

Building authentic, courageous, generous Christian community

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020**

**Company number: 07033844
Charity number: 1132285**

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PURLEY BAPTIST CHURCH

LEADERSHIP TEAM REPORT

The Leadership Team of the church present a combined Trustees' and Directors' Report and Consolidated Financial Statements for the year ended 31 December 2020. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard 102.

Reference and administrative information

Trustees and directors (Key management personnel)

Tim Allen	Olumide Lala [appointed 21 October 2020]
Michele Bailey [re-appointed 21 October 2020]	Ben Quarthey-Papafio
David Clarke	Joanna Walker [resigned 13 May 2020]
James Collins	Marilyn Webb [resigned 31 March 2021]
David Colpus	
Senait Eyassu	

Youth minister

Mark Humm

Children's leader

Wendy Colpus

Co-ordinators:

Pastoral Care	Jenny Ginger
Mission: Overseas	Naomi Cooke
Worship	Chris Marvin
Retired	Eileen Poore [re-appointed 21 October 2020]
Mission: Local	Gill Murphy [re-appointed 21 October 2020]
Women's ministry	Sally Marvin [resigned 21 October 2020]
Men's ministry	David Andrewartha [appointed 21 October 2020]

Advisers:

Auditors:	HPCA Ltd, Station House, Connaught Road, Brookwood, Woking, Surrey, GU24 0ER
Solicitors:	Streeter Marshall, 12 Purley Parade, High Street, Purley, CR8 2AB
Bankers:	HSBC Bank plc, 54 Woodcote Road, Wallington, SM6 0NJ

Structure, governance and management

Purley Baptist Church is a company limited by guarantee and a registered charity, governed by its Memorandum and Articles of Association.

The Leadership Team are the directors and trustees of the charitable company. The ministers on the Leadership Team serve during their time in office and the Lay Leaders are elected by the church members at the Annual General Meeting to serve for periods of 5 years.

The Leadership Team (LT) is responsible for the oversight of the church and strategic planning. It meets regularly for prayer and business. Training and induction of new LT members is incorporated in these meetings. The LT consists of ministers and six elected members. The Co-ordinators (previously Heads of Department) oversee particular areas of church ministry and meet with the LT from time to time during the year.

All major decisions are taken to a full meeting of church members, which are held at least four times a year.

The Church has a subsidiary company, 58:12 which was formed to carry out the proposed development of the island site in Purley. The church is also the trustee of the Purley Baptist Church Land Trust, which holds the title to the church property on trust for the church and the old excepted charity, Purley Baptist Church.

PURLEY BAPTIST CHURCH

LEADERSHIP TEAM REPORT (continued)

Remuneration of key management personnel

The trustees comprise the key management personnel of the charity in charge of directing and controlling, running and operating the church on a day to day basis. The non-ministerial trustees give of their time freely and received no remuneration in the year. The detail of ministerial pay and related party transactions are shown in note 15 to the accounts. The pay of the ministers is reviewed annually and normally increased in accordance with the increase in the cost of living and the increase suggested by the Baptist Union.

Objectives and activities

The main object of the church, as set out in its memorandum of association, is the advancement of the Christian faith in accordance with the doctrines usually denominated “evangelical” and in particular those set out in the Articles of Faith. The other objects are the advancement of education, citizenship and community development and the relief of poverty.

The church’s vision statement is: Building authentic, courageous, generous Christian community. The church seeks to bring about transformation in the lives of individuals as they come to know Jesus Christ and transformation in the community through the provision of facilities and activities.

In more normal times three or four services of worship are held each Sunday which offer opportunities for the church family and others to join together for worship and teaching. As the United Kingdom went into lockdown the main service continued but moved online. When restrictions permitted, a small congregation was present. The evening service also continued when possible, either online or in person, when restrictions allowed. Small groups (Life Groups) met, also online, during the week to provide fellowship and teaching. Prayer meetings and the decision making church members’ meetings also continued on line.

The church runs the Purley Cross Centre which is normally open during the week. The centre offers advice and support to the community. It closed in the early part of the pandemic but still offered some support by phone and some activities such as computer training over the internet. The church normally runs groups and activities for all ages which are open to all but these did not meet after March because of lockdown restrictions.

The main resource that the church supplies to advance its objectives is people – both paid staff and volunteers. Around half of annual expenditure is on staff costs. We are grateful to God for the many hours of faithful service given by church members to enable the activities of the church to continue.

The Leadership Team has had due regard to the Charity Commission’s guidance on public benefit when considering the activities in the period.

Grant making policy

There are a various different processes by which the church gives money to other organisations and individuals. Mission partners are supported via grants to their sending organisations. A number of special offerings are held during the year which are for certain projects as decided by the Leadership Team. Donations are also made to other causes as funds are available.

Achievements and performance

We continue be encouraged by all that God has done in and through us in the year despite the challenging circumstances. We have seen peoples’ lives transformed by coming to know Jesus.

