



THORNHILL

Baptist Church

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

THORNHILL BAPTIST CHURCH

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Matt Clarke – Treasurer Sian Tomlin – Secretary Paul Vaswani – Ministry Team Leader & Youth Minister Astrid Vaswani – Community & Pastoral Minister Kerstin Goodall – (appointed 17 May 2022) Brian Osler – (appointed 17 May 2022) Sara Sealey – (appointed 17 May 2022) Eve Carter – (appointed 15 November 2022) Gina Crowcroft – (appointed 15 November 2022)
Charity number	1126884
Principal address	Thornhill Baptist Church Thornhill Park Road Southampton SO18 5TR
Independent examiner	Jason Foxwell FCCA FCIE 39 Enfield Road Poole BH15 3LJ
Bankers	Baptist Union Corporation Limited Baptist House PO Box 44 129 Broadway Didcot OX11 8RT Lloyds Bank PLC 413 Bitterne Road Bitterne Southampton SO18 1DA

THORNHILL BAPTIST CHURCH

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THORNHILL BAPTIST CHURCH

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Trustees present their annual report and financial statements for the year ended 31 December 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

Objectives and activities

The objects of the charity are as below and set out in more detail in the Governing Document.

The principal purpose of the Church is the advancement of the Christian faith according to the principles of the Baptist denomination. The Church may also advance education and carry out other charitable purposes in the United Kingdom and/or other parts of the world.

The Trustees regularly review the aims, objectives and activities of the charity.

They have considered the Charity Commission's general guidance on public benefit and its supplementary guidance on the advancement of religion for the public benefit.

Achievements and performance

During 2022 the church continued to offer Sunday services and a wide range of midweek activities many of which are open to anyone from our local community, irrespective of whether they would consider themselves to be affiliated with the church or not. Sunday services and Messy Church have both grown in numbers and our online congregation remains healthy too.

Our Monday Well Being Café and Friday Food Hub both continue to be popular within the local community and we have been pleased to see increasing numbers of people moving from being "clients" of these services to being participants, helping with the organisation and in some cases becoming involved with wider church life and activities. The church family grew during the year with a number of new members and baptisms. We continue to have an active relationship with two or three local schools, taking assemblies and seasonal services and have further developed our partnerships with other charities with similar objectives both locally in Southampton and also overseas.

Last year was a challenging one in some ways with the departure of our previous Administrator, the recruitment and orientation of a new Administrator and the sabbatical of one of our Ministers as well as a significant turnover in the membership of our lay Leadership Team. Nevertheless, we finished the year with a strong team in place.

Financial review

The church's income benefitted by being able to have regular in person services and meetings during 2022. This, along with a specific thanks-giving day and a one-off legacy of £8,000, resulted in a nearly 25% increase in unrestricted income. However, this also meant that general running costs increased during the year to pre-pandemic levels and, in the case of electricity and gas, beyond pre-pandemic levels. We are mindful of the fact that there is still a lot of uncertainty around various overhead costs and we have taken that into account when considering what our free reserves should be.

Despite the economic climate the church continued to support several third party causes with a significant amount sent to BMS World Mission, Bethesda, the Indian orphanage charity that the church supports and funds sent to Ukraine to support people displaced by the ongoing conflict there. Our financial support to good causes and missionary work both in this country and abroad totaled £21,607 for the year.

We continue to financially support initiatives which have a local community impact including our weekly Well Being Café and Friday Food Hub. In addition to these we also run cafes for parents whilst their children are accessing both our weekly children's clubs and our one-off holiday clubs.

THORNHILL BAPTIST CHURCH

The Trustees and a separate finance committee review the budget and financial risks of the church on a regular basis.

At the end of the financial year the church had £839,727 of restricted funds (mainly the church properties) and £918,035 of unrestricted funds (including £22,500 property revaluation). The Trustees consider that the level of free reserves required by the church should be held at a minimum of £52,200. This is determined from an annual assessment by the Trustees of the most significant financial risks that the church faces, their size and likelihood of coming to fruition.

