anti-corruption controls, safe working practices, natural justice and sensitivity towards the communities in which their business operates.

Within the investment strategy, Schroders Plc have been appointed as investment managers with discretion over investments. Details of the investments are set out in note 14 to the financial statements.

Our investments are managed in two portfolios, a general portfolio and an endowment portfolio. Both portfolios target performance of CPI+4% per annum net of fees over the long-term. The general portfolio has an income target of a 3.5% yield whilst the endowment portfolio targets a 3.0% yield. The Finance and Audit Committee has put in place composite benchmarks for Schroders as follows:

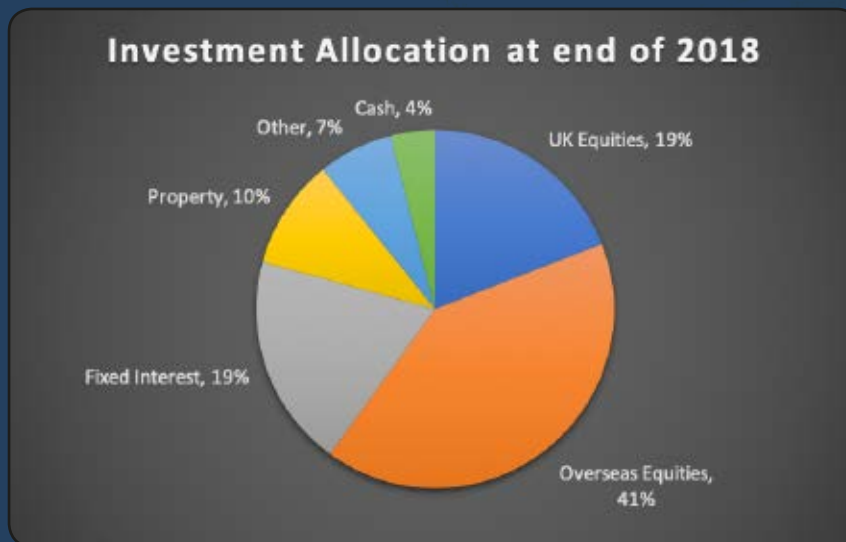
	General Portfolio	Endowment Portfolio
FTSE All Share Index	30%	30%
MSCI World ex UK Index	30%	30%
FTSE Actuaries British Government All Stocks Index	10%	5%
IBOXX Sterling (£) Non-Gilt All Maturities index	20%	20%
IPD property (UK) index	10%	10%
LIBOR	0%	5%

A summary of investment performance in the 12 months to the 31st December 2018 is presented in the following table:

	2018 Performance	Composite Benchmark	Performance Vs Benchmark	Long-term target (CPI+4%)	Performance Vs. Long-term target
General Portfolio	-1.0%	-3.1%	+2.1%	6.2%	-7.1%
Endowment Portfolio	-0.9%	-3.0%	+2.1%	6.2%	-7.0%
Combined	-1.0%	-3.1%	+2.1%	6.2%	-7.1%

The Trustees are pleased to note that performance in the year exceeded the benchmarks set. Although in-year performance fell short of the long-term target, this is to be expected in a year where investment returns were generally weak, as indicated by the benchmarks. Over a three-year period, performance in both General portfolio (+7.8% p.a.) and Endowment portfolio (+8.4% p.a.) exceeded the long-term target (+6.3% p.a.). Regular meetings are held with the Investment Manager to review and challenge performance. The Trustees continue to have confidence in the management of our investments.

Actual consolidated Asset Allocation as at 31 December 2018 is shown below:



Approach to fundraising

The Baptist Union of Great Britain funds the majority of its work through funds raised from its members, who are churches, regional associations and colleges. The Home Mission Appeal through which funds are collected from member churches is organised by our partner regional associations. We also request a subscription from each member church, association and college, which is requested annually by writing to each organisation's treasurer. We also have a small number of personal members, from whom we also request a subscription on an annual basis.

Our main avenue for raising funds from the general public is through legacies. Starting in January 2018, we are offering a will writing scheme in partnership with the National Free Wills Network, which is run by Capacity Marketing, a Division of Ashton Maund Associates. Capacity Marketing is a member of the Institute of Fundraising, which requires all members to sign up to the Code of Fundraising Practice. This scheme is promoted via our member churches and referrals are passed to National Free Wills Network for referral on to their member solicitors, who are regulated by the Solicitors Regulation Authority. Solicitors are required to check that a client is not under duress when making a will, which provides protection from undue pressure. Capacity Marketing only send at most two standard form letters when contacting individuals referred to the network and no telephone calls are made to potential donors.

We also accept direct donations from the public via our website. There are links provided to make a donation from various pages of our website. We do not actively promote the online donation facility through any direct marketing. We do promote our work to our member churches by letter and email to their church officers and by email to subscribers to our mailing lists.

Fundraising complaints are handled through our standard complaints procedure. No complaints relating to fundraising were received in 2018. Complaints are monitored and reviewed for any concerns in relation to fundraising practices, which would then be reported to the Trustee board.

Pensions

The Baptist Union of Great Britain is a participating employer in two defined benefit, multi-employer pension schemes:

Baptist Pension Scheme (BPS)

The BPS is recognised in our accounts as a liability based on a discounted cashflow of the contributions due under the agreed recovery plan in force at 31 December 2018, amounting to £0.35m (2017: 0.63m). The Union has been provided with an estimated cost of settling its liabilities to the scheme at 31 December 2018 of £1.27m (2017: 2.19m). A gain of £0.26m was recorded in the financial statements on the re-measurement of the liability.

In April 2018, BPS completed a triennial valuation of the scheme as at 31 December 2016. This showed a deficit of assets compared to liabilities of £93m. The associated schedule of contributions and funding plan was developed in consultation between the Pension Trustee and the Pension Employers' Group and approved by the Union, under which the Union agreed to contribute an additional £33.5m to the scheme by the end of 2023. The Union made additional contributions to the scheme of £33m in 2018 and £0.5m is anticipated to be paid during 2019 and has therefore been accounted for as a current liability at the end of 2018. This is in addition to continuing the current employer contribution plan until the end of 2028.

Baptist Union Staff Pension Scheme (BUSPS)

The employers in collaboration with the scheme Trustees have implemented a buy-out and wind-up of the scheme. In June 2018 a contract was signed with Aviva for them to take on responsibility for paying the scheme benefits and the wind-up of the scheme was completed in April 2019, with the Union taking on responsibility for any remaining costs relating to the scheme after this date.

In line with the recovery plan and Schedule of Contributions the employers continued the previous monthly contribution plan to January 2018 and then made a one-off payment of £2.73m from employers in February 2018. Since September 2018, as part of the wind-up plan the Union has been directly settling expenses of the scheme in lieu of further contributions. The Union's total contributions in the year were £2.23m. The Union also had costs relating to the wind-up of £0.14m which were charged to expenditure in the year. The largest part of these was a one-off contribution to the defined contribution pension plans of scheme members to compensate them for some amendments to benefits that were necessary as part of the buy-out process, with the remainder comprising fees from professional advisors.

The provision for liabilities relating to BUSPS at the year end was based on the Union's share of the estimated costs of completing the wind-up process which amounted to £0.37m, compared to the provision at the end of 2017 of £3.72m. A gain of £1.21m was recorded in the financial statements on the re-measurement of the liability.

Policy on Reserves

During the year, the Trustees reviewed the reserves policy of the Union. The policy is put in place to ensure that the Union has sufficient free and available funds to cope with unplanned expenditure or an unforeseen drop in income. Having considered the risks relating to income and expenditure, the trustees consider that it is appropriate to hold between 6 and 12 month budgeted expenditure, based on the timescales they anticipate it would take to reduce ongoing cost commitments due to notice periods for staff (typically between 3 and 9 months) and suppliers (up to 12 months) and the time it would take grant recipients to adjust to any reduction (estimated at between 6 and 12 months). This equates to reserves in the range of £2.8m - £5.6m. The unrestricted free reserves, excluding Designated Income Funds and capital assets, totalled £7.6m at year end, giving an excess above the top end of the range stated in the reserves policy of £2.0m. The trustees feel it is appropriate to hold these additional funds to partially offset the significant deficit in the Pension Reserve Designated fund, which totalled £19.2m at the end of 2018.

The Union holds a number of Designated Income Funds which can be spent at the discretion of the Trustees in furtherance of the Union's objects. The Trustees note their obligations to justify the holding of such funds and the details of these funds are provided in note 23.

Report of the Finance and Audit Committee

The Finance and Audit Committee continued to oversee the finances of the Union. The key elements of work of the Committee in 2018 were

- Monitoring the finances of the Union, including Treasury Management.
- Reviewing the performance of the Union's investment portfolio.
- Reviewing the report of Kingston Smith on the 2017 accounts and supervising implementation of their Audit recommendations following their appointment as Auditors for the first time in 2017.
- Reviewing the Risk Register, including incorporating a new risk scoring mechanism in line with industry best practice.
- Reviewing and approving a revised Business Continuity Plan for the Union.
- Overseeing the Union's role in the Baptist Pension Scheme Family Solution and ensuring that financial resources were in place to meet the Union's commitments.

Alongside its routine work, the Committee intends to review the investment managers in 2019.

Structure, Governance and Management

The Baptist Union of Great Britain (the Union) is an unincorporated association, consisting of the Baptist churches, regional associations of the churches, colleges, other Baptist organisations and a small number of personal members who affirm the Baptist Union Declaration of Principle and are in membership with the Union.

The Governing Document of the Baptist Union is a Constitution which may be amended by a Resolution of the Assembly approved by not less than two thirds of the Representative Members, as defined in the Constitution, present and voting. The Constitution was last revised in May 2014 and a copy of the Constitution is available at www.baptist.org.uk/constitution.

Baptist Assembly

As a membership organisation, the Union holds an annual Assembly to review the life of the Union. Under the Constitution, Members of Assembly consist of delegates of member churches, associations and colleges alongside ministers, officers of the Union and members of Baptist Union Council.

During the Assembly the President is inducted for the forthcoming year, and some formal business is carried out – the Treasurer is elected, new General Secretaries are appointed, and any constitutional changes are voted upon.





