

Company registration number: 4292136
Charity registration number: 1093252

South Eastern Baptist Association

(A company limited by guarantee)

Annual Report and Financial Statements for the Year Ended 31 December 2020

South Eastern Baptist Association

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South Eastern Baptist Association

Reference and Administrative Details

Charity Name:	South Eastern Baptist Association
Company Registration Number:	04292136
Charity Registration Number:	1093252
Registered Office:	17 Cherry Close Burgess Hill West Sussex RH15 9PR
Trustees:	Mr M F Browning Revd S W Davison Revd M J Fanstone Revd J E Hardwick Revd P J Kerley Revd J E Mardell Mr G F Sigfrid Revd P L Amos – resigned 24 May 2021 Revd P J Butchers – resigned 24 May 2021 Pastor S Collingwood – resigned 24 May 2021 Revd J E Johnstone – appointed 1 January 2020 and resigned 24 May 2021 Revd G T P McBain – appointed 1 January 2020 and resigned 24 May 2021 Revd J G Newson – resigned 30 April 2020 Revd R C Stevens - resigned 24 May 2021
Senior Management Team:	Mr M F Browning, Treasurer Revd S W Davison, Team Leader & Regional Minister Revd M J Fanstone, Moderator Mr D Sheldon, Company Secretary
Bankers:	Reliance Bank Ltd Faith House 23-24 Lovat Lane London EC3R 8EB
Independent Examiner	Azets Audit Services Chartered Accountants 2 nd Floor, Regis House 45 King William Street London EC4R 9AN

South Eastern Baptist Association

Report of the Trustees Year Ended 31 December 2020

The Trustees, who are also directors of the Association for the purposes of company law, are pleased to submit the Annual Report and Financial Statements of the charitable company for the year ending 31 December 2020, which are prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Articles of Association and 'Accounting and Reporting By Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 – effective 1 January 2015)' as updated by SORP Update Bulletin 1.

Objectives and activities

The objects of the charity are to advance the Christian religion, especially by means of and in accordance with the principles of the Baptist denomination as set out for the time being in the Declaration of Principles of the Baptist Union of Great Britain.

The principal activities continue to be the resourcing and envisioning of ministers and churches throughout the whole area. This is mainly achieved through personal contacts, pastoral care, and the encouragement of strategies which will achieve an expanded Christian witness and the stated objectives of the charity.

Public benefit

Having regard to the guidance published by the Charity Commission, the 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 Association is a 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 recognise that the mission is not just evangelism, but also includes promoting justice, social welfare, healing, education and peace in the world.

The trustees confirm that they have complied with the requirements of section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Achievements and Performance

Throughout the COVID-19 pandemic in 2020 the Association continued to support its member churches in a wide range of activities including:

- communication, including the provision of religious material via the Association's website: www.seba-baptist.org.uk;
- promoting the study of religious teachings, practices and scriptures;
- support of religious office holders, e.g. ministers, deacons and elders of member churches;
- promoting prayer, praise and provision of training events;
- pastoral support to ministers and church congregations;
- contributing to the spiritual and moral education of children and young people and the provision of training
- comply with the legal requirements regarding safeguarding.

A residential conference of ministers and church leaders was held in 2020, and in 2021 a successful virtual conference was held, and a future conference is planned for 2022.

South Eastern Baptist Association

Report of the Trustees Year Ended 31 December 2020

Financial review

The results of the year are set out on pages 8 to 10.

The trustees consider the fund balance at 31 December 2020 to be satisfactory and the level of reserves meets the charity's reserves policy. The inclusion of the defined benefit liability to the multi-employer pension scheme is reflected in the Balance Sheet.

At the year end the Association Building Loan Fund totalled £515,224 (2019: £509,563). No new loans (2019: £80,000) were made during the year. During 2020 the Loan Fund assisted 14 churches (2019: 16). The total amount of loans outstanding at the year-end was £298,027 (2019: £347,927).

The total fund held by the charity at the end of the financial period amounted to £1,561,303 (2019: £1,249,983) of which restricted funds not available for the general purpose of the charity amounted to £235,840 (2019: £193,828).

Policy on reserves

It is the policy of the charity to seek to maintain a level of reserves sufficient to cover 6 months' running costs.

Going concern

The trustees have considered any uncertainties in relation to the charity's future funding and are confident of the charity's ability to continue as a going concern.

Plans for future periods

The charity plans to continue to carry out its current objectives and activities and to seek further ways in which these can be more fully utilised.

