



NORTHERN BAPTIST COLLEGE LTD
(a company limited by guarantee)

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

Charity Registration Number: 1108216
Company Registration Number: 573403

NORTHERN BAPTIST COLLEGE

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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Annual Report of the Trustees for the Year to 31 August 2021

The trustees are pleased to present their annual directors' report together with the audited financial statements of the Charity for the year ended 31st August 2021, 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 2019).

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 new Articles of Association provide for trustees to be appointed by election by the Governing Body. Current trustees are shown in bold type:

Karen Martindale		Chair of Governors
Clara Rushbrook		College Co-Principal
Glen Marshall		College Co-Principal
Robert Poole		Treasurer
Wayne Clarke		
Luke Dowding	(Appointed 19 March 2021)	
Richard Lewis		
Jacquie Osmund-Smith		
Gary Serra di Migni		
Christopher Upton		
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 U.K. LLP, 3rd floor, The Lexicon, Mount Street, Manchester, M2 5NT

Bankers

NatWest Bank, 24 Deansgate, Bolton, BL1 1BN

Unity Trust Bank, PO Box 7193, Planetary Road, Willenhall WV1 9DG

Investment managers

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

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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, a substantive appointment was made to the post of College Manager (which had previously been an interim role). The College Manager has day-to-day responsibility for maintaining the risk register.

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As last year, it is judged that the greatest risks to the organisation emerge from the Covid-19 crisis.

The two highest risks continue to be associated with the partnership with Luther King Centre. This is the new 'branding' for Luther King House which has been introduced during the year to clarify the distinction between the educational trust and the hotel and conference centre.

The highest risk of these remains the financial risk to LKC which has arisen from the UK-wide lockdowns. The hotel and conference business has been closed for much of the year, and has seen a significant reduction in bookings for the rest of the year.

This has been mitigated by the two major partners in the LKC, Northern Baptist College and Northern College, making further loans to the partnership. As reported last year, trustees had expressed a willingness to support LKC to the extent of £75,000. In the event, only £25,000 has been required, although a number of other measures – such, for example, as the early payment of student fees and block charge, have been approved.

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. We remain convinced that the partnership with Luther King Centre remains a key part of our 'hub-based' strategy for delivering our charitable aims. Nevertheless, we are increasingly convinced that a long-term financial strategy to place the partnership on a more secure financial footing is necessary. We continue to be active partners in the development of this.

Two other risks remain at levels which the governors are monitoring closely. The first of these arises from competition from other providers. It remains to be seen what the long-term impact of Covid-19 will be. However, initial impressions are that there are fewer students coming forward for formation. If it is to continue to attract students, it is essential that NBC cements its unique identity in what is an increasingly crowded market. Governors have now completed their quinquennial strategic review which had been delayed by the pandemic. The strategy was formally ratified at the governors meeting in July 2021, and we look forward to implementing it in the coming months and years.

The final substantive risk identified last year is the level of student debt. It is pleasing to report significant progress in this regard. NBC is now much more proactive in dealing with student finances and the majority of student debt is now the result of genuine hardship. We will always seek to support students in difficulty. 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 continues to be an active participant in that review although, inevitably, this has been impacted by Covid-19.

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.

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- Relationally committee: collaborating with other instinctively, no 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.

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 Centre 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.

Grant Making Policy

NBC administers the Baptist Union of Great Britain Bursary scheme. 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.

This year, governors agreed not to set aside a specific hardship fund from NBC funds as, for the last several years, this has been 'swallowed up' by the levels of student debt. This policy is being reviewed as part of the budget-planning process.

D. Achievements and performance

As previously reported, the quinquennial review of NBC's strategic priorities which was due at the end of 2019 was significantly impacted by the Covid-19 pandemic. This has now been completed and a new strategy document was approved in July 2021. This will be implemented in the five years from September 2021 to August 2026. However, we report here on progress against the previous strategic priorities

1. To provide high quality ministerial formation

In the year to August 2021, we had twenty-five students undertaking ministerial formation (MITs), ten at our Luther King House hub, five at St. Hild and seven at Cranmer Hall and for the first time, three students came through our partnership with the Light College and Collective.