Baptist Union Council

The Baptist Union Council meets twice per year to set the broad strategic direction of our Union. The Council also oversees the work of the Ministerial Recognition Committee which administers the accreditation of Baptist ministers and church workers and the national recognition of preachers, pastors and pioneers. It has around 80 members consisting of:

- Three members nominated by each Regional Association
- One member nominated by each College
- The Trustees of the Baptist Union
- The members of the Baptist Steering Group
- The President, Ex-President and Vice-President of the Union
- Two representatives each of BMS World Mission, Baptist Union of Scotland, Baptist Union of Wales and a representative of Irish Baptist Networks
- Two ecumenical representatives
- Up to 12 co-opted members

A full list of Council members and a report from each BU Council meeting are available at www.baptist.org.uk/council.



Safeguarding Committee was constituted in early 2019 and has oversight of the Union's National Safeguarding team and safeguarding policies.

Finance and Audit Committee supports the Trustees in overseeing the Union's financial reporting, planning, policy, audit, risk and compliance and investments.

Remuneration Committee makes recommendations to Trustees on pay and reward of staff of the Union.

Trustee Board

The Trustee Board comprises of a Moderator (Chair), the General Secretary, the Treasurer and up to nine other persons. The Trustees oversee the Baptist Union charity; in particular, the legal, financial and strategic life of the Union and have regard to the public benefit of the charity. Trustees oversee implementation of the broad strategic direction determined by the Baptist Union Council.

Our Trustees are unpaid, except the General Secretary as detailed in note 12 to the financial statements, where details of Trustees' expenses are also disclosed. To help the Trustee Board with governance of the charity, sub-committees have been put in place by the Trustees. In 2017 the trustees carried out a governance review and agreed to adopt the Charity Governance Code in full.

Baptist Pension Scheme Employers' Group engages with the Baptist Pension Scheme on behalf of the Union and other employers and advises the Trustees on matters relating to the Scheme.

National Settlement Team facilitates the settlement of accredited ministers into the pastorates of member churches. It comprises the team leaders of each regional association.

Baptist Steering Group (BSG) acts as a key location of organisational leadership and coordination in Baptists Together, with a major focus on managing implementation. Membership of BSG is detailed in the Who We Are section of this report (p54).

Recruitment of Trustees

The General Secretary is appointed by the Assembly and the Honorary Treasurer is appointed annually by the Assembly. The Moderator (chair) and other Trustees are elected by the Council from a list of suitable nominations provided by the Key Roles Nomination Committee. Applications are sought via advertising on the Baptist Together website, in email communications to our member churches and other suitable avenues.

The Trustees maintain a skills matrix and share this with the Key Roles Nomination Committee to help them identify any capability gaps.



Induction and Training of Trustees

New Trustees are usually familiar with many aspects of the Union's work prior to appointment. All Trustees receive an induction into the work of the Union by meeting senior staff and being advised of the general nature of their work.

They receive financial statements and other relevant documentation including a copy of the Charity Commission's publication CC3, *The Essential Trustee*. Formal training on financial matters is provided as appropriate. Following a governance review undertaken in 2017 a *Handbook for Trustees* incorporating the Charity Governance Code has been written and made available to new and serving Trustees.

Related Organisations and Companies

The associated entities of the Union operate according to their own Governing Documents and, where required, report to the Baptist Union Council or to the Trustee Board. The Trustee Board works in partnership with the relevant officers or Directors of these entities where issues arise that impact upon the wider life of the Union.

The Union is involved in the following related companies and bodies:

1. **Baptist Union Corporation Limited** is a registered Charity (charity number 249635) and a Company Limited by Guarantee (company number 32743) and operates as a subsidiary of the Union. The members of the Baptist Union Corporation Ltd, are the persons who also serve as Trustees of the Baptist Union of Great Britain. The organisation's activities include holding as Custodian Trustee, the property and investments of the Union and Baptist churches in trust with the Trust Corporation, together with trust funds in cash.

2. **The Retired Baptist Ministers' Housing Society (RBMHS):** The Society is a charitable Community Benefit Society registered with the Financial Conduct Authority under number 21462R. It is an exempt charity and as such is not registered as a charity with the Charity Commission. The members of the Baptist Union of Great Britain Council are the members of the Society. The society is now dormant, having transferred its assets, liabilities and operations to the Retired Baptist Ministers' Housing Organisation, which will continue its work.

3. **The Retired Baptist Ministers' Housing Organisation (RBMHO)** is a Charitable Incorporated Organisation registered with the Charity Commission (charity number 1177649), which provides housing for retired Baptist ministers and their spouses. 8 of the 15 Trustees of RBMHO are appointed by the Trustees of the Union. On 31 December 2018 RBMHO took on the operations, assets and liabilities from its predecessor organisation, The Retired Baptist Ministers Housing Society (RBMHS). The Charity's is accounted for as Restricted Fund within the Union's Consolidated Financial Statements.

4. **The Baptist Holiday Fellowship Limited:** The Union is the majority shareholder and holds one deferred share of the issued share capital and has the right to appoint up to five of the Directors of the charitable company. The company makes grants to support Baptist Ministers and their dependents. The Baptist Holiday Fellowship Limited accounts are consolidated with the Union's accounts. The BUC is a custodian of the shares for the Baptist Union

5. **Baptist House Limited: The Baptist Union Corporation Ltd** is one of the two members of this Company Limited by Guarantee, which operates Baptist House on behalf of The Union and BMS World Mission. The Baptist Union of Great Britain may appoint up to three of the six Directors of the company. The Union's share of the results for the year to 31 October 2018 are included in the consolidated financial statements.

6. The Baptist Assembly Limited: This was a charitable Company Limited by Guarantee. (company number 06782754). The Baptist Union of Great Britain was one of two members and appointed half the directors of this company which formerly managed the holding of an annual Assembly jointly between the Union and BMS World Mission. The Union's share of the results for the period to 31 October 2018 are included in the consolidated financial statements. The operations, assets and liabilities of the Company were transferred to the Union in 2018 and the company was dissolved on 19 February 2019.

7. Baptist Pension Trust Limited: This Company Limited by Guarantee (company number 03481942) is responsible for the management of the company's business which is to administer the Baptist Pension Scheme and manage its investments. The Directors are the only members of the company. The Directors appoint Baptist Union-nominated Directors to the Board of the Company and one-third of the Board are member-nominated Directors as required by law. The company is a separate legal entity from the Baptist Union.

8. The Baptist Times Limited: The Baptist Union Corporation Ltd holds 99% of the issued share capital. The sole Director of the Baptist Times Limited is the Treasurer of Baptist Union of Great Britain. The Baptist Times Limited formerly published the weekly Baptist Times Newspaper and retains an online presence on the Baptist Union website. The company ceased to publish the paper in January 2012 and is now a dormant company.

Memberships and Associations

The Union is a member of the following bodies with which it collaborates in pursuit of its charitable objectives.

- Baptist World Alliance
- European Baptist Federation
- Fellowship of Baptists in Britain and Ireland
- Churches Together in England
- Churches Together in Britain and Ireland
- World Council of Churches
- Joint Public Issues Team (JPIT) (see page 23 for details)
- The United Board which commends ministers to armed forces chaplaincy



Principal Risks and Uncertainties

All significant activities undertaken are subject to a risk review. Risks are identified, recorded in a risk register and ranked in terms of their potential significance and probability and then classified into Red, Amber and Green, with Red being the most severe. The risk register is reviewed by the Finance and Audit Committee with Red Risks reviewed at every meeting and a full review carried out annually.

Major risks and the plans and strategies for managing them are:

(i) **Sexuality and diversity issues**, the potential mishandling of which could cause a fracturing of the Baptist family due to the strongly held views on this issue. Over the last few years, following widespread consultation, Council issued a statement concerning the registering of buildings for same sex marriages and the Ministerial Recognition Committee has reviewed and updated Ministerial Recognition Rules and produced Ministerial Recognition Guidelines on this issue. Further resources to enable reflection on the wider issues of gender identity are planned. Trustees continue to monitor significant developments in this area.

(ii) **Safeguarding of children and adults at risk**. Focus on this area continues to ensure that the Baptist denomination provides a framework of best-practice for protecting those who attend or come into contact with our churches and other bodies. A three-year plan for the period to 2021 has been agreed by Trustees and progress against this plan is reported to each meeting of the Trustee Board. A Safeguarding Committee has also been established by the Trustee Board to provide a linkage between the Trustees and this critical area of work.

(iii) **Loss of Baptist identity and relevance.** Team Leaders and Officers of the Union continue to take every opportunity to communicate the ethos, vision, values and priorities of Baptists Together through speaking, writing and in other media. Our electronic and printed communications also promote Baptist identity through stories, articles, resources and theological reflection. The All Team Leaders meeting in November 2018 spent time exploring the trends of the emerging adult generation and how these related to Baptist identity.

(iv) **Significant numerical decline** – loss of members and/or churches from membership. We monitor overall numerical trends through our annual returns from churches. The Baptist Union Council receives regular reports of churches joining and leaving the Union. Regional associations and Officers of the Union invest time in building relationships with churches and leaders.

(v) **Ineffective operation of new partnership and leadership working, including lack of vision.** Current Partnership working was reviewed during 2018. This review led to the instigation of a review of the current composition of the Baptist Steering Group in 2019 and Trustees were asked by Council to undertake this work. The November 2018 Council began the process of refreshing our priorities in the light of significant progress with current priority projects.

(vi) **Recruitment of ministers, which may not match demand from churches.** We continue to monitor the balance of supply and demand for ministers through the settlement process, overseen by the National Settlement Team. The planned appointment of a Ministries Adviser (Ministerial Development) will enable us to improve our communication for recruitment of ministerial students and also work with associations and colleges to strengthen recruitment.

(vii) **Affordability of ministerial training,** if Baptist Colleges can no longer sustain training for ministry at affordable cost. We are working on the development of an Apprenticeship Degree in Church Ministry which will enable us to access more funding for training. We are also planning to consider more widely how we fund initial ministerial formation due to concerns as to the sustainability of the current model.

Grants

The Union makes grants as one of its ways to achieve its charitable objects. The largest grants made are those to fund the 13 Baptist regional associations in their work as part of Baptists Together, which totalled £3.36m in 2018. These grants are given on a formula agreed by the Baptist Steering Group to enable sharing the income of the Home Mission Fund.