Our four regular Sunday services and our online meetings are well attended or viewed and we enter into worship together and receive teaching. Jigsaws continued to provide a service for adults with learning disabilities and their carers but ceased in March as the pandemic hit. Cameo is an informal mid-week service which met in person when restrictions permitted. At Bods and Tods, children and their carers can join in weekly for a fun time together but again this was curtailed after March. .

PURLEY BAPTIST CHURCH

LEADERSHIP TEAM REPORT (continued)

Achievements and performance (continued)

In a year that was challenging pastoral support has been provided to members who have faced particular difficulties during the year. We run a counselling service which provides affordable counselling to church members and those in the community.

The Purley Cross Centre has continued to provide its services and ministries and has secured ongoing funding from Croydon Council. A CAP Job Club has been run during the year and a number of people have been helped into employment.

The church has provided accommodation and support to the homeless through Croydon Churches Floating Night Shelter and the Link drop in centre. Church members have worked with Purley & Kenley Churches Together to run a Food Hub which provides food to those in need and Renew 23, a café where it is OK not to be OK. The Christmas Lunch on Jesus project provided a hamper containing a Christmas lunch to over 100 people.

Mark Humm has run a varied programme of youth work up to March, including drop in centre and weekly youth meetings for sharing and study. Since then he has run a scaled back programme of youth work with Sunday morning meetings (on Zoom) for ages 10-12 and 13+. Midweek Zoom meetings for socialising and study. Occasional in person meet ups with young people and contacting parents to offer Pastoral Support.

Sam Ackerman completed his studies and was ordained. He was called to Horndean Baptist Church and began ministering there in February 2020. Tim Allen continued with us as a part time Assistant Minister following his appointment in September 2019.

Progress continues to be made with the 58:12 development project. The second planning inquiry following the calling in of the project was held in December 2019 at the church. The Secretary of State gave final planning permission in July 2020 and the preparations for starting work are now underway.

Financial review

Despite a drop in offerings as we no longer met in person after March, the church continues to be funded mainly by donations from members. A surplus for the year was recorded mainly due to some one-off donations. 58:12 continues to receive sufficient income to cover ongoing expenditure.

Reserves policy

The total funds of the church at the end of the year were £2,437,272. £2,125,253 of this is invested in fixed assets, mainly property. £15,913 is held in restricted funds. The church is a participating employer in the Baptist Pension Scheme. The closed defined benefit section of that scheme is in deficit. A provision has been included in the accounts for the deficiency contributions payable by the church under the current deficit reduction plan. [see note 17].

The Leadership Team has established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets ("the free reserves") held by the church should be around 3 months essential expenditure plus a provision for possible fluctuations in income. This equates to approximately £230,000. The free reserves at 31 December 2020 were £248,000.

Risks and uncertainties

The potential impact of Covid-19 on our members and community was the main risk this year. The risk was mitigated by increasing the pastoral contact with members by phone and email and by meeting online. The financial risk to the church through reduced offerings was mitigated by reducing administrative costs and making use of the Government's furlough scheme. The church has identified that a lack of volunteers or suitable staff are normally major risks as the church would be unable to continue its current level of activity. These risks

PURLEY BAPTIST CHURCH

LEADERSHIP TEAM REPORT (continued)

are managed by publicising volunteer opportunities in a variety of different ways and taking care over the recruitment of staff so they are a good fit with the church. Work among children, young people and vulnerable adults means there is a risk of accusations being made against staff or volunteers. Safeguarding policies and procedures are in place to reduce this risk, together with ongoing training.

There are a number of risks associated with the potential development of the site that have been identified. Now that the project is proceeding the major development risks are being borne by the developer. Regulatory risks regarding the legal details of the agreement are addressed by using a firm of solicitors that have expertise in this area.

Plans for the future

The church will continue with similar aims and activities for the future. The current priorities are: prayer, evangelism, global mission, training and small groups.

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standard [United Kingdom Generally Accepted Accounting Policies].

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of incoming resources and application of resources, including the income and expenditure of the charitable group for the period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the church will continue in its activities.

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

Disclosure of information to the auditors

To the knowledge and belief of the directors, there is no relevant information that the company's auditors are not aware of, and the directors have taken all the steps necessary to ensure that the auditors are aware of any relevant information, and to establish that the company's auditors are aware of this information.

The above report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the Leadership Team on 2 September 2021 and signed on their behalf by:

David Clarke
Director

Purley Baptist Church
Banstead Road
Purley
Surrey CR8 3EA

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF PURLEY BAPTIST CHURCH (continued)

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing [UK] [ISAs [UK]] and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF PURLEY BAPTIST CHURCH (continued)

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs [UK] will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with trustees and other management, review of the company's list of legal & regulatory requirements, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Act 2006, charity legislation, employment, safeguarding and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting relevant correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF PURLEY BAPTIST CHURCH (continued)

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- obtaining an overview of the internal procedures adopted by the client to ensure continued compliance with relevant laws and regulations, including a review of a sample of the reports from internal process audits;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing relevant correspondence with relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

