

Building authentic, courageous, generous Christian community

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021**

**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 2021. 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
Michele Bailey
David Clarke
James Collins

Jenny Giles [appointed 2 March 2022]
Chris Roe [appointed 2 March 2022]

Olumide Lala
Ben Quarley-Papafio
Senait Eyassu [resigned 9 November 2021]
David Colpus
Linda Davies [appointed 2 March 2022]

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 [PBC] is a company limited by guarantee and a registered charity, governed by its Memorandum and Articles of Association.

The Leadership Team [LT] are the directors and trustees of the charitable company and is comprised of stipendiary ministers who serve during their time in office and 'lay' leaders who are elected by the church members to serve for up to two periods of 5 years.

The 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. Co-ordinators [previously, Heads of Department] oversee particular areas of church ministry and are accountable to the LT.

Major decisions are taken to a meeting of church members; these 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.

Remuneration of key management personnel

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 with reference to increase in the cost of living and the recommendation of 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.

PURLEY BAPTIST CHURCH

LEADERSHIP TEAM REPORT (continued)

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.

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 established processes by which the church gives money to other organisations and individuals. Mission partners are supported via grants to their sending organisations. Funds are raised for these by means of occasional special offerings and other fund-raising events. Donations are also made to other causes as needs come to our attention and funds are available.

Achievements and performance

We continue to be encouraged by all that God has done in and through us during the year despite the challenging circumstances. During 2021 the church continued to adhere to the various regulations aimed at curbing the spread of Covid 19. By the Autumn we settled into a routine of three 'in-person' services of worship each Sunday at 9.30 am, 11.15 am and 7.00 pm. The 11.15 am service was also available as a live stream or as a recording via our YouTube channel; this continues to be very popular. The 'in-person' congregation grew steadily over the course of the year as increasing numbers of people became confident to gather with others once again.

It has been a joy to re-open our church building in order to serve the wider community when restrictions have permitted. This has included: Jigsaws, our bi-monthly service for adults with learning disabilities and their carers; Cameo, our mid-week service for the elderly and Bods and Todds, a weekly baby and toddler group. Life Groups met (still mostly online) during the week to provide fellowship and teaching. Our monthly prayer meetings reverted to being 'in person' once again and our church members' meetings went 'hybrid' (available both in-person and on-line) which meant greater participation than our pre-lockdown 'in-person only' meetings.

Amidst society-wide conditions that continued to be both challenging and unpredictable, pastoral support has been provided to members who have faced difficulties during the year. We have continued to use the Hardship fund to help those facing financial strain. We also continue to run a counselling service which provides affordable, professional counselling to church members and those in the community.

The Purley Cross Centre has been able to resume its services and ministries and has secured ongoing funding from Croydon Council. A CAP Job Club has been run on a virtual platform and a number of people have been helped into employment.

Whilst the Croydon Churches Floating Night Shelter has been closed since the beginning of the pandemic, PBC has (alongside other churches) provided meals to the HUB in Croydon and Sandwiches to Croydon Nightwatch (both of which provide assistance to the homeless). The Link drop-in centre continued to provide food and support to the homeless throughout the year. 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 'OK not to be OK'. The latter provided on-line support for its members throughout the pandemic and re-commenced in-person meetings during the Summer of 2021.

PURLEY BAPTIST CHURCH

LEADERSHIP TEAM REPORT (continued)

Achievements and performance (continued)

Children's and youth work has been able to resume in-person with various age groups running during the 11:15am service. During Christmas, it was lovely to be able to have an in-person nativity performed by the children. In partnership with the church, the various uniform organisations such as Scouts have resumed meeting in person and taking part in our monthly Parade service. In August, a club for primary aged children took place on Thursdays in which a range of fun activities and lunch was provided for free.

After nineteen years as Youth Pastor, Mark Humm was called to be the Minister of Godstone Baptist in August 2021. Until a replacement is appointed, Wendy Colpus (our Children and Families' Worker) was appointed to oversee both Youth and Children's work.

Progress continues to be made with the 58:12 development project. Phase 1 of the project (comprising affordable housing units on the Banstead Road) is now well under way. We have formed various teams to oversee this project, protect the church's interests and begin to plan for life in our new premises. These teams include some individuals with much relevant expertise.

Financial review

Despite a drop in offerings during lockdown, 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 £2,470,461. £2,121,766 of this is invested in fixed assets, mainly property. £20,266 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 £250,000. The free reserves at 31 December 2021 were £311,000.

Risks and uncertainties

The continuing 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 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.