The Union also makes other grants as follows:



Strategic Mission Grants: These grants are given to organisations to develop strategic mission projects. The allocation of grants from the budget of £0.13m is delegated to the Baptists Together Mission Forum under the supervision of the Baptist Steering Group.

Supporting other Baptist bodies and ecumenical bodies: We contribute to the running costs of various bodies of which we are members, through a membership subscription that we classify as a grant in our accounts as we receive no services in return for our contribution.

Supporting Ministerial Training: We make grants to individuals to support ministerial training. These include a book grant of £120 for all ministers in training, and a student bursary fund of £0.13m. Each of the five main training colleges are asked to oversee distribution of a proportion of these funds to students.

Further studies grants: We make grants to individuals to support post-graduate theological studies, including up to one PhD scholarship. The grants are made in response to applications by the Scholarship and Further Studies Committee, which is made up of representatives from each Baptist college and the Ministries Team.

Pastoral grants to individuals who are working in a Baptist church or other Baptist organisation: These grants are usually up to £1,000 and are made in response to an application or nomination that is recommended by a regional minister and approved by two Specialist Team leaders.

Volunteers

The Union is grateful for the support of volunteers in carrying out its work. Their main direct contribution is through serving on committees and working parties to support our work. Volunteers also make a significant contribution to our member churches, regional associations and other bodies within the Baptist family. Due to the wide range of different ways in which volunteers participate in our work, it is impossible to quantify their support.

Funds Held as Custodian Trustee on Behalf of Others

The Baptist Union Corporation holds financial assets as Custodian Trustee for 75 Baptist churches, all of which have the same objects as the company for the advancement of the Christian faith and its practice especially by the means of, and in accordance with, the principles of the Baptist denomination. The company acts solely as an Agent and carries no decision-making capacity.

The Baptist Union Corporation acts as property trustees for 1,060 churches and charity organisations. 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. For all financial accounts a separate account is kept for each beneficial owner and records are maintained of the beneficial owner of each account. A three-year project to digitalise key church property deeds is currently underway.

The names of the churches and other charities for whom the Company acts as a Custodian Trustee are available at: www.baptist.org.uk/custodianlist2019. The organisations are all Baptist organisations and therefore have objects that are compatible with the charitable objects of the Company.

Type of Assets Held	£'000	Organisations
Cash Deposits	40	3
Income Units	908	12
National Savings Income Bonds	18	2
UK Equities	2,221	13
Total	3,184	27



Key Management Personnel Remuneration

Day-to-day management of the Union's business is delegated to a group of employed staff and appointed ministers who operate within the frameworks set by the Trustees; senior staff are detailed in the Who We Are section of this report.

All staff and appointed ministers of the charity are employed by the Baptist Union of Great Britain and the arrangements for setting the pay and remuneration are the responsibility of the Trustee Board. A Remuneration Committee advises and makes recommendations to the Trustees. In line with the Pay and Reward Policy Statement approved by the Trustees, remuneration is benchmarked against information relevant to the sector and affordability to the Union. The aggregate amount paid to key management personnel during the year was £224,431 (2017: £233,255).

Who We Are

The Baptist Union of Great Britain, registered charity number 1125912
Registered and Principal Office: Baptist House, 129 Broadway, Didcot, Oxfordshire OX11 8RT

TRUSTEES

- Mr Alastair Mitchell-Baker (Moderator, from 1 September 2018)
- The Revd Rich Webb (Moderator, to 31 August 2018)
- The Revd Barbara Carpenter (to 31 August 2018)
- Mrs Christina Carter
- The Revd Andrew Cowley
- The Revd Phil Jump
- Mrs Marion Fiddes
- The Revd Lynn Green (General Secretary)
- Mrs Linda Hopkins (to 28 February 2018)
- The Revd Joe Kapolyo (to 31 August 2018)
- Mr John Levick (Treasurer)
- The Revd Prof Philip McCormack (from 1 September 2018)
- Mr Paul Coleman (from 1 September 2018)
- The Revd Philip Lutterodt (from 1 September 2018)
- Mr Mark Spriggs (from 1 September 2018)
- The Revd Diane Watts (from 1 September 2018)

BAPTIST STEERING GROUP

- The Revd Adrian Argile
- The Revd Phil Barnard
- The Revd Nigel Coles
- The Revd Stuart Davison
- The Revd David Mayne (to December 2018)
- The Revd Dr Rob Ellis (to December 2018)
- The Revd Graham Ensor
- Mrs Marion Fiddes
- The Revd Lynn Green
- The Revd Andy Hughes
- The Revd Stephen Keyworth
- The Revd Beth Powney
- Mr Richard Wilson
- The Revd Claude Halm (from 1 January 2019)
- The Revd Dr Steve Finamore (from 1 January 2019)

SENIOR STAFF

- The Revd Lynn Green (General Secretary)
- The Revd Andy Hughes (Team Leader Ministries)
- The Revd Stephen Keyworth (Team Leader Faith and Society)
- Mrs Rachel Stone (People Support and Safeguarding Manager)
- Mr Richard Wilson (Team Leader Support Services)

CUSTODIAN TRUSTEES

The Baptist Union Corporation Limited
Registered Charity Number 249635
Company Registration Number 32743
Registered office: Baptist House, 129 Broadway, Didcot, Oxfordshire OX11 8RT

PRINCIPAL BANKERS

HSBC, 186 Broadway, Didcot, Oxfordshire OX11 8RP

AUDITORS

Kingston Smith LLP, Devonshire House, 60 Goswell Road, London, EC1M 7AD

SOLICITORS

Anthony Collins Solicitors LLP, 134 Edmund Street, Birmingham, B3 2ES

SURVEYORS

Rapleys LLP, 33 Jermyn Street, London SW1Y 6DN

INVESTMENT MANAGERS

Schroders Investment Management Limited, 1 London Wall, Barbican, London EC2Y 5AU

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 and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these 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 2015 (FRS 102)
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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.

In so far as the Trustees are aware:

- There is no relevant audit information of which the Charity's auditor is unaware;
- 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.

On behalf of the board



Alastair Mitchell-Baker
Moderator

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE BAPTIST UNION OF GREAT BRITAIN

Opinion

We have audited the financial statements of the Baptist Union of Great Britain for the year ended 31 December 2018 which comprise the Consolidated and Parent Statements of Financial Activities, the Consolidated and Parent Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

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' Annual Report is inconsistent in any material respect with the financial statements; or
- the parent charity has not kept adequate accounting records; 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 required for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 55, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. 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 any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Kingston Smith LLP

Statutory auditor

9 May 2019

Devonshire House
60 Goswell Road
London
EC1M 7AD

Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

BAPTIST UNION OF GREAT BRITAIN

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 DECEMBER 2018

		Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total 2018	Restated Total 2017
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Income							
Donations and legacies	2	4,929	53	521	-	5,503	5,843
Charitable Activities	3	810	1,671	743	-	3,224	2,160
Investment income	4	617	236	3	34	890	1,086
Other income	5	48	70	-	-	118	57
Total Income		6,404	2,030	1,267	34	9,735	9,132
Less share of gross income resources from Joint Venture		15	179	-	-	194	26
Total Net Income before JV share		6,389	1,851	1,267	34	9,541	9,120
Expenditure							
Raising funds	6	51	42	-	6	99	124
Charitable activities	7	6,449	33,760	549	-	40,758	7,451
Other expenditure	9	-	-	-	-	-	-
Total Expenditure	8	6,500	33,802	549	6	40,857	7,575
Net income before gains/ (losses) on investments and Fixed Asset Sales		(111)	(31,951)	718	28	(31,316)	1,545
Net interest in the results of the year for the joint venture		(5)	36	-	-	31	(12)
Net gains/(losses) on investments	15	(71)	164	(3)	(41)	49	2,119
Net gains/(losses) on sale of fixed assets		253	-	496	-	749	1,196
Loss on wind-up of Joint Venture		-	-	-	-	-	(545)
Net income before transfers		66	(31,751)	1,211	(13)	(30,487)	4,303
Transfers between funds		(53)	142	(55)	(34)	-	-
Net income before other recognised losses		13	(31,609)	1,156	(47)	(30,487)	4,303
Actuarial gains/(losses) on defined benefit pension schemes	20	1,508	-	-	-	1,508	(8)
Net movement in funds		1,521	(31,609)	1,156	(47)	(28,979)	4,295
RECONCILIATION OF FUNDS							
Total funds brought forward		11,648	21,077	31,641	1,077	65,443	61,148
Total funds Carried forward		13,169	(10,532)	32,797	1,030	36,464	65,443

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 63 to 83 form an integral part of these financial statements. Details of the previous year's restatement adjustment are outlined in note 24.

BAPTIST UNION OF GREAT BRITAIN

STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2018

		Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total 2018	Restated Total 2017
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Income							
Donations and legacies	2	5,106	53	295	-	5,453	5,848
Charitable Activities	3	106	1,492	-	-	1,598	950
Investment income	4	291	236	-	34	561	1,080
Other income	5	56	70	-	-	126	25
Total Income		5,559	1,851	295	34	7,738	7,903
Expenditure							
Raising funds	6	51	42	-	6	99	109
Charitable activities	7	5,585	33,760	46	-	39,391	6,414
Other expenditure	9	-	-	-	-	-	-
Total Expenditure	8	5,636	33,802	46	6	39,490	6,523
Net income before gains/ (losses) on investments and Fixed Asset Sales							
		(77)	(31,951)	248	28	(31,752)	1,380
Net gains/(losses) on investments	15	(289)	(100)	-	(41)	(430)	1,391
Net gains/(losses) on sale of fixed assets		253	-	-	-	253	200
Revaluation of Investment Asset		-	264	-	-	264	-
Net income before transfers		(113)	(31,788)	249	(13)	(31,665)	2,971
Transfers between funds		(109)	142	1	(34)	-	-
Net income before other recognised losses		(222)	(31,646)	250	(47)	(31,665)	2,971
Actuarial gains/(losses) on defined benefit pension schemes	20	1,476	-	-	-	1,476	(18)
Net movement in funds		1,254	(31,646)	250	(47)	(30,189)	2,953
RECONCILIATION OF FUNDS							
Total funds brought forward		6,418	22,735	473	1,077	30,703	27,776
Total funds Carried forward		7,672	(8,911)	723	1030	514	30,703

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 63 to 83 form an integral part of these financial statements. Details of the previous year's restatement adjustment are outlined in note 24.