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

Of our eight leaving students, four students graduated with a BA, three with MAs and one student with a post-graduate certificate.

As last year, the Covid-19 emergency has severely impacted the Baptist Settlement process. Nevertheless, it is pleasing to report that none of our leaving students are still seeking settlement.

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

From September 2020, we have moved to a pattern of delivering the Baptist Leadership Programme via three residential weekends and a longer student and staff retreat. This, of course, has been caught up in the provisions for the pandemic. The first two weekends were delivered online, for which student feedback was broadly appreciative. Nevertheless, once students were able to meet in person it was clear that they had missed the

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community aspects of their formation.

It is, therefore, intended to return to a pattern of residential weekends, although, of course, online provision could be used should it prove necessary.

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 8 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. The majority of our tutorial provision has been delivered online and appears likely that this is one area of college life which will continue to be largely provided via one-to-one video calls. Both tutors and students have appreciated the convenience and the reduction in travel.

This year saw the first full year of the partnership with the non-geographic hub of the Light College and Collective. Three students began their formation through this route and, although outside the remit of this report it is good to report that a further two students have joined us via the LCC from September 2021.

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

This year we have had thirty-two Newly Accredited Ministers (NAMS) doing their learning contracts and theological reflection with us across two residential conferences on the themes of Governance and Leadership. Both the conferences held within the year were held online although it is pleasing to report that the conference in September 2021 has been able to take place in person.

Although we only used eight 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.

Edifi, our training programme for local leaders has run two events to help local leaders respond to the lockdown. A review of this work is currently underway as part of the broader strategic review.

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. Four out of five Light College students are women.

Sixteen 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 two of our students and one of our governors are from a BAME background.

The new vision and values strategy, which will be reported next year, specifically seeks to address these imbalances as well as positioning NBC as a truly inclusive Christian community.

5. Contribute to theological reflection on mission and ministry:

This is done through the work of our staff team which at year end, 2021 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 College Manager)

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Ms Caroline Bennett (PT Administrator)
Miss Louise McMahon (PT Administrator)

The Admin Team have managed to take much of the administrative burden from the Co-principals allowing them to focus on the challenges of strategic leadership and 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 College of Preachers North West Preaching Conference. He maintains his involvement with the Chinese Christian Churches in Manchester and further afield. Glen acts as a peer reviewer for The Journal of Baptist Theology in the areas of Homiletics and Missiology.

Clara Rushbrook, in addition to her wider denominational responsibility, has continued to focus this year on safeguarding for LGBT people and the work on Creating Sanctuary. 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.

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.

Over the last year Rob Beamish has drawn upon both his previous PHD work and his recent research into preaching in lockdown to contribute conference papers at the University of Winchester and also the 'Academy of Homiletics'. In terms of publications, an article reflecting on Baptist preaching in lockdown was published in the International Journal of the 'British and Irish Association of Practical Theology', and he is in the process of completing the publication of his PHD thesis on preaching in times of crisis with Wipf & Stock in North America. Alongside this Rob has given keynote lectures on preaching for ministerial students at Cardiff Baptist College, alongside teaching on their Pathways course, and also at Bristol Baptist College on engaging theologically with the digital world. He was also invited to lead an act of worship at this year's BIAPT conference. Recent ministry reflection has been on the practice of Baptist ministry and Autism which has seen an article published in the Baptist Ministers Journal. Rob has also seen his involvement with the BBC Radio Wales Religion department expand to include regular contributes to their 'Wednesday word' segment, as well as continuing to contribute Sunday acts of worship.

Our extended team of Associate Tutors continues to serve 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 in the coming year. 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
- 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.

Eight new students joined us this year which is broadly in line with expectations. It remains to be seen what the

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impact of the pandemic will be on medium to long term student numbers.

