

## **Mutley Baptist Church - Annual Report for 2020**

### **Name of the Charity:**

Mutley Baptist Church

### **Charity registration number:**

1127079

### **Registered Address:**

Mutley Plain  
Plymouth  
Devon  
PL4 6LB

### **Trustees:**

Rev N Lear (Minister)  
Mrs P Shelmerdine (Church Secretary)  
Mr J Dawes  
Mr T Frost  
Dr A Gaston  
Mr T Provost (Assistant Secretary)  
Mrs J Siney  
Mrs F Spicer  
Mrs J Sutton  
Mrs M Tollins

### **Property Trustees:**

The South West Baptist Trust Corporation  
Wonford Baptist Chapel  
36-38 Wonford Street  
Exeter  
EX2 5DL

### **Bankers:**

CAF Bank  
25 Kings Hill Avenue  
Kings Hill  
West Malling  
Kent ME19 4TA

### **Independent Examiner:**

Hugh Rodway

### **Charitable Object:**

The charity is governed by an Approved Governing Document which states that the principal purpose of the charity is the advancement of the Christian faith according to the principles of the Baptist denomination to include the advancement of education, community service and such other general charitable purposes in such parts of the United Kingdom and the world as the church shall determine.

Mutley Baptist Church occupies premises which are held by the South West Baptist Trust Corporation, on Trusts which are entirely compatible with the above object.

### **Organisational Structure and Decision-making processes:**

Members of Mutley Baptist Church are accepted in accordance with the Approved Governing Document which requires them to be or to have been publicly baptised on the profession of faith in Jesus Christ or, following other modes of baptism, to renew their public profession of faith in Jesus Christ.

Members' meetings normally take place four times per year and the view of the members as expressed in the meeting under the guidance of the Holy Spirit determines the overall policy of the church. In accordance with the constitution, the members appoint up to 12 trustees, who together with the Minister, Church Secretary and Treasurer (all appointed by the members), and collectively known as the eldership, who are responsible for the day to day running of the church's work and witness, and the financial and legal aspects of the charity. All members are encouraged to take an appropriate part in the spiritual and practical tasks involved in the furtherance of the charitable objective.

Relevant matters may be submitted to the church meeting by the trustees for guidance or may be raised by members in church meeting for further consideration by the trustees. Though the constitution permits decisions to be made at church meetings by appropriate majorities, the church seeks to work by consensus wherever possible.

### **Objectives and Activities:**

In order to achieve the principal objective, which is set out above, the church provides a variety of activities both to its membership and to the community generally. The aim is to show the love of Jesus Christ in both word and deed and to bring people into a closer relationship with Him as their living Lord.

Central to the work and witness of the church is the provision of regular public services of Christian worship. From January until mid-March 2020, these services took place each Sunday at 9.00 am, 10.30 a.m. and 6.30 p.m. There were also occasional services at other times which are advertised in the notices and the website at [www.mutleybaptist.co.uk](http://www.mutleybaptist.co.uk). There was a full programme for children and young people during the 10.30 am morning services and during the week. However, with the sudden arrival of COVID-19 and the national restrictions on meeting and movement, things had to change, while maintaining our desire to be a friendly, welcoming

and inclusive community. Initially all services and other meetings were via 'Zoom', with parts of the service then shared on the church YouTube channel, but as restrictions eased, staff and volunteers carried out thorough risk assessments were carried out and COVID-safe arrangements put in place so that the services could resume as soon as possible. In some ways, these arrangements proved more inclusive, as people who were unable to attend services for health or other personal reasons could now take part in services and new 'coffee and chat' 'Zoom' gatherings, as well as catch up later on YouTube.

On Sunday evenings the church held 'The Gathering' which was a smaller and more informal way of being church together, usually meeting at 6pm. During the lockdown this took place online, and once restrictions eased met face to face in the basement of Greenspace, a shop along Mutley Plain that is closely associated with the ministry of Mutley Baptist Church.

Mutley's weekly contribution to the Plymouth City Soup Run teams - which supports the disadvantaged and vulnerable of the community - continued throughout the year, adopting new COVID-secure ways of operating, ensuring the safety of volunteers and service users. As restrictions eased the church was able to run a cafe during October, November and December. Hot take-away meals were provided and prayer opportunities available. Pastoral support and counselling were given. Mutley was also on the list to offer counselling to NHS staff during the height of the pandemic. The church runs a series of weekly house groups for the growth of faith and discipleship in the homes of some members, and these continued as 'Zoom' gatherings; again, the new arrangements had a number of advantages, including people who had previously been unable to attend physically.