BAPTIST UNION OF GREAT BRITAIN

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2018

	Notes	2018 £'000	2018 £'000	Restated 2017 £'000	Restated 2017 £'000
Fixed assets					
Tangible assets	14	41,651		41,771	
Investments	15	9,983		20,131	
			51,634		61,902
Current assets					
Debtors	16	16,951		15,470	
Cash and Bank	17	19,487		38,773	
		36,438		54,243	
Current liabilities					
Creditors:					
Amounts falling due within one year	18	(50,890)		(46,216)	
			(14,452)		8,027
Total assets less current liabilities			37,182		69,929
Long Term liabilities					
Loans	19		-		-
Provision for liabilities					
Defined Benefit pension scheme liability	20		(718)		(4,486)
Net assets			36,464		65,443
CONSOLIDATED FUNDS					
Endowment funds	21		1,030		1,077
Restricted income funds	22		32,797		31,641
Designated funds	23		(10,532)		21,077
Unrestricted income funds			13,169		11,648
Total consolidated funds			36,464		65,443

The financial statements were approved by the Trustees on and signed on 9th May 2019 their behalf by



Alastair Mitchell Baker - Moderator



John Levick – Treasurer

The notes on pages 63 to 83 form an integral part of these financial statements. Details of the previous year's restatement adjustment are outlined in note 24.

BAPTIST UNION OF GREAT BRITAIN

BALANCE SHEET AT 31 DECEMBER 2018

	Notes	2018 £'000	2018 £'000	Restated 2017 £'000	Restated 2017 £'000
Fixed assets					
Tangible assets	14	6,590		8,390	
Investments	15	10,560		20,938	
			17,150		29,328
Current assets					
Debtors	16	1,556		2,107	
Cash and Bank	17	3,370		4,525	
		4,926		6,632	
Current liabilities					
Creditors:					
Amounts falling due within one year	18	(844)		(900)	
			4,082		5,732
Total assets less current liabilities			21,232		35,060
Long-Term liabilities					
Loan	19		(20,000)		-
Provision for liabilities					
Defined Benefit pension scheme liability	20		(718)		(4,357)
Net assets			514		30,703
THE FUNDS OF THE CHARITY					
Endowment funds	21		1,030		1,077
Restricted income funds	22		723		473
Designated funds	23		(8,911)		22,735
Unrestricted income funds			7,672		6,418
Total charity funds			514		30,703

The financial statements were approved by the Trustees on and signed on 9th May 2019 their behalf by



Alastair Mitchell Baker - Moderator



John Levick – Treasurer

The notes on pages 63 to 83 form an integral part of these financial statements. Details of the previous year's restatement adjustment are outlined in note 24.

BAPTIST UNION OF GREAT BRITAIN

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £'000	Restated 2017 £'000
Net income for the reporting period		(30,487)	4,303
Adjustments for:			
Net gains on investments		(49)	(2,119)
Loss on closure of joint venture		-	545
Net Value of assets transferred to Baptist House Limited		-	58
Net interest in result of Baptist House Limited		(36)	12
Net income before gains on investment		(30,572)	2,799
Adjustments for:			
Depreciation		189	124
Dividends and interest from investments		(890)	(1,098)
Net gains on sale of fixed assets		(749)	(1,251)
Decrease in stocks		-	-
(Increase)/Decrease in debtors		(1,481)	1,075
Increase in creditors and provisions		4,673	13,076
Movement in defined benefit liability		(2,259)	(638)
Net cash provided by operating activities		(31,089)	14,087
Cash flows from investing activities			
Dividends and interest from investments		890	1,098
Proceeds from sale of property		1,958	3,413
Purchase of tangible fixed assets		(2,002)	(5,446)
Proceeds from sales of investments		11,780	5,593
Purchase of investments		(11,224)	(5,615)
Cash invested in Baptist House Limited		-	(300)
cash withdrawn from investment managers		10,401	1,084
Net cash used in investing activities		11,805	(173)
Changes in cash and cash equivalents in the year		(19,286)	13,914
Cash and cash equivalents brought forward		38,773	24,859
Cash and cash equivalents carried forward	17	19,487	38,773

The notes on pages 63 to 83 form an integral part of these financial statements. Details of the previous year's restatement adjustment are outlined in note 24.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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 the Charities Statement of Recommended Practice (Charities SORP (FRS 102)), Financial Reporting Standard 102 and the Charities Act 2011. Baptist Union of Great Britain is a registered charity, no. 1125912, and 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 notes.

(b) Basis of Consolidation

Where control is exercised by the parent charity over another entity, these entities are consolidated as subsidiaries on a line by line basis in accordance with FRS102 – section 9 and the Charities SORP (FRS102). The charity's interests in a joint venture are accounted for using the equity method in accordance with FRS102. The joint arrangement is accounted for by including the charity's share of the income, expenditure, assets and liabilities relating to the activity of the joint arrangement. Details of the entities and interests are given in note 15 to the financial statements. Where an entity's reporting period end differs from that of the parent, the consolidated financial statements include the financial statements of the subsidiary as of its last reporting date before the parent's reporting date, as adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements. Details on an entity by entity basis are given in note 15.

(c) Preparation of the financial statements on a going concern basis

The Trustees consider that there are sufficient reserves held at year end to manage any foreseeable downturn in the economy in the UK. The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity has therefore continued to adopt the going concern basis in preparing its financial statements.

(d) Funds 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 capital and capital investment.
- Designated Funds: These represent amounts set aside by the Union for specific purposes as set out in note 23. 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 22.
- Endowment Funds: These represent amounts where the income may be used but where the capital is not expendable as set out in note 21.

(e) Income

Income is recognised in the Statement of Financial Activities when the charity 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 accounted for gross when received.

- Legacies are accounted for at the earlier of the Estate accounts being finalised and notified, and cash received.
- Subscription income is accounted for gross when received.
- Funds received under Ultimate Trusts are accounted for when received.
- Interest receivable from loans is accounted for on an accrual's basis.
- Accommodation fees charged on loans which remain undrawn after 6 months are recognised on an accrual's basis.
- Trading income is accounted for in the period in which the associated event takes place.
- Investment income is accounted for when received or on an accruals basis where the amount can be measured reliably, and entitlement is certain.

(f) Expenditure

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 represents publicity material and promotion of the Union and the Home Mission Fund, and investment management fees.
- Charitable activities represent expenditure in the furtherance of the object of the Union.
- Grants payable are agreed on an annual basis and accounted for in the year in which they are committed. Multi-year grants are subject to performance conditions and are only recognised to the extent that conditions under the control of the Charity are met.
- 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. Support and Governance costs are allocated to charitable activities in proportion to the direct charitable expenditure on that activity, where the charity considers that support costs are incurred as part of the delivery of that activity. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

(g) Tangible fixed assets

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

Land	Not depreciated
Non-residential Freehold Buildings	2%
Furniture and fittings	10% and 25%
Computers and equipment	20% and 33%
Software project	20%

Freehold residential buildings are maintained during the period of ownership such that the overall difference between residual values and carrying value are not material and as a result no depreciation is provided. Depreciation is provided on long leasehold properties over the remaining life of the lease. Annual reviews are undertaken by the Trustees at each balance sheet date to assess whether there is an indication of impairment. 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

(h) Fixed asset investments

Quoted 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. Investments in subsidiaries are measured at cost less impairment.

BAPTIST UNION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

(i) Investment Property

Investment property is property deemed to be held for financial gain and is carried as the Trustees best estimate of valuation. It includes the proportion of a Baptist House (a mixed-use property) that is let out on a commercial basis. The Trustees review the valuation annually and changes in value are reported in the Statement of Financial Activities.

(h) Debtors

Accrued income is recognised in the period to which it relates. Loans are considered concessionary loans made as they are made by the charity to further its purposes. Loans are initially measured at the amount paid, with the carrying amount adjusted subsequently to reflect repayments and any interest receivable. Where any loan made is considered to be irrecoverable an impairment loss is recognised. Prepayments and other debtors are recognised at the settlement amount due. Debtors are measured at their recoverable amount.

(i) Cash at bank and in hand

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

(j) Creditors

Creditors are recognised where the charity 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. Accruals and other creditors are recognised at their settlement amount due. Trust accounts and loan fund deposits are recognised where held at the amount received and the carrying amount is adjusted to reflect any interest payable. Loans are considered concessionary loans received as they are made to the charity to further its purposes and any interest charged is below the prevailing market rates.

(k) Financial instruments

The Charity 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.

(l) Employee benefits

The charity operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the charity pays fixed contributions into a separate entity. Once the contributions have been paid the charity has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the charity in independently administered fund. Prior to 2012 pension provision was made through multi-employer defined benefit pension plans. Where it is not possible for the charity to obtain sufficient information to enable it to account for a plan as a defined benefit plan, it accounts for the plan as a defined contribution plan. Where the plan is in deficit and where the charity has agreed, with the plan, to participate in a deficit funding arrangement, the charity recognises a liability for this obligation. The amount recognised is the net present value of the contributions payable under the agreement that relate to the deficit. This amount is expensed in the Statement of Financial Activities. The unwinding of the discount is recognised as a finance cost. A liability for the agreed pension

scheme deficit plan of the Baptist Union Staff Pension Scheme has been included based on an estimate of the remaining costs to complete the wind up of the scheme. A liability for the agreed pension scheme deficit plan of the Baptist Pension Scheme has been included, in accordance with the Schedule of Contributions dated 36 December 2018.

(m) Taxation

Included within the consolidation are charitable companies that are considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore meet 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.