Structure, governance and management

Nature of governing document

South Eastern Baptist Association is a company limited by guarantee and a registered charity. It is governed by its Memorandum and Articles of Association.

Recruitment and appointment of trustees

The power of appointing nine trustees as, Network Representatives, is vested in the member Churches of the Network, and the remainder is vested in the Board of trustees as a whole.

Induction and training of trustees

All serving trustees understand the methods and purpose of the charity. All new trustees are given sufficient training upon appointment and new guidance is notified and made available at Board meetings.

Organisational structure

The Board of Trustees is responsible for all aspects of the management and running of the charity and holds regular meetings in furtherance of those responsibilities. An organisational review was completed in 2020 creating 3 teams reporting into the trustees: Leadership Team; Network Ministers' Team; Operations Team; and together with a renamed Finance and General Purposes Committee all interlink.

South Eastern Baptist Association

Report of the Trustees Year Ended 31 December 2020

Statement of Trustees' Responsibilities

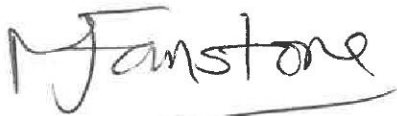
The trustees (who are also the directors of South Eastern Baptist Association for the purposes of company law) are responsible for preparing the trustees' Annual Report and the financial statements in accordance with the applicable law and United Kingdom Accounting Standards (United Kingdom Generally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

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

Approved by the trustees of the charity on 30 November 2021 and signed on its behalf by:



Trustee - Revd M J Fanstone

South Eastern Baptist Association

Independent Examiner's Report to the Trustees of South Eastern Baptist Association

I report on the accounts of the South Eastern Baptist Association for the year ended 31 December 2020 set out on pages 8 to 27.

Responsibilities and basis of report

As the charity Trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your company's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am member of The Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



J Howard FCA
For and on behalf of Azets Audit Services
Chartered Accountants
2nd Floor, Regis House
45 King William Street
London EC4R 9AN

Date: 02 December 2021

South Eastern Baptist Association
Statement of Financial Activities
(Including Income and Expenditure Account)
For the year ended 31 December 2020

	Note	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Income and endowments from:					
Donations and legacies	2	225,313	94,906	320,219	315,249
Other trading activities	3	12,066	-	12,066	10,459
Investment income	4	32,701	14,105	46,806	36,025
Other income	5	283,597	-	283,597	28,432
Total income		553,677	109,011	662,688	390,165
Expenditure on:					
Charitable activities	6	288,489	153,200	442,049	430,459
Total expenditure		288,489	153,200	442,049	430,459
Net income/(expenditure) before investment gains/(losses)		264,828	(44,189)	220,639	(40,294)
Fair value gains/(losses) on investment property	13	46,394	-	46,394	-
Net gains/(losses) on investments	14	6,930	-	6,930	20,308
Net income/(expenditure) before transfers		318,152	(44,189)	273,963	(19,986)
Transfers between funds		(86,201)	86,201	-	-
Net income/(expenditure) before other recognised gains/(losses)		231,951	42,012	273,963	(19,986)
Other recognised gains/(losses)	19	37,357	-	37,357	(5,682)
Net movements in funds		269,308	42,012	311,320	(25,668)
Reconciliation of funds:					
Total funds brought forward	20	1,056,155	193,828	1,249,983	1,275,651
Total funds carried forward	20	1,325,463	235,840	1,561,303	1,249,983

All income and expenditure has arisen from continuing activities

All recognised gains and losses are included in the Statement of Financial Activities

The notes on pages 11 to 27 form part of these financial statements.

South Eastern Baptist Association

Balance Sheet As at 31 December 2020 (Registration number: 4292136)

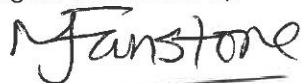
	Note	2020 £	2019 £
Fixed Assets			
Tangible assets	12	232,381	720,229
Investment property	13	529,500	-
Investments	14	154,974	148,045
		<u>916,855</u>	<u>868,274</u>
Current Assets			
Debtors	15	305,250	360,395
Cash at bank and in hand		565,012	282,451
		<u>870,262</u>	<u>642,846</u>
Creditors: Amounts falling due within one year	16	(52,923)	(39,605)
Net Current Assets		817,339	603,241
		<u>1,734,194</u>	<u>1,471,515</u>
Total Current Assets less current liabilities			
Creditors: Amounts falling due after more than one year	17	(98,195)	(101,980)
Provisions for liabilities: Defined benefit pension scheme liability	18	(74,696)	(119,552)
Net assets		<u>1,561,303</u>	<u>1,249,983</u>
Funds of the charity:			
Restricted funds	20	235,840	193,828
Unrestricted funds	20	1,325,463	1,056,155
Total funds		<u>1,561,303</u>	<u>1,249,983</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2020. The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 December 2020 in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for:

- ensuring that the company keeps accounting records with comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing the financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies. The financial statements were approved by the Board on the 30 Nov 2021 and signed on its behalf by:



Trustee - Revd M J Fanstone

The notes on pages 11 to 27 form part of these financial statements.