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. Sadly, the business to whom we let one of the upstairs offices has been forced to cease trading. During the coming year we will further review our office provision.

In addition, over the last few years we have reviewed academic and administrative staffing levels reducing the former and increasing our admin support. It has now been agreed that the previously 'interim' position of College Manager needs to be made a permanent part of our staffing structure and we are delighted that Tim Presswood has been able to continue in this role.

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, 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, 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 reserves of over £6m, 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 Centre for Theology and Ministry

During the year, Luther King House has rebranded as the Luther King Centre, clarifying the distinction between the *building* which houses a hotel and conference centre, and the *trust* which focuses upon theology and ministry.

We continue to value enormously our place at the heart of the unique venture that is LKC. 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 the decision by the University of Manchester to wind down its validation from of partner colleges, Luther King House has moved its validation for the BA and MA programmes to the University of Durham's Common Awards Programme and the first students have now embarked upon this course. Both academic and administrative staff have put in enormous levels of effort into making this change, particularly working with staff on furlough and with only limited access to office space. Nevertheless, it is testimony to their hard work that this process has, as far as students are concerned, been largely seamless. Common Awards already validates a number of theological colleges including Bristol Baptist College and our partner colleges, St. Hild and Cranmer Hall and we look forward to developing this relationship in years to come.

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.

We continue to work in partnership with both Urban Expression and with Rural Ministries in terms of placements for a number of students although these partnerships have been somewhat less active than in previous years due to the impact of the pandemic.

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 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. Although these are principally within the Baptist Union of Great Britain, as part of the strategic review, governors recognised that the current Baptist Ministerial Recognition Rules mean that some of the students with whom we work may not be allowed to serve as accredited Baptist ministers. We are committed to enabling their ministries within the broader church context, as well as supporting the moves for

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reform within the denomination.

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. Increments are based on a percentage of the Baptist Union of Great Britain's standard stipend and follow the pattern set by BUGB.

F. Reserves policy

Total funds stood at £6,810,608 (2020: £6,057,386), of which £1,430,966 (2020: £5,768,027) were restricted and £5,252,377 were endowed. Within unrestricted funds were £1,459,483 (2020: £1,461,926) of assets held within tangible fixed assets and fixed asset investments. This left free reserves at a deficit of £1,332,218 (2020: deficit of £1,175,521). This deteriorating situation in respect of free reserves was the catalyst for the Governors to consider the treatment of the endowment funds.

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 £3,026,426, less £26,000 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 £4,165,820 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. However, as this is the first year of operating under the new policy, and as the global pandemic has had such an extraordinary impact upon the life of the college, governors do not believe it is appropriate to make any transfer to the original value reserve this year. All growth will be treated as unallocated investment reserves.

G. Funds and Investment Policy

It is pleasing to be able to report that our investment portfolio has recovered substantially and at year end, stands at £5,252,377 as compared with £4,530,540 the previous year.

Although we had anticipated a formal review of our investment strategy in 2020, governors believe that the current levels of uncertainty brought about by the global pandemic makes this undesirable.

Instead, we have moved our investments managed by Cazenove Capital to their Responsible Multi-Asset Fund which operates on a total return basis and is more closely aligned to our ethical investment goals. Although this is the first year of holding this particular fund, it is also pleasing to report that this generated income of £183,800 compared with a budget of £180,000.

H. Going Concern

With an unallocated investment reserve of £919,924 over and above the original value of the Bennett Reddihough 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

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the annual deficit may increase to some £106k. 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

At the governors' meeting in July 2021, the delayed five-year strategy for 2021-26 was agreed. This builds upon – and celebrates – the previous strategic vision. However, in order to respond to the changing context for churches, country and world, NBC governors have agreed five strategic objectives:

1. To develop and emphasise NBC's focus on issues of justice and inclusion within a holistic understanding of mission.
2. To develop our work with pioneers and chaplains
3. To develop and expand online learning opportunities
4. To develop a range of CMD (Continuing Ministerial Development) learning opportunities with an emphasis on training the trainers
5. To give a greater priority to creation care as part of the mission of God

Each of these is underpinned by a number of specific and measurable actions. Governors have agreed in principle to provide resources to implement this and at the time of writing a revised budget is being prepared to take this into account.

