



**NORTHERN BAPTIST COLLEGE**  
(a company limited by guarantee)

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**Charity Registration Number: 1108216**  
**Company Registration Number: 573403**

# **NORTHERN BAPTIST COLLEGE**

## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020**

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# NORTHERN BAPTIST COLLEGE

## Annual Report of the Trustees for the Year to 31 August 2020

The trustees are pleased to present their annual directors' report together with the audited financial statements of the Charity for the year ended 31<sup>st</sup> August 2020, which are also 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 Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard application in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

### A. Reference and Administrative details of the charity, its trustees and advisors

#### Directors and trustees

The directors of the Charity are its trustees for the purpose of the charity law and are referred to as the trustees throughout this report. The affairs of the Charity are administered by the board of trustees, known as the Governing Body. The Articles of Association provide for trustees to be appointed by election by the Governing Body. Current trustees are shown in bold type:

<b>Karen Martindale</b>		Chair of Governors
<b>Clara Rushbrook</b>	<b>(formerly Clare McBeath)</b>	College Co-Principal
<b>Glen Marshall</b>		College Co-Principal
<b>Robert Poole</b>		Treasurer
<b>Wayne Clarke</b>		
<b>Jacquie Osmund-Smith</b>		
<b>Gary Serra di Migni</b>		
<b>Christopher Upton</b>		
<b>Angela Wright</b>		
Tim Presswood	(Resigned 12 October 2020 but on "Leave of Absence" from 6 January 2020)	

#### Registered office

Luther King House, Brighton Grove, Rusholme, Manchester, M14 5JP

#### Auditors

Crowe UK LLP 3<sup>rd</sup> floor, The Lexicon, Mount Street, Manchester, M2 5NT

#### Bankers

NatWest Bank, 24 Deansgate, Bolton, BL1 1BN

#### Investment managers

Cazenove Capital Management, 12 Moorgate, London, EC2R 6DA

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## **Annual Report of the Trustees for the Year to 31 August 2020**

### **B. Structure, Governance and Management**

#### **Governing Document**

Northern Baptist College was formed in 1963 when the Baptist ministerial training colleges at Rawdon and Manchester amalgamated. A new building was erected on the Manchester site and the united college became Northern Baptist College. In the 1970's new schemes of training for ministry were inaugurated in partnership with colleges of other denominations in the city. After the creation of the Northern Federation for Training in Ministry, the main college building was renamed Luther King House. It is now owned by the Luther King House Educational Trust and managed ecumenically. Northern Baptist College plays a full role within the Trust Partnership.

The Charity is now a charitable company limited by guarantee, registered in England and Wales (No. 573403), and is registered as a charity (No. 1108216). The Company was established under a Memorandum of Association, which sets out the objects and powers of the charitable company and was governed under its Articles of Association.

The Charity was created to continue the work of its predecessor charity, Northern Baptist College (charity number 526653). Under a Charity Commission Scheme of 1 September 2009, two new charities were established to carry on and further develop the work of the predecessor charity – the Northern Baptist College Property Trust (charity number 1108216-1) and the Northern Baptist College Scholarship and Prize Fund (charity number 1108216-2). The new charities were established to take on the permanent endowment of the predecessor charity and the company became trustee of the Property Trust and the Scholarship Fund. Under a uniting direction, the Property Trust and the Scholarship Fund are to be treated as forming part of the company for the purposes of Part 4 (registration) and Part 8 (accounting) of the Charities Act 2011

The affairs of the Charity are governed by the board of trustees who meet as the Governing Body and who are also directors of the company. The charity operates under revised Articles of Association which were adopted by the Governing Body in November 2017. The governing body now consists of up to twelve trustees (with the possible addition of up to three non-voting co-optees).

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and, in the event of the company being wound up, members are required to contribute an amount not exceeding £10.

#### **Recruitment and Appointment of trustees**

Trustees are appointed by the existing Governing Body on the basis of their skills and experience with the exception of the Co-Principals who are appointed ex-officio. All other trustees may serve for a maximum of two, three-year terms after which they must retire for at least one year

#### **Trustee induction and training**

The induction of a new trustee is aimed at ensuring that they understand the role of the Charity and the way in which their knowledge is a key part of ensuring that our responsibilities are comprehensively and fairly discharged within the law and within the spirit of the Christian family of which we are a part.

#### **Organisational Structure**

The Charity is administered by the Governing Body, which aims to hold three board meetings each year.

The day-to-day management of the Charity is overseen by the Senior Management Team, led by the College Co-Principals. They will usually meet weekly during term time. Regular meetings are also held by the Co-Principals with the Chair of Governors.

#### **Risk Management**

Trustees have a duty to identify the key strategic, business and operational risks of the Charity and to review these at least once per year. The trustees have established systems and controls to mitigate against the major risks which have been identified. A Risk Register has been established and is monitored at each governing body meeting. Any activity that has a high residual risk is monitored. A named staff member is appointed to oversee action to bring this down to acceptable levels when possible and a named trustee has board level oversight of this process.

During the year, the emerging risks associated with Covid-19 have led to some significant changes to our risk

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## Annual Report of the Trustees for the Year to 31 August 2020

profile.

Our two highest risks are now both associated with the partnership with Luther King House. The highest of these is the financial risk to LKH of being forced to close the hotel and conference facilities leading to a catastrophic loss in income. Associated to this risk is the loss of essential services provided by the partnership, particularly with regard to the academic administration of students' courses. As well as putting contingency plans in place to ensure that students' formation can continue, NBC has been proactive in managing these risks. Together with Northern College (URC), we have committed to using NBC's reserves to provide loans to Luther King House to ensure the short-term survival of the business and are actively working with other partners to develop long-term strategies beyond the Covid-19 restrictions. We remain convinced that the partnership with Luther King House remains a key part of our 'hub-based' strategy for delivering our charitable aims.

Two other risks remain at levels which the governors are monitoring closely. The first of these arises from competition from other providers. After many years of collaboration, another Baptist college has embarked upon a programme of expansion. If allowed to continue unchecked, this would have the effect of reducing choice and diversity for those wishing to train for Baptist ministry. At the same time, we note the expansion of independent Bible colleges who are able to provide academic qualifications but not ecclesial formation. We continue to believe that these two elements are best delivered together. The governing body has started a refresh of its strategic plan which will address these issues and ensure that Northern Baptist College can continue to offer a distinctive perspective on Baptist ministry moving forward.

The final substantive risk identified is the level of student debt. A majority of our students are not eligible for Student Finance so are responsible for the payment of their own fees. It has been recognised nationally that this is an issue facing the entire Baptist denomination and a review of student support has been commissioned nationally. NBC is an active participant in that review although, inevitably, this has been impacted by Covid-19. One of our administrators is now responsible for the management of student debt and has had some success in working with students and their churches to ensure that all fees are paid in a timely manner.