The Pastoral Team continued to meet weekly in 2020 and this continued on Zoom during the Lockdowns. They contacted the elderly, sick and lonely members of the fellowship regularly by phone calls, emails and by sending cards. House Group leaders ensured they cared for their members in this way too.

The church has operated children and families' groups which meet in the church premises throughout the week, with the purpose of assisting the community and demonstrating the love of Jesus Christ: these had to cease as physical gatherings. However, every effort was made to keep in touch via electronic means and provide practical help wherever possible.

The church has also operated a weekly youth programme, which also had to cease meeting face to face following the Covid-19 restrictions. Support continued online until face to face contact could safely be resumed.

Work with the homeless and disadvantaged has included the operation of a 'drop in' cafe but, again, this had to be put on hold, in response to the COVID-19 restrictions.

From March, the church buildings could no longer be used by other community groups and the NHS who have operated regular sessions for blood donors and community nursing in the main hall.

The church has continued to take safeguarding very seriously and operates systems to ensure that people working with children and vulnerable adults are appropriately vetted by the Disclosure and Barring Service (DBS).

## **Achievements and Performance:**

In December 2019 membership stood at 247; in December 2020 membership stood at 202, largely due to a careful analysis of membership records and contacting people who had not resigned but were, for reasons mainly of geography, unable to benefit from membership.

However, despite the COVID-19 restrictions and the understandable need of many members to minimise risk of infection, the church's care and outreach has continued in all areas of service, including outreach to and support of the vulnerable and to the wider community.

During 2020, the church bade farewell to Rob Dymond, who had served faithfully for eight years as the voluntary Operations Manager, and Mrs Annie Hortop, who had served for a similar time as the Families Worker. However, the church has been greatly blessed by the appointment of Mrs Hilary Fursdon, as the Office and Operations Manager, and Mrs Beth Hemes, working with both children and families.

During the Pastoral Vacancy from late 2018 to Spring 2020, the church was supported by Rev Chris Fry who was 'loaned' to the church by The South West Baptist Association (SWBA). The fellowship is very grateful to her for her wisdom, help and support during that time. In early 2020 the eldership started to lead the church through the process of seeking a new minister. In consultation with the church membership a Church Profile was created and 'Search Team' established. During the summer of 2020 the Search Team met several potential ministers on Zoom. In the Autumn of 2020 Rev Nick Lear visited, met with a range of leaders and others and preached on the Sunday. In December 2020 a 'Preach with a View' weekend was arranged. Nick and his wife Sally met with many members and leaders, answering questions and preaching on the Sunday. A Special Church Meeting was arranged and as a result the membership invited Nick to be the new minister. He accepted the invitation.

Fellowship, teaching and support are not confined to the community in Mutley and Plymouth: in 2020 the church continued to support a number of long-term missionaries overseas, as well as individual members of the church going on short-term mission to various parts of the world. In 2020 couples supported by Mutley Baptist Church were serving in Papua New Guinea, the Middle East and Indo-China.

The church measures the success of its programmes in terms of transformed lives, fellowship and encouragement. The trustees recognise that these are difficult to measure - especially during the Covid-19 pandemic - but believe that 2020 was another positive year in the life of Mutley Baptist Church.

The church continues to be encouraged by remarks made by members of the local community about the positive part the church plays in the life of the community; members continue to serve as volunteers in other local charities and organisations, including school governing bodies.

## **Financial Review:**

The church continues to raise the majority of the funds needed to carry on its activities from within its own membership and congregation.

The most significant expenditure relates to salaries of the ministers, other ministry leaders and supporting team. They lead and co-ordinate the church's activities including the Sunday services, many meetings through the week, provide pastoral care for the congregation and other people, and equip and encourage the membership in their life, Christian witness and service.

The church contributes to the life of the wider church by making grants to local, national and international organisations, individuals in training or mission activities who share the Christian aims and objectives of the church's own charitable purposes.

The church is heavily dependent on its membership working as unpaid volunteers in all aspects of the church's activities, many of which run with little or no impact on the church's expenditure but nevertheless contribute substantially to the achievements of the church's objectives.

The financial results for the year, together with a summary of the accounting policies adopted are set out in the accompanying financial statements.

The trustees have established a reserves policy and are satisfied that they have sufficient reserves at the balance sheet date, together with ongoing income anticipated, to enable the church to function effectively in the coming year.

The trustees have made an assessment of the major risks facing the church and are satisfied that there are policies in place to minimise these risks.

The church maintains high standards of safeguarding for children and adults at risk, fully implementing our safeguarding policy in accordance with the national guidelines provided by the Baptist Union of Great Britain.