Structure, governance and management

Thornhill Baptist Church was established by a charitable trust deed in 1950 and registered as an independent charity in 2008.

The Trustees and Ministers (both Ministers are also Trustees for as long as these roles are held) who served during the year and up to the date of signature of the financial statements were:

David Goodall	(Resigned 17 May 2022)
Gareth Jenkins	(Resigned 17 May 2022)
Robert Ainslie	(Resigned 17 May 2022)
Frances Collins	(Resigned 17 May 2022)
Matt Clarke	Treasurer
Sian Tomlin	Secretary
Paul Vaswani	Ministry Team Leader & Youth Minister
Astrid Vaswani	Community & Pastoral Minister
Kerstin Goodall	(Appointed 17 May 2022)
Chris McConnell	(Appointed 17 May 2022 & resigned 15 September 2022)
Brian Osler	(Appointed 17 May 2022)
Sara Sealey	(Appointed 17 May 2022)
Eve Carter	(Appointed 15 November 2022)
Gina Crowcroft	(Appointed 15 November 2022)

Trustees are nominated for election from the membership by a minimum of two proposers. Trustees are appointed for a term of three years by a vote of at least 66% of voting members. Trustees are appointed for an initial term of three years, and may be reappointed for a further three years. Other than the Church Secretary and Treasurer positions, all Trustees may serve no longer than a continuous six year period. The Trustees and Ministers for the year are listed above.

The training of Trustees is discussed at their meetings and the church budget includes provision for the costs of any required training to be met.

The Trustees' report was approved by the Board of Trustees.



Paul Vaswani – Ministry Team Leader & Youth Minister
Trustee

Date: 17 April 2023

THORNHILL BAPTIST CHURCH

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF THORNHILL BAPTIST CHURCH

I report to the Trustees on my examination of the financial statements of Thornhill Baptist Church (the charity) for the year ended 31 December 2022.

Responsibilities and basis of report

As the Trustees of the charity you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities Act 2011 (the 2011 Act).

I report in respect of my examination of the charity's financial statements carried out under section 145 of the 2011 Act. In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

I understand that this has been done in order for financial statements to provide a true and fair view in accordance with Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

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

- 1 accounting records were not kept in respect of the charity as required by section 130 of the 2011 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination.

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



Jason Foxwell FCCA FCIE

39 Enfield Road

Poole

BH15 3LJ

Date: 22 April 2023

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Unrestricted £	Designated £	Restricted £	Total £	2021 £
Income and endowments from:						
Donations and legacies	3	170,296	0	10,967	181,263	143,716
Charitable activities	4	21,655	0	0	21,655	9,283
Investments	5	23,916	0	0	23,916	24,216
Other income	6	70	0	0	70	0
Total income		215,937	0	10,967	226,904	177,215
Expenditure on:						
Charitable activities	7	207,600	500	17,391	225,491	204,097
Total expenditure		207,600	500	17,391	225,491	204,097
Net gains/(losses) on investments	12	22,500	0	0	22,500	538,020
Net incoming/(outgoing) resources before transfers		30,837	(500)	(6,424)	23,913	511,138
Gross transfers between funds		1,023		(1,023)	0	0
Net incoming resources before other recognised gains		31,860	(500)	(7,447)	23,913	511,138
Other recognised gains						
Actuarial gain on defined benefit pension schemes		18,678	0	0	18,678	946
Net movement in funds		50,538	(500)	(7,447)	42,591	512,084
Funds at 1 January 2022		867,497	500	847,174	1,715,171	1,203,087
Total funds carried forward		918,035	0	839,727	1,757,762	1,715,171

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Notes	2022 £	2021 £
Fixed Assets			
Tangible fixed assets	13	813,377	822,716
Investment properties	14	792,500	770,000
		<u>1,605,877</u>	<u>1,592,716</u>
Current Assets			
Debtors	15	36,275	8,755
Cash at bank		130,337	140,655
		<u>166,612</u>	<u>149,410</u>
Creditors: Amounts falling due within one year	16	14,727	6,255
Net Current Assets		<u>151,885</u>	<u>143,155</u>
Total assets less current liabilities		1,757,762	1,735,871
Provision for liabilities	16	0	20,700
Net Assets		<u>1,757,762</u>	<u>1,715,171</u>
Funds			
Restricted funds	18	839,727	847,174
Designated Funds	19	0	500
General Funds		918,035	867,497
Total Funds		<u>1,757,762</u>	<u>1,715,171</u>