(n) Judgement and Key Sources of Estimations Uncertainty

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

- (a) Judgements in applying the entity's accounting policies
 - (i) Multi-employer defined benefit pension schemes: Certain employees participate in multi-employer defined benefit pension schemes with other organisations. In the judgement of the Trustees, the charity does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore, the schemes are accounted for as defined contribution schemes: see note 27 for further details.
- (b) Accounting estimates and assumptions
 - (ii) Multi-employer defined benefit pension scheme: The charity has an obligation to pay a deficit funding arrangement in respect of two multi-employer defined benefit pension schemes (Baptist Pension Scheme and Baptist Union Staff Pension Scheme). The present value of the obligation depends on a number of factors including the RPI rate and the discount rate on corporate bonds. Management estimates these factors in determining the new pension obligation in the balance sheet.
 - (iii) Useful economic lives of tangible assets: The annual depreciation charge of tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the fixed assets and note 1(g) for the useful economic lives for each class of assets.
 - (iv) Bad Debt provisions: The recoverability of loans is assessed annually, and at the balance sheet date provisions for doubtful debts are provided based on prior year experiences.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

2. DONATIONS AND LEGACIES

Consolidated	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2018 £'000	Total 2017 £'000
Donations	3,804	53	300	-	4,157	4,145
Legacies	614	-	221	-	835	1,199
Subscriptions	511	-	-	-	511	499
Gifts from other Baptist Constituents	-	-	-	-	-	(0)
Total	4,929	53	521	-	5,503	5,843

In 2017, £498k of the charitable activities income was attributable to restricted funds and the remaining £5,345k was attributable to unrestricted funds.

Charity	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2018 £'000	Total 2017 £'000
Donations	3,803	53	294	-	4,150	4,118
Legacies	580	-	-	-	580	997
Subscriptions	511	-	-	-	511	499
Gifts from other Baptist Constituents	212	-	-	-	212	234
Total	5,106	53	294	-	5,453	5,848

In 2017, £269k of the charitable activities income was attributable to restricted funds and the remaining £5,579k was attributable to unrestricted funds.

3. CHARITABLE ACTIVITIES

Consolidated	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2018 £'000	Total 2017 £'000
Publication sales	7	-	-	-	7	9
Rent	53	-	737	-	790	688
Funds received under Ultimate Trusts	-	1,492	-	-	1,492	830
Interest receivable from loans	567	-	-	-	567	507
Expenses receivable on trusts	111	-	-	-	111	71
Fee for operating gift aid scheme	4	-	-	-	4	6
Accommodation fees	6	-	-	-	6	3
Trading Income	45	-	6	-	51	20
Other Income	2	-	-	-	2	-
Income from Joint Venture	15	179	-	-	358	26
Total	810	1,814	743	-	3,224	2,160

The Trustees of the Charity have agreed to designate monies received by the Charity as the beneficiary of Ultimate Trust provisions under the Trust Deeds of closing churches and other organisations, to the Pension Reserve Fund. In 2017, £601k of the charitable activities income was attributable to restricted funds, £795k was attributable to designated funds, and the remaining £738k was attributable to unrestricted funds.

BAPTIST UNION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

3. CHARITABLE ACTIVITIES (continued)

Charity	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2018 £'000	Total 2017 £'000
Publication sales	7	-	-	-	7	9
Rent	53	-	-	-	53	77
Funds received under Ultimate Trusts	-	1,492	-	-	1,492	830
Trading Income	46	-	-	-	46	34
Total	106	1,492	-	-	1,598	950

Monies received by the Charity as the beneficiary of Ultimate Trust provisions under the Trust Deeds of closing churches and other organisations. The Trustees of the Charity have agreed to Designate such receipts to the Pension Reserve Fund.

In 2017, £795k was attributable to designated funds, £35k was attributable to Restricted Funds and the remaining £120k was attributable to unrestricted funds.

4. INVESTMENT INCOME

Consolidated	Total 2018 £'000	Total 2017 £'000
<u>Quoted Investments:</u>		
UK listed Bonds	100	197
UK listed Equities	107	132
Overseas listed Equities	132	176
Overseas listed Bonds	-	29
UK Property Unit Trusts	67	91
<u>Other:</u>		
Interest on Cash Deposits	381	410
Other	103	51
Total	890	1,086

In 2018 £612k (2017: £792k) of the investment income was attributable to unrestricted income funds, £272k (2017: £261k) was attributable to designated income funds, £3k (2017: £2k) was attributed to restricted income funds, and the remaining £34k (2017: £31k) was attributable to endowment income funds.

Charity	Total 2018 £'000	Total 2017 £'000
<u>Quoted Investments:</u>		
UK listed Bonds	100	175
UK listed Equities	107	126
Overseas listed Equities	132	169
Overseas listed Bonds	-	29
UK Property Unit Trusts	67	85
<u>Other:</u>		
Return on investment in Baptist Union Corporation Ltd		49
Interest on Cash Deposits	85	237
Other	70	210
Total	561	1,080

In 2018 £291k (2017: £637k) of the investment income was attributable to unrestricted income funds, £236k (2017: £412k) was attributable to designated income funds, £nil (2017: £nil) was attributed to restricted income funds, and the remaining £34k (2017: £31k) was attributable to endowment income funds.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

5. OTHER INCOME

Consolidated	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2018 £'000	Total 2017 £'000
Other income	48	70	-	-	118	57
Total	48	70	-	-	118	45

In 2017, £57k of other costs was related to Unrestricted funds, with nil attributable to other funds

Charity	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2018 £'000	Total 2017 £'000
Other income	56	70	-	-	126	25
Total	56	70	-	-	126	25

In 2017, £25k of other costs was related to Unrestricted funds with nil attributable to other funds

6. RAISING FUNDS

Consolidated	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2018 £'000	Total 2017 £'000
Investment	46	42	-	6	94	118
Publication expenses	5	-	-	-	5	6
Total	51	42	-	6	99	124

In 2017, £6k of costs in relation to raising funds was attributable to endowment funds, £37k was attributable to designated funds, and the remaining £81k was attributable to unrestricted funds.

Charity	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2018 £'000	Total 2017 £'000
Investment	46	42	-	6	94	103
Publication expenses	5	-	-	-	5	6
Total	51	42	-	6	99	109

In 2017, £6k of costs in relation to raising funds was attributable to endowment funds, £37k was attributable to designated funds, and the remaining £66k was attributable to unrestricted funds.

BAPTIST UNION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

7. CHARITABLE ACTIVITIES

Consolidated

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2018 £'000	Total 2017 £'000
Regional Association						
- Mission & Operations	3,368	-	-	-	3,368	3,597
Faith & Society						
- Team Costs	798	72	5	-	875	889
- Ecumenical	56	-	-	-	56	77
- Other grants	93	-	-	-	93	92
Ministries						
- Team Costs	479	43	3	-	525	1,143
- Mission Grants	137	-	-	-	137	
- Student Training	160	-	4	-	164	324
Safeguarding						
- Team Costs	462	44	3	-	509	-
Support Services						
- Advice & Information	32	119	-	-	151	42
- Pension Cost	-	33,500	4	-	33,504	71
- BSBS	-	-	-	-	-	125
- Benevolent Funds	24	(18)	13	-	19	37
Other						
- Retirement Housing	-	-	517	-	517	410
- BU Corporation	840	-	-	-	840	644
Total	6,449	33,760	549	-	40,758	7,451

In 2017, £448k of costs in relation to charitable activities was attributable to restricted funds, £415k was attributable to designated funds, and the remaining £6,588k was attributable to unrestricted funds.

Charity

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2018 £'000	Total 2017 £'000
Regional Association						
- Mission & Operations	3,368	-	-	-	3,368	3,599
Faith & Society						
- Team Costs	798	72	5	-	875	864
- Ecumenical	56	-	-	-	56	78
- Other grants	93	-	-	-	93	92
Ministries						
- Team Costs	479	43	3	-	525	1,182
- Mission Grants	137	-	-	-	137	
- Student Training	160	-	4	-	164	336
Safeguarding						
- Team Costs	462	44	3	-	509	-
Support Services						
- Advice & Information	32	119	-	-	151	44
- Pension Costs	-	33,500	4	-	33,504	75
- BSBS	-	(24)	-	-	(24)	125
- Benevolent Funds	-	6	27	-	33	19
Total	5,585	33,760	46	-	39,391	6,414

In 2017, £38k of costs in relation to charitable activities was attributable to restricted funds, £415k was attributable to designated funds, and the remaining £5,961k was attributable to unrestricted funds.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

8. ALTERNATIVE ANALYSIS OF EXPENDITURE

Consolidated	Direct Charitable	Grants	Support Costs	TOTAL 2018	TOTAL 2017
	£'000	(note 26) £'000	(note 11) £'000	£'000	£'000
Regional Association					
- Grants & Operational Funding	29	3,340	-	3,368	3,597
Faith & Society					
- Team Costs	407	-	468	875	889
- Ecumenical	10	46	-	56	77
- Other grants	-	93	-	93	92
Ministries					
- Team Costs	245	-	280	525	1,143
- Mission Grants	-	137	-	137	-
- Student Training	164	-	-	164	324
Safeguarding					
- Team Costs	239	-	270	509	-
Support Services					
- Advice & Information	132	-	19	151	42
- Pension Costs	33,500	-	4	33,504	71
- BSBS	-	-	-	-	125
- Benevolent Funds	-	16	3	19	37
Other					
- Retirement Housing	491	-	26	517	410
- BU Corporation	779	-	61	840	644
	35,995	3,632	1,131	40,758	7,451
Cost of raising funds	99	-	-	99	124
Total	36,095	3,631	1,131	41,857	7,575

In 2017 £1,872k related to Direct Charitable expenditure, £3,818k to Grants and £1,761k to Support Costs

Charity	Direct Charitable	Grants	Support Costs	TOTAL 2018	TOTAL 2017
	£'000	£'000	(note 11) £'000	£'000	£'000
Regional Association					
- Grants & Operational Funding	28	3,340	-	3,368	3,597
Faith & Society					
- Team Costs	407	-	468	875	864
- Ecumenical	10	46	-	56	78
- Other grants	-	93	-	93	92
Ministries					
- Team Costs	245	-	280	525	1,182
- Mission Grants	-	137	-	137	-
- Student Training	164	-	-	164	336
Safeguarding					
- Team Costs	239	-	270	509	-
Support Services					
- Advice & Information	132	-	19	151	44
- Pension Deficit	33,500	-	4	33,504	75
Cessation					
- BSBS	-	(24)	-	(24)	125
- Benevolent Funds	-	33	-	33	19
	34,725	3,625	1,042	39,391	6,414
Cost of raising funds	99	-	-	99	109
Total	34,824	3,625	1,042	39,490	6,523

In 2017 £1,336k related to Direct Charitable expenditure, £3,818k to Grants and £1,369k to Support Costs

BAPTIST UNION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

9. OTHER EXPENDITURE

There was no other expenditure in 2018 (2017: £nil) for either the charity or the group.