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

Lance Redman (Senior Statutory Auditor)
for and on behalf of HPCA Ltd
Chartered Accountants
and Statutory Auditors
Station House
Connaught Road
Brookwood
Woking
Surrey
GU24 0ER
29 September 2021

PURLEY BAPTIST CHURCH

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(including the income and expenditure account)**

FOR THE YEAR ENDED 31 DECEMBER 2020

	Unrestricted Funds £	Restricted Funds £	2020 Total £	Unrestricted Funds £	Restricted Funds £	2019 Total £
Income from:						
Donations and legacies	542,319	11,096	553,415	601,684	12,774	614,458
Charitable activities [note 3]	19,274	27,257	46,531	15,115	23,590	38,705
Investments	134	-	134	282	-	282
Other trading activities - fundraising	<u>21,285</u>	<u>-</u>	<u>21,285</u>	<u>2,519</u>	<u>-</u>	<u>2,519</u>
Total income	<u>583,012</u>	<u>38,353</u>	<u>621,365</u>	<u>619,600</u>	<u>36,364</u>	<u>655,964</u>
Expenditure on:						
Charitable Activities [note 5a]						
Ministry/Worship	244,968	-	244,968	258,420	-	258,420
Mission	291,308	14,052	305,360	278,644	10,810	289,454
Purley Cross Centre	<u>-</u>	<u>22,364</u>	<u>22,364</u>	<u>2,727</u>	<u>23,590</u>	<u>26,317</u>
Total expenditure	<u>536,276</u>	<u>36,416</u>	<u>572,692</u>	<u>539,791</u>	<u>34,400</u>	<u>574,191</u>
Net income	46,736	1,937	48,673	79,809	1,964	81,773
Transfers between funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds	46,736	1,937	48,673	79,809	1,964	81,773
Reconciliation of funds						
Fund balances brought forward	4,674,938	874,478	5,549,416	4,595,129	872,514	5,467,643
Fund balances carried forward	<u>4,721,674</u>	<u>876,415</u>	<u>5,598,089</u>	<u>4,674,938</u>	<u>874,478</u>	<u>5,549,416</u>

PURLEY BAPTIST CHURCH
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	8a		6,652,977		6,656,590
Current assets					
Debtors	9a	36,142		34,668	
Cash at bank and in hand		194,528		195,444	
		<u>230,670</u>		<u>230,112</u>	
Current liabilities					
Creditors: Amounts falling due in less than one year	10a	<u>1,003,042</u>		<u>1,032,443</u>	
Net current liabilities			(<u>772,372</u>)		(<u>802,331</u>)
Total assets less current liabilities			5,880,605		5,854,259
Creditors: Amounts falling due after more than one year	11		(<u>247,000</u>)		(<u>248,000</u>)
Provisions	17		(<u>35,516</u>)		(<u>56,843</u>)
Net assets			<u>5,598,089</u>		<u>5,549,416</u>
Represented by					
Restricted Funds	13a		876,415		874,478
Unrestricted Funds	12a		<u>4,721,674</u>		<u>4,674,938</u>
			<u>5,598,089</u>		<u>5,549,416</u>

The financial statements were prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies, were approved by the Leadership Team on 2 September 2021 and signed on their behalf:

David Clarke
Director

Company number: 07033844

PURLEY BAPTIST CHURCH
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2020

	2020		2019	
	£	£	£	£
Net cash provided by operating activities [see below]		38,002		91,004
Cash flows from investing activities				
Purchase of property, plant and equipment	<u>8,918</u>		<u>2,558</u>	
Net cash used in investing activities		[8,918]		[2,558]
Cash flows from financing activities				
Repayments of borrowing	<u>30,000</u>		<u>30,000</u>	
Net cash used in financing activities		[30,000]		[30,000]
Change in cash in the year		[916]		58,446
Cash at start of the year		<u>195,444</u>		<u>136,998</u>
Cash at the end of the year		<u>194,528</u>		<u>195,444</u>
Reconciliation of net cash provided by operating activities				
		£		£
Net income		48,673		81,773
Depreciation		12,531		12,238
Change in debtors		[1,474]		15,040
Change in creditors		[401]		[14,955]
Change in provision		<u>[21,327]</u>		<u>[3,092]</u>
Net cash provided by operating activities		<u>38,002</u>		<u>91,004</u>

