

# **Report of the Independent Examiner to the Trustees of East Sheen Baptist Church on the accounts for the year ended 31 December 2022**

## **Respective responsibilities of Trustees and Examiner**

The Church's Trustees are responsible for the preparation of the accounts. The Church's Trustees consider that an audit is not required for this year under section 144 of the Charities Act 2011 (the Charities Act) and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 145 of the Charities Act,
- to follow the procedures laid down in the General Directions given by the Charity Commission (under section 145(5)(b) of the Charities Act), and
- to state whether particular matters have come to my attention.

## **Basis of Independent Examiner's statement**

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the Church and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair' view and the report is limited to those matters set out in the statement below.

## **Independent Examiner's statement**

In connection with my examination, no material matters have come to my attention which gives me cause to believe that in, any material respect:

- accounting records were not kept in accordance with section 130 of the Charities Act or
- the accounts do not accord with the accounting records
- the accounts 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 come across no other matters in connection with the examination to which attention should be drawn in order to enable a proper understanding of the accounts to be reached.

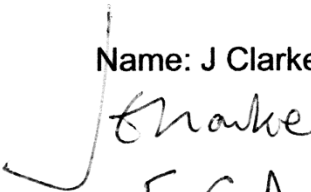
Signed by or on behalf of the Examiner

Date

Name: J Clarke

Relevant Professional Qualifications or body

Address: 98 East Sheen Avenue, London SW14 8AU

  
FCA

13 October 2023

# **EAST SHEEN BAPTIST CHURCH CHURCH OFFICERS REPORT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2022**

The Church Officers present their report and accounts for the year ended 31st December 2022. The accounts have been prepared in accordance with the accounting policies set out in in note 1 to the accounts and comply with the Church's Trust Deed and the Charities Act 2011.

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

The Church was established in 1920 and formally constituted by a charitable trust deed in 1930. Following changes in legislation requiring individual Churches to be registered as separate entities, rather than under the overseeing bodies registration, in this case the Baptist Union of Great Britain, East Sheen Baptist Church was registered during the year 2009 and now operates as an independent U.K. registered charity, No.1129174.

The Trust Deeds for the property are retained by The London Baptist Property Board Limited. The day to day administration of the working funds of the Church is under the administration of the Church Officers, who are all Trustees in compliance with our new charitable status. The Church Officers/Trustees who served during the year were:

Rev. Dr. Louisa Hearn (Senior Minister)  
Miss Doris Humphrey  
Mr. Ian Hearn  
Mr. Martyn Jackman  
Miss. Pauline Sutehall  
Mrs Abi Aminu  
Mr. Kiyode Arokodare

As the need arises, new Church Officers (Trustees) are recruited from within the Church Fellowship. After prayerful consideration suitable candidates are nominated by the Church members. The ultimate decision on the appointment of a new Officer, or the returning of a retiring Officer, rests with the members, who vote by secret ballot, the result of which is then reported openly at a Church members meeting.

The Church Officers have assessed the major risks to which the Church is exposed and are satisfied that systems are in place to mitigate exposure to these risks.

## **Objectives and Activities.**

The Church's main mission objective is to promote the Christian faith, in accordance with the principles of the Baptist Denomination, to people of all ages and backgrounds by holding regular services, prayer meetings, Bible studies and other meetings. The Church provides appropriate support freely to its formal members, its congregation and also to the local community, irrespective of their faith perspective (or none), background or circumstances. In

addition the Church conducts adult baptisms, dedications, marriages and funerals when required.

When planning our activities, the Church Officers take into account the Charity Commission's guidance on public benefit and, in particular, the specific guidance on charities for the advancement of religion. In 2022, with Covid restrictions thankfully now over, our traditional mid-week activities providing fellowship, and social cohesion in different ways to different groups, were significantly expanded.

The Church also reaches out to and supports the local community through the provision of suitable educational and social activities mid-week. These provide public benefit; many of those attending these are not members of the Church or congregation, but they do see this as their Church. This is particularly true of the young people attending during the week, Children and young people are provided with a safe and secure environment in which they can learn and play and develop, and this is greatly appreciated by their parents and carers. Other weekly local outreach activities include a parent and toddler group, a mid-week club for younger people, a dynamic café, and a Ladies Craft Group and fellowship. The latter sponsors a child in the Third World. Most of these activities were revived once Covid restrictions came to an end; they continue to provide social support in the local community. The connection with the local University, Roehampton, has recently been strengthened. Further expansion of our outreach initiatives is under way for 2023 and beyond.