Pamela Shelmerdine  
Church Secretary



4 October 2021



**MUTLEY BAPTIST CHURCH**  
**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	Unrestricted	Restricted/ Endowment/ Designated	Total 2020	Total 2019
		£	£	£	£
<b>Income</b>					
Donations and legacies	2	144,027	3,231	147,259	207,886
Investment income	3	2,233	312	2,545	14,556
Income from charitable activities	4	9,118	-	9,118	31,382
Total income and endowments		£155,378	£3,543	£158,922	£253,824
<b>Expenditure</b>					
Expenditure on raising funds	5	-	-	-	-
Charitable activities -restricted/unrestricted	6	192,927	2,959	195,886	271,513
Charitable activities - endowment	6	-	-	-	-
Total expenditure		192,927	2,959	195,886	271,513
Net income before defined benefit funding plan charge		(£37,549)	£584	(£36,965)	(£17,689)
Actuarial gains and (losses) on defined benefit scheme	21	£10,765	-	£10,765	(£2,068)
<b>Net income</b>		(£26,784)	£584	(£26,200)	(£19,757)
<b>Movement in funds</b>					
	Endowment/ Designated	Unrestricted	Restricted/ Designated	Total	Total
Total funds brought forward	223,502	115,337	141	338,980	358,737
Net incoming resources	(£947)	(£26,784)	£1,531	(£26,200)	(£19,757)
Transfers	-	-	-	-	-
Total funds carried forward	£222,555	£88,553	£1,672	£312,780	£338,980
Endowment Designated	1				
	222,554				
	£222,555				

The notes on pages 7 to 14 form part of these accounts

**MUTLEY BAPTIST CHURCH  
BALANCE SHEET  
31 December 2020**

	Notes	2020	2019
		£	£
<b>Fixed Assets</b>			
Tangible fixed assets	11	167,194	175,326
Investment Property	12	-	-
<b>Current Assets</b>			
Debtors repayable in next 12 months	13	13,025	14,641
Bank and cash balances	14	182,843	185,016
		<u>195,868</u>	<u>199,657</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	15	4,113	1,550
<b>Net current assets</b>		191,755	198,107
Net assets excluding pension liabilities		<u>£358,949</u>	<u>£373,433</u>
Defined benefit scheme liability	21	£21,526	£34,452
<b>Total net assets</b>		<u>£337,423</u>	<u>£338,981</u>
<b>Charitable Funds</b>			
Endowment	17	1	1
Designated	18	222,554	223,502
Unrestricted		88,553	115,337
Restricted	19	1,672	141
		<u>£312,780</u>	<u>£338,981</u>

The notes on pages 7 to 14 form an integral part of these accounts. These accounts were approved by the Trustees on 4, 10, 21 and signed on their behalf by

Trustee

*M. TOLLINS*

MARY TOLLINS

Secretary

*P. Shearn*

PAMELA SHEARN



**MUTLEY BAPTIST CHURCH**  
**NOTES TO THE ACCOUNTS**  
**year ended 31 December 2020**

**1 Accounting Policies**

**a Basis of preparation**

The accounts (financial statements) have been prepared in accordance with the Charities Statement of Recommended Practice (Charities SORP 2015), FRS102 and with the Charities Act 2011.

The church is a registered charity and meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognized at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

**b Income recognition**

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

**c Donations**

Donations are accounted for gross when the donation is received.

**d Legacies**

Legacies are accounted for on the earlier of notification of an impending distribution and the legacy being received, provided that the legacy can be properly quantified.

**e Investment income**

Investment income is included in the accounts in the year in which it is receivable.

**f Expenditure recognition**

All expenditure is accounted for on an accruals basis. Expenditure is recognized where there is a legal or constructive obligation to make payments to third parties, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

**g Fund raising and publicity costs**

The Church does not make formal appeals for funds, and expenditure on these items is therefore not material.

**h Grants payable**

The Church makes grants to other organisations whose charitable objects complement its work. They are accounted for in the year in which they are paid or when the recipient has been notified of the grant and payment is unconditional.

**i Support costs**

Support costs are those that assist the work of the church but do not directly represent charitable activities and include office costs and governance cost. Where support costs cannot be directly attributed to particular headings they have been allocated to the cost of raising funds and expenditure on charitable activities on a basis consistent with the use of resources. This represents direct expenditure on the governance of the church. Most of the management is carried out without charge by volunteers. This intangible cost is not included in the Statement of Financial Activities since there is no measurable cost to the volunteers for their service.

**j Fixed Assets**

Tangible fixed assets are capitalised if they can be used for more than one year and cost at least £1,000. They are initially recognised at cost, or for donated assets, at a reasonable estimate of their value on receipt.