South Eastern Baptist Association

Statement of Cash Flows For the year ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash from operating activities	22	235,755	(70,054)
		<u>235,755</u>	<u>(70,054)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		46,806	36,025
		<u>46,806</u>	<u>36,025</u>
Net cash from investing activities		46,806	(36,025)
 Change in cash and cash equivalents in the year		 282,561	 (34,029)
Cash and cash equivalents brought forward		282,451	316,480
		<u>565,012</u>	<u>282,451</u>
Cash and cash equivalents carried forward	23	<u>565,012</u>	<u>282,451</u>

The notes on pages 11 to 27 form part of these financial statements.

South Eastern Baptist Association

Notes to the Financial Statements For the Year Ended 31 December 2020

1. ACCOUNTING POLICIES

(a) General information and charitable company status

South Eastern Baptist Association is a charitable company, limited by guarantee, without share capital, operating in the United Kingdom. The members of the charitable company are the Trustees named on page 3. In the event of the charitable company being wound up, the liability in respect of the guarantee is limited to £10 per member. The address of the registered office is given in the charity information on page 3 of these financial statements. The nature of the charity's operations and principal activities are set out on page 4.

(b) Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. South Eastern Baptist Association meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

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

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and expected level of income and expenditure for 12 months from authorising these financial statements and have therefore continued to adopt the going concern basis in preparing its financial statements.

(d) Funds

Unrestricted funds – represent those funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds – represent those funds set aside by the Trustees for specific purposes.

Restricted funds – can only be used for a particular restricted purpose within the charitable objects. Restrictions arise when specified by the donor or when funds are raised for a particular restricted purpose.

(e) Income

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

Donations - Donations are recognised when the association has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the association before the association is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the association and it is probable that these conditions will be fulfilled in the reporting period.

Legacies – For legacies, entitlement is taken as the earlier of the date on which either: the company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate.

South Eastern Baptist Association
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2020

1. ACCOUNTING POLICIES - continued

(e) Income (continued)

Grants – Grants receivable are accounted for in the year in which they are receivable. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Investment income - Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

(f) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category.

Charitable activities - Charitable expenditure comprises those costs incurred by the association in the delivery of its activities and services for its beneficiaries.

Support costs - Support costs include central functions.

All expenditure is inclusive of irrecoverable VAT.

(g) Taxation

The association is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the association is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the 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.

(h) Tangible fixed assets and depreciation

Tangible fixed assets are statement at cost less accumulated depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Buildings	On a straight-line basis over 50 years
Fixtures & Equipment	100% write off immediately

Individual fixed assets costing £500 or more are capitalised at cost.

(i) Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

(j) Fixed asset investments

Investments are held for their income generation and investment potential and are valued at market value at the reporting date where information is available. Where no market information is available, they are held at historic cost.

Investment gains and losses, whether realised or unrealised, are combined and are charged or credited to the Statement of Financial Activities.

South Eastern Baptist Association
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2020

1. ACCOUNTING POLICIES - continued

(k) Debtors

Loans are considered concessionary loans as they are made by the association to further its purposes. Loans are initially measured at the amount paid, with the carrying amount adjusted subsequently to reflect repayments. There is no interest charged on the loan amounts. Where any loan made is considered to be irrecoverable an impairment loss is recognised.

Other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

(l) Cash and cash equivalents

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

(m) Creditors

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

Loans are recognised and held at the amount received less any repayment amounts, the carrying amount is adjusted to reflect any interest paid. Accruals and other creditors are recognised at their settlement amount due.

(n) Provision for liabilities

Provisions are recognised when the charity has an obligation at the reporting date as a result of a past event, it is probable that the charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

A liability for the agreed pension scheme deficit plan has been included, in accordance with the Baptist Union Staff Pension Scheme Schedule of Contributions.

(o) Financial instruments

The association 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.

(p) Employee benefits

Defined contribution pension plans - The association participates in a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the association 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 expenditure 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 an independently administered fund.