In the short term, governors recognise that this will lead to an increase in NBC's budget deficit. However, we are confident that this will be significantly less than our unallocated investment reserve. By cementing NBC's unique historic identity, we believe we are safeguarding the future of the college.

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;
- 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

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the charity's aims and monitor and review vision and strategy on a 5-yearly cycle. As reported above, a new strategic vision has been adopted which will be formally reviewed in 2026. 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.

We are aware that the Charity Commission made changes to the Code in 2020, but did not feel it was opportune to discuss these whilst meeting electronically. A full review of our compliance with the code will be implemented during 2022, assuming we are able to meet in person.

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
Neil Brighton - Trustee

DATE: 12 May 2022

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 2021 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and notes to the financial statements, including 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 2021 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;
- 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

NORTHERN BAPTIST COLLEGE

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

Opinion on other matter 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the 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 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 by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- 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 and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, Charities Act 2011 and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to

NORTHERN BAPTIST COLLEGE

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

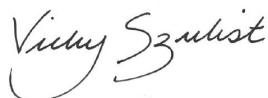
be the override of controls by management and completeness of income. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, sample testing from student record documentation, proof in total on conference income based on published fees and delegate list, reviewing rental agreements for rental income and sample testing of investment income from investment reports and loan agreements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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. This description forms part of our auditor's report.

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

Date 12th May 2022

NORTHERN BAPTIST COLLEGE

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted funds £	Restricted funds £	Endowed Funds £	Total 2021 £	Total 2020 £
Income:						
Donations and legacies	3	18,956	-	-	18,956	20,304
<i>Income from charitable activities:</i>						
Operation of ministerial training college	4	221,003	-	-	221,003	172,217
Investment income	5	4,337	2	183,798	188,137	157,706
Total income		244,296	2	183,798	428,096	350,227
Expenditure						
<i>Expenditure on charitable activities</i>						
Operation of ministerial training college	6	406,390	-	-	406,390	412,737
Total expenditure		406,390	-	-	406,390	412,737
Net (expenditure)/income before transfers and gains for the year	9	(162,094)	2	183,798	21,706	(62,510)
Transfers between funds		1,043,170	(5,380,233)	4,337,063	-	-
Other recognised gains/losses:						
Net gains/(losses) on investments	12	-	-	731,516	731,516	(182,919)
Net (expenditure)/income and net movement in funds for the year		881,076	(5,380,231)	5,252,377	753,222	(245,429)
Reconciliation of funds						
Total funds brought forward		289,359	5,768,027	-	6,057,386	6,302,815
Total funds carried forward at 31 August 2021		1,170,435	387,796	5,252,377	6,810,608	6,057,386

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

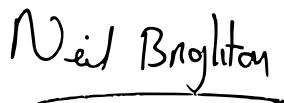
AS AT 31 AUGUST 2021

	Note	2021 £	£	2020 £	£
Fixed assets					
Tangible fixed assets	11	419,483		421,926	
Fixed assets investments	12	6,292,377		5,570,540	
Total Fixed Assets		6,711,860		5,992,466	
Current assets					
Debtors	13	131,933		61,144	
Cash at bank and in hand		55,309		99,226	
		187,242		160,370	
Creditors: amounts falling due within one year	14	(27,364)		(25,484)	
Net current assets		159,878		134,886	
Creditors: amounts falling due after more than one year	15	(61,130)		(69,966)	
Total net assets		6,810,608		6,057,386	
Funds of the charity					
Unrestricted funds	16	1,170,435		289,359	
Endowment funds	17,20	5,252,377		-	
Restricted funds	17	387,796		5,768,027	
Total Charity funds		6,810,608		6,057,386	

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 29 form part of these accounts.