Approved by the trustees on

17 April 2023 and signed on their behalf by:


 Paul Vaswani (Trustee)


 Matt Clarke (Trustee)

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting Policies

Charity information

Thornhill Baptist Church is a charitable unincorporated association.

1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Charities Act 2011, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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). The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities not to prepare a Statement of Cash Flows.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

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 £.

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

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property	1% on cost
Church improvements	1% on cost
Freehold improvements	5% on cost
Equipment	5-20% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

All assets costing more than £500, with a useful life of more than two years, are capitalised. Assets are stated at cost less accumulated depreciation.

The original cost of the church premises is not known; however the depreciated cost of the major improvements made since 2007 is considered to adequately provide a net book value of the current buildings.

1.7 Investment properties

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

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at the cash or other consideration expected to be received, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Basic financial liabilities are subsequently measured at the cash or other consideration expected to be paid.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in income/(expenditure) for the year.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other recognised gains and losses in the period in which they occur and are not reclassified to income/(expenditure) in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Donations and gifts	162,296	10,967	173,263	131,425	7,291	138,716
Legacies receivable	8,000	0	8,000	5,000	0	5,000
	<u>170,296</u>	<u>10,967</u>	<u>181,263</u>	<u>136,425</u>	<u>7,291</u>	<u>143,716</u>

4 Charitable activities

	Unrestricted	Unrestricted
	2022	2021
	£	£
Charitable rental income	11,626	7,575
Other income	10,029	1,708
	<u>21,655</u>	<u>9,283</u>

5 Investments

	Unrestricted	Unrestricted
	2022	2021
	£	£
Rental income	23,380	24,083
Interest receivable	536	133
	<u>23,916</u>	<u>24,216</u>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

6 Other income

	Unrestricted	
	2022	2021
	£	£
Other income	70	0
	<u>70</u>	<u>0</u>

7 Charitable activities

	2022	2021
	£	£
Staff costs	116,329	115,608
Depreciation and impairment	10,932	13,641
Ministry	16,834	9,279
Establishment	<u>47,066</u>	<u>23,575</u>
	191,161	162,103
Grant funding of activities (see note 8)	21,607	23,503
Share of support costs (see note 9)	11,848	16,616
Share of governance costs (see note 9)	<u>875</u>	<u>1,875</u>
	<u>225,491</u>	<u>204,097</u>
Analysis by fund		
Unrestricted funds - general	207,600	185,502
Unrestricted funds - designated	500	0
Restricted funds	<u>17,391</u>	<u>18,595</u>
	<u>225,491</u>	<u>204,097</u>

8 Grants payable

	2022	2021
	£	£
Grants to institutions:		
Mission giving - overseas	2,524	5,696
Mission giving - UK	1,236	2,141
Baptist Missionary Society (BMS)	4,437	4,437
Southern Counties Baptist Association (SCBA)	5,705	5,705
Emergency Disaster Relief	4,265	0
Bethesda Childrens' Foundation	1,625	0
Hardship Fund	209	1,000
Harvest Appeal	606	2,225
Other	<u>1,000</u>	<u>2,299</u>
	<u>21,607</u>	<u>23,503</u>

9 Support costs

	Support costs	Governance costs	Total	Support costs	Governance costs	Total
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Staff costs	0	0	0	5,139	0	5,139
Depreciation	3,040	0	3,040	2,960	0	2,960
Support costs	8,808	0	8,808	8,517	0	8,517
Independent Examiner's fees	0	875	875	0	1,875	1,875
	<u>11,848</u>	<u>875</u>	<u>12,723</u>	<u>16,616</u>	<u>1,875</u>	<u>18,491</u>
Analysed between charitable activities	11,848	875	12,723	16,616	1,875	18,491

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

10 Trustees

No sums were reimbursed to the trustees for their work as trustees (2020 - none).