PURLEY BAPTIST CHURCH

**STATEMENT OF FINANCIAL ACTIVITIES
(including the income and expenditure account)**

FOR THE YEAR ENDED 31 DECEMBER 2020

	Unrestricted Funds £	Restricted Funds £	2020 Total £	Unrestricted Funds £	Restricted Funds £	2019 Total £
Income from:						
Donations and legacies	501,903	11,096	512,999	543,782	12,774	556,556
Charitable activities (note 3)	19,274	27,257	46,531	15,115	23,590	38,705
Investments	3,134	-	3,134	3,282	-	3,282
Other	<u>20,950</u>	<u>-</u>	<u>20,950</u>	<u>1,716</u>	<u>-</u>	<u>1,716</u>
Total income	<u>545,261</u>	<u>38,353</u>	<u>583,614</u>	<u>563,895</u>	<u>36,364</u>	<u>600,259</u>
Expenditure on:						
Charitable Activities (note 5b)						
Ministry/Worship	244,968	-	244,968	258,420	-	258,420
Mission	262,537	12,702	275,239	244,518	9,375	253,893
Purley Cross Centre	<u>-</u>	<u>22,364</u>	<u>22,364</u>	<u>2,727</u>	<u>23,590</u>	<u>26,317</u>
Total expenditure	<u>507,505</u>	<u>35,066</u>	<u>542,571</u>	<u>505,665</u>	<u>32,965</u>	<u>538,630</u>
Net income	37,756	3,287	41,043	58,230	3,399	61,629
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds	37,756	3,287	41,043	58,230	3,399	61,629
Reconciliation of funds						
Fund balances brought forward	<u>2,383,603</u>	<u>12,626</u>	<u>2,396,229</u>	<u>2,325,373</u>	<u>9,227</u>	<u>2,334,600</u>
Fund balances carried forward	<u>2,421,359</u>	<u>15,913</u>	<u>2,437,272</u>	<u>2,383,603</u>	<u>12,626</u>	<u>2,396,229</u>

PURLEY BAPTIST CHURCH

BALANCE SHEET

AS AT 31 DECEMBER 2020

		2020		2019	
	Note	£	£	£	£
Fixed assets					
Tangible assets	8b		2,125,253		2,128,866
Current assets					
Debtors	9b	459,659		465,593	
Cash at bank and in hand		188,739		186,320	
		<u>648,398</u>		<u>651,913</u>	
Current liabilities					
Creditors: Amounts falling due in less than one year	10b	<u>53,863</u>		<u>79,707</u>	
Net current assets			<u>594,535</u>		<u>572,206</u>
Total assets less current liabilities			2,719,788		2,701,072
Creditors: Amounts falling due after more than one year	11		[247,000]		[248,000]
Provisions	17		[<u>35,516</u>]		[<u>56,843</u>]
Net assets			<u>2,437,272</u>		<u>2,396,229</u>
Represented by					
Restricted Funds	13b		15,913		12,626
Unrestricted Funds	12b		<u>2,421,359</u>		<u>2,383,603</u>
			<u>2,437,272</u>		<u>2,396,229</u>

The financial statements were prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies, were approved by the Leadership Team on 2 September 2021 and signed on their behalf:

David Clarke
Director

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies

1.1 Accounting convention

The church is a company limited by guarantee with registered office at Banstead Road, Purley, Surrey, CR8 3EA and incorporated in England. It is a public benefit entity.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard 102 as amended by Update bulletin 1, Financial Reporting Standard 102 and the Companies Act 2006. The financial statements are prepared in pound sterling rounded to the nearest pound. The financial statements are prepared under the historical cost convention and on the going concern basis. There are no material uncertainties about the church's ability to continue in operation.

1.2 Properties

Freehold properties have been included at valuation at the date of gift from the unincorporated charity with subsequent improvements at cost. The formal title to the church building is held by Purley Baptist Church Land Trust, of which the Church is a corporate trustee. The Church has the beneficial interest in the property and it is therefore shown in these accounts.

The Leadership Team consider that the residual value of the freehold land is sufficiently higher than the carrying values of the freehold property to render both the depreciation charge for the year and the accumulated depreciation immaterial. No depreciation has therefore been charged on freehold property.

1.3 Other assets

Other assets are included at valuation on date of gift or cost. Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives by equal instalments with a full annual charge in the period of acquisition. Assets under £500 are not capitalised. The principal useful economic lives applied in calculating depreciation are as follows:

Church furniture	Over 6 years
Office equipment	Over 3 and 4 years
Sound and other equipment	Over 3 years

1.4 Donations, gifts and legacies

These are accounted for when the Church is certain of receipt and the amount can be measured with reasonable accuracy.

1.5 Investment income

This represents bank interest and is accounted for on a receivable basis.

1.6 Grants

Grants payable are included once the expenditure has been approved by the Leadership Team.

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1.7 Expenditure

These are recognised when the expenditure is incurred. All costs have been directly attributed to one of the functional classifications in the SOFA. Support costs have been allocated one third to Ministry and two thirds to Mission.

1.8 Governance costs

These comprise expenditure relating to compliance with constitutional and statutory requirements.

1.9 Pension costs

Pension contributions into defined contribution schemes are accounted for when they fall due. The pension cost for the defined benefit scheme is the movement in the discounted provision for the year.

1.10 Creditors and provisions

Creditors and provisions are recognised where the church has a present obligation arising from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at their settlement amount.

1.11 Financial instruments

The church only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured using amortised cost on the effective interest rate method.

1.12 Consolidation

The results of the company, 58:12, for the year ended 31 December 2020 have been consolidated on a line by line basis. The specific purpose of the company is to promote urban regeneration in Purley. The company is limited by guarantee and under the control of the church.[see note 17]

1.11 Estimation uncertainty

The liability due to the pension scheme has been calculated using an estimate increase in minimum pensionable income of 3.2% and a discount rate of 1.7%. A small change in these rates in subsequent years could cause a material change to the carrying amount of the pension liability which was £56,843 at 31 December 2020.