Multi-employer pension plan - The association is a member of a multi-employer plan defined pension plans. Where it is not possible for the association 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 funds arrangement, the charity recognised a liability for this obligation. The amount recognised is the net present value of the contribution payable under the agreement that relate to the deficit. This amount is expensed to the SOFA. The unwinding of the discount is recognised as a finance cost.

A liability for the agreed pension scheme deficit plan has been included, in accordance with the Baptist Pension Scheme Schedule of Contributions.

South Eastern Baptist Association

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

1. ACCOUNTING POLICIES - continued

(o) 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.

1) Judgements in applying the entity's accounting policies

- **Multi-employer defined pension scheme** – Certain employees participate in multi-employer defined benefit pension schemes with other organisations. In the judgement of the trustees, the association 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.
- **Investment property valuation** – the valuations are prepared by the directors, based on third party valuation information.

2) Accounting estimates and assumptions

- **Multi-employer defined pension scheme: Baptist Pension Scheme** – The association has an obligation to pay a deficit funding arrangement in respect of the multi-employer defined benefit 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.
- **Recoverability of loans** – The recoverability of loans is assessed annually, and at the balance sheet date provisions for doubtful debts are provided based on prior year experiences.

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted Funds		Restricted Funds	Total 2020	Total 2019
	Designated £	General £	£	£	£
Donations from individuals	5,661	-	69,010	74,671	23,912
Grants from other charities	-	4,011	25,896	29,907	48,031
Home Mission fund grant	-	138,289	-	138,289	136,559
Home Mission grant for missions	68,436	-	-	68,436	87,922
Other income	-	7,225	-	7,225	14,300
Preaching fees	-	1,691	-	1,691	4,525
	<u>74,097</u>	<u>151,216</u>	<u>94,906</u>	<u>320,219</u>	<u>315,249</u>
Total 2019	<u>92,562</u>	<u>151,216</u>	<u>47,522</u>	<u>315,249</u>	

3. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted Funds		Restricted Funds	Total 2020	Total 2019
	Designated £	General £	£	£	£
Membership subscriptions	-	12,066	-	12,066	10,459
	<u>-</u>	<u>12,066</u>	<u>-</u>	<u>12,066</u>	<u>10,459</u>
Total 2019	<u>-</u>	<u>10,459</u>	<u>-</u>	<u>10,459</u>	

South Eastern Baptist Association

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

4. INVESTMENT INCOME

	Unrestricted Funds Designated £	General £	Restricted Funds £	Total 2020 £	Total 2019 £
Dividend income	-	10,681	-	10,681	2,331
Interest income	-	-	-	-	74
Rental income	-	22,020	14,105	36,125	33,620
	-	32,701	14,105	46,806	36,025
Total 2019	-	24,200	11,825	36,025	

5. OTHER INCOME

	Unrestricted Funds Designated £	General £	Restricted Funds £	Total 2020 £	Total 2019 £
Other income	-	17,286	-	17,286	4,670
Conference and training fees	-	22,659	-	22,659	23,762
Closure of churches	-	243,652	-	243,652	-
	-	283,597	-	283,597	28,432
Total 2019	-	28,432	-	28,432	

South Eastern Baptist Association

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

6. EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted Funds		Restricted	Total	Total
	Designated	General	Funds	2020	2019
	£	£	£	£	£
Wages and salaries (note 11)	-	114,281	54,000	168,281	156,008
Staff Employers NIC (note 11)	-	4,257	4,131	8,388	8,167
Staff pensions (note 11)	-	10,994	6,806	17,800	17,977
Rent	-	-	18,177	18,177	8,548
Council tax and water rates	-	6,388	6,459	12,847	11,932
Property maintenance	-	3,237	36,328	39,565	750
Small equipment	-	-	5,077	5,077	1,041
Student grants	-	450	-	450	1,000
Training and conferences	-	24,929	78	25,007	46,291
Travelling	-	4,922	236	5,158	24,452
Housing allowance	-	9,000	8,750	17,750	20,800
Insurance	-	1,219	-	1,219	-
Telephone	-	-	618	618	599
Sundry expenses	-	-	3,020	3,020	2,019
Ministry grant paid	-	68,436	-	68,436	87,922
Electricity	-	-	2,010	2,010	-
Professional and legal fees	-	-	6,112	6,112	-
Association celebration	-	559	-	559	-
Printing, postage and stationery	-	-	603	603	380
Accountancy fees	-	10,050	-	10,050	5,806
Catering costs	-	-	525	525	1,644
Depreciation	-	4,742	-	4,742	-
Support costs (note 7)	-	25,385	270	25,655	35,123
	-	288,849	153,200	442,049	430,459
Total 2019	-	359,403	71,056	430,459	