The Church plays its part in the community in a number of other ways, including allowing the Council to use the premises as a polling station, and initiating a local, and successful, campaign to have a public access defibrillator installed in the area. The Church also hosts defibrillator training sessions.

The Church also supports the international community through a number of reputable and accountable socially and spiritually focused missionary organisations working to relieve hunger, disease and poverty, particularly in Third World countries.

## **Achievements and performance in 2022**

2022 was an amazing year at East Sheen Baptist Church. There were several changes as the Church adapted to the post-Covid environment. Perhaps the most notable was the demographic change as the mix of worshippers became increasingly international; greetings at the Nativity Play were given in no less than 12 different languages! The developments flagged last year in the section of our report covering goals and aspirations for 2022 continued and expanded beyond expectations. Within the church there was a significant rise in the number of worshippers, many bringing their young families, at our Sunday services. Men's and Women's fellowship groups were started, there was a revival of our Youth ministry, expansion of the younger children's ministry at our Sunday services, and the introduction of two interns from Ghana who have been indefatigably promoting the Gospel within the Church and throughout the neighbourhood. There were two baptisms.

Our community outreach showed considerable growth as well. Thanks to the dramatic growth in our music ministry in the past two years, inspired by our part-time worship leader, we were able to stage a number of concerts which raised money for charitable causes, including Ukrainian relief. These attracted a lot of local interest and were well attended. The resounding success of the Solid Rock Café has continued, and has begun to prove an attractive forum for informal sharing of the Gospel and for relaxed discussion of related issues over delicious coffee and home made food. The Little Angels toddler play group continues to be very popular, as does the children's music and dance class Rhyme Time.

The expansion has continued throughout 2023 and we remain very positive in our aspirations for the future of the Church.

## **FINANCIAL REVIEW 2022**

In 2021 in a major change, the Members agreed to liberalise the way in which the Church is allowed to raise funds. Up until the last quarter of 2021 this could only be done by direct giving, but we are now letting out some of our various premises, including the church flat and (for certain external mid-week activities) the Church Hall. This change has been key to the generation of higher income in a low interest environment. In this “post-Covid restrictions” year of significant change and challenge, the need for flexibility and re-evaluation of our modus operandi became clear at an early stage to our Senior Minister, who fulfilled a valuable role in developing and presenting strategies to the membership to ensure the long term financial health of the charity. She was instrumental in implementing those strategies, effectively changing our approach to lettings, further developing our café styled outreach, and in increasing the hours Erik Fauss was retained in his role of Worship Leader.

Partly as a consequence of the change, there was a surplus of £7,752 in 2022 compared with a deficit of £4,873 in 2021. The most encouraging factor financially in 2022 was the 40% rise in income from collections, driven by an increase in the number of worshippers as well as recovery from Covid – despite the challenge of mounting cost-of-living pressures in the year. There was also some improvement in interest and investment income.

The reserves policy is regularly reviewed by the Church Officers. The main objective of holding funds is to be able to adequately remunerate and provide suitable accommodation for its existing ministerial staff (who need to live near the Church in order to fulfil their ministerial responsibilities) and to enlarge the ministerial work force as necessary. Funds are also retained to keep the Church buildings in good order and carry out repairs and maintenance so as to ensure they can serve their proper function.

In accordance with the Trust Deed the Church Officers have the power to invest any funds not immediately required for the Church’s objectives in such assets as they see fit. It is the Church’s current policy to seek secure income at minimum risk and accordingly monies available are placed in cash deposits with a number of different U.K. Banks and Building Societies in order to spread financial risk. Funds have also been placed in the Charibond Charities Investment Fund in order to achieve a higher rate of return than banks are currently offering. Funds are also maintained in accounts with varying maturity dates in order to spread interest rate risk.

The value of our quoted investments fell in 2022 by some £55,000 (17%) but the financial position of the Church overall has strengthened and there is no need to realise a loss on the investments

Looking forward to 2023 the income from renting out the Church premises should rise considerably, and the recent increases in interest rates should boost investment income.

## **Our goals and aspirations for 2023**

We anticipate that the growth in the number of worshippers will extend into 2023, and that the numbers attending our outreach events will also rise. The arrival of two interns from Ghana in November 2022 has enabled a significant increase of outdoor evangelism locally which will continue through 2023,

while the other previous outreach successes are anticipated to continue to bear fruit. The morning activities at the Church, such as the toddler Group and cafe, are all increasingly becoming environments for airing spiritual issues in an informal manner. The monthly Men's Fellowship, at which spiritual issues can be shared and discussed in greater depth, will continue to attract a significant and loyal following. The Ladies craft and fellowship groups will continue to provide a valuable service to the older members of the local community.