2. Net income

This is stated after charging:

	£	£
Audit fee	7,670	7,670
Depreciation	<u>12,531</u>	<u>12,238</u>

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

3. Income from charitable activities

	2020	2019
	£	£
Purley Cross Centre	27,527	23,590
Purley Counselling Service	16,029	6,510
Church events	<u>2,975</u>	<u>8,605</u>
	<u>46,531</u>	<u>38,705</u>

4. Staff costs

	2020	2019
	£	£
Salaries	291,183	286,975
Employer's National Insurance	25,609	21,404
Employer's contribution to defined contribution pension schemes	27,350	25,326
Interest cost and change to defined benefit scheme liability	<u>(16,833)</u>	<u>2,770</u>
	<u>327,309</u>	<u>336,475</u>

The average monthly number of employees during the year were as follows:

	2020	2019
Ministry	6	6
Administration	4	4
Facilities	2	2
Purley Cross Centre	<u>1</u>	<u>1</u>
	<u>13</u>	<u>13</u>

No employees earned over £60,000 in the year. Details of trustees' remuneration are disclosed in note 15. The trustees did not receive any reimbursed expenses. Benefits are accruing to two trustees under defined benefit pension schemes.

5a. Charitable Activities - Group

	Direct Costs £	Grant Funding £	Support Costs £	Total 2020 £	Total 2019 £
Ministry/worship	158,343	-	86,625	244,968	258,420
Mission	56,672	75,437	173,251	305,360	289,454
Purley Cross Centre	<u>22,364</u>	<u>-</u>	<u>-</u>	<u>22,364</u>	<u>26,317</u>
	<u>237,379</u>	<u>75,437</u>	<u>259,876</u>	<u>572,692</u>	<u>574,191</u>

5b. Charitable Activities - Church

	Direct Costs £	Grant Funding £	Support Costs £	Total 2020 £	Total 2019 £
Ministry/worship	158,343	-	86,625	244,968	258,420
Mission	26,551	75,437	173,251	275,239	253,893
Purley Cross Centre	<u>22,364</u>	<u>-</u>	<u>-</u>	<u>22,364</u>	<u>26,317</u>
	<u>207,258</u>	<u>75,437</u>	<u>259,876</u>	<u>542,571</u>	<u>538,630</u>

PURLEY BAPTIST CHURCH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

6. Support costs – Church

	Ministry	Mission	2020	2019
	£	£	£	£
Administration	48,598	97,197	145,795	140,525
Governance – auditor's remuneration	1,600	3,200	4,800	4,800
Governance – professional fees	67	133	200	2,674
Facilities	<u>36,360</u>	<u>72,721</u>	<u>109,081</u>	<u>88,215</u>
	<u>86,625</u>	<u>173,251</u>	<u>259,876</u>	<u>236,214</u>

Support costs have been allocated one third to Ministry and two thirds to Mission.

7. Grants payable

	Unrestricted	Restricted	Total	Total
	£	£	2020	2019
	£	£	£	£
<i>Mission and relief</i>				
Baptist Union Home Mission Fund	8,500	-	8,500	8,500
Baptist Missionary Society	20,000	-	20,000	15,000
International Needs	-	1,194	1,194	298
Ella's Home	-	-	-	-
 Sofia Baptist Church	-	4,054	4,054	4,054
Spurgeons college	-	-	-	-
Ment4	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	28,500	5,248	33,748	27,852
<i>Missionary Support</i>				
Wycliffe Bible Translators	26,650	-	26,650	26,004
Mission Aviation Fellowship	5,250	-	5,250	5,000
Individuals	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>2,000</u>
	36,900	-	36,900	33,004
<i>Social Action</i>				
Word 4 Weapons	-	1,697	1,697	-
Christmas Lunch on Jesus	-	2,160	2,160	-
Purley & Kenley Churches Together Food Hub	-	932	932	2,729
 Total grants	<u>65,400</u>	<u>10,037</u>	<u>75,437</u>	<u>63,585</u>

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

8a Tangible assets – Group

	Freehold Properties £	Church & Sound Equip £	Office, Qube & PCC Equip £	Total £
Cost or valuation				
At 1 January 2020	6,637,850	23,039	51,891	6,712,780
Additions	-	7,908	1,010	8,918
Disposals	-	(397)	(10,190)	(10,587)
At 31 December 2020	<u>6,637,850</u>	<u>30,550</u>	<u>42,711</u>	<u>6,711,111</u>
Depreciation				
At 1 January 2020	8,176	13,732	34,282	56,190
Charge for the year	2,725	5,005	4,801	12,531
Released on disposal	-	(397)	(10,190)	(10,587)
At 31 December 2020	<u>10,901</u>	<u>18,340</u>	<u>28,893</u>	<u>58,134</u>
Net book value				
At 31 December 2020	<u>6,626,949</u>	<u>12,210</u>	<u>13,818</u>	<u>6,652,977</u>
At 31 December 2019	<u>6,629,674</u>	<u>9,307</u>	<u>17,609</u>	<u>6,656,590</u>