The financial statements were approved by the Governing Body on 12 May 2022 and signed on its behalf by:



Neil Brighton
Trustee

NORTHERN BAPTIST COLLEGE

CASH FLOW STATEMENT FOR THE YEAR ENDED AT 31 AUGUST 2021

	2021 £	2020 £
Net income for the year	753,222	(245,429)
Investment income	(188,137)	(157,706)
Depreciation	6,701	5,545
Net gains/(losses) on investments	(731,516)	182,919
(Increase)/decrease in debtors	(70,789)	(29,184)
Increase/(decrease) in creditors	(6,956)	(13,083)
Net cash flow from operating activities	(237,475)	(256,938)
Cash flows from investing activities		
Investment income	188,137	157,706
Purchase of fixed assets	(4,258)	(1,293)
Purchase of investments	(1,992,565)	(3,100,482)
Sale of investments	2,002,244	3,234,353
Net cash flow from investing activities	193,558	290,284
Increase (decrease) in cash and cash equivalents in the year	(43,917)	33,346
Cash and cash equivalents at the beginning of the year	99,226	65,880
Total cash and cash equivalents at the end of the year	55,309	99,226
Cash and cash equivalents at the end of the year consist of:		
Cash at bank and in hand	55,309	99,226

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

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 2019) - (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 notes.

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 remain strong. 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 2021

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").

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. 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

The BPS, previously known as the Baptist Ministers' Pension Fund, started in . The scheme was closed to future accrual of defined benefits on 31 December 2011.

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.

<u>BPS DB Plan</u>	
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%

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%

NORTHERN BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

Staff pensions continued

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.

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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

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.

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.

NORTHERN BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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.

3 Income from donations and legacies

	2021	2020
	£	£
Gifts	18,956	20,304
	18,956	20,304

4 Income from charitable activities

	2021	2020
	£	£
Student fees	160,749	159,490
Conference Income	60,254	12,727
	221,003	172,217

5 Investment income

	2021	2020
	£	£
Listed investments	184,002	148,605
Loan Interest	4,337	6,153
Property income	-	2,825
Bank and other interest	2	123
	188,341	157,706

Of the £188,341 received in 2021 (2020: £157,706), £184,004 was restricted funds (2020: £148,728) and £4,337 was unrestricted funds (2020: £8,978).

NORTHERN BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

6 Analysis of expenditure on charitable activities

	2021 £	2020 £
Other costs relating to charitable activities comprise:		
Staff costs (see note 10)	190,107	177,823
Tutorial fees and expenses	51,583	34,047
Academic fees	31,779	41,095
College bloc charge – Luther King House Educational Trust	34,000	34,000
Conference expenses	18,554	11,802
Travelling expenses	2,870	5,410
Catering costs	-	3,715
Rates and ground rents	4,463	4,192
Heat and light	2,135	2,194
Insurance	3,076	3,015
Printing, postage, stationery and advertising	870	1,078
Telephone	560	950
Books and publications	1,770	952
Legal and professional fees	-	837
Bookkeeping and payroll fees	3,329	9,897
Repairs and renewals	10,322	6,515
Provision for unpaid student fees	-	4,759
Student bursaries	34,485	23,243
Sundry expenses	6,845	6,007
Bank charges	266	295
Depreciation of tangible fixed assets	6,701	5,545
	403,714	377,371

7 Governance costs

	2021 £	2020 £
Governance costs comprise:		
Auditors' fees	6,330	5,150
Trustee meeting costs	-	54
	6,330	5,204

8 Support costs

	2021 £	2020 £
Support costs comprise:		
Portfolio Management fees	5,182	30,162
	5,182	30,162

9 Net income/(expenditure) for the year

	2021 £	2020 £
This is stated after charging:		
Depreciation of tangible fixed assets	6,701	5,545
Auditors' remuneration	6,330	5,150

NORTHERN BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

10 Analysis of staff costs and trustee expenses

The key management personnel of the College are Rev Dr Clara Rushbrook and Rev Dr Glen Marshall who acted as College Co-Principals during the period and their joint remuneration for the year to 31 August 2021 was £95,271 (2020: £93,403). 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 1 trustees (2020: 4). The aggregate amount of expenses paid was £14 (2020: £1,576).