### Fundraising

The charity did not undertake any fundraising activities under section S162A of the Charities Act 2011.

### C. Objectives and Activities

#### Objects of the Charity

The Articles of Association set out the primary object of the Company:

To advance the Christian Religion and advance education by providing theological education, primarily for Christian people, with a view to ministry and mission in and through Baptist Churches in Great Britain and worldwide, and the Doctrines and Principles of Religion maintained by Baptist Churches as set forth in the "Declaration of Principle" adopted from time to time in the Constitution of the Baptist Union of Great Britain, shall be taught.

This is also the object of the Northern Baptist College Property Trust under the Charity Commission Scheme of 1 September 2009, the object of the Northern Baptist College Scholarship and Prize Fund was set out as follows:

To further the education of pupils attending the Northern Baptist College by the award of scholarships or prizes.

Our hope and our belief continue to be that we are able to fulfil our desire for NBC to be a community where, to quote our vision and values, those to whom we minister learn to be:

- Mission-focused: engaging with the world, not hiding in the church.
- Relationally committed: collaborating with others instinctively, not going it alone.
- Theologically savvy: rooted in the biblical story, not just doing whatever seems to 'work'.
- Servant hearted: knowing that leadership is about loving people, not building empires.
- Community oriented: seeking justice for all, not settling for anything less.
- Lifelong learners: embracing growth and development, not stuck in their ways.

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The Charity covenants to:

- Seek, under the rule of Christ, to discern God's priorities for its future
- Facilitate Christian learning and growth in discipleship
- Cooperate with others to empower the whole people of God for mission and ministry
- Engage with integrity in prophetic biblical and theological reflection
- Model God's justice and God's peace through word and action

### Public benefit statement

Each year, the trustees review the objectives and activities of the Charity to ensure that they continue to reflect the Charity's aims and to provide public benefit. The trustees consider that they have complied with their duties under the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission. Faith gives meaning to people's lives and contributes to their well-being. It offers a vision for peace and harmony and provides a moral and ethical foundation to support people in serving the community at every level.

NBC contributes to the developing and delivering the vision and strategy of Baptists Together (Baptist Union of Great Britain) both nationally and regionally, through the various Baptist associations and other Baptist Colleges. We support the work of Luther King House through its partnership in the Centre for Theology and Justice and through its Open Learning Programme of lectures and workshops which are open to anyone. Individual tutors contribute to various academic and denominational publications and to symposiums and conferences in the areas of theology, mission and Biblical studies.

Although we have a scale of tuition fees, they do not cover the full cost of the course. Steps are taken to ensure that the fees do not exclude those who do not have the ability to pay; no one who has been accepted for ministerial training is turned away on financial grounds.

### Grant Making Policy

NBC administers the Baptist Union of Great Britain Bursary scheme and has set a bursary fund from its own funds. These bursaries are means-tested and are targeted towards students who would find it difficult to pay for their training and formation. Bursaries given are specifically to help Ministers in Training with the costs of their academic and formation fees but may also be given to provide for example, support for additional learning needs or assessments and counselling. Students are supported and encouraged to apply for other grants and awards as appropriate.

### D. Achievements and performance

In addition to achieving our normal charitable objectives, in November 2014 Governors set out a number of key objectives in our strategic plan for 2014 - 2019. A review of these objectives was due in autumn 2019 but had barely started when Covid-19 struck. As a result, the strategic review has been somewhat delayed. However, the review process together with a 'direction of travel' were agreed at the Governors' meeting in October 2020. The strategic plan will be presented at the February 2021 Governors' Meeting with a final revision being presented for adoption at the meeting in June 2021.

Here we report the developments in each area and by the College as a whole during 2019 – 20.

#### 1. To provide high quality ministerial formation

In the year to August 2020, we had twenty-three students undertaking ministerial formation (MITs), fourteen at our Luther King House hub, six at St. Hild and three at Cranmer Hall.

Of these students one was on an Undergraduate Diploma programmes, seven were on BA, eleven on MA, with others already having the required academic qualifications and/or auditing courses.

Of our eight leaving students, one student graduated with a BA, six with MAs and one student had already completed the required academic qualifications.

Five students have settled into churches and one is pursuing further studies. The remaining two students are in conversation with churches, but the settlement process has been delayed because of the Covid-19 emergency. They are continuing in the placement churches in the meantime.

Clearly, college life has been severely impacted by Covid-19 at all levels. All teaching is now being delivered online and Ministers in Training have found themselves leading churches in lockdown. We have continued to

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provide pastoral support as well as enabling our students to reflect theologically upon this remarkable context.

### 2. To re-shape ministerial formation in response to changing needs

In 2018–19 we piloted a residential weekend, extended our student and staff retreat and undertook a consultation exercise with students to explore what a new pattern for the Baptist Leadership Programme might look like. The residential weekend and retreat were very much appreciated by students and the overwhelming feedback to the consultation was that we should move to the proposed new pattern of delivering the BLP over three residential weekends and year along with a longer retreat. However, the consultation also showed that for some existing students moving to the new model would be highly problematic as they had designed their placement and family lives on a specific pattern. Therefore, the decision was taken to delay implementing the new pattern until September 2020. As a result, the new 'residential' model has been caught up in the Covid-19 emergency. Even before the second lockdown, the decision was taken to move all teaching online, so arrangements have been made to hold these 'residential' weekends online. Whilst missing many aspects of the physical gathering, student feedback from the first of these weekends, which was held in September 2020 was broadly appreciative.

Alongside this we have continued to develop the role of Associate Tutors (drawn from our 5 partner associations) so that we can draw on the experience of local ministers/practitioners from the associations in a variety of church life from traditional ministry to chaplaincies and pioneering. This year we have drawn upon 7 associate tutors working across the five northern and midland associations. We are very grateful for the contribution made by all our Associate Tutors who gift their skills and time to us in a voluntary capacity.

During the year, we signed a Memorandum of Understanding to develop a fourth formation hub. Uniquely, the Light College & Collective will not be operating on a largely geographical basis, but instead will be focusing on equipping those engaging in Pioneering models of mission and evangelism to become accredited as Baptist Ministers. Although beyond the scope of this report, we are delighted to report that we have already recruited the first three students through this hub who began their formation through NBC in September 2020.

### 3. To equip local church leaders and support continuing leadership development

This year we have had thirty-one Newly Accredited Ministers (NAMS) doing their learning contracts and theological reflection with us across two residential conferences on the themes of Ministerial Resilience and Maintaining Spiritual Discipline and Building a peaceable Culture. The NAM Conference in September 2020 was, inevitably, held online and that planned for January 2021 will also be online.