8b Tangible assets – Church

	Freehold Properties £	Church & Sound Equip £	Office, Qube & PCC Equip £	Total £
Cost				
At 1 January 2020	2,110,126	23,039	51,891	2,185,056
Additions	-	7,908	1,010	8,918
Disposals	-	(397)	(10,190)	(10,587)
At 31 December 2020	<u>2,110,126</u>	<u>30,550</u>	<u>42,711</u>	<u>2,183,387</u>
Depreciation				
At 1 January 2020	8,176	13,732	34,282	56,190
Charge for the year	2,725	5,005	4,801	12,531
Released on disposal	-	(397)	(10,190)	(10,587)
At 31 December 2020	<u>10,901</u>	<u>18,340</u>	<u>28,893</u>	<u>58,134</u>
Net book value				
At 31 December 2020	<u>2,099,225</u>	<u>12,210</u>	<u>13,818</u>	<u>2,125,253</u>
At 31 December 2019	<u>2,101,950</u>	<u>9,307</u>	<u>17,609</u>	<u>2,128,866</u>

Freehold properties with a carrying value of £821,968 are pledged as security for the loan in other creditors. The residential properties owned by the church are included in freehold properties at historical value of £900,000. The current market value of these properties is £2,250,000.

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

9a. Debtors - Group

	2020	2019
	£	£
Gift aid tax recoverable	28,629	24,832
Other debtors	1,842	587
Prepayments	<u>5,671</u>	<u>9,249</u>
	<u>36,142</u>	<u>34,668</u>

9b. Debtors – Church

	2020	2019
	£	£
Gift aid tax recoverable	26,800	22,757
Other debtors (including intercompany loan see note 15)	418,188	427,587
Prepayments	<u>14,671</u>	<u>15,249</u>
	<u>459,659</u>	<u>465,593</u>

Included in other debtors is a debt of £307,000 payable over 6 years.

10a. Creditors: Amounts falling due in less than one year - Group

	2020	2019
	£	£
LBPB loans	630,000	659,000
Other creditors (including £342,000 other loans see text in note 11)	350,741	353,539
Accruals	<u>22,301</u>	<u>19,904</u>
	<u>1,003,042</u>	<u>1,032,443</u>

10b. Creditors: Amounts falling due in less than one year – Church

	2020	2019
	£	£
Other creditors	8,741	11,539
LBPB loans	30,000	59,000
Owed to subsidiary	236	-
Accruals	<u>14,886</u>	<u>9,168</u>
	<u>53,863</u>	<u>79,707</u>

11. Creditors: Amounts falling due in more than one year – Group

	2020	2019
	£	£
LBPB loans	<u>247,000</u>	<u>248,000</u>

The loans from the London Baptist Property Board (LBPB loans) are secured over some of the freehold property of the church and bear interest at 3.2%. A total of £877,000 was outstanding at 31 December 2020 and this is a financial liability measured at amortised cost. Interest of £29,759 (2019: £32,838) was paid on these loans during the year. One of the loans is payable by instalments and £nil (2019: £42,000) is payable in more than five years. The total other loans of £342,000 represent unsecured interest free loans from church members and friends.

PURLEY BAPTIST CHURCH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12a. Unrestricted Funds – Group

	Balance at 1 January 20	Income	Expenditure	Transfers	Balance at 31 December 20
	£	£	£	£	£
General Fund Church	2,383,603	542,261	(507,505)	3,000	2,421,359
General Fund 58:12	<u>2,291,335</u>	<u>40,751</u>	<u>(28,771)</u>	<u>(3,000)</u>	<u>2,300,315</u>
	<u>4,674,938</u>	<u>583,012</u>	<u>(536,276)</u>	<u> -</u>	<u>4,721,674</u>

	Balance at 1 January 19	Income	Expenditure	Transfers	Balance at 31 December 19
	£	£	£	£	£
General Fund Church	2,325,373	560,895	(505,665)	3,000	2,383,603
General Fund 58:12	<u>2,269,756</u>	<u>58,705</u>	<u>(34,126)</u>	<u>(3,000)</u>	<u>2,291,335</u>
	<u>4,595,129</u>	<u>619,600</u>	<u>(539,791)</u>	<u> -</u>	<u>4,674,938</u>

12b. Unrestricted Funds – Church

	Balance at 1 January 20	Income	Expenditure	Transfers	Balance at 31 December 20
	£	£	£	£	£
<i>General – Church</i>	248,248	527,797	(494,898)	10,181	291,328
<i>General – Fixed assets</i>	2,128,866	-	-	(9,680)	2,119,186
<i>General – Other organisations</i>	<u>6,489</u>	<u>17,464</u>	<u>(12,607)</u>	<u>(501)</u>	<u>10,845</u>
General Fund Total	<u>2,383,603</u>	<u>545,261</u>	<u>(507,505)</u>	<u> -</u>	<u>2,421,359</u>