There is no reliable information available for the cost of the church premises and so the carrying value of £1 is used as deemed cost plus building improvements

**MUTLEY BAPTIST CHURCH**  
**NOTES TO THE ACCOUNTS (continued)**  
**year ended 31 December 2020**

**1 Accounting Policies (continued)**

**k Depreciation**

Depreciation has not been charged on the Manse premises, because in the opinion of the Trustees, the residual value of the asset is not less than the original cost price.

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

Freehold land	Nil	Building improvements	4%
Organ	5%	Equipment	10% -20%
Fixtures and fittings	10%		

**l Investment Assets**

Investments are initially stated at cost. Subsequently they are measured at fair value with changes recognized in the SOFA. Investment assets are shown at cost less impairment.

**m Funds**

The church has established various funds as follows:

**Unrestricted funds**

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

**Endowment**

This comprises the building reserve fund and represents the amount originally applied to the building of the church. This amount is held as permanent capital until determined otherwise by the Trustees with the approval of the church members' meeting.

**Designated**

Church members may designate or undesignate a fund for a particular purpose. The members have designated an amount for the purpose of holding manses or providing an additional manse if required by a future minister.

**Restricted**

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**n Employee benefits**

The charity operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the charity pays fixed contributions into a separate entity. Once the contributions have been paid the charity has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the charity in an independently administered fund.

Prior to 2012 pension provision was made through multi-employer defined benefit pension plans. Where it is not possible for the charity to obtain sufficient information to enable it to account for a plan as a defined benefit plan, it accounts for the plan as a defined contribution plan.

Where the plan is in deficit and where the charity has agreed, with the plan, to participate in a deficit funding arrangement, the charity recognises a liability for this obligation. The amount recognised is the net present value of the contributions payable under the agreement that relates to the deficit. This amount is expensed in the SOFA. The unwinding of the discount is recognised as a finance cost.

**2 Donations and legacies**

	Unrestricted	Restricted	2020	2019
	£	£	£	£
Offerings	142,027	3,231	145,258	176,709
Tax refunds	2,000	-	2,000	31,177
Legacies	-	-	-	-
Total	£144,027	£3,231	£147,258	£207,886

In the previous year £2,594 of donations were restricted income with the balance being unrestricted.

**MUTLEY BAPTIST CHURCH**  
**NOTES TO THE ACCOUNTS (continued)**  
**year ended 31 December 2020**

**3 Investment income**

	Unrestricted	Designated	2020	2019
Bank interest	160	312	472	£1,181
Rental income	2,073	-	2073	13,375
	<b>£2,233</b>	<b>£312</b>	<b>£2,545</b>	<b>£14,556</b>

**4 Incoming resources from charitable activities**

	Unrestricted £	Restricted £	2020 £	2019 £
Event and room hire	5,668	-	5,668	8,964
Youth and families	3,235	-	3,235	20,163
Other incoming resources	215	-	215	2,255
Total	<b>£9,118</b>	<b>-</b>	<b>£9,118</b>	<b>£31,382</b>

**5 Costs of Generating funds**

	Unrestricted	Restricted	2020	2019
Overseas mission team fundraising costs	-	-	-	-

**6 Charitable Activities**

	Unrestricted £	Restricted/ Designated £	2020 £	2019 £
<b>Ministry</b>				
Salaries, wages and visiting preachers	50,063	-	50,063	78,789
Manse costs and rental	1,139	-	1,139	3,604
Expenses	1,115	-	1,115	4,552
Support costs	38,362	-	38,362	48,287
Pension fund deficit finance cost	563	-	563	838
	<b>£91,242</b>	<b>-</b>	<b>£91,242</b>	<b>£136,070</b>
<b>Mission</b>				
Youth and family	6043	-	6,043	27,542
Other local community support	1,021	994	2,015	1,363
Overseas mission teams travel	-	-	-	-
Grants made	39,920	706	40,626	46,453
	<b>£46,984</b>	<b>£1,700</b>	<b>£48,684</b>	<b>£75,358</b>
<b>Establishment</b>				
Salaries and wages	18,429	-	18,429	21,014
Heat light and water	12,109	-	12,109	14,640
Insurance	7,270	-	7,270	6,708
Council Tax	1,460	-	1,460	1,405
Repairs and maintenance	8,560	-	8,560	7,750
Depreciation	6,873	1,259	8,132	8,568
	<b>£54,701</b>	<b>£1,259</b>	<b>£55,960</b>	<b>£60,085</b>
<b>Total</b>	<b>£192,927</b>	<b>£2,959</b>	<b>£195,886</b>	<b>£271,513</b>