10. SUPPORT COSTS

Consolidated

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2018 £'000	Total 2017 £'000
Staff	247	-	-	-	247	500
Depreciation	45	142	-	-	187	61
Property	39	-	-	-	39	464
Insurance	6	-	-	-	6	47
Printing and postage	12	18	-	-	30	13
IT	69	-	-	-	69	55
Other Office Costs	2	-	-	-	2	3
Bank charges	10	-	-	-	10	63
Office facilities	22	-	-	-	22	59
Pension Deficit	266	-	4	-	270	125
Total	718	160	4	-	882	1,390
Governance costs						
Annual Assembly	1	-	-	-	1	4
Council	22	-	-	-	22	20
Committees	38	-	-	-	38	49
Auditors' remuneration	72	-	14	-	86	34
Independent Examination Fees	-	-	-	-	-	(2)
Legal and Professional	57	-	23	-	80	251
Trustee Insurance	22	-	-	-	22	15
Total Governance costs	212	-	37	-	249	371
Total Support costs	930	160	41	-	1,131	1,761

In 2017, £411k of support costs were attributable to restricted funds £271k were attributable to designated funds, and the remaining £1,079k was attributable to unrestricted funds.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

11. SUPPORT COSTS (continued)

Charity	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2018 £'000	Total 2017 £'000
Staff	247	-	-	-	247	393
Depreciation	45	142	-	-	187	48
Property	39	-	-	-	39	401
Insurance	6	-	-	-	6	9
Printing and postage	12	18	-	-	30	13
IT	69	-	-	-	69	55
Other Office Costs	2	-	-	-	2	3
Bank charges	10	-	-	-	10	8
Office facilities	22	-	-	-	22	32
Pension Deficit	266	-	4	-	270	125
Total	718	160	4	-	882	1,087
Governance costs						
Annual Assembly	1	-	-	-	1	3
Council	22	-	-	-	22	20
Committees	38	-	-	-	38	49
Auditors' remuneration	48	-	-	-	48	26
Legal and Professional	27	-	11	-	38	169
Trustee Insurance	13	-	-	-	13	15
Total Governance costs	149	-	11	-	160	282
Total Support costs	867	160	15	-	1,042	1,369

In 2017, £271k of support costs were attributable to designated funds, and the remaining £1,098k was attributable to unrestricted funds.

12. NET INCOME FOR THE YEAR

	Consolidated		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
This is stated after charging/(crediting):				
Depreciation	187	124	187	111
Auditors' remuneration:				
Audit work	69	65	48	30
Non-audit work	-	6	-	6
Audit work: under/(over) accrual in respect of prior year	17	(7)	-	(4)

BAPTIST UNION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

13. EMPLOYEES AND TRUSTEES

	Note	Consolidated		Charity	
		2018 £'000	Restated 2017 £'000	2018 £'000	Restated 2017 £'000
Staff and appointed minister costs:					
Salaries and stipends		1,160	1,280	1,160	1,280
Social security costs		106	113	106	113
Pension costs	27	101	144	101	143
Other costs			14	2	14
		1,367	1,551	1,369	1,550
Less: Attributable to other Baptist entities		(435)	(418)	(435)	(418)
Total		932	1,133	934	1,132
Average number employees during the year:		40	39	30	33

No employee received emoluments in excess of £60,000 during the year (2017: £nil).

Trustee emoluments, including pension contributions of £3,838 (2017: £8,224), were paid for one trustee (2017: 1), Rev. Lynn Green, amounting to £38,395 (2017: £35,790). Her appointment as trustee is in accordance with the Union's constitution. No emoluments were paid to any of the other trustees for their work as Trustees.

One trustee received a retiring ministerial removal grant of £900 (2017: £nil) on the same terms and conditions as other ministers for whom removal grants may be made available.

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

A total of £1,724 was paid to 8 Trustees in reimbursement of travelling and subsistence expenses as Trustees (2017: £2,739 to 8 Trustees).

Total aggregate remuneration paid to key management personnel during the year was £224,430 (2017: £233,255).

14. TANGIBLE FIXED ASSETS

Consolidated	Freehold Properties £'000	Leasehold Properties £'000	Computer Equipment £'000	Furniture & Fittings £'000	Restated Total 2018 £'000
Cost					
1 January 2018	40,725	1,055	144	79	42,003
Additions	2,000	-	2	-	2,002
Disposals	(1,213)	-	-	-	(1,213)
Transfers to Investment Property	(723)	-	-	-	(723)
31 December 2018	40,789	1,055	146	79	42,069
Depreciation					
1 January 2018	58	48	111	15	232
Charge for the year	142	6	21	20	189
Disposals	(3)	-	-	-	(3)
31 December 2018	197	54	132	35	418
Net Book Value					
31 December 2018	41,592	1,001	14	44	41,651
31 December 2017	40,667	1,006	33	64	41,771

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

14. TANGIBLE FIXED ASSETS (continued)

Charity	Freehold Properties £'000	Leasehold Properties £'000	Computer Equipment £'000	Furniture & Fittings £'000	Restated Total 2018 £'000
1 January 2018	8,349	-	146	79	8,574
Additions	6	-	1	-	2
Transfer of Fixed Asset Investment	(723)	-	-	-	(723)
Disposals	(903)	-	-	-	(903)
31 December 2018	6,729	-	147	79	6,952
Depreciation					
1 January 2017	58	-	111	15	184
Charge for the year	142	-	22	20	186
Disposals	(3)	-	-	-	(3)
31 December 2018	197	-	133	35	365
Net Book Value					
31 December 2018	6,532	-	14	44	6,590
31 December 2017	8,291	-	35	64	8,390

15. FIXED ASSET INVESTMENTS

Consolidated	Quoted at market value £'000	Cash with Managers £'000	Investment Property £'000	Total 2018 £'000	Total 2017 £'000	
Balance at 1 January	18,939	250	840	20,029	18,853	
Additions	388	10,836	-	11,224	5,615	
Disposals	(11,393)	(387)	-	(11,780)	(5,593)	
Transfer of Investment Property	-	-	723	723	119	
Realised and unrealised gains/(losses)	(424)	(8)	482	50	2,119	
Withdrawals	-	(10,401)	-	(10,401)	(1,084)	
Balance at 31 December	7,510	290	2,045	9,845	20,029	
Add / (deduct) share of net assets Baptist House Limited				138	102	
Total Fixed Asset Investments				9,983	20,131	
Historical Costs of Investments				8,215	16,259	
Charity	Unquoted at cost £'000	Quoted at market value £'000	Cash with Managers £'000	Investment in Property £'000	Total 2018 £'000	Total 2017 £'000
Balance at 1 January	1,777	18,911	250	-	20,938	23,480
Additions	-	387	10,859	-	11,246	10,273
Transfer of Investment Property	-	-	-	723	723	-
Disposals	-	(11,393)	(387)	-	(11,780)	(13,122)
Realised and unrealised gains/(losses)	-	(421)	(8)	263	(166)	1,391
Withdrawals	-	-	(10,401)	-	(10,401)	(1,084)
Balance at 31 December	1,777	7,484	313	986	10,560	20,938
Historical cost of investments					8,067	16,111

BAPTIST UNION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

15. FIXED ASSET INVESTMENTS (continued)

The following investments exceeded 5% of the total portfolio:	2018	2017
	£'000	£'000
Royal London Ethical Bond Fund	1,210	3,076
Charities Property Fund	598	1,656
Unquoted investments at cost	2018	2017
	£'000	£'000
Baptist Holiday Fellowship Limited	17	17
Baptist House Ltd	300	300
Baptist Union Corporation Ltd	1460	1460
Total unquoted investment at cost	1,777	1,777

The unquoted investments represent 83.435% of the issued share capital of the Baptist Holiday Fellowship Limited which provides grants to ministers to take holidays, and 50% of share capital of Baptist House Limited and The Union's capital loan to the Baptist Union Corporation Limited which provides the capital for the Baptists Together Loan fund.

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

Baptist Union Corporation Limited is a company limited by guarantee, registered number 00032743, and a registered charity, number 249635. It has been consolidated on a line by line basis. During the year ended 31 December 2018 Baptist Union Corporation Limited made a surplus of £nil (2017: £nil) based on a turnover of £803k (2017: £969k). The company had capital and reserves of £4,264k (2015: £4,720k).

Retired Baptist Ministers' Housing Organisation (RBMHO) is a Charitable Incorporated Organisation, registered charity number 1177649. It has been consolidated on a line by line basis. During the 15 months ended 31 December 2018 RBMHO made a surplus of £1,629k (2017: £1,147k), and the Company had accumulated capital and reserves of £32,161k (2017: £30,532k).

The Baptist Union of Great Britain appoints a majority of the Directors of Baptist Holiday Fellowship Limited, registered number 00133395, and registered charity number 270618. It has been consolidated on a line by line basis. During the year ended 30 November 2018 Baptist Holiday Fellowship Limited made a surplus of £273k (2017: £744k) based on a turnover of £46k (2017: £46k) and the company had accumulated reserves of £1,229k (2017: £957k).

The Baptist Union of Great Britain appoints half of the Directors of The Baptist Assembly, which is a company limited by guarantee, registered number 06782754 and registered charity, number 1128440. The Union's share of the results for the 14 months to 31 October 2018 are included in the consolidated financial statements. During period ended 31 August 2017 the Baptist Assembly made a deficit of £6k (2017: deficit £28k) based on a turnover of £28k (2017: £26k). The company had capital and reserves of £nil (2017: £6k). The Company was subsequently dissolved on 19 February 2019.

The Baptist Union of Great Britain appoints half of the committee of the Joint Arrangement with BMS World Mission which operated Baptist House Didcot for the Union and BMS World Mission until 31st October 2017, at which point it was wound down and the operations transferred to Baptist House Limited. The Union's share of the Joint Arrangement has been accounted for as a branch. During the year ended 31 October 2017 the Joint Arrangement made a surplus of £58k based on a turnover of £808k.

Baptist House Limited is a company limited by guarantee, registered number 02366122. The Union's share has been consolidated as a joint venture. During the year ended 31 October 2018 Baptist House Limited made a surplus of £73k (2017: deficit of £26k) and the Company had reserves of £276k (2017: £203k).