Although we only used seven Associate Tutors this year, we now have a 'pool' of nineteen. Sadly, because of the Covid-19 situation, the planned training day was unable to take place this year, but all Associate Tutors with tutees were offered online reviews.

The Latchford Centre run in partnership with the NWBA has continued to run this year and one or two students have transitioned from this to become MITs with us.

The development of Edifi, our new training programme for local leaders has run two events to help local leaders respond to the lockdown. The full pilot programme, once again, had to be delayed due to Covid-19, but this was finally launched early in Autumn 2020.

### 4. Encourage a more diverse range of leaders

Our hub model continues to function well with recruitment holding up overall. As reported above, we have opened a fourth hub with the Light College & Collective. Whilst it is too early to judge with certainty, we anticipate that students coming to NBC from this route will further expand the rich tapestry of our community. Both students who started with us through TLC are women.

Twenty-one of our currently twenty-five Ministers in Training are women. We also have one new student from the Deaf community. In addition, two students are specifically training in chaplaincy placements.

We are particularly pleased to have supported the development of Creating Sanctuary, an online safeguarding resource for churches as they seek to create safe spaces for LGBTQI+ people.

We remain conscious that the NBC community does not reflect the ethnic make-up of either the country or the denomination we serve. Only one of our students and one of our governors is from a BAME background and this is something which we are seeking to address in our revised strategic plan moving forward.

### 5. Contribute to theological reflection on mission and ministry

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During the year, we added two members to our staff team: Rob Beamish was recruited as Hub Tutor for the Light College & Collective and Tim Presswood joined the team as Interim College Manager to provide sabbatical cover.

Clare McBeath got married during the year and has changed her name to Clara Rushbrook. The full staff team now consists of:

Revd Dr Clara Rushbrook (Co-Principal and Tutor in Church History and Theology)  
Revd Glen Marshall (Co-Principal and Tutor in Missiology and Homiletics)  
Revd Dr Jonathan Tallon (Tutor in Biblical studies)  
Revd Dr Sally Nelson (PT Hub Tutor St Hild)  
Revd Linda Donaldson (PT Hub Tutor Cranmer Hall)  
Revd Dr Robert Beamish (PT Hub Tutor The Light College & Collective)  
Revd Tim Presswood (PT Interim College Manager)  
Ms Caroline Bennett (PT Administrator)  
Miss Louise McMahon (PT Administrator)

The Admin Team have taken much of the administrative burden from the Co-principals allowing them to focus on the challenges of strategic leadership and online teaching.

Glen Marshall has continued as BA Programme Leader at LKH and as the Baptist Colleges representative on the Baptist Union Mission Forum. He continues to speak and preach regularly at churches and conferences including the East Midlands Baptist Association Ministers Conference. He maintains his involvement with the Chinese Christian Churches in Manchester and Sheffield. Glen is a member the editorial board of new journal, *Journal of Baptist Theology in Context* which produced its first edition during the year.

Clara Rushbrook, in addition to her wider denominational responsibility, focusing this year on safeguarding for LGBT people, with the work on Creating Sanctuary and attending the launch event of the Global Interfaith Forum on LGBT+ lives. She continues her work for the Centre for Theology and Justice and in coordinating the LKH MHA Research Symposium on Ageing and supervises a number of PhD students working in this area. Clara continues her work developing alternative forms of Christian community through her involvement with Forest Church in response to the ecological crisis. Clara enjoyed a sabbatical from April 2020 – July 2020 and while most sabbatical plans had to be cancelled due to Covid-19, she was able to focus on reading, writing a book review and re-writing courses ready for both online teaching and the move to Durham Common Awards validation

Jonathan Tallon continues to devote time and energy to his ministry of helping churches to work well with the Bible as they think through and discuss issues of human sexuality. Jonathan's web site and YouTube channel are growing in popularity; he has recently been invited to co-author a book on the issue of human sexuality. Jonathan's work as Research Programme Leader at LKH continues although he has now concluded his role as External Examiner for the Light College & Collective. He is still in membership of a team who are translating the New Testament into British Sign Language.

Sally Nelson at St Hild has continued to serve us very well as Hub Tutor and continues her work as editor of the Baptist Ministers' Journal, organiser of the Northern Baptist Theological Consultation and Secretary to the Whitley Scholarship committee. Sally continues to offer her Myers Briggs personality profiling to all students and staff as part of the Baptist Leadership Programme.

Linda Donaldson, our Hub Tutor at Cranmer Hall, has been a great addition to staff team. Her work supporting, encouraging and tutoring our North Eastern cohort of students is invaluable. Alongside her work as Hub Tutor, Linda continues her work as minister of Portrack Baptist Church in Stockton.

As well as being appointed as Hub Tutor at the Light College & Collective, Rob Beamish found time during the year to complete his PhD in Theology & Ministry from King's College, London. His major academic interest is currently on preaching, particularly exploring the notion of preaching in the context of lockdown.

This has been our fifth year working with our extended team of Associate Tutors. They have served us well, providing tutorial support to students, teaching on the Baptist Leadership Programme. As mentioned above, the planned training day had to be cancelled, but we will look to pick this up again once such gatherings can be held safely. We remain enormously grateful to this dedicated group of friends of the college

6. Develop a sustainable financial model for the future by:
  - a) exploring other possible partnerships
  - b) reviewing the kind of physical home-base that we need
  - c) finding new income streams
  - d) considering fundraising



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- e) continuing to think the unthinkable

One of the ways we set out to develop a more sustainable model was to increase student numbers through possible partnerships. We now have formal partnerships with St. Hild in Sheffield, Cranmer Hall in Durham and the Light College & Collective based in Chester, creating what we call our Hub Model. Overall Ministers in training numbers are currently at 25 compared to 17 in 2013 – 14.

Recruitment of students was held online in 2020 which did not appear to affect the number of applicants. Provision is in place for interviews to be held online again in 2021 should this be necessary. Early indications are that recruitment for next year is holding up.

Covid-19 has significantly impacted the way in which we work. The former principal's house which serves as our office base has been largely mothballed during the year with staff largely working from home. Earlier in the year, we were pleased to be able to let one of the offices to a private tenant. Sadly, of course, this business has had to suspend its operations during lockdown, and we have given the tenant a rent holiday, but we are hopeful that the business will return in 2021. We will continue to review our use of the offices as the situation changes.

In addition, over the last few years we have reviewed academic and administrative staffing levels reducing the former and increasing our admin support. We have supplemented our Admin team with the addition of an interim College Manager. As well as focusing on providing cover during Clara's sabbatical, Tim has steered the college towards bringing its finance function back in house which will be completed next year.