**7 Total resources expended**

	Charitable activities £	Grant Funding £	Support costs £	Total 2020 £	Total 2019 £
Ministry	52,880	-	38,362	91,242	136,070
Mission	8,058	40,626	-	48,684	75,358
Establishment	55,960	-	-	55,960	60,085
Cost of generating funds	-	-	-	-	-
Governance costs- independent examination	-	-	-	-	-
	<b>£116,898</b>	<b>£40,626</b>	<b>£38,362</b>	<b>£195,886</b>	<b>£271,513</b>

**MUTLEY BAPTIST CHURCH**  
**NOTES TO THE ACCOUNTS (continued)**  
**year ended 31 December 2020**

**8 Grants payable**

	Unrestricted	Restricted/	Total	Total
	£	£	2020	2019
			£	£
Local	10,500	-	10,500	11,839
Baptist Missionary Society	3720	706	4,426	5,433
Home Mission	4200	-	4,200	4,000
Student sponsorship	-	-	-	608
Full time overseas	21500	-	21,500	24,250
Other world mission	-	-	-	323
	<u>£39,920</u>	<u>£706</u>	<u>£40,626</u>	<u>£46,453</u>

**9 Support costs**

	Unrestricted	Restricted/	Total	Total
	£	£	2020	2019
			£	£
Administrative staff	16,130	-	16,130	21,613
Telephone and postage	2,676	-	2,676	2,437
Printing and stationery	2,206	-	2,206	2,478
Internal organisation costs	8,713	-	8,713	13,794
Equipment and web services	6,584	-	6,584	2,819
Conferences, events and training	1,068	-	1,068	1,154
Hospitality at events	650	-	650	1,895
Sundry expenses	335	-	335	2,097
	<u>£38,362</u>	<u>-</u>	<u>£38,362</u>	<u>£48,287</u>

**10 Staff costs and transactions with trustees**

		2020	2019
		£	£
Salaries and wages		76,181	110,160
Social security costs		-	818
Pension costs	Note 21	6,533	6,500
Other costs		1,139	3,604
Total		<u>£83,853</u>	<u>£121,082</u>

The average number of full time equivalent employees was

4 6

No employee received emoluments in excess of £60,000 during the year (2019 none).

One employee of the Church was appointed as a trustee at a meeting of church members on 7th December 2015. The annual remuneration in 2020 was £16,890 (2019 £16,890 ) and was set before their appointment

No sums were reimbursed to Trustees for their work as Trustees (2019 none).

The church pays pension contributions for its Ministers to the Baptist Ministers Pension Trust Limited, which is a final salary defined benefit Scheme, which is not contracted out of the State second pension. The scheme is a multi-employer scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the church. In accordance with FRS102 Section 28, the scheme is accounted for as a defined contribution scheme.

The total amount of donations received from trustees was £26,549 (2019 £16,640). No conditions were attached.

**MUTLEY BAPTIST CHURCH**  
**NOTES TO THE ACCOUNTS (continued)**  
**year ended 31 December 2020**

**11 Tangible Fixed Assets**

	Church Premises	Building Improve- ments	Manse	Fixtures/ Organ Equipment	Total
Cost					
01 January 2020	1	61,730	134,396	52,151	248,278
Additions	-	-	-	-	-
30 December 2020	£1	£61,730	£134,396	£52,151	£248,278
Depreciation					
01 January 2020	-	37,110	5,669	30,173	72,952
Charge for the year	-	3,178	1,259	3,695	8,132
30 December 2020	-	£40,288	£6,928	£33,868	£81,084
Net Book value					
30 December 2020	£1	£21,442	£127,468	£18,283	£167,194
30 December 2019	£1	£24,620	£128,727	£21,978	£175,326

All of the fixed assets are used for direct charitable purpose  
The church premises are insured for £8,663,960, the Lodge for £149,922, and the Manse for £400,020.

**12 Investment property**

	2020 £	2019 £
Carrying value (market value) 1st January 2019	-	-
Net (loss) on revaluation	-	-
Disposals	-	-
Carrying value (market value) 31st December 2019	-	-

**13 Debtors**

	2020 £	2019 £
Gift Aid	6,804	7,721
Prepayments	6,014	5,800
Other	207	1,120
	£13,025	£14,641

**14 Bank and cash balances**

	2020 £	2019 £
CAF	6,800	4,573
General funds deposit account	45,361	45,220
Baptist Union	95,087	94,775
New Ministries deposit accounts	2,206	12,199
Mission	16,325	13,288
Youth	9,577	5,832
Buildings	1,690	771
Families	3,544	5,917
Fx account	1,830	2,000
Live Wires	334	243
Cash	89	198
	£182,843	£185,016