Staff costs

	2021 £	2020 £
Salaries	155,507	152,079
Social security costs	11,740	11,166
Pension contributions	22,860	14,578
	190,107	177,823

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	2	2
	5	5

NORTHERN BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

11. Tangible fixed assets

	Freehold Property £	Office Equipment £	Total £
<i>Cost</i>			
At 1 September 2020	442,009	14,185	456,194
Additions	-	4,258	4,258
At 31 August 2021	442,009	18,443	460,452
<i>Depreciation</i>			
At 1 September 2020	22,098	12,170	34,268
Charge for the year	4,420	2,281	6,701
At 31 August 2021	26,518	14,451	40,969
<i>Net book value</i>			
At 31 August 2021	415,491	3,992	419,483
At 31 August 2020	419,911	2,015	421,926

12. Fixed asset investments

	2021 £	2020 £
Investment portfolio – Cazenove Capital Management	5,252,377	4,530,540
Stake in Luther King House Educational Trust	1,040,000	1,040,000
	6,292,377	5,570,540
<i>Investment portfolio</i>		
At 1 September 2020	4,530,540	4,847,330
Additions	1,992,565	3,100,482
Disposal proceeds	(2,002,244)	(3,234,353)
	4,520,861	4,713,459
Revaluation as at 31 August 2021	731,516	(182,919)
	5,252,377	4,530,540
The investment portfolio comprises:		
UK listed investments	973,938	2,305,472
Overseas listed investments	4,278,439	2,225,068
	5,252,377	4,530,540

NORTHERN BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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.

13 Debtors

	2021	2020
	£	£
Student debtors	42,670	57,366
Prepayments and accrued income	64,263	3,778
Amounts due from related party	25,000	-
Total	131,933	61,144

14 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	1,186	629
Tax and social security	-	3,699
Accruals and deferred income	15,652	10,630
Pension liability	10,526	10,526
	27,364	25,484

15 Creditors: amounts falling due after one year

	2021	2020
	£	£
Pension liability	61,130	69,966
	61,130	69,966

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 – 1.85% (2020: 2.1%). The total pension liability as at 31 August 2021 was £71,656 (2020: £80,492).

NORTHERN BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

16 Unrestricted Funds

	Balance at 1 September 2020	Incoming Resources	Expenditure incurred	Gains/ (losses) and transfers	Balance at 31 August 2021
	£	£	£	£	£
General Funds	286,405	244,296	(406,390)	1,043,170	1,167,481
College Library Fund	2,954	-	-	-	2,954
	<u>289,359</u>	<u>244,296</u>	<u>(406,390)</u>	<u>1,043,170</u>	<u>1,170,435</u>
	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>

17 Restricted & Endowed Funds

	Balance at 1 September 2020	Income/ (expenditure)	Gains/ (losses) and transfers	Balance at 31 August 2021
	£	£	£	£
Bennett/Reddihough Capital Funds	5,380,233	-	(5,380,233)	-
Property Trust	293,895	-	-	293,895
Scholarship and Prize Fund	93,899	2	-	93,901
	<u>5,768,027</u>	<u>2</u>	<u>(5,380,233)</u>	<u>387,796</u>
Bennett/Reddihough Endowed Funds	-	183,798	5,068,579	5,252,377

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

The Property Trust and Scholarship and Prize Fund are historic 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>

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

During the year, the Board 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 £5.25m leaves an unapplied investment return of £3.25m to be utilised by the Trustees. The Trustees have developed a total return policy which will enable them to preserve the value of the bequest in real terms.

At the beginning of the year there was a transfer of £1,043,170 from endowed funds to unrestricted funds as part of the transition to total return accounting, reflecting the funds not invested.