Covid-19 has impacted our investment portfolio. We were intending to conduct a full review of our management arrangements but were locked down before that was completed. It did not seem timely to change providers during the pandemic. Instead, since the year end we have moved to a total return product with the same provider which will strengthen our ethical approach to investments whilst reducing costs. It has the added advantage of greater flexibility between growth and income. At the same time, as outlined elsewhere in this report, since the year end we have moved to a Total Return Approach in managing our endowments.

None of this should mask the fact that the global pandemic has significantly impacted our investments in the short to medium term. NBC has significant reserves, and we are extremely confident in our ability to weather this storm. However, by using our reserves in the short term, we impact our ability to generate income in the medium to long term.

### **Luther King House**

We continue to value enormously our place at the heart of the unique venture that is LKH. The partnership continues to develop not least as we refine and improve our various academic programmes and reach out to the wider church via our Open Learning Programme.

Following last year's strategic decision by the University of Manchester to wind down its validation of partner colleges, Luther King House decided to pursue validation by the University of Durham's Common Awards Programme. This has gone well and we anticipate being formally accepted for validation in January 2020 in time for the new academic year, 2020 to 2021. Common Awards already validates a number of theological colleges including Bristol Baptist College and our partner colleges, St. Hild and Cranmer Hall. While we are sad to see the end of our historic links with the University of Manchester we delighted at the prospect of securing validation by another leading university and fully anticipate that this new partnership will enrich the learning that we are able to offer.

### **Partnerships**

Our partnerships with Cranmer Hall and St Hild continue to be an asset to NBC, they help us to extend the range, flexibility and availability of Baptist ministerial formation across the North of England, whilst the partnership with the Light College & Collective brings a welcome focus upon pioneering mission and evangelism.

The formal review of the partnership with St Hild has been somewhat drawn out because of the pandemic and is now viewed more as a review 'process' than as a one-off review.

We continue to work in partnership with both Urban Expression and with Rural Ministries in terms of placements for a number of students.

### **Associations and Churches and the Wider Church**

Through our students we are connected with sending and placement churches and other organisations such as chaplaincies and pioneering contexts. Each student has a support group, some have a supervisory minister, and

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all have supporting friends and families. We recognise and give thanks for the enormous value of these partnerships and connections.

In our principal objectives of training and forming students for Christian ministry we are of course serving the wider church. Those leaving the college go on to a variety of ministries, chaplaincies and pioneering roles within the UK in many different contexts.

The college serves in other ways too such as by staff serving on The BU Core Leadership Team, BU Council, Mission Forum, The Whitley Committee and input on specific issues. Alongside this are contributions to the editing or writing of articles for Christian publications, speaking at conferences, seminars and workshops as well as preaching commitments although these have been somewhat curtailed due to Covid-19.

### **E. Financial Review**

#### **Pensions**

We are committed to enabling all staff to save for their retirement. Directly employed staff are, unless otherwise requested, automatically enrolled in the Baptist Pension Scheme, details of which can be found in note 1.4 of the accounts. An equivalent sum is included in secondment agreements for seconded staff to enable them to continue with their existing pension arrangements.

#### **Pay Policy for Senior Staff**

Staff pay is agreed by the Governing Body. Remuneration for senior staff is based on role, experience and performance. Following last year's review of our remuneration policy future increments are based on a percentage of the Baptist Union of Great Britain's standard stipend.

### **F. Reserves policy**

Total funds as at 31 August 2020 stood at £6,057,386 (2019: £6,302,815). Of these, £5,768,027 (2019: £5,802,218) related to restricted funds and £421,926 (2019: £426,178) to fixed assets. £2,954 (2019: £2,954) remains designated for College Library use. Of the balance, £1,040,000 (2019: £1,040,000) was held in investments not readily convertible to liquid funds, leaving a free reserves figure of a deficit of £1,175,521 (2019: £968,537 deficit).

Clearly, this position is untenable moving forward. At their June 2020 meeting, Governors agreed to move to a total return basis in accounting for endowments. At the January 2021 Board Meeting, it was agreed that the Trust for Investment of the Bennett Reddihough endowments should be set at £2,000,426, representing the probate figure of £3,026,926, less £26,500 of specific bequests and less a further £1m which the Charity Commission authorised to be spent in November 2012.

All monies over and above this figure will be treated as an unallocated investment reserve.

However, trustees agreed that it is desirable to preserve the original value of the endowment and agreed that this should be set at the value of the Trust for Investment plus an allowance of 110% for inflation. Thus, trustees will treat the figure of £4,200,895 as the original value of the endowment.

Over a five-year, rolling period, trustees will aim to preserve this value in line with the Retail Prices Index measure of inflation.

### **G. Funds and Investment Policy**

There is no hiding the fact that the second half of this year has been extremely challenging for our investment managers, Cazenove.

The original portfolio target was a return of inflation plus 4% over a rolling period of 5 years with an income target of 3.5%. In the year to August 2020, this produced income of £149k, however, following the market falls caused by the Covid-19 epidemic and in particular the anticipated reduction in dividend payments, it was estimated that this would drop to £115k in the year to August 2021.

At the Board meeting in June 2020, the decision was taken to move to Cazenove's Responsible Multi-Asset Fund which operates on a total return basis. Once the transition has been completed, we have set a total return distribution goal of 4%. It is anticipated that this will produce a return of £180k, as well as having significantly reduced management fees.

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At year end, the portfolio value stood at £4,530,540 which represents a fall of 6.5% from the previous year. Governors continue to monitor this position closely. Post-year end, there are some early signs of, albeit fragile, recovery. In the six months to October 2020, the portfolio produced a positive return of 5.6%.

Although taking place after year end, as disclosed in Note 12 to the accounts, governors have now agreed to move to a Total Returns Approach to managing the endowments.

In the year to August 2020, we delivered an in-year deficit of £61k. The budget for 2021 shows a projected deficit of £86k. Governors have already agreed in-principle support for Luther King House. If this is required, it will need to be drawn down in addition to that figure.

We strongly believe that the Total Returns Approach will give us the flexibility to weather the financial storm as we emerge from the global pandemic.

### H. Going Concern

With an unallocated investment reserve of £1,177,255 over and above the original value of the Bennett Redihough endowments, trustees are reassured that NBC is able to weather the short-term financial storm. In addition to the budget, agreed by the board, a second, contingency budget has also been prepared under which the annual deficit may increase to some £114k. Even were this to double, NBC would have five years to address its financial strategy – and would still have unallocated reserves over and above the Trust for Investment figure. Furthermore, NBC owns a majority stake in the property of Luther King House which, under this 'worst-case scenario' could be liquidated to provide additional income.

Under the circumstances, trustees have no hesitation in confirming that Northern Baptist College remains a Going Concern.