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

16. DEBTORS

	Consolidated		Charity	
	2018	Restated 2017	2018	Restated 2017
	£'000	£'000	£'000	£'000
Accrued income	397	611	384	1,025
Prepayments and other debtors	170	157	120	67
Loans to staff	33	36	33	36
Amounts owed by group entities	-	-	6	288
	600	804	543	1,416
Loans:				
- Baptist Strategy Building Scheme (BSBS) loans	58	71	58	71
- Baptist Union Corporation Limited	-	-	955	620
- Manse Loans	4,521	4,528	-	-
- Church Loans	10,639	9,305	-	-
- Pension Loans	558	549	-	-
- Baptist Colleges	343	-	-	-
- Secured advances to churches	232	213	-	-
	16,351	15,466	1,013	691
Total	16,951	15,470	1,556	2,107

In respect of the outstanding BSBS loans of £58k, £15k is due to be repaid within 12 months (2017: £18k), £12k is due to be repaid between two and five years (2017: £15k), and £31k is due to be repaid in more than five years (2017: £38k).

In respect of the outstanding loans of £16,060k (2017: £14,450k), £2,261k (2017: £1,239k) is due to be repaid within 12 months, £1,888k (2017: £1,269k) is due to be paid within two years, £4,366k (2017: £3,703k) is due to be repaid between three and five years, and £7,546k (2017: £8,239k) is due to be repaid in more than five years.

Loans totalling £2,427k (2017: £4,682k) have been approved but not taken up as at 31 December 2018.

17. CASH AND BANK BALANCES

	Consolidated		Charity	
	2018	Restated 2017	2018	Restated 2017
	£'000	£'000	£'000	£'000
Short-term Deposits	2,319	18,051	3,370	4,525
Notice deposits	17,168	20,722	-	-
Total	19,487	38,773	3,370	4,525

Short-term deposits are available in less than three months; notice deposits are available in more than three months but less than 12 months.

Included within the total cash balance is £nil (2017: £133k) attributable to the endowment fund, and therefore this amount is not available to use to further the activities of the charity.

BAPTIST UNION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

18. CREDITORS

	Consolidated		Charity	
	2018 £'000	Restated 2017 £'000	2018 £'000	2017 £'000
Amounts falling due within one year:				
Accruals and other creditors	954	1,048	844	879
Trust accounts	12,253	14,163	-	-
Covenant Trust accounts	1	2	-	-
Loan fund deposits	35,895	27,901	-	-
Intercompany creditors	-	-	-	21
Loans	1,787	3,102	-	-
Total	50,890	46,216	844	900

Included with the Loans balance is £1,686k (2017: £1,686k) of interest free loans which represent contributions received towards the cost of properties which are to be repaid when the tenancy is terminated. These are shown as current liabilities as the dates of repayment cannot be determined.

19. LONG-TERM LIABILITY

	Consolidated		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Loan from Group Entity				
RBMHO	-	-	20,000	-
Total	-	-	20,000	-

The loan from RBMHO is an interest only loan at an interest rate of 3% above the Bank of England base rate. There is no fixed repayment date and it can only be recalled by the lender by giving no less than 12 months notice.

20. PROVISION FOR LIABILITIES

	Consolidated		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Defined Benefit pension scheme liability				
Balance sheet liability at 1 st Jan	4,486	4,990	4,357	4,833
Deficiency contributions paid	(2,361)	(638)	(2,264)	(619)
Interest (Gains)/losses (recognised in Sofa)	102	123	101	125
Actuarial (Gains)/Losses	(1,509)	11	(1,476)	18
Balance sheet liability at 31st Dec	718	4,486	718	4,357

For more details on pension liabilities, please see note 27.

21. ENDOWMENT FUNDS

Consolidated and Charity	1 Jan	Income	Expenditure	Gains and	Transfer	31 Dec
	2018					2018
	£'000	£'000	£'000	Losses	£'000	£'000
				£'000		
Sustentation Fund	1,077	34	(6)	(41)	(34)	1,030
Total	1,077	34	(6)	(41)	(34)	1,030
		Fixed	Investments	Current	Total	
		Assets		Assets		
		£'000	£'000	£'000	£'000	
Sustentation Fund	-	-	1,032	(2)	1,030	
Total	-	-	1,032	(2)	1,030	

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

The Sustentation Fund income is available for provision of Ministry and the income was transferred to unrestricted income to support grants for ministry in accordance with the Trust Deed.

22. RESTRICTED FUNDS

	1 Jan 2018 £'000	Income £'000	Expenditure £'000	Gains and Losses £'000	Transfers £'000	31 Dec 2018 £'000
Deaconesses' Benevolent Fund	10	-	(10)	-	-	-
Pension Reserve	428	280	(15)	-	-	693
Retired Ministers' Benevolent Fund	35		(6)	-	-	29
Pastoral Fund		10	(10)	-	-	-
Retirement Courses		4	(4)	-	-	-
Total Charity	473	294	(45)	-	-	722
Remove on consolidation						
Pastoral Fund	-	(10)	10	-	-	-
Retirement Courses	-	(4)	4	-	-	-
RBMHO	30,712	987	(517)	493	400	32,075
BUC (retired minister housing)	456	-	-	-	(456)	-
Total Consolidated	31,641	1,267	(549)	493	(56)	32,797

	Fixed Assets £'000	Investments £'000	Current Assets £'000	Total £'000
(a) Deaconesses' Benevolent Fund	-	-	693	693
(b) Pension Reserve	-	-	29	29
(c) Retired Ministers' Benevolent Fund	-	-	-	-
Total Charity	-	-	722	722
(d) RBMHO	35,061	27	(3,013)	32,075
(e) BUC (retired ministers housing)	-	-	-	-
Total Consolidated	35,061	27	(2,291)	32,797

- (a) The Deaconesses' Benevolent Fund assisted former members of the Deaconesses' Order. The assets of the fund were distributed to the remaining deaconesses during 2018.
- (b) The Pension Reserve has been established to support the Baptist denomination in addressing the issues relating to the deficit in the Baptist Pension Scheme. Funds are intended to be used to (1) clear the debts to the scheme of closed churches where no other funds are available, in order to avoid the Pension Trustees having to pursue individual church trustees for repayment, and (2) provide funds to reduce the overall deficit in the Baptist Pension Scheme.
- (c) The Retired Ministers' Benevolent Fund assists retired ministers on the accredited list.
- (d) RBMHO provides housing for retired Baptist ministers and their spouses.
- (e) Baptist Union Corporation held cash and freehold properties for direct charitable purposes and are for the housing of retired Baptist ministers, missionaries and their widows/widowers. These were gifted to RBMHO in 2018

BAPTIST UNION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

23. DESIGNATED FUNDS

	1 Jan 2018 £'000	Income £'000	Expenditure £'000	Gains and Losses £'000	Transfers £'000	31 Dec 2018 £'000
Loan fund capital	1,460	-	-	-	-	1,460
Baptist Strategy Building Scheme	71	-	25	-	(38)	58
Pension Reserve	11,515	1,753	(33,613)	(73)	1,200	(19,218)
Baptist House Reserve	3,064	-	(85)	263	6	3,248
Fixed Asset Reserve	5,527	-	(56)	-	(901)	4,570
One off Projects Reserve	98	70	(43)	-	(125)	-
Pastoral Fund	917	29	(12)	(27)	-	907
Strategic Projects Fund	83	-	(18)	-	-	65
Total Charity	22,735	1,852	(33,802)	163	142	(8,910)
Loan fund capital removed on consolidation	(1,460)	-	-	-	-	(1,460)
Adjustment for Baptist House Reserve on consolidation	(198)	36	-	-	-	(162)
Total Consolidated	21,077	1,888	(33,802)	163	142	(10,532)

	Fixed Assets £'000	Investments £'000	Current Assets £'000	Long-Term Liability £'000	Total £'000
(a) Loan fund capital	-	1,460	-	-	1,460
(b) Baptist Strategy Building Scheme	-	-	58	-	58
(c) Pension Reserve	-	-	782	(20,000)	(19,218)
(d) Baptist House Reserve	1,961	1,287	-	-	3,248
(e) Fixed Asset Reserve	4,570	-	-	-	4,570
(f) One-off Projects Reserve	-	-	-	-	-
(g) Pastoral Fund	-	907	-	-	907
(h) Strategic Projects Fund	-	-	65	-	65
Total Charity	6,531	3,654	905	(20,000)	(8,910)
Elimination / Adjust on consolidation					
Loan fund capital	-	(1,460)	-	-	(1,460)
Pension Reserve	-	-	(20,000)	20,000	-
Investment in BHL	-	(162)	-	-	(162)
Total Consolidated	6,531	2,032	(190,95)	-	(10,532)

- (a) The Loan Fund Capital is the investment in Baptist Union Corporation to provide capital to the Baptist Union Loan Fund. The loan fund primarily assists churches with finance for new buildings, for extensions and/or refurbishment of church premises, for the purchase of church manses and loans to enable churches to pay off their pension deficits – this is removed on consolidation.
- (b) The Baptist Strategy Building Scheme provided loans to finance to church building. The fund represents balances outstanding and is not open to new applications. Repayments are transferred to Unrestricted funds.
- (c) The Pension Reserve has been established by the Baptist Union of Great Britain to support the Baptist denomination in addressing the issues relating to the deficit in the Baptist Pension Scheme. Funds are intended to be used to (1) clear the debts to the scheme of closed churches where no other funds are available, in order to avoid the Pension Trustees having to pursue individual church trustees for repayment, and (2) provide funds to reduce the overall deficit in the Baptist Pension Scheme.
- (d) The Baptist House Reserve recognises the investment in Baptist House that is used for operational purposes to provide office accommodation for the Specialist Teams and is not readily a liquid asset.
- (e) The Fixed Asset Reserve holds fixed assets used to support the ongoing operations of BUGB. This reserve includes essential housing provided for Association and other Union staff as well as furniture, fittings, computers, software and other assets. This is not a readily liquid asset.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

23. DESIGNATED FUNDS (Continued)

- (f) The One-off Projects Reserve was set up in 2015 to facilitate one-off strategic projects. The fund was wound up in 2018 as the programme of projects completed.
- (g) The Pastoral Fund exists for the relief of need, hardship or distress.
- (h) The Strategic Projects Fund was previously known as the Ministry Review Fund. The Trustees have renamed this fund and broadened its objectives to provide funding for projects deemed of strategic importance to The Union.