**MUTLEY BAPTIST CHURCH**  
**NOTES TO THE ACCOUNTS (continued)**  
**year ended 31 December 2020**

**15 Creditors: amounts falling due within one year**

	2020 £	2019 £
Accruals	4,113	1,550
Other creditors	-	-
	<u>£4,113</u>	<u>£1,550</u>

**16 Contingent Assets**

The church, MBC, holds a 64% share in a property at 55 Ker Street, being a Manse used by the members of Devonport Community Baptist Church ('DCBC'), upon the following conditions:

a. DCBC may, at its discretion, sell the Manse and invest the full proceeds of sale into a new freehold or long leasehold property for use as an alternative manse or building for other DCBC purposes. Any such building purchased in future would be held on trust which reflected the shares of the purchase price provided from MBC.

b. If DCBC ceases to operate as a Baptist Church then the MBC share of the sale proceeds of the Manse or any substituted property will be held by South West Baptist Trust Corporation upon the present trusts applicable to them it being the intention of MBC that these be used for church planting in Plymouth or elsewhere as agreed by the members of MBC.

The beneficial interest in this property rests with DCBC unless and until the condition at b above is satisfied. Accordingly, as this condition has not been satisfied, it is not practicable to reflect any financial effects in these statements.

**17 Endowment Funds**

	2020 £	2019 £
Church premises	<u>£1</u>	<u>£1</u>

In addition the contingent asset detailed in note 16 is considered part of the Endowment Funds

**18 Designated funds**

	2020 £	2019 £
Manse reserve at 1 January 2020	223,501	223,957
Interest on manse reserve deposit with Baptist Union	312	803
Additions less depreciation on manse fixtures and equipment	(£1,259)	(£1,259)
Manse reserve at 31 December 2020	<u>£222,554</u>	<u>£223,501</u>

**19 Restricted Funds**

	Brought forward	Incoming resources	Resources expended	Carried Forward
Designated donations to third party charities	-	706	706	-
Designated donations church activities	-	2,525	994	1,531
Mexico Mission	141	-	-	141
	<u>£141</u>	<u>£3,231</u>	<u>£1,700</u>	<u>£1,672</u>

Throughout the year offerings are taken to support third party charitable activities both locally and overseas.

All restricted giving was applied to the purpose for which it was given in the year other than the balances carried forward as at 31 December 2020 as shown above.

**MUTLEY BAPTIST CHURCH**  
**NOTES TO THE ACCOUNTS (continued)**  
**year ended 31 December 2020**

**20 Analysis of net assets**

		<b>Fixed Assets</b>	<b>Investment Assets</b>	<b>Current Assets</b>	<b>Defined benefit scheme liability</b>	<b>Total</b>
Funds:						
Endowment	Note 17	1	-	-	-	1
Designated	Note 18	127,467	-	95,087	-	222,554
Restricted	Note 19	-	-	1,672	-	1,672
Unrestricted		39,726	-	94,997	(£21,526)	113,197
		<u>£167,194</u>	-	<u>£191,756</u>	<u>(£21,526)</u>	<u>£337,423</u>

**21 Pensions**

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

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 Legal and General Life Assurance Society Limited. In addition, the employer pays a further 4% of Pensionable Income to cover Death in Service benefits, administration costs, and an associated insurance policy which provides income protection for Scheme members in the event that they are unable to work due to long-term incapacity. This income protection policy has been insured by the Baptist Union of Great Britain with Aviva Limited. Members of the Basic section pay reduced contributions of 5% of Pensionable Income, and their employer pays a total of 5%.

The Scheme is considered to be a multi-employer scheme as described in Section 28 of FRS102. This is because it is not possible to attribute the Scheme's asset and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme.

The Minister and some staff are eligible to join the Scheme.

**Actuarial valuation as at 31 December 2019**

A formal valuation of the DB Plan was performed at 31 December 2019 by a professionally qualified Actuary using the Projected Unit Method. At the valuation date the market value of the DB Plan assets at the valuation date was £298m 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 other participating employers in the DB Plan are collectively responsible for funding this deficit.

The key financial assumptions underlying the valuation were as follows:

<i>Type of assumption</i>	<i>%pa</i>
RPI price inflation assumption	3.20
CPI price inflation assumption	2.70
Minimum Pensionable Income increases	0.50
<i>Assumed investment returns:</i>	
Pre retirement (gilt yield plus 1.75% pa)	2.95
Post retirement (including benefits matched by the insurance policy) (gilt yield plus 0.5% pa)	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



**MUTLEY BAPTIST CHURCH**  
**NOTES TO THE ACCOUNTS (continued)**  
**year ended 31 December 2020**

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% pa for males and 1.5% for females with the core smoothing parameter and with additional initial mortality improvement factor A=0.5%.