### I. Plans for future Periods

2019 marked the end of the five-year strategy that Governors agreed in November 2014. As mentioned above, the planned strategic review was impacted by Covid-19. However, this is now underway, and a revised strategy will be agreed during the year to August 2021. A draft will be brought to Governors in February 2021, with a final version being agreed at the June 2021 meeting. This review will include continuing to work on the long-term financial stability of the college, building on work we will do this year around moving our investment portfolio to a Total Return Approach.

It is not anticipated that this will include any fundamental change to the "Hub" model of partnership with other organisations. In particular, in June 2020, governors expressed their support for the Luther King House Educational Partnership by agreeing a package of measures to support the trust through the Covid-related financial difficulties. This included a willingness to work with Northern College (URC) to provide loans of up to £150k in the financial year 2020-21. It seems likely that this provision will be required and trustees are working to ensure that this does not have any detrimental effect on cash flow.

The review will include implementing and monitoring the changes agreed to the Baptist Leadership Programme and continuing our work to develop Edifi, our blended learning programme for local leaders. The 3 year review our partnership with St. Hild is underway and we look forward to expanding the intake of students for our new hub at the Light Project College. At the October 2020 governors' meeting which commissioned the review, Governors strongly affirmed a direction of travel which highlights NBC's distinctively evangelical and radical tradition. In particular, governors affirmed the work of the college in developing safeguarding resources for churches supporting LGBT+ people.

### J. Statement of the Trustees Responsibilities.

The Charity trustees (who are also the directors of Northern Baptist College for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Charity trustees to prepare financial statements for each 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, including the income and expenditure, 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;

# NORTHERN BAPTIST COLLEGE

## Annual Report of the Trustees for the Year to 31 August 2020

- 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 charity will be able to continue in business.

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

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

### Charity governance code

NBC Governors have adopted the Charity Governance Code for small charities. The governors are clear about the charity's aims and monitor and review vision and strategy on a 5-yearly cycle. In recent years we have made significant changes to our governing body to ensure that it has the right skills and experience represented on it and provides strategic leadership. The governing body acts according to the Nolan principles of public life. The governing body are aware of key risks and review these regularly. The Governing body are keenly aware of issues of diversity for example this year we introduced a new statement of principles around gender, sexuality and safeguarding. We seek to be open and accountable in our work. As part of this our senior students who are appointed by the student body have an open invitation to Governing Body meetings and provide a report to each meeting. This year in response to students questions we have produced a detailed report on the college finances for students, which practise will be incorporated into the college's reporting cycle.

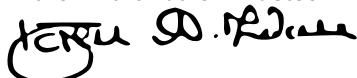
### K. Disclosure of Information to the Auditors

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

- There is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the Charity's auditor is unaware; and
- The trustees, having made enquiries of fellow directors and the auditor that they ought to have individually taken, have each taken all steps and he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies act 2006.

By order of the trustees  
Karen Martindale - Trustee



DATE: 14 April 2021

# **NORTHERN BAPTIST COLLEGE**

## **Independent Auditor's Report to the Members of Northern Baptist College**

### **Opinion**

We have audited the financial statements of Northern Baptist College for the year ended 31 August 2020 which comprise Statement of Financial Activities, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 charitable company 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 charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

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

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.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report prepared for the

# NORTHERN BAPTIST COLLEGE

## Independent Auditor's Report to the Members of Northern Baptist College

purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees' report.

## Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 11, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

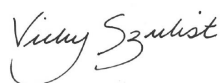
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# NORTHERN BAPTIST COLLEGE

## Independent Auditor's Report to the Members of Northern Baptist College

### Use of our report

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



Vicky Szulist

Senior Statutory Auditor

For and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

The Lexicon

Mount Street

Manchester

M2 5NT

14th April 2021

# NORTHERN BAPTIST COLLEGE

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
<b>Income:</b>					
Donations and legacies	3	2,304	-	2,304	18,037
<i>Income from charitable activities:</i>					
Operation of ministerial training college	4	172,217	-	172,217	144,748
Investment income	5	8,978	148,728	157,706	183,091
<b>Total income</b>		<b>201,499</b>	<b>148,728</b>	<b>350,227</b>	<b>345,876</b>
<b>Expenditure</b>					
<i>Expenditure on charitable activities</i>					
Operation of ministerial training college	6	412,737	-	412,737	421,867
<b>Total expenditure</b>		<b>412,737</b>	<b>-</b>	<b>412,737</b>	<b>421,867</b>
<b>Net (expenditure)/income before transfers and gains for the year</b>	9	<b>(211,238)</b>	<b>148,728</b>	<b>(62,510)</b>	<b>(75,991)</b>
<b>Transfers between funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains/losses:</b>					
Net gains/(losses) on investments	12	-	(182,919)	(182,919)	118,869
<b>Net (expenditure)/income and net movement in funds for the year</b>		<b>(211,238)</b>	<b>(34,191)</b>	<b>(245,429)</b>	<b>42,878</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		500,597	5,802,218	6,302,815	6,259,937
<b>Total funds carried forward at 31 August 2020</b>		<b>289,359</b>	<b>5,768,027</b>	<b>6,057,386</b>	<b>6,302,815</b>

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

All income and expenditure derive from continuing activities.



# NORTHERN BAPTIST COLLEGE

## BALANCE SHEET

Company No: 573403

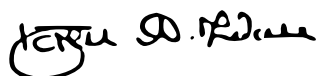
AS AT 31 AUGUST 2020

	Note	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible fixed assets	11	421,926		426,178	
Fixed assets investments	12	5,570,540		5,887,330	
<b>Total Fixed Assets</b>		<u>5,992,466</u>		<u>6,313,508</u>	
<b>Current assets</b>					
Debtors	13	61,144		31,960	
Cash at bank and in hand		99,226		65,880	
		<u>160,370</u>		<u>97,840</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(25,484)</u>		<u>(29,913)</u>	
<b>Net current assets</b>			<u>144,795</u>		<u>67,927</u>
<b>Creditors: amounts falling due after more than one year</b>	15		<u>(69,966)</u>		<u>(78,620)</u>
<b>Total net assets</b>			<u>6,057,386</u>		<u>6,302,815</u>
<b>Funds of the charity</b>					
Unrestricted funds	16	289,359		500,597	
Restricted funds	17	5,768,027		5,802,218	
<b>Total Charity funds</b>		<u>6,057,386</u>		<u>6,302,815</u>	

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes at pages 18 to 30 form part of these accounts.