Remuneration is authorised under section 20 of the Constitution in respect of the Ministers who are also trustees. They may receive reasonable remuneration for their employment in the service of the church notwithstanding that they are trustees of the church. The following amounts were receivable:

	Stipend	Pension Contribution	Total 2022	Total 2021
Senior Minister - Paul Vaswani	35,550	3,555	39,105	37,777
Community Minister - Astrid Vaswani	35,550	3,555	39,105	37,777

Payments totalling £6,530 were paid to 5 trustees and their related parties, in respect of travel, publications and other reimbursed expenses during the year (2021: £4,750 to 7 trustees).

11 Employees

The average number of employees during the year was:

2022	2021
4	4

Employment costs

	2022 £	2021 £
Wages and salaries	102,656	106,725
Social security costs	4,884	5,274
Other pension costs	8,789	8,748
	<u>116,329</u>	<u>120,747</u>

The Church pays pension contributions for its ministers to the Baptist Ministers Pension Fund which historically was a final salary defined benefit scheme, not contracted out of the state second pension. The Fund was changed to a defined contribution scheme for future service accrual from 1st Jan 2012. The scheme is a multi-employer scheme and as set out in the accounting policies the church paid £2,412 towards reducing its share of the multi-employer liability in 2022 (2021: £4,419). This is treated as a reduction of the liability now being recognised, and so is not classed as expenditure.

There were no employees whose annual remuneration was more than £60,000.

12 Net gains/(losses) on investments

	Unrestricted 2022 £	Unrestricted 2021 £
Revaluation of investment properties	<u>22,500</u>	<u>538,020</u>

13 Tangible Fixed Assets

	Freehold Property £	Freehold Improvements £	Church Improvements £	Equipment £	Total £
Cost at 1 January 2022	38,848	34,987	918,313	58,339	1,050,487
Additions	0	0	0	4,633	4,633
Disposals	0	0	0	0	0
Cost at 31 December 2022	<u>38,848</u>	<u>34,987</u>	<u>918,313</u>	<u>62,972</u>	<u>1,055,120</u>
Depreciation at 1 January 2022	38,848	20,798	119,270	48,855	227,771
Disposals	0	0	0	0	0
Charge for year	0	1,749	9,183	3,040	13,972
Depreciation at 31 December 2022	<u>38,848</u>	<u>22,547</u>	<u>128,453</u>	<u>51,895</u>	<u>241,743</u>
Net Book Value at 31 December 2022	<u>0</u>	<u>12,440</u>	<u>789,860</u>	<u>11,077</u>	<u>813,377</u>
Net Book Value at 31 December 2021	<u>0</u>	<u>14,189</u>	<u>799,043</u>	<u>9,484</u>	<u>822,716</u>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14 Investment property

Fair value

At 1 January 2022

Net gains or losses through fair value adjustments

At 31 December 2022

2022
£

770,000

22,500

792,500

Investment property comprises two freehold Manses. The fair value of the investment property has been arrived at on the basis of a valuation carried out at the year end by a trustee. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

It is understood there is a covenant that restricts the sale of 1 Woodlands Close.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2022	2021
	£	£
Cost	270,828	270,828
Accumulated depreciation	(41,556)	(38,848)
Carrying amount	229,272	231,980

15 Debtors

Other debtors

Prepayments and accrued income

	2022	2021
	£	£
	28,679	4,380
	7,596	4,375
	36,275	8,755

16 Creditors: Amounts Falling Due Within One Year

Other taxation and social security

Other creditors

Accruals and deferred income

	2022	2021
	£	£
	2,218	2,325
	536	913
	11,973	3,017
	14,727	6,255

Provisions for liabilities

Retirement benefit obligations

	2022	2021
	£	£
	0	20,700

17 Retirement benefit schemes

Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to income or expenditure in respect of defined contribution schemes was £8,789 (2021 - £8,748).