	Balance at 1 January 19	Income	Expenditure	Transfers	Balance at 31 December 19
	£	£	£	£	£
<i>General – Church</i>	180,417	554,827	(498,176)	11,180	248,248
<i>General – Fixed assets</i>	2,138,546	-	-	(9,680)	2,128,866
<i>General – Other organisations</i>	<u>6,410</u>	<u>9,068</u>	<u>(7,489)</u>	<u>(1,500)</u>	<u>6,489</u>
General Fund Total	<u>2,325,373</u>	<u>563,895</u>	<u>(505,665)</u>	<u> -</u>	<u>2,383,603</u>

The other organisations represent balances held in respect of Bods and Tods, Ladies Breakfast, Aperture, Purley Counselling Service and Medical Mission.

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

13a. Restricted Funds - Group

	Balance at 1 January 20	Income Expenditure		Transfers	Balance at 31 December 20
	£	£	£	£	£
58:12 Development	861,852	-	(1,350)	-	860,502
Purley Cross Centre	-	27,257	(22,364)	-	4,893
Special objects	<u>12,626</u>	<u>11,096</u>	<u>(12,702)</u>	<u>-</u>	<u>11,020</u>
	<u>874,478</u>	<u>38,353</u>	<u>(36,416)</u>	<u>-</u>	<u>876,415</u>

	Balance at 1 January 19	Income Expenditure		Transfers	Balance at 31 December 19
	£	£	£	£	£
58:12 Development	863,287	-	(1,435)	-	861,852
Purley Cross Centre	-	23,590	(23,590)	-	-
Special objects	<u>9,227</u>	<u>12,774</u>	<u>(9,375)</u>	<u>-</u>	<u>12,626</u>
	<u>872,514</u>	<u>36,364</u>	<u>(34,400)</u>	<u>-</u>	<u>874,478</u>

13b. Restricted Funds - Church

	Balance at 1 January 20	Income Expenditure		Transfers	Balance at 31 December 20
	£	£	£	£	£
Special objects	12,626	11,096	(12,702)	-	11,020
Purley Cross Centre	<u>-</u>	<u>27,257</u>	<u>(22,364)</u>	<u>-</u>	<u>4,893</u>
	<u>12,626</u>	<u>38,353</u>	<u>(35,066)</u>	<u>-</u>	<u>15,913</u>

	Balance at 1 January 19	Income Expenditure		Transfers	Balance at 31 December 19
	£	£	£	£	£
Special objects	9,227	12,774	(9,375)	-	12,626
Purley Cross Centre	<u>-</u>	<u>23,590</u>	<u>(23,590)</u>	<u>-</u>	<u>-</u>
	<u>9,227</u>	<u>36,364</u>	<u>(32,965)</u>	<u>-</u>	<u>12,626</u>

The *Special Objects Fund* receives donations earmarked for specific purposes, including special offerings made during the year. These amounts are then remitted to the appropriate beneficiaries.

The *Purley Cross Centre Fund* received grants and donations for specific purposes in the year. The income from the offices and the remaining costs of the Purley Cross Centre have been borne by the General Fund and are shown in the Statement of Financial Activities on page 7.

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

14a. Analysis of net assets between funds - Group

2020	Fixed Assets	Net Current Assets £	Long Liabilities £	Inter Fund accounts £	Total £
Church General Fund	2,125,253	162,276	(282,516)	416,346	2,421,359
Purley Cross Centre	-	4,893	-	-	4,893
Special Objects Fund	-	11,020	-	-	11,020
58:12 General Fund	3,688,253	(971,592)	-	(416,346)	2,300,315
58:12 Restricted Fund	<u>839,471</u>	<u>21,031</u>	<u>-</u>	<u>-</u>	<u>860,502</u>
	<u>6,652,977</u>	<u>(772,372)</u>	<u>(282,516)</u>	<u>-</u>	<u>5,598,089</u>

2019	Fixed Assets	Net Current Assets £	Long Liabilities £	Inter Fund accounts £	Total £
Church General Fund	2,128,866	132,580	(304,843)	427,000	2,383,603
Special Objects Fund	-	12,626	-	-	12,626
58:12 General Fund	3,688,253	(969,918)	-	(427,000)	2,291,335
58:12 Restricted Fund	<u>839,471</u>	<u>22,381</u>	<u>-</u>	<u>-</u>	<u>861,852</u>
	<u>6,656,590</u>	<u>(802,331)</u>	<u>(304,843)</u>	<u>-</u>	<u>5,549,416</u>

14b. Analysis of net assets between funds - Church

2020	Fixed Assets £	Current Assets £	Liabilities and provisions £	Total £
<i>General Fund</i>	2,125,253	621,640	(336,379)	2,410,514
<i>General Fund – Other organisations</i>	<u>-</u>	<u>10,845</u>	<u>-</u>	<u>10,845</u>
General Fund Total	2,125,253	632,485	(336,379)	2,421,359
Purley Cross Centre	-	4,893	-	4,893
Special objects fund	<u>-</u>	<u>11,020</u>	<u>-</u>	<u>11,020</u>
	<u>2,125,253</u>	<u>648,398</u>	<u>(336,379)</u>	<u>2,437,272</u>