The financial statements were approved by the Governing Body on 14 April 2021 and signed on its behalf by:



**Karen Martindale**  
Trustee

# NORTHERN BAPTIST COLLEGE

## CASH FLOW STATEMENT FOR THE YEAR ENDED AT 31 AUGUST 2020

	2020 £	2019 £
Net income for the year	(245,429)	42,878
Investment income	(157,706)	(183,091)
Depreciation	5,545	5,533
Net gains/(losses) on investments	182,919	(118,869)
(Increase)/decrease in debtors	(29,184)	925
Increase/(decrease) in creditors	(13,083)	(17,257)
<b>Net cash flow from operating activities</b>	<b>(256,938)</b>	<b>(269,881)</b>
<b>Cash flows from investing activities</b>		
Investment income	157,706	183,091
Purchase of fixed assets	(1,293)	(2,443)
Purchase of investments	(3,100,482)	(309,316)
Sale of investments	3,234,353	359,529
<b>Net cash flow from investing activities</b>	<b>290,284</b>	<b>230,860</b>
Increase (decrease) in cash and cash equivalents in the year	33,346	(39,021)
Cash and cash equivalents at the beginning of the year	65,880	104,901
<b>Total cash and cash equivalents at the end of the year</b>	<b>99,226</b>	<b>65,880</b>
<b>Cash and cash equivalents at the end of the year consist of:</b>		
Cash at bank and in hand	99,226	65,880

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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**1 Accounting Policies**

Northern Baptist College is a private company limited by guarantee, incorporated in England and Wales.

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

**1.1 Basis of preparation**

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.

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

Northern Baptist College meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

**1.2 Preparation of the accounts on a going concern basis**

The Trustees are seeking a move to Total Return Accounting which current estimates show would provide an unallocated investment reserve of just under £1.2m.

The Covid-19 pandemic continues to impact operations but the Charity has been able to continue delivery remotely. Current forecasts show a small deficit for future years but investment returns are expected to increase following the shock to markets in 2020. Different scenarios have been forecast which shows that the Trustees have a number of years to address this issue.

As such the Trustees consider that the Charity is a going concern for the foreseeable future with no material uncertainties.

**1.3 Income recognition**

All income is recognised once the Charity has entitlement to the income, there is sufficient certainty of receipt and so it is probable that the income will be received, and the amount of income can be measured reliably.

Most student course fees are invoiced at the beginning of the academic year and are receivable then.

Unsolicited donations are accounted for when received. For legacies, entitlement is taken at the earliest of

- the date on which the Charity is aware that probate has been granted;
- the estate has been finalised and notification has been made by the executor(s) to the Charity that a distribution will be made; or
- when a distribution is received from the estate.

Other income is accounted for on a receivable basis.

Interest on funds held on deposit is included upon notification of the interest paid or payable by the deposit taker. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our Investment manager of the dividend yield of the investment portfolio.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020

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**1.4 Expenditure recognition**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category.

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

*Allocation of governance costs*

Governance costs are those costs associated with charity governance requirements and which relate to the general running of the organisation.

*Staff pensions*

The charitable company is an employer participating in the Baptist Pension Scheme ("the BPS") and prior to the current year end was also participating in the Baptist Union Staff Pension Scheme ("the BUSPS"). The BUSPS has now wound up but was also a separate legal entity administered by the Pension Trustee.

From January 2012, pension provision for the Co-Principals 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. In addition, the employer pays a further 4% of Pensionable Income (or 3% if the employer is in the segregated DC section) 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 Aviva. Members of the Basic Section of BPS pay reduced contributions of 5% of Pensionable Income, and their employers also pay a total of 5%.

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 prior to its wind-up. 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; and
- 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. The BUSPS completed winding-up on 18 September 2019.

The table below summarises the main results of the most recent actuarial valuations of 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**

Date of valuation	31/12/2019
Date of next valuation (currently under preparation)	31/12/2022
Market value of scheme assets (A)	£298m
Technical provisions (B)	£316m
Deficit [(B) - (A)]	£18m
Funding level [(A)/(B)]	94%

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

*Staff pensions continued*

As a result of the valuation, in addition of the contributions to the DC Plan set out above, the following deficiency contributions were agreed:

- For the BPS, the standard rate of deficiency contributions payable remains at previously agreed levels, increasing each year in line with increases in the Minimum Pensionable Income. The deficiency contributions are broadly based on 12% of Pensionable Income/Minimum Pensionable Income, reflecting each employer's contributions in March 2015. Some employers that were involved in the DB Plan for a short period pay lower contributions. The Trustee and the Council agreed a 50% reduction for all deficiency contributions payable between 1 July 2020 and 31 December 2020. The current Recovery Plan dated 30 September 2020 envisages deficiency contributions continuing until 30 June 2026.
- For the BUSPS, previously agreed contributions of £759,000 pa (payable from 1 January 2016 and increasing each January in line with RPI inflation) were due until 31 January 2018. Following this, a lump sum payment of £2,734,062 was paid in February 2018 and further contributions were made to ensure the Scheme had sufficient assets to secure the BUSPS benefits in full with an insurer. The total contributions were split between the sponsoring employers in line with their estimated share of BUSPS's liabilities. These significant contributions were part of a plan to wind up the BUSPS. The Scheme formally triggered wind-up on 31 August 2018, and wind-up was completed in September 2019. As part of this, the benefits for BUSPS members who are also active members of the BPS were increased to offset the fact that their BUSPS benefits will no longer increase in future in line with changes in their salary. An additional contribution was also made to the DC Plan within the BPS for members who are yet to retire and have a BPS DC fund. In practice the Association paid money to BUGB in 2018 which was intended to cover all of the Association's outstanding commitments to the BUSPS, and a portion of this money (to the extent it was not required to secure the benefits in full and cover outstanding costs) was returned to the Association by BUGB in 2019.

The key financial assumptions underlying the valuations were as follows:

	BPS	BUSPS
Type of assumption	%pa	%pa
RPI price inflation assumption	3.20	3.45
CPI price inflation assumption	2.70	2.70
Minimum Pensionable Income increases (BPS only)	3.20	n/a
Pensionable Salary increases (BUSPS only)	n/a	3.70
Assumed investment returns		
- pre-retirement	2.95	3.50
- post-retirement	1.70	2.25
Deferred pension increases		
- pre-April 2009	3.20	3.45
- post April 2009	2.50	2.50
Pension increases (BPS main scheme pension and BUSPS pension)		
- pre-April 2006	2.70	3.25
- post April 2006	2.70	2.15

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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*Staff pensions continued*

As there are numbers of contributing employers participating in both the BPS and the BUSPS, the charitable company is unable to identify its share of the underlying assets and liabilities of the schemes. Accordingly, the profit and loss charge for the period represents the employer contributions payable. The employer contribution for all schemes is taken to the Statement of Financial Activities as incurred.

The next actuarial valuation of the DB Plan within the BPS is due as at 31 December 2022.

**1.5 Tangible fixed assets and depreciation**

The Charity's policy with regard to fixed assets is to capitalise those with a value over £500. Tangible fixed assets are capitalised at their purchase price together with any incidental expenses of acquisition.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and Buildings	1% straight line
Office equipment	25% and 33.33% on cost

**1.6 Fixed asset investments**

Investments are initially recognised at their transaction value and subsequently measured at their market value as at the balance sheet date using the closing quoted market price. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

**1.7 Debtors**

Student debtors are recognised at the settlement amount due. Any losses arising from impairment are recognised in expenditure. Prepayments are valued at the amount prepaid.