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

**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.

Under the current Recovery Plan signed in September 2020, deficiency contributions are payable until June 2026. These contributions are broadly based on the employer's membership at 31 December 2014 and increase annually in line with increases to Minimum Pensionable Income as defined in the Rules.

**Movement in Balance Sheet liability**

Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

	2020	2019
Balance sheet liability at start of year	34,452	35,099
Minus deficiency contributions	(£2,724)	(£3,553)
Interest cost (recognised in SOFA)	563	838
Remaining change to balance sheet liability (recognised in SOFA)	(£10,765)	£2,068
Balance sheet liability at year end	<u>£ 21,526</u>	<u>£ 34,452</u>

The 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:

	2020	2019	2018
Discount rate	0.4%	2.2%	2.4%
Future increases to Minimum Pensionable Income	3.0%	3.1%	3.3%

The church has been advised that the cost for the church to buyout their Pension Scheme liabilities at 18 December 2020 was approximately £87,900 (2019 £474,000)

**22 Related charities**

The custodian trustee of the church is The Baptist Union Corporation Limited, charity number 249635.

The church is also a member of the Baptist Union of Great Britain, and the South West Baptist Association.

The church made donations to the Baptist Union Home Mission Scheme as set out in Note 8.

**23 Statement of cash flows**

	2020	2019
	£	£
<b>Cash flows from operating activities</b>		
Net income	(£26,200)	(£19,757)
Adjustments for:		
- depreciation	£8,132	£8,546
- interest and other income from investments	(£2,545)	(£14,556)
- (increase)/decrease in debtors	£1,616	£12,228
- (decrease)/increase in creditors	(£10,363)	(£147)
Net cash provided by operating activities	<u>(£29,360)</u>	<u>(£13,686)</u>
<b>Cash flows from investing activities</b>		
Interest received	£2,545	£14,556
Expenditure on fixed assets	£0	(£5,575)
	<u>£2,545</u>	<u>£8,981</u>
Net decrease in cash and cash equivalents	(£26,815)	(£4,705)
Cash equivalents at beginning of year	£185,016	£243,132
Cash equivalents at end of year	<u>£158,201</u>	<u>£238,427</u>



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**TO THE TRUSTEES and DEACONS OF  
MUTLEY BAPTIST CHURCH  
Of the Accounts for the year ending 31<sup>st</sup> December 2020**

11<sup>th</sup> November 2021

**BACKGROUND**

I was asked in the Autumn if I could possibly examine and finish the accounts of Mutley Baptist Church for the year ending 31<sup>st</sup> December 2020 as Nicholas Maxwell who had been appointed as the examiner was unable to complete the work due to personal circumstances

In the meantime the Church had applied to the Charity Commission and was granted a two month dispensation from filing the figures until the 31<sup>st</sup> December 2021

On receipt of the documents, it became apparent that Nicolas had done the majority of the work and prepared the accounts to a high standard in accordance with SORP 2015 as the turnover in the previous years had been above the £250,000 threshold although he has pointed out that if the income was not likely to succeed this in the immediate future then a much simplified set of accounts could be prepared at least in the short term.

The reason why I highlight this is because **I do not have** the required qualifications to sign off the accounts for charities that are above this limit although I am more than content to verify that in my opinion the accounts are accurately represented and can find no other areas of concern or questions that have been previously raised and addressed

**FORMAT of ACCOUNTS**

Independent examination at a glance. To maintain public confidence in the work of charities, charity law requires most charities to have an external scrutiny of their accounts. Provided a charity is not required by law or its governing document to have an audit then trustees may choose a simpler and less expensive form of external scrutiny called an independent examination. For financial years ending on or after 31 March 2015, trustees may opt for an independent examination instead of an audit provided their charity's gross income is not more than £1m, or where gross income exceeds £250,000, its gross assets are not more than £3.26 million. An independent examination is a simpler form of scrutiny than an audit but it still provides trustees, funders, beneficiaries, stakeholders and the public with an assurance that the accounts of the charity have been reviewed by an independent person. All charities with an income of more than £25,000 that opt not to have an audit must have to have an examination. Whether acting as a volunteer or being paid a fee for their work, the role of the independent examiner is important and they must follow certain steps in carrying out the examination and make a report to the trustees setting out particular matters once they have finished their examination. There is a process to be followed and separate guidance - Independent examination of charity accounts: examiners (CC32) - is available which takes the examiner through the Directions which set the procedures that the examiner must follow, explains their reporting duties and provides the examiner with practical advice at every stage. Whilst in most cases the examiner will be reviewing receipts and payments accounts and so will not need to be a qualified accountant to carry out a proper independent examination, the examiner still needs a certain level of ability and knowledge to undertake a competent examination and to set out their report in the way that is required by the 2008 Regulations. Where gross income is more than £250,000 charity law requires the examiner to be a member of a body listed in the Charities Act.