South Eastern Baptist Association

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

7. ANALYSIS OF SUPPORT COSTS

	Unrestricted Funds Designated £	General £	Restricted Funds £	Total 2020 £	Total 2019 £
Employment costs	-	-	-	-	3,902
Rental property costs	-	6,849	-	6,849	9,899
Insurance	-	1,396	-	1,396	315
Equipment	-	1,988	-	1,988	1,284
Telephone	-	3,356	-	3,356	5,207
Printing, postage and stationery	-	1,588	-	1,588	3,367
Trade subscriptions	-	2,517	270	2,787	2,451
Sundry expenses	-	3,486	-	3,486	3,575
Travel	-	1,132	-	1,132	638
Board costs	-	50	-	50	369
Interest payable (note 8)	-	3,023	-	3,023	4,116
	-	25,385	270	25,655	35,123
Total 2019	-	35,002	121	35,123	

8. INTEREST PAYABLE

	Total 2020 £	Total 2019 £
Other loans	1,952	1,208
Interest on net defined benefit pension liability (note 19)	1,071	2,908
	3,023	4,116

9. NET INCOME/(EXPENDITURE) FOR THE YEAR

	Total 2020 £	Total 2019 £
This is stated after charging:		
Independent examination fee	3,960	3,500

South Eastern Baptist Association

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

10. TRUSTEE REMUNERATION AND EXPENSES

During the year the association made transactions with trustees, all of which the trustees considered are permitted by the charity's commission.

Below are the trustees who receive full time salaries from the association, with Revd Kerley's wife, who is not a trustee, receiving a part time salary. Revd Newson was appointed in 2015 and he is seconded for some of his time to another church. As such 33% of his salary recorded below is recovered by the association from that church. Trustees' remuneration is paid for ministry work and are not connected with their duties as trustees. The salaries and other benefits (including employers pension contributions) paid in the year are set out below:

	2020 £	2019 £
Revd P J Kerley	35,073	34,269
Revd S Davison	41,016	40,072
Mrs P Kerley	10,722	7,709
Revd J Newson	5,649	16,338
	<u> </u>	<u> </u>

During the year, 4 (2019: 5) trustees were reimbursed for mileage and telephone expenses amounting to £5,039 (2019: £15,837)

11. STAFF COSTS

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	168,281	156,008
Social security costs	8,388	8,167
Pension Costs	17,800	17,977
	<u>194,469</u>	<u>182,152</u>

The monthly average number of persons (including senior management team) employed by the charity during the year (per headcount) were as follows:

	2020 No	2019 No
Full Time Staff	4	5
Part Time Staff	5	5
	<u>9</u>	<u>10</u>

No employee received employee benefits (excluding employer pension costs) of more than £60,000 in either the current year or prior year.

The key management of the association comprise of the trustees only.

South Eastern Baptist Association

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

12. TANGIBLE FIXED ASSETS

	Land and Buildings £	Furniture and Equipment £	Total £
Cost			
At 1 January 2020	720,229	4,919	725,148
Transfer to investment property	(483,106)	-	(483,106)
	<hr/>	<hr/>	<hr/>
At 31 December 2020	237,123	4,919	242,042
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2020	-	4,919	4,919
Depreciation charge	4,742	-	4,742
	<hr/>	<hr/>	<hr/>
At 31 December 2020	4,742	4,919	9,661
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 31 December 2019	232,381	-	232,381
	<hr/>	<hr/>	<hr/>
At 31 December 2020	720,229	-	720,229
	<hr/>	<hr/>	<hr/>

13. INVESTMENT PROPERTY

	Total £
Fair value	
At 1 January 2020	-
Transfer from tangible fixed assets	483,106
Revaluations	46,394
	<hr/>
At 31 December 2020	529,500
	<hr/>

14. FIXED ASSET INVESTMENTS

	Listed Investments £	Unlisted Investments £	Total £
Market Value			
At 1 January 2020	136,031	12,015	148,046
Revaluations	6,928	-	6,928
	<hr/>	<hr/>	<hr/>
At 31 December 2020	142,959	12,015	154,974
	<hr/>	<hr/>	<hr/>

All investments are held in the UK.