**1.8 Cash at bank and in hand**

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

**1.9 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 to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any discounts due.

**1.10 Financial instruments**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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**1.11 Taxation**

The company has charitable status and is thus exempt from taxation of its income and gains to the extent that they are applied to its charitable objects.

**1.12 Fund accounting**

Unrestricted funds are donations and other incoming resources which are available for use at the discretion of the trustees in furtherance of the objects of the charity without further specified purpose and which have not been designated for other purposes.

Restricted funds are subject to restrictions on their expenditure imposed by the donor. Expenditure which meets this criterion is charged to the fund together with a fair allocation of overhead costs.

Judgements in applying accounting policies and key sources of estimation uncertainty

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

*Impairment of debtors*

The charity makes an estimate of the recoverable amount of trade and other debtors. When assessing the impairment of trade and other debtors, the management team considers factors including the financial strength and ageing profile of the debtors and historical experience. The net carrying amount of the debtors is set out at Note 13.

*Baptist Pension Scheme*

The costs of the BPS deficit recovery plans have been estimated based on the net present value of future payments, discounted at a rate equivalent to that of a high quality corporate bond. The scheme actuary reviews the funding of the plan annually and undertakes a formal actuarial valuation every three years, at which time the deficit recovery plan may be amended.

**2 Legal status of the Charity**

The Charity is a company limited by guarantee and has no share capital. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity.

# NORTHERN BAPTIST COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

### 3 Income from donations and legacies

	2020 £	2019 £
Gifts	20,304	17,437
Legacies	-	600
	<u>20,304</u>	<u>18,037</u>

### 4 Income from charitable activities

	2020 £	2019 £
Student fees	159,490	132,384
Conference Income	12,727	12,364
	<u>172,217</u>	<u>144,748</u>

### 5 Investment income

	2020 £	2019 £
Listed investments	148,605	165,235
Loan Interest	6,153	9,200
Property income	2,825	8,530
Bank and other interest	123	126
	<u>157,706</u>	<u>183,091</u>

Of the £157,706 received in 2020 (2019: £183,091), £148,728 was restricted funds (2019: £165,361) and £8,978 was unrestricted funds (2019: £17,730).



# NORTHERN BAPTIST COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

### 6 Analysis of expenditure on charitable activities

	2020 £	2019 £
Other costs relating to charitable activities comprise:		
Staff costs (see note 10)	177,823	222,718
Tutorial fees and expenses	34,047	12,082
Academic fees	41,095	33,360
College bloc charge – Luther King House Educational Trust	34,000	34,000
Conference expenses	11,802	19,588
Travelling expenses	5,410	12,638
Catering costs	3,715	7,923
Rates and ground rents	4,192	4,188
Heat and light	2,194	1,596
Insurance	3,015	2,897
Printing, postage, stationery and advertising	1,078	762
Telephone	950	921
Books and publications	952	931
Legal and professional fees	837	1,115
Bookkeeping and payroll fees	9,897	11,067
Repairs and renewals	6,515	6,028
Provision for unpaid student fees	4,759	(8,683)
Student bursaries	23,243	12,000
Sundry expenses	6,007	4,008
Bank charges	295	300
Depreciation of tangible fixed assets	5,545	5,533
	<b>377,371</b>	<b>384,972</b>

### 7 Governance costs

	2020 £	2019 £
Governance costs comprise:		
Auditors' fees	5,150	6,000
Trustee meeting costs	54	-
	<b>5,204</b>	<b>6,000</b>

### 8 Support costs

	2020 £	2019 £
Support costs comprise:		
Portfolio Management fees	30,162	30,895
	<b>30,162</b>	<b>30,895</b>

### 9 Net income/(expenditure) for the year

	2020 £	2019 £
This is stated after charging:		
Depreciation of tangible fixed assets	5,545	5,533
Auditors' remuneration	5,150	6,000

## NORTHERN BAPTIST COLLEGE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

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#### 10 Analysis of staff costs and trustee expenses

The key management personnel of the College are Rev Clare McBeath and Rev Glen Marshall who acted as College Co-Principals during the period and their joint remuneration for the year to 31 August 2020 was £93,403 (2019: £89,729). Although trustees of the college the Co-Principals are remunerated as employees.

None of the trustees or persons connected with them have received or obtained any remuneration or other financial benefits for the year either directly or indirectly from the funds of Northern Baptist College. During the year, travel expenses were reimbursed to 4 trustees. The aggregate amount of expenses paid was £1,576 (2019: £886).

#### Staff costs

	2020 £	2019 £
Salaries	152,079	145,972
Social security costs	11,166	11,621
Pension contributions	14,578	65,045
	<b>177,823</b>	<b>222,718</b>

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

	Number	Number
Ministerial training	3	3
Support staff	1	1
	<b>4</b>	<b>4</b>

# NORTHERN BAPTIST COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

### 11. Tangible fixed assets

	Freehold Property £	Office Equipment £	Total £
<i>Cost</i>			
At 1 September 2019	442,009	12,892	454,901
Additions	-	1,293	1,293
At 31 August 2020	442,009	14,185	456,194
<i>Depreciation</i>			
At 1 September 2019	17,680	11,043	28,723
Charge for the year	4,418	1,127	5,545
At 31 August 2020	22,098	12,170	34,268
<i>Net book value</i>			
At 31 August 2020	<b>419,911</b>	<b>2,015</b>	<b>421,926</b>
At 31 August 2019	424,329	1,849	426,178

### 12. Fixed asset investments

	2020 £	2019 £
Investment portfolio – Cazenove Capital Management	<b>4,530,540</b>	4,847,330
Stake in Luther King House Educational Trust	<b>1,040,000</b>	1,040,000
	<b>5,570,540</b>	5,887,330
<i>Investment portfolio</i>		
At 1 September 2019	<b>4,847,330</b>	4,778,673
Additions	<b>3,100,482</b>	309,316
Disposal proceeds	<b>(3,234,353)</b>	(359,528)
	<b>4,713,459</b>	4,728,461
Revaluation as at 31 August 2020	<b>(182,919)</b>	118,869
	<b>4,530,540</b>	4,847,330
The investment portfolio comprises:		
UK listed investments	<b>2,305,472</b>	2,811,899
Overseas listed investments	<b>2,225,068</b>	2,035,431
	<b>4,530,540</b>	4,847,330

# NORTHERN BAPTIST COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

The following investments exceed 5% of the investment portfolio:

Royal London Ethical Bond Fund	885,895	18.27%
Charities Property Fund	389,188	8.03%

### Stake In Luther King House Educational Trust

The Charity was a founder member of Luther King House Educational Trust (LKHET) in September 2000. As part of the financial basis for Luther King House Educational Trust, the Charity transferred cash of £50,000 and the land and buildings at Luther King House to a charity called Luther King House Property Trust under a Charity Commission Scheme dated 27 June 2002. At the date of transfer, the land and buildings were valued at £700,000.