Defined benefit schemes

The Church is a participating employer the Baptist Pension Scheme ("the Scheme"), which is a separate legal entity administered by the Pension Trustee (Baptist Pension Trust Limited). The assets of the Scheme are held separately from those of the Employer and the other participating employers.

The Scheme, previously known as the Baptist Ministers' Pension Fund, started in 1925, but was closed to future accrual of defined benefits on 31 December 2011. Prior to this date the main benefit provided through the Defined Benefit (DB) Plan was a pension of one eightieth of final minimum pensionable income for each year of pensionable service together with additional pension in respect of premiums paid on Pensionable Income in excess of Minimum Pensionable Income.

From January 2012, pension provision is being made through the Defined Contribution (DC) Plan within the Scheme. In general, members pay 8% of their Pensionable Income and employers pay 6% of members' Pensionable Income into individual pension accounts, which are operated and managed on behalf of the Pension Trustee by Broadstone Corporate Benefits Ltd. In addition, the employer pays a further 4% of Pensionable Income to cover Death in Service Benefits, administration costs, and an associated insurance policy which provides income protection for Scheme members if 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 Limited. (Members of the Basic Section pay reduced contributions of 5% of Pensionable Income, and their employers also pay a total of 5%.)

The Scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. Because it is not possible to attribute the Scheme's assets and liabilities to specific employers, the scheme is accounted for as if the Scheme were a defined contribution scheme.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

17 Retirement benefit schemes (continued)

The Ministers and some members of the church staff are eligible to join the Scheme.

Actuarial valuation as at 31 December 2019

A formal valuation of the DB Plan as at 31 December 2019 was carried out by a professionally qualified Actuary using the Projected Unit Method. At the valuation date the market value of the DB Plan assets was £298 million, whilst the level of assets needed to pay benefits was £316m, giving a deficit of £18m (equivalent to a past service funding level of 94%). The Church and the other participating employers in the DB Plan are collectively responsible for funding this deficit.

The key financial assumptions underlying the valuation were as follows:

Type of assumption	% p.a.
RPI price inflation assumption	3.20
CPI price inflation assumption	2.70
Minimum Pensionable Income Increase Adjustment (above CPI)	0.50
Pre-retirement assumed investment returns (gilt yield plus 1.75% pa)	2.95
Post retirement assumed investment returns (including benefits matched by the insurance policy) (gilt yield plus 0.5%)	1.70
Minimum Pensionable Income increases (CPI plus 0.5%)	3.20
Deferred pension increases (based on RPI)	
Pre April 2009	3.20
Post April 2009	2.50
Pension increases	
Based on CPI with an annual floor of 0% and annual cap of 5%	2.70

Mortality is assumed in accordance with 80% of the S3NA standard mortality table. Future improvements projected from 2013 in line with the "CMI 2019" projection with a long-term rate of improvement of 1.75% p.a. for males and 1.5% p.a. for females with the core smoothing parameter and with additional initial mortality improvement factor A=0.5%.

The next actuarial valuation of the DB Plan within the Scheme will commence in 2023 to reflect the position as at 31 December 2022.

Recovery Plan

In addition to the contributions to the DC Plan set out above, where a valuation of the DB Plan reveals a deficit the Trustee and the Council agree to a rate of deficiency contributions from churches and other employers involved in the DB Plan. Following the 2019 valuation a Recovery Plan was signed in September 2020 under which deficiency contributions are payable until June 2026. These contributions were broadly based on each employer's membership at 31 December 2014 and increase annually in line with increases to Minimum Pensionable Income as defined in the Rules.

On 30th June 2022 the Baptist Pension Scheme signed an agreement with the insurance company Just Group ("Just") to secure DB Plan members' pension benefits. Just are now providing financial backing for all pensions provided through the Scheme's DB Plan and following this transaction, the Scheme no longer has a Page 27 of 29 shortfall. An updated Recovery plan was then signed in August 2022 under which recovery contributions from each participating employer in the DB Plan reduced to £1 per month from August 2022.