The unlisted investment relates to 2,403 ordinary shares held in Baptist Insurance Company Plc (registered company number 00083597) a public company limited by shares. As these shares are not actively traded through Stock Markets, no market value can be obtained, resulting in the shares being valued at historic cost.

South Eastern Baptist Association

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

15. DEBTORS

	2020 £	2019 £
Loans to churches	298,027	347,927
Prepayments and accrued income	1,130	6,510
Other debtors	6,093	5,958
	<u>305,250</u>	<u>360,395</u>

The loans to churches are generally expected to be received after one year.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	2,000	2,000
Other loans	3,785	3,785
Accruals	47,138	33,820
	<u>52,923</u>	<u>39,605</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £	2019 £
Other loans	<u>98,195</u>	<u>101,980</u>

Other loans include aggregate amounts of £4,270 (2019: £8,055) which fall due after five years and which are payable by instalments.

18. PROVISION FOR LIABILITIES

	2020 £	2019 £
Defined Benefit pension scheme liability (note 19)	<u>74,696</u>	<u>119,552</u>

19. PENSION COMMITMENT

Background

South Eastern Baptist Association is an employer participating in a pension scheme known as the Baptist Pension Scheme ("the Scheme"), which is administered by the Pension Trustee (Baptist Pension Trust Limited). The Scheme is a separate legal entity and the assets of the Scheme are held separately from those of the Employer and the other participating employers.

For any month, each participating employer in the Scheme pays contributions as set out in the Schedule of Contributions in force at that time.

South Eastern Baptist Association

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

19. PENSION COMMITMENT – continued

The Scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficiency contributions (see below).

The Regional Ministers and some members of the Association Team are eligible to join the Scheme. From January 2012, pension provision is being made through the Defined Contribution (DC) Plan within the Scheme. 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 Scheme members in the event that they are unable to work due to long-term incapacity. This income protection policy has been insured by the Baptist Union of Great Britain with Aviva plc. The further 4% contribution rate is reduced to 3% for Employer contributions made to the Segregated DC Arrangement.

Benefits in respect of service prior to 1 January 2012 are provided through the Defined Benefit (DB) Plan within the Scheme. The main benefits for pre-2012 service were 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. The Scheme, previously known as the Baptist Ministers' Pension Fund, started in 1925, but was closed to future accrual of defined benefits on 31 December 2011.

Actuarial valuation as at 31 December 2019

A formal valuation of the Defined Benefit (DB) Plan was performed at 31 December 2019 by a professionally qualified Actuary using the Projected Unit Method. The market value of the DB Plan assets at the valuation date was £298 million.

The valuation of the DB Plan revealed a deficit of assets compared with the value of liabilities of £18 million (equivalent to a past service funding level of 94%). The Association and the other employers supporting the DB Plan are collectively responsible for funding this deficit.

The key assumptions underlying the valuation were as follows:

Type of assumption	% p.a.
RPI price inflation assumption	3.20
CPI price inflation assumption	2.70
Minimum Pensionable Income increases	3.20
Assumed investment returns	
• Pre-retirement	2.95
• Post-retirement	1.70
Deferred pension increases	
• Pre-April 2009	3.20
• Post-April 2009	2.50
Pension increases	
• Main Scheme pension	2.70

Post-retirement mortality in accordance with 80% of the S3NFA and S3NMA tables, with allowance for future improvements in mortality rates from 2013 in line with the CMI 2020 core projections, with a long-term annual rate of improvement of 1.75% for males and 1.5% for females, with the core smoothing parameter and with additional initial mortality improvement factor A=0.5%.

The next actuarial valuation of the DB Plan within the Scheme is due to take place not later than as at 31 December 2022.

South Eastern Baptist Association
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2020

19. PENSION COMMITMENT – continued

Recovery Plan

In addition to the contributions to the DC Plan set out above, where a valuation of the DB Plan reveals a deficit the Trustee and the Council agree to a rate of deficiency contributions from associations, churches and other employers involved in the DB Plan.

Under the current Recovery Plan dated 30 September 2020, deficiency contributions are payable until 30 June 2026. These contributions are broadly based on the employer's membership at 31 December 2014 and increase annually in line with increases to Minimum Pensionable Income as defined in the Rules. However, the Trustee and the Council agreed a 50% reduction for all deficiency contributions payable between 1 July 2020 and 31 December 2020.