2023 will benefit financially from a full year of income from renting out our facilities, which will help finance our core activity and purpose which is the spreading of the Gospel. There is every reason to be positive about the future of the Church.

A handwritten signature in black ink, appearing to read 'L. Hearn', with a large, stylized flourish at the end.

On behalf of the Church Officers (Rev Dr L Hearn : dated) 16 October 2023

The notes below form part of these accounts

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# EAST SHEEN BAPTIST CHURCH

## RECEIPTS AND PAYMENTS ACCOUNTS

					2022	2021
	Not	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total £	Total £
<b>RECEIPTS</b>						
Collections		£50,261		£483	£50,261	£35,919
Tax Refunds		£15,023			£15,023	£3,740
Bank Interest		£1,251			£1,251	£1,007
Investment Income		£5,996			£5,996	£5,315
Thank offering				£547	£547	£605
Donations						
Other inc legacies		£35,347			£35,347	£32,949
For Missionary Work						£340
Transfers in						
<b>TOTAL RECEIPTS</b>		£107,878		605	£108,425	£79,875
<b>PAYMENTS</b>						
Staff Costs		£47,007			£47,007	£42,370
Support of Ministry		£9,222			£9,222	£16,935
Establishment		£15,946			£15,946	£9,610
Administration	9	£3,865			£3,865	£2,746
Missionary Giving		£1,193			£8,251	£5,728
Mission (Direct)		£2,118		£7,058	£2,118	£2,020
Benevolent giving			£249		£249	£167
Insurances		£3,515			£3,515	£5,173
Vehicle Replacement		£4,295			£4,295	
Small fund transfers		£1,179			£1,179	
Tythe fund			£5,027		£5,027	
<b>TOTAL PAYMENTS</b>		£88,340	£5,276	£7,058	£100,673	£84,748
<b>NET RECEIPTS (PAYMENTS)</b>						
		£19,538	-£2,466	£6,453	£7,752	-£4,873
<b>Transfers From general fund</b>						
			£0	£0	£0	
<b>Net after Transfers</b>						
Balances B/F 01/01/2022		£19,538	-£2,466	£1,465	-£4,302	-£22,410
Balances C/F 31/12/2022		£370	£877,070	£21,757	£899,198	£921,608
		£0	£874,604	£20,292	£894,896	£899,198

# STATEMENT OF ASSETS AND LIABILITIES AS AT 31-Dec-22

Notes				2022	2021	
	Unrestricted Funds	Designated Funds	Restricted Funds	Years' Total	Years' Total	
<b>Cash Funds</b>						
Cash Balances						
Bank Current Accounts	£109,526			£109,526	£11,052	
Deposit Accounts	£41,380	£50,000		£91,380	£91,380	
	£150,906	£50,000	£0	£200,906	£102,432	
<b>Investment Assets</b>						
Term Deposits		£346,978	£12,897	£359,875	£444,877	
Quoted Investments	3	£295,207		£295,207	£351,743	
Property						
Other						
	£48,275	£642,185	£12,897	£655,082	£796,620	
<b>Total cash &amp; Inv Assets</b>			£12,897	£855,988	£899,052	
<b>Non Monetary Assets Retained For Church Use</b>						
Church Buildings	4	£2,200,510		£2,200,510	£2,200,510	
Minister's House	4	£418,641		£418,641	£418,641	
Ass Minister's Flat	4	£307,333		£307,333	£307,333	
Equipment	4	£135,070		£135,070	£135,070	
Church Motor Vehicle	4	£4,295		£4,295	£1,500	
		£3,065,849	£0	£3,063,054	£3,063,054	
<b>TOTAL ASSETS</b>		£3,265,030	£692,185	£12,897	£3,919,042	£3,962,106
<b>Liabilities</b>						
		£0	£0	£0	£0	
<b>Net Assets</b>		£3,079,794	£898,052	£25,479	£3,919,042	£3,962,106

The accounts were approved by the Church Officers on

and signed on their behalf by

Rev. Dr. Louisa Hearn (Senior Minister)

Mr I R Hearn (Treasurer)

# East Sheen Baptist Church

## Notes to Financial Year Ending 31 December 2022

### 1. ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with the Charities Act 2011 on the Receipts and Payments basis.

### 2. CLASSIFICATION OF FUNDS

(a) UNRESTRICTED FUNDS may be used by the Church for any of its ordinary purposes. The movements in the fund are as shown in the Receipts and Payments Account.