Movement in Balance Sheet liability

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

	2022	2021
	£	£
Balance sheet liability at year start	20,700	25,742
Minus deficiency contributions paid	(2,412)	(4,419)
Interest cost (recognised in SoFA)	390	323
Remaining change to balance sheet liability* (recognised in SoFA)	(18,678)	(946)
Balance sheet liability at year end	0	20,700

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

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

	2022	2021
Discount rate	5.7%	2.0%
Future increases to Minimum Pensionable Income	3.3%	4.1%

The Church has been advised that the cost for the church to buyout their Pension Scheme liabilities at 31 December 2022 was approximately £17,100.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

18 Restricted Funds

	At 1.1.22	Incoming resources	Resources expended	Transfers	At 31.12.22
	£	£	£	£	£
Donations	2,981	10,967	(6,587)	0	7,361
Toddler Group	1,023	0	0	(1,023)	0
Church improvements	799,043	0	(9,183)	0	789,860
Manse	44,127	0	(1,621)	0	42,506
	<u>847,174</u>	<u>10,967</u>	<u>(17,391)</u>	<u>(1,023)</u>	<u>839,727</u>

The Donations Fund represents the receipt and payment of monies collected for various specific causes (per note 9)

The Toddler Group fund has been transferred to general funds as it no longer has a restriction on its use.

The net book value of the Church improvements and Manse are treated as restricted funds when, under the terms of the Baptist Union rules and the trust deed, the proceeds of any sales require permission from the Baptist Union to be used for anything other than the purchase of properties for the church.

Depreciation on these properties is treated as restricted expenditure.

19 Designated Funds

	At 1.1.22	Incoming resources	Resources expended	Transfers	At 31.12.22
	£	£	£	£	£
Donation	500	0	(500)	0	0
	<u>500</u>	<u>0</u>	<u>(500)</u>	<u>0</u>	<u>0</u>

The donation was paid during the period.

20 Analysis of Net Assets Between Funds

	Unrestricted 2022	Restricted 2022	Total 2022	Unrestricted 2021	Designated 2021	Restricted 2021	Total 2021
	£	£	£	£	£	£	£
Tangible assets	22,090	791,286	813,376	21,146	0	801,570	822,716
Investment properties	751,420	41,080	792,500	728,400	0	41,600	770,000
Current assets/(liabilities)	144,525	7,361	151,886	138,651	500	4,004	143,155
Provisions and pensions	0	0	0	(20,700)	0	0	(20,700)
Totals	<u>918,035</u>	<u>839,727</u>	<u>1,757,762</u>	<u>867,497</u>	<u>500</u>	<u>847,174</u>	<u>1,715,171</u>

21 Volunteer time

In accordance with FRS102, the value of volunteer time is not recognised in the accounts. However it is acknowledged that the church benefits significantly from all the work done by its volunteers. Without the kind donation of their time, the charity would not be able to provide resources as far reaching and as timely. We are additionally grateful to the Leadership team who kindly provide time free of charge to run the church's operations and ensure compliance with our many obligations.

22 Operating lease commitments

The operating lease relates to equipment. The lease is for a period of 64 months and the rentals are fixed for that period. The lease can be cancelled after this period by giving 3 months notice.

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£	£
Within one year	562	562
Between two and five years	<u>1,263</u>	<u>1,825</u>
	<u>1,825</u>	<u>2,387</u>

23 Related party transactions

The custodian Trustee of the church is the Baptist Union Corporation Limited which is charity number 249635, and which is controlled by the Baptist Union Council. The church is also a member of the Baptist Union of Great Britain, and the Southern Counties Baptist Association.

The church made a donation to both the Baptist Union Home Mission Scheme and the Southern Counties Baptist Association as set out in note 8.

Remuneration paid to trustees, who are also ministers is set out in note 10.

The wife of the trustee, Matt Clarke, was employed by the church on a normal employment contract and received gross remuneration, including pension benefits, of £3,007 (2021: £7,447) and reimbursement of normal expenses.