Movement in Balance Sheet liability

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

	2020	2019
	£	£
Balance brought forward	119,552	123,291
Contributions paid in the year	(9,451)	(12,329)
Net interest expense	1,952	2,908
Loss/(gain) on change of funding plan*	(37,357)	5,682
	<hr/>	<hr/>
Balance carried forward	74,696	119,552
	<hr/>	<hr/>

* Comprises any change in agreed deficit recovery plan and change in assumptions between year-ends.

This 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 December 2020	31 December 2019	31 December 2018
Discount rate	0.4%	1.7%	2.4%
Future increases to MPI (Minimum Pensionable Income)	3.0%	3.2%	3.3%

The Association has been advised that the cost for the Association to buyout their Pension Scheme liabilities as at 31 December 2020 was approximately £86,600 (2019: £87,000).

South Eastern Baptist Association

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

20. STATEMENT OF FUNDS

STATEMENT OF FUNDS – CURRENT YEAR

	Balance at 1 January 2020 £	Incoming Resources £	Resources Expended £	Transfers & Gains/ (losses) £	Balance at 30 December 2020 £
Unrestricted funds					
General funds					
Revaluation reserve	-	-	-	46,394	46,394
Unrestricted income fund	195,592	479,580	(220,413)	(41,814)	412,845
	<u>195,592</u>	<u>479,580</u>	<u>(220,413)</u>	<u>4,480</u>	<u>459,239</u>
Home Mission grant for missions	-	68,436	(68,436)	-	-
Building loan fund	509,563	5,661	-	-	515,224
Capital reserve	250,883	-	-	-	250,883
Investment reserve	7,065	-	-	-	7,065
Zion fund	75,000	-	-	-	75,000
The Evangelism fund	14,765	-	-	-	14,765
Le Ferve	3,287	-	-	-	3,287
	<u>860,563</u>	<u>74,097</u>	<u>(68,436)</u>	<u>-</u>	<u>866,224</u>
Total unrestricted fund	<u>1,056,155</u>	<u>553,677</u>	<u>(288,849)</u>	<u>4,480</u>	<u>1,325,463</u>
Restricted funds					
Cavendish fund	88,193	-	-	-	88,193
Brasted fund	74,205	-	-	-	74,205
Church of the year fund	500	10,200	-	-	10,700
Fresh Expressions	161	-	-	-	161
Kent Union fund	2,108	-	-	-	2,108
Kent Thameside Church Planting Project	-	63,156	(44,339)	-	18,817
Ellington Baptist Church Fund	10,325	-	(10,325)	-	-
Baptist Grant	6,931	-	-	-	6,931
Northfleet Project	-	9,088	(20,632)	11,544	-
KTCP Bus Project	11,405	-	-	-	11,405
Bread of Life Project	-	26,567	(77,904)	74,657	23,320
	<u>193,828</u>	<u>109,011</u>	<u>(153,200)</u>	<u>86,201</u>	<u>235,840</u>
Total restricted fund	<u>193,828</u>	<u>109,011</u>	<u>(153,200)</u>	<u>86,201</u>	<u>235,840</u>
Total funds	<u>1,249,983</u>	<u>662,688</u>	<u>(442,049)</u>	<u>90,681</u>	<u>1,561,303</u>

South Eastern Baptist Association

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

20. STATEMENT OF FUNDS – continued

The specific purposes for which the funds are to be applied are as follows:

Cavendish Fund & Brasted Fund - These restricted reserves relate to monies received at the time of a church closure, which can only be used to purchase property.

Church of the Year Fund - The Church of the Year is a church with a special project, usually a building project, selected by the Association to receive help from other Association churches as they are able.

Fresh Expressions - These funds are used to run Mission Shaped Ministry courses in conjunction with the Fresh Expressions training organisation, offering the opportunity for ministers to engage in concepts, or fresh expressions of church which will connect with those people currently missing from our congregation.

Kent Union Fund - Income received from the Kent Union Fund is used for the benefit of needy retired ministers or their spouses.

Kent Thameside Church Plant Project - This is a long term project in which the Association is engaged at the Kent Thameside Development. The project has funds in both designated and restricted accounts.

Home Mission - This is a Baptist Union fund into which all Baptist Churches are expected to give as they are able in order to finance churches or church projects which of themselves have insufficient resources.

La Ferve - This is a Baptist Union fund which was transferred across to SEBA in earlier years. The funds are held for Mission work.

Baptist Grant - Monies received from the Baptist Union for a specific Mission Project.

Ellington Baptist Church Fund - Monies received from the Baptist Union for the sale of a Chapel in Kent.

Building Loan Fund - Monies designated for use by the Association to assist member churches in respect of property purchase, major improvements and major repairs.