2019	Fixed Assets £	Current Assets £	Liabilities and provisions £	Total £
<i>General Fund</i>	2,128,866	632,798	(384,550)	2,377,114
<i>General Fund – Other organisations</i>	<u>-</u>	<u>6,489</u>	<u>-</u>	<u>6,489</u>
General Fund Total	2,128,866	639,287	(384,550)	2,383,603
Special objects fund	<u>-</u>	<u>12,626</u>	<u>-</u>	<u>12,626</u>
	<u>2,128,866</u>	<u>651,913</u>	<u>(384,550)</u>	<u>2,396,229</u>

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

15 Related party transactions

Intercompany

At 31 December 2020 there were two outstanding loans from the church to its subsidiary 58:12. One for £139,346 and one for £277,000. Interest at 2.5% has been paid on the first loan during the year and repayment is due by 31 December 2020. Interest at 3.5% is payable on the second loan and this will be repaid over 10 years.

Trustees remuneration

The following trustees received remuneration under the authority of the Memorandum & Articles of Association, they were also provided with accommodation:

		Remuneration	Pension Contributions
		£	£
James Collins	Senior Minister	33,702	3,995
Marilyn Webb	Associate Minister	28,512	3,476
Tim Allen	Assistant Minister	<u>28,140</u>	<u>2,816</u>

Benefits are accruing to three trustees under money purchase pension schemes.

Employee benefits of £109,531 [2019:£ 82,734] were received by key management personnel in the year.

16 Subsidiary

The subsidiary, 58:12 has company number 4832161, charity number 1101446 and registered office of Banstead Road, Purley, Surrey, CR8 3EA. The church has full control of the subsidiary. The subsidiary has been included in the consolidated accounts on a line by line basis. A summary of its results for the year is as follows:

	2020 £	2019 £
Assets	4,535,578	4,538,923
Liabilities	<u>1,374,761</u>	<u>1,385,736</u>
Total funds	<u>3,160,817</u>	<u>3,153,187</u>
Income	40,751	58,705
Expenditure	<u>33,121</u>	<u>37,126</u>
Surplus	<u>7,630</u>	<u>21,579</u>

17 Pensions

The Church is an employer participating in a pension scheme known as the Baptist Pension Scheme [“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.

For any month, each participating employer in the Scheme pays contributions as set out in the Schedule of Contributions in force at that time. The Scheme is considered to be a multi-employer scheme as

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described in Section 28 of FRS 102. This is because it is not possible to attribute the Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficiency contributions [see below].

The Ministers are eligible to join the Scheme. 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 Plc.

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 were a defined benefit pension of one eightieth of Final Minimum Pension, 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.

Actuarial valuation as at 31 December 2019

A formal valuation of the Defined Benefit [DB] Plan was performed at 31 December 2019 by a professionally qualified Actuary using the Projected Unit Method. The market value of the DB Plan assets at the valuation date was £298 million.

The valuation of the DB Plan revealed a deficit of assets compared with the value of liabilities of £18 million [equivalent to a past service funding level of 94%]. The Church and the other employers supporting the DB Plan are collectively responsible for funding this deficit.

The key assumptions underlying the valuation were as follows:

RPI price inflation assumption	3.20
CPI price inflation assumption	2.70
Minimum Pensionable Income increases [CPI plus 1.0% pa]	3.20
Assumed investment returns	
- Pre-retirement	2.95
- Post retirement	1.70
Deferred pension increases	
- Pre April 2009	3.20
- Post April 2009	2.50
Pension increases	
- Main Scheme pension	2.70

Post-retirement mortality in accordance with 80% of the S3NFA and S3NMA tables, with allowance for future improvements in mortality rates from 2013 in line with the CMI 2019 core projections, with a long term annual rate of improvement of 1.75% for males and 1.5% for females, with the core smoothing parameter and with additional initial mortality improvement factor A=0.5%.

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

17 Pensions (continued)

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 dated 30 September 2020, deficiency contributions are payable until 30 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. However, the Trustee and the Council agreed a 50% reduction for all deficiency contributions payable between 1 July 2020 and 31 December 2020.

Movement in balance sheet liability

The agreed deficit recovery payments have been recognised as a liability. The movement in the provision is set out in the table below.

	£
Balance sheet liability 1 January 2020	56,843
Less deficiency contributions paid	[4,494]
Interest cost (recognised in SoFA)	929
Remaining change to balance sheet liability (recognised in SoFA)	[17,762]
Balance sheet liability at 31 December 2020	<u>35,516</u>

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:

	2020	2019	2018
Discount rate	0.4%	1.7%	2.4%
Future increases to Minimum Pensionable income	3.0%	3.2%	3.1%

18 Contingent liability

The directors are aware that the church may have a liability to the Baptist Pension Scheme under the employer debt regulations. The potential liability in excess of the provision above is around £50,000.