## GENERAL OVERVIEW.

I will however make a couple of observations as a general overview

## CHURCHES, CHARITIES and INCORPORATION

Even though the Church has an income in excess of £100,000 I note that the Church continues to operate under the excepted charities legislation which had been expected to end in March 2021 but due to the pandemic has been extended by 10 years.

However regardless of the extension, I am assuming that the Church will have started to make preparations (if they haven't already done so) to apply for a new Charity number and presumably at that time change to a Charity Incorporated Organization (CIO) status

More and more Churches have started the process of changing to CIO status which is a new form of legal structure that is now available to charities that want to incorporate and Baptist Together have produced two Guideline Leaflets C11 and C12 for Churches who may be considering this option and there have been several WEBINARS on line which are still available ,

There are a number of advantages of adopting this status (eg. particularly protecting the Charity Trustees from Potential Personal Liability) but equally some disadvantages, as well as tricky areas such as Lease Backs. Endowments, Loans/Mortgages

Even when all the paperwork has been completed it is invariable that this the process takes some time so In order to avoid any additional costs such as having to undertake two sets of accounts in the same financial year, it is recommended that the new structure is put in place but not implemented until the close of the accounting year with the new Church charity operating from the first day of the subsequent year.

There is however some good news in this respect as most of the financial institutions (ie Banks) are now content for the charity to continue to operate with the same account numbers without the need to set up new accounts. The Inland Revenue are also content that Gift Aid declarations which have been made under the existing charity number can continue without the donor having to complete a new form.

## GIFT AID RECOVERY

Gift Aid continues to be a valuable resource for any Church and since April 2016 the amount which can qualify for Small Cash Donations increased from £5000 to £8000 which means that the amount that Churches can claim has similarly increased from £1250.00 to £2000.00 pa and I note that the Church received the full entitlement in the year ending 31/12/20

- *However only cash payments from individuals **who are unable to complete a gift aided declaration** are eligible for this entitlement and whilst it is encouraging that some contributors will have switched their contributions during the pandemic to standing orders direct to the Bank by standing order or by using cheques neither of these methods qualify despite representations from charities to the HMRC*

## BANKING & INTEREST RATES

The Church banks with CAF Bank, where it operates a General and Deposit account and has £95K on deposit with the BAPTIST UNION which despite interest rates being at an all time low continues to offer a reasonable rate of return compared with many other financial institutions.

## **NEW WAYS of GIVING**

The pandemic has resulted in many changes as to how people are conducting financial transactions with many donors particularly the younger generation tending to use their mobile phones and IPADS to do most of their banking. There are many New Ways of giving which are now being offered to Charities and Churches to keep pace with the changing life-Style. In this context Software suppliers have started to market **MY GIVING APPS** and **CONTACTLESS** donation terminals and although this may be some way off for many our Churches, I have no doubt that many of our larger congregations may well be considering introducing something similar in the very near future. The only reason that I mention this is that I am currently evaluating the various products which are available to Churches along with their cost and once I have concluded my investigations, I will happily send you the results of my findings.

## **COMPUTER SYSTEM**

I am not sure what system is used for the accounts and my view is if it is doing the task adequately then I see no reason for a change but anything to make the work of the person easier is always welcome and there are a number of good software packages available which have been specifically designed for Churches such as Data Developments

## **PENSIONS**

In Note 21 there is a detailed explanation of the Baptist Pension scheme and the Administrators of the scheme produce a monthly update on the employers Hub which gives the deficiency payment required to settle the outstanding liability which at the 31<sup>st</sup> December had reduced to approx. **£87900**.

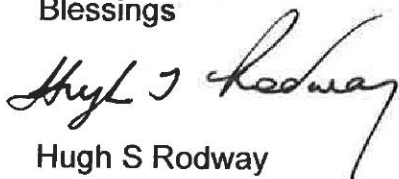
Whilst it is hoped that deficit contributions to the fund will no longer be required beyond 2028 at the present time it still represents a significant figure

## **SUMMARY & RECOMMENDATION**

In concluding my report may I now suggest that the examined accounts as prepared by Nicholas together with the Trustees Report Page 1-4 are agreed by the Trustees and signed in order that they can be filed on the CC website.

May I take this opportunity of trusting God' for His blessing on the fellowship especially in these continuing uncertain times

Blessings



Hugh S Rodway