NORTHERN BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

18 Analysis of net assets between funds

Fund balances at 31 August 2021 are represented by:	Unrestricted Funds	Restricted Funds	Endowed Funds	Total
	£	£	£	£
Tangible assets	419,483	-	-	419,483
Fixed assets investments	1,040,000	-	5,252,377	6,292,377
Debtors	131,933	-	-	131,933
Cash at bank and in hand	(332,487)	387,796	-	55,309
Creditors: amounts falling due within one year	(27,364)	-	-	(27,364)
Creditors: amounts falling due after one year	(61,130)	-	-	(61,130)
Total net assets	1,170,435	387,796	5,252,377	6,810,608
Fund balances at 31 August 2020 are represented by:	Unrestricted Funds	Restricted Funds	Endowed Funds	Total
	£	£	£	£
Tangible assets	421,926	-	-	421,926
Fixed assets investments	1,040,000	4,530,540	-	5,570,540
Debtors	61,144	-	-	61,144
Cash at bank and in hand	(1,138,261)	1,237,487	-	99,226
Creditors: amounts falling due within one year	(25,484)	-	-	(25,484)
Creditors: amounts falling due after one year	(69,966)	-	-	(69,966)
Total net assets	289,350	5,768,027	-	6,057,386

19 Related party transactions

Pension deficit payments in respect of trustee pension contributions for two Trustees were £8,714.

Included in investments is a loan of £60,000 (2020: £60,000) and included in investments is a loan of £230,000 (2020: £230,000), both to Luther King House Educational Trust (LKHET). LKHET is related by virtue of Northern Baptist College being a member college of 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. In the year there was an additional loan made to LKHET of £25,000, this loan is repayable when LKHET has funds available or on the dissolution of LKHET. Interest payable is capped at 1% above base rate. The total interest received during the year was £4,337 (2020: £6,153).

During the year, LKHET also made sales to the Charity of £65,779 (2020: £80,075). At the year end the Charity held £34,000 (2020: £nil) in prepayments due to a payment made to LKHET. During the year, £568 (2020: £nil) of sales were made by the Charity to Luther King Conference and Accommodation Services Limited (LKHCCAS), a trading subsidiary of LKHET. At the year end the Charity was owed £143 (2020: £nil).

A Trustee has received payments of £3,030 (2020: £nil) from the College in relation to works carried out on behalf of the Creating Sanctuary project, which is run and managed by One Body, One Faith, who as an unincorporated charity are unable to receive grant funding. The College, therefore received funding, on that charity's behalf, from which the Trustee has been paid. No amounts were payable to the Trustee as at the reporting date (2020: £nil).

NORTHERN BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

20 Endowment Fund Investments

	Endowment £	Inflation £	Unapplied Total Return £	Total £
At 1 September 2020				
Trust for investment/permanent endowment	2,000,426	-	-	2,000,426
Effect of inflation	-	2,165,394	(2,165,394)	-
Unapplied total return	-	-	3,573,284	3,573,284
Transfer to unrestricted	-	-	(1,043,170)	(1,043,170)
Total	2,000,426	2,165,394	364,720	4,530,540
Movements in the reporting period:				
Investment return: dividends and interest	-	-	183,798	183,798
Investment return: realised and unrealised gains and (losses)	-	-	588,187	588,187
Less: Investment management costs	-	-	(50,148)	(50,148)
Total	-	-	721,837	721,837
Unapplied total return allocated to income in the reporting period	-	-	-	-
Net movements in reporting period	-	-	721,837	721,837
At the end of the reporting period:				
Trust for investment/permanent endowment	2,000,426	-	-	2,000,426
Effect of inflation	-	2,165,394	(2,165,394)	-
Unapplied total return	-	-	3,251,951	3,251,952
Total	2,000,426	2,165,394	1,086,557	5,252,377

The initial effect of inflation has been calculated on transition to total return accounting. The Trustees have agreed to protecting trust for investment against the impact of inflation over a five year rolling basis.