(b) DESIGNATED FUNDS represent sums set aside out of ordinary unrestricted funds for designated purposes, but they can be transferred back into general funds at any time.

(c) RESTRICTED FUNDS represent monies given for a specific purpose. These funds may only be spent on the specific purpose for which they were given unspent must be carried forward as a balance on that fund and cannot be absorbed into general funds.

### 3. INVESTMENT ASSETS

Quoted investments represents 272,138 income shares held in Charibond investments

These quoted investments are shown at market value at 31/12/2022 of £295,207 All other investments shown are cash assets.

### 4. ASSETS FOR CHURCH PURPOSES

Assets and property which are retained for or are occupied for Church purposes and which are not investment assets are listed on the Statement of Assets and Liabilities as non-monetary assets.

The Church is the beneficial owner of the Church premises, the Manse and Flat. However, the legal title to these assets is held by the Church's Property Trustee, The London Baptist Property Board Limited. These buildings are shown at insured value on those owned prior to 1997 and at cost for additions thereafter.

### 5. PAYMENTS TO TRUSTEES

	2022	2021
Expenses paid to trustees (other than ministers)	0	0
Number of trustees paid expenses	0	0
Trustees receiving other benefits	0	0

None of the Trustees received any payment during the year in their capacity as Trustees. However Rev. Dr. Louise Hearn, and Mr E Fauss were paid in their capacity as ministers, and Mr Hearn



received £2016 (2020, £1,900) in payment for cleaning services and caretaker role provided to the church in the year.

		2022	2021
Rev Dr Louise Hearn	Senior Minister	32,000	28,364
Mr E Fauss	Lay worship Pastor	7,795	3,500 (part of year)

## 6. STAFF COSTS

These include the following:-

The Church is an employer participating in a pension scheme known as the Baptist Pension Scheme ("the Scheme"). Pension Trustee (Baptist Pension Trust Limited). The Minister(s) [and some members of the church staff] is/are eligible to join the Scheme.

As From January 2012, pension provision is 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 (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 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. Members of the Basic Section 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 Scheme. The main benefits for pre-2012 service where a defined benefit pension of one eightieth of Final Minimum Pensionable Income for each year of Pensionable Service, together with additional pension in respect of premiums paid on Pensionable Income in excess of Minimum Pensionable Income. The Scheme, previously known as the Baptist Ministers' Pension Fund, started in 1925, but was closed to future accrual of defined benefits on 31 December 2011.

A formal valuation of the Defined Benefit (DB) Plan was performed at 31 December 2016 by a professionally qualified Actuary using the Projected Unit Method. The market value of the DB Plan assets at the valuation date was £219 million.

The valuation of the DB Plan revealed a deficit of assets compared with the value of liabilities of £93 million (equivalent to a past service funding level of 70%) As a result of the valuation, in addition to the contributions to the DC Plan set out above, it was agreed that the standard rate of deficiency contributions from churches and other employers involved in the DB Plan would remain 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 a lower contribution. In addition, the Baptist Union of Great Britain is expected to make a number of one-off contributions totalling £33.5 million by 31 December 2023, including a lump sum of £30 million made in 2018. The Recovery Plan envisages deficiency contributions continuing until 31 December 2028.

An actuarial valuation of the DB Plan within the Scheme as of 31 December 2019 revealed a much-improved situation, with a Scheme value of £298m. This was just £18m short of the target of £316m needed to pay benefits, taking the estimated funding level to 94% vs 70% in 2016.

In June 2022 a statement was released following a buy-in by Just which stated “effectively there is no shortfall debt at the present time.”

The key financial assumptions underlying the valuation were as follows:

Type of Assumption	%
RPI price inflation assumption	3.5
CPI price inflation assumption	2.75
Minimum Pensionable Income increase (CPI plus 1.0%pa)	3.5
Assumed investment returns	
Pre-retirement	3.5
Post retirement	2.25
Deferred pension increases	
Pre April 2009	3.5
Post April 2009	2.5
Pension Increases	
Main Pension Scheme Pre April 2006	2.7
Main Pension Scheme Post April 2006	2.0

As there is a large number of contributing employers participating in the Scheme, the Church is unable to identify its share of the underlying assets and liabilities of the scheme, due to the nature of the Scheme, the profit and loss charge for the period represents the employer’s contributions payable. The total pension cost for the Church in 2022 was £4,882 (2021 £5,957), of which £2,452 was the contribution to the deficit in the Baptist Pension Scheme (2021 £3,695).