24. RECONCILIATION OF FUNDS

Funds of the Group	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total £'000
Balance at 1 January 2018	11,726	21,077	31,322	1,077	65,202
Prior Year Adjustments:					
(a) Property	-	-	319	-	319
(b) Debtor	(26)	-	-	-	(26)
(c) Creditor	(52)	-	-	-	(52)
Balance at 1 January 2018 restated	11,648	21,077	31,641	1,077	65,443

The prior year adjustments relate to:

- a) the sale of a property received as a legacy in 2008 which had not previously been recognised in the financial statements
- b) a debtor that should not have been recognised in the prior period
- c) an intra-group creditor that should have been recognised in the prior period

Funds of the Charity	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total £'000
Balance at 1 January 2018	6,444	22,735	473	1,077	30,729
Prior Year Adjustment					
(b) Debtor	(26)	-	-	-	(26)
Balance at 1 January 2018 restated	6,418	22,735	473	1,077	30,703

The prior year adjustments relate to:

- b) debtor that should not have been recognised in the prior period

BAPTIST UNION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

25. ANALYSIS OF NET ASSETS

Consolidated	Fixed Assets	Investments	Net Current Assets	Long Term Liability	Total
	£'000	£'000	£'000	£'000	£'000
Endowment Funds	-	1,032	(2)	-	1,030
Restricted Funds	35,061	27	(2,291)	-	32,797
Designated Funds	6,531	2,032	(19,095)	-	(10,532)
Unrestricted Funds	59	6,892	6,936	(718)	13,169
Total	41,651	9,983	(14,452)	(718)	34,644

Charity	Fixed Assets	Investments	Net Current Assets	Long Term Liability	Total
	£'000	£'000	£'000	£'000	£'000
Endowment Funds	-	1,030	-	-	1,030
Restricted Funds	-	-	723	-	723
Designated Funds	6,531	1,761	1,811	(20,000)	(8,911)
Unrestricted Funds	59	7,769	1,548	(718)	7,672
Total	6,590	10,560	4,082	(20,718)	514

26. GRANTS

The Baptist Union of Great Britain makes grants to some of its member churches for the provision of ministers and to other Baptist and ecumenical organisations in the furtherance of the Union's objects as set out in the trustees' report.

Grants over £10k made during the year were as follows:

	Regional Association Operational Funding £'000	Other Baptist Partner Institutions £'000	Ecumenical Partners £'000	Mission Forum £'000	TOTAL £'000
Angus Library	-	10	-	-	10
Central Baptist Association	264	-	-	-	264
Churches Together in England	-	-	20	-	20
East Midlands Baptist Association	251	-	-	-	251
Eastern Baptist Association	271	-	-	-	271
European Baptist Federation	-	56	-	-	56
Heart of England Baptist Association	292	-	-	20	312
London Baptist Association	431	-	-	-	431
North Western Baptist Association	265	-	-	-	265
Northern Baptist Association	164	-	-	-	164
Renew Wellbeing	-	-	-	20	20
Sandon Road Baptist Church	-	-	-	16	16
South Eastern Baptist Association	251	-	-	-	251
South Wales Baptist Association	233	-	-	-	233
South West Baptist Association	194	-	-	-	194
Southern Counties Baptist Association	285	-	-	-	285
Spurgeon's College	-	-	-	40	40
Together Free	-	-	-	12	12
West of England Baptist Association	223	-	-	15	238
Yorkshire Baptist Association	215	-	-	-	215
	3,339	66	20	123	3,548
Total grants under £10k					84
Total					3,632

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

27. PENSIONS

The Union is an employer participating in two pension schemes: the Baptist Pension Scheme (“the BPS”) and the Baptist Union Staff Pension Scheme (“the BUSPS”). The BPS and BUSPS are separate legal entities which are both administered by the Pension Trustee (Baptist Pension Trust Limited).

From January 2012, pension provision for the Ministers and members of staff is being made through the Defined Contribution (DC) Plan within the BPS. In general, 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 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, administration costs, and an associated insurance policy which provides income protection for BPS 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. Members of the Basic Section of BPS pay reduced contributions of 5% of Pensionable Income, and their employers also pay a total of 5%. Total contributions in respect of current period service were £101k in 2018 (2017: £143k) for the charity and £101k in 2018 for the consolidated accounts (2017: £144k)

Benefits in respect of service prior to 1 January 2012 are provided through the Defined Benefit (DB) Plan within the BPS, or through the BUSPS. The main benefits were:

- In the BPS, 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.
- In the BUSPS, a pension of one seventieth of a member’s average salary over the last three years of pensionable service.

The BPS, previously known as the Baptist Ministers’ Pension Fund, started in 1925, and the BUSPS started in 1969. Both schemes were closed to future accrual of defined benefits on 31 December 2011. Neither scheme is contracted out of the State Second Pension. The table below summarises the main results of the most recent actuarial valuations of the BUSPS and the Defined Benefit (DB) Plan in the BPS. These valuations were performed by a professionally qualified Actuary using the Projected Unit Method.

	BPS DB Plan	BUSPS
Date of valuation	31 December 2016	1 January 2017
Date next valuation due	31 December 2019	1 January 2020
Market value of scheme assets (A)	£219m	£10.3m
Technical provisions (B)	£312m	£16.2m
Deficit [(B) – (A)]	£93m	£5.9m
Funding level [(A) / (B)]	70%	64%

As a result of the valuation of the BPS, it was agreed to continue the standard rate of deficiency contributions payable by churches and other employers involved in the DB Plan at a rate of 12% of Pensionable Income/ Minimum Pensionable Income. The contributions are based on each church’s or other employer’s position at March 2015. Some churches or other employers that were only involved in the DB Plan for a short period pay less than 12%. The Recovery Plan envisages deficiency contributions continuing until December 2028. In addition, BUGB has committed to make additional contributions on behalf of the Baptist denomination to reduce the deficit in the scheme of £33m by 31 December 2018 and £0.5m by 31 December 2023.

As a result of the valuation of the BUSPS, it was agreed to continue the previous deficiency contributions plan until March 2018, with an additional contribution of £2.6m shared between the participating employers by the end of March 2018 and a final contribution of £2.6m shared between the participating employers by the end of December 2021. All the contributions with the exception of the final payment due in December 2021 have now been made.

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NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

27. PENSIONS (continued)

The financial assumptions underlying the valuations were as follows:

Type of assumption	BUSPS %pa	BPS % pa
RPI price inflation assumption	3.45	3.50
CPI price inflation assumption	2.70	2.75
Minimum Pensionable Income increases (BPS only)		3.50
Pensionable Salary increases (BUSPS only)	3.70	
Assumed investment returns		
- Pre-retirement	3.50	3.50
- Post retirement	2.25	2.25
- Additional returns assumed during recovery period	-	0.10
Deferred pension increases		
- Pre April 2009	3.45	3.50
- Post April 2009	2.50	2.50
Pension increases (BUSPS)		
- Pre April 2006	3.25	
- Post April 2006	2.15	
Pension increases (BUSPS)		
- Based on RPI with an annual floor of 0% and annual cap of 5%		3.30
- Based on RPI with an annual floor of 0% and annual cap of 2.5%		2.15
- Based on CPI with an annual floor of 0% and annual cap of 5%		2.70
- Based on CPI with an annual floor of 0% and annual cap of 2.5%		2.00

As there are a large number of contributing employers participating in the BPS and the BUSPS, the Union does not have sufficient information to identify its share of the underlying assets and liabilities of the schemes. Accordingly, due to their nature, the schemes are accounted for as if they were defined contribution schemes. The movement in the balance sheet liability is set out in the following table:

	BPS (Charity & Consolidated)		BUSPS (Consolidated)		BUSPS (charity only)	
	2018 £'000s	2017 £'000s	2018 £'000s	2017 £'000s	2018 £'000s	2017 £'000s
Balance sheet liability at 1 st Jan	634	641	3,852	4,341	3,723	4,192
Deficiency contributions paid	(34)	(32)	(2,327)	(606)	(2,230)	(586)
Interest cost (recognised in Sofa)	15	16	87	107	87	107
Actuarial gains/(losses)	(261)	9	(1,247)	2	(1216)	10
Balance sheet liability at 31st Dec	354	634	365	3,844	364	3,723

The BPS liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	31 Dec 2018	31 Dec 2017	31 Dec 2016
Discount Rate	3.04%	2.35%	2.48%
Future increases to Minimum Pensionable Income	3.29%	3.13%	3.29%

The Union and other BUSPS employers, in collaboration with the scheme Trustees, have implemented a buy-out and wind-up of the scheme. In June 2018 a contract was signed with Aviva for them to take on responsibility for paying the scheme benefits and the wind-up of the scheme was completed in April 2019, with the Union taking on responsibility for any remaining costs relating to the scheme after this date.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

27. PENSIONS (continued)

In line with the recovery plan and Schedule of Contributions the employers continued the previous monthly contribution plan to January 2018 and then made a one-off payment of £2.73m from employers in February 2018. Since September 2018, as part of the windup plan the Union has been directly settling expenses of the scheme in lieu of further contributions. The Union's total contributions in the year were £2.23m. The Union also had costs relating to the wind-up of £0.16m which were charged to expenditure in the year. The largest part of these was a one-off contribution to the defined contribution pension plans of scheme members to compensate them for some amendments to benefits that were necessary as part of the buy-out process, with the remainder comprising fees from professional advisors.

The provision for liabilities relating to BUSPS at the year end was based on the Union's share of the estimated costs of completing the wind-up process which amounted to £0.37m, compared to the provision at the end of 2017 of £3.72m. A gain of £1.21m was recorded in the financial statements on the re-measurement of the liability.

28. RELATED PARTY TRANSACTIONS

One trustee, Revd Joe Kapolyo, received a retiring ministerial removal grant of £900 (2017: £nil) on the same terms and conditions as other ministers for whom removal grants may be made available.



www.baptist.org.uk/annualreport

The Baptist Union of Great Britain
Registered charity number 1125912
Baptist House, 129 Broadway,
Didcot, Oxfordshire OX11 8RT