Capital Reserve - Capital income available for the general purpose of the Association mainly used in connection with the purchase of properties.

Investment Reserve - Funds transferred from the General Fund to enable the original Association to purchase shares from the Baptist Insurance Company plc.

Zion Fund - Funds received from the closure of a church for the general purposes of Kent Baptist Association and used to purchase a Manse for the Regional Minister.

The Evangelism Fund - These relate to funds held in investments, previously held by the Baptist Union, transferred to the charity during 2013.

Bread of Life Project – A pioneering mission project to transform a disused church building, in a parade of shops in Strood, into a coffee shop – bakery – church to serve the local community and establish a worshipping community.

South Eastern Baptist Association

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

20. STATEMENT OF FUNDS – continued

STATEMENT OF FUNDS – PRIOR YEAR

	Balance at 1 January 2019 £	Incoming Resources £	Resources Expended £	Transfers & Gains/ (losses) £	Balance at 31 December 2019 £
Unrestricted funds					
General funds					
Unrestricted income fund	(38,340)	438,527	(271,063)	90,572	219,696
Designated funds	-	88,625	(88,625)	-	-
Building loan fund	500,461	4,462	-	-	504,923
Capital reserve	250,883	-	-	-	250,883
Investment reserve	7,065	-	-	-	7,065
Zion fund	75,000	-	-	-	75,000
The Evangelism fund	14,765	-	-	-	14,765
Le Ferve	3,287	-	-	-	3,287
	851,461	93,087	(88,625)	-	855,923
Total unrestricted fund	813,121	531,614	(359,688)	90,572	1,075,619
Restricted funds					
Cavendish fund	88,193	-	-	-	88,193
Brasted fund	74,205	-	-	-	74,205
Church of the year fund	100	400	(400)	-	100
Fresh Expressions	275	-	-	-	275
Kent Union fund	2,108	-	-	-	2,108
Kent Thameside Church Planting Project	(27,253)	60,978	(53,412)	20,250	563
Pension fund	50,000	-	(50,000)	-	-
Ellington Baptist Church Fund	16,252	-	-	-	16,252
Baptist Grant	35,181	-	-	(28,250)	6,931
Northfleet Project	(11,197)	11,234	(18,775)	18,738	-
KTCP Bus Project	11,405	-	-	-	11,405
Total restricted fund	239,269	72,612	(122,587)	10,738	200,032
Total funds	1,052,390	604,226	(482,275)	101,310	1,275,651

South Eastern Baptist Association

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS – CURRENT YEAR

	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £
Tangible fixed assets	232,381	-	232,381
Investment Property	529,500	-	529,500
Fixed asset investments	154,974	-	154,974
Current assets	634,422	235,840	870,262
Creditors due within one year	(52,923)	-	(52,923)
Creditors due in more than one year	(98,195)	-	(98,195)
Provisions for liabilities and charges	(74,696)	-	(74,696)
	<u>1,325,463</u>	<u>235,840</u>	<u>1,561,303</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS – PRIOR YEAR

	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £
Tangible fixed assets	720,229	-	720,229
Fixed asset investments	148,045	-	148,045
Current assets	449,018	193,828	642,846
Creditors due within one year	(39,605)	-	(39,605)
Creditors due in more than one year	(101,980)	-	(101,980)
Provisions for liabilities and charges	(119,552)	-	(119,552)
	<u>1,056,155</u>	<u>193,828</u>	<u>1,249,983</u>

22. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Net expenditure for the year (as per Statement of Financial Activities)	273,963	(19,986)
Adjustment for:		
Depreciation charges	4,742	-
Fair value (gains)/losses on investment property	(46,394)	-
Fair value (gains)/losses on fixed asset investments	(6,930)	(20,308)
Dividends, interest and rents from investments	(46,806)	(36,025)
(Increase) in debtors	55,145	(3,801)
Increase/(decrease) in creditors	9,534	19,487
Defined benefit scheme finance cost adjustment	(7,499)	(9,421)
Net cash used in operating activities	<u>235,755</u>	<u>(70,054)</u>

South Eastern Baptist Association

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash and cash equivalents	565,012	282,451
	<u>565,012</u>	<u>282,451</u>

24. RELATED PARTY TRANSACTIONS

The charity is a member of the Baptist Union of Great Britain and is in receipt of grants from the Home Mission Fund, which is part of the Baptist Union of Great Britain Group. Grants of £207,816 (2019: £234,332) were received in this respect.