Under the terms of the Luther King House Property Trust, as a founder member of LKHET, the Charity has rights in relation to the disposal of the assets of the Property Trust in the event of its dissolution. The scheme provides that, under a revision of the scheme, 62.5% of the value of the land and buildings will be distributed to the Charity. The most recent professional valuation of the property in January 2015 was £3 million.

Luther King House Property trust is now part of Luther King House.

In 2018 and earlier, £290k of the stake in Luther King House Educational Trust was previously presented within debtors. Given the loan is not repayable until the sale of Luther King House and attracts interest.

### 13 Debtors

	2020 £	2019 £
Student debtors	57,456	29,305
Prepayments and accrued income	3,778	2,655
<b>Total</b>	<b>61,144</b>	<b>31,960</b>

### 14 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	629	-
Tax and social security	3,699	3,622
Accruals and deferred income	10,630	15,765
Pension liability	10,526	10,526
	<b>25,484</b>	<b>29,913</b>

### 15 Creditors: amounts falling due after one year

	2020 £	2019 £
Pension liability	69,966	78,620
	<b>69,966</b>	<b>78,620</b>

The charity is required to make pension deficit contributions to the Baptist Pension Scheme to the value of £10,526 per annum until December 2028. Including within creditors due within one year and after one year is the net present value of these payments using a discount rate equivalent to a high-quality corporate bond – 2.1% (2019: 2.1 %). The total pension liability as at 31 August 2020 was £80,492 (2019: £89,146).

# NORTHERN BAPTIST COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

### 16 Unrestricted funds

	Balance at 1 September 2019	Incoming Resources	Expenditure incurred	Gains/ (losses) and transfers	Balance at 31 August 2020
	£	£	£	£	£
General Funds	497,643	201,499	(412,737)	-	286,405
College Library Fund	2,954	-	-	-	2,954
	<u>500,597</u>	<u>201,499</u>	<u>(412,737)</u>	<u>-</u>	<u>289,359</u>

	Balance at 1 September 2018	Incoming Resources	Expenditure incurred	Gains/ (losses) and transfers	Balance at 31 August 2019
	£	£	£	£	£
General Funds	583,244	180,515	421,867	155,751	497,643
College Library Fund	2,954	-	-	-	2,954
	<u>586,198</u>	<u>180,515</u>	<u>421,867</u>	<u>155,751</u>	<u>500,597</u>

### 17 Restricted funds

	Balance at 1 September 2019	Income/ (expenditure)	Gains/ (losses) and transfers	Balance at 31 August 2020
	£	£	£	£
Bennett/Reddihough Capital Funds	5,412,341	139,641	(171,749)	5,380,233
Property Trust	295,991	9,074	(11,170)	293,895
Scholarship and Prize Fund	93,886	13	-	93,899
	<u>5,802,218</u>	<u>148,728</u>	<u>(182,919)</u>	<u>5,768,027</u>

# NORTHERN BAPTIST COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

Investment income received on restricted funds is transferred to the unrestricted funds account as there is no restriction placed on this income.

The Bennett/ Reddihough capital funds are a permanent endowment made in the early 1990s the terms of which mean that we can use the income earned but the original capital has to be preserved. The Property Trust and Scholarship and Prize Fund are historic restricted funds.

	Balance at 1 September 2018 £	Income/ (expenditure) £	Gains/ (losses) and transfers £	Balance at 31 August 2019 £
Bennett/Reddihough Capital Funds	5,293,472	155,751	274,620	5,412,341
Property Trust	286,397	9,594	-	295,991
Scholarship and Prize Fund	93,870	16	-	93,886
	<b>5,673,739</b>	<b>165,361</b>	<b>274,620</b>	<b>5,802,218</b>

Funds referred to in these financial statements and previous financial statements as the Bennett/Reddihough Capital Funds are in fact endowed funds.

Post year end, the Board have agreed to undertake total return accounting. The original Trust for investments of the Bennett & Reddihough funds is estimated at £3,000,426 excluding Craven Manor Farm at Farnhill. In 2012, the Charity Commission permitted a transfer of £1m of the endowed funds to unrestricted funds for charitable purposes. The remaining Trust for investment of £2,000,426 when compared to the asset value of £5.380m leaves an unapplied investment return of £3.380m to be utilised by the Trustees.

The Trustees are developing a total return policy which will enable them to preserve the value of the bequest in real terms and address the interfund lending as noted in note 18.

### 18 Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:	Unrestricted Funds £	Restricted Funds £	Total £
Tangible assets	421,926	-	<b>421,926</b>
Fixed assets investments	1,040,000	4,530,540	<b>5,570,540</b>
Debtors	61,144	-	<b>61,144</b>
Cash at bank and in hand	(1,138,261)	1,237,487	<b>99,226</b>
Creditors: amounts falling due within one year	(25,484)	-	<b>(25,484)</b>
Creditors: amounts falling due after one year	(69,966)	-	<b>(69,966)</b>
Total net assets	<b>289,350</b>	<b>5,768,027</b>	<b>6,057,386</b>

# NORTHERN BAPTIST COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

Fund balances at 31 August 2019 are represented by:	Unrestricted Funds	Restricted Funds	Total
	£	£	£
Tangible assets	426,178	-	426,178
Fixed assets investments	1,040,000	4,847,330	5,887,330
Debtors	31,960	-	31,960
Cash at bank and in hand	(889,008)	954,888	65,880
Creditors: amounts falling due within one year	(29,913)	-	(29,913)
Creditors: amounts falling due after one year	(78,620)	-	(78,620)
Total net assets	500,597	5,802,218	6,302,815

### 19 Related party transactions

Pension deficit payments in respect of trustee pension contributions for two Trustees were £7,472.

Included in investments is a loan of £60,000 (2019: £60,000) and included in investments is a loan of £230,000 (2019: £230,000), both to Luther King House Educational Trust (LKHET). These loans are repayable when LKHET has funds available or on the dissolution of LKHET. Interest is payable at 1% below base rate on the £60,000 loan and at the daily rate set by the Charities Aid Foundation for its COIF units, collared at 4%, for the £230,000 loan. The total interest received during the year was £6,153 (2019: £9,200). During the year, LKHET also made sales to the Charity of £80,075 (2019: £91,921). At the year end the Charity owed £nil (2019: £328) to LKHET.