PURLEY BAPTIST CHURCH

LEADERSHIP TEAM REPORT

(continued)

Plans for the future

The church will, of course, continue to prioritise its charitable objectives and commensurate activities as spelt out above. The prospect of extensive new church and community facilities presents a major and exciting opportunity for PBC to extend its achievement of these. It is envisaged that this will require an increasing amount of leadership, creativity and detailed planning in the next few years.

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.

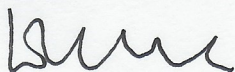
The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the church and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the 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 26 September 2022 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

Opinion

We have audited the financial statements of Purley Baptist Church [the 'charitable company'] for the year ended 31 December 2021 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 2021 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 2022

PURLEY BAPTIST CHURCH

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

FOR THE YEAR ENDED 31 DECEMBER 2021

	Unrestricted Funds £	Restricted Funds £	2021 Total £	Unrestricted Funds £	Restricted Funds £	2020 Total £
Income from:						
Donations and legacies	543,957	6,560	550,517	542,319	11,096	553,415
Charitable activities (note 3)	25,418	30,535	55,953	19,274	27,257	46,531
Investments	1,778	-	1,778	134	-	134
Other	<u>3,417</u>	<u>-</u>	<u>3,417</u>	<u>21,285</u>	<u>-</u>	<u>21,285</u>
Total income	<u>574,570</u>	<u>37,095</u>	<u>611,665</u>	<u>583,012</u>	<u>38,353</u>	<u>621,365</u>
Expenditure on:						
Charitable Activities (note 5a)						
Ministry/Worship	230,741	-	230,741	244,968	-	244,968
Mission	295,020	6,240	301,260	291,308	14,052	305,360
Purley Cross Centre	<u>-</u>	<u>27,932</u>	<u>27,932</u>	<u>-</u>	<u>22,364</u>	<u>22,364</u>
Total expenditure	<u>525,761</u>	<u>34,172</u>	<u>559,933</u>	<u>536,276</u>	<u>36,416</u>	<u>572,692</u>
Net income	48,809	2,923	51,732	46,736	1,937	48,673
Transfers between funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds	48,809	2,923	51,732	46,736	1,937	48,673
Reconciliation of funds						
Fund balances brought forward	4,721,674	876,415	5,598,089	4,674,938	874,478	5,549,416
Fund balances carried forward	<u>4,770,483</u>	<u>879,338</u>	<u>5,649,821</u>	<u>4,721,674</u>	<u>876,415</u>	<u>5,598,089</u>

PURLEY BAPTIST CHURCH
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

		2021		2020	
	Note	£	£	£	£
Fixed assets					
Tangible assets	8a		6,249,490		6,652,977
Current assets					
Debtors	9a	37,142		36,142	
Cash at bank and in hand		530,327		194,528	
		<u>567,469</u>		<u>230,670</u>	
Current liabilities					
Creditors: Amounts falling due in less than one year	10a	<u>921,538</u>		<u>1,003,042</u>	
Net current liabilities			[354,069]		[772,372]
Total assets less current liabilities			5,895,421		5,880,605
Creditors: Amounts falling due after more than one year	11		[217,000]		[247,000]
Provisions	17		[28,600]		[35,516]
Net assets			<u>5,649,821</u>		<u>5,598,089</u>
Represented by					
Restricted Funds	13a		879,338		876,415
Unrestricted Funds	12a		<u>4,770,483</u>		<u>4,721,674</u>
			<u>5,649,821</u>		<u>5,598,089</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 26 September 2022 and signed on their behalf:



David Clarke
Director

Company number: 07033844

PURLEY BAPTIST CHURCH
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2021

	2021		2020	
	£	£	£	£
Net cash (used in)/provided by operating activities (see below)		(23,957)		38,002
Cash flows from investing activities				
Proceeds on disposal of property	400,000		-	
Purchase of property, plant and equipment	(10,244)		8,918	
Net cash provided by/(used in) investing activities		389,756		(8,918)
Cash flows from financing activities				
Repayments of borrowing	30,000		30,000	
Net cash used in financing activities		(30,000)		(30,000)
Change in cash in the year		335,799		(916)
Cash at start of the year		194,528		195,444
Cash at the end of the year		530,327		194,528
Reconciliation of net cash provided by operating activities				
		£		£
Net income		51,732		48,673
Depreciation		13,731		12,531
Change in debtors		(1,000)		(1,474)
Change in creditors		(81,504)		(401)
Change in provision		(6,916)		(21,327)
Net cash (used in)/provided by operating activities		(23,957)		38,002

Analysis of changes in net debt

	At 1 Jan 2021	Cash flows	Non-cash changes	At 31 Dec 2021
Cash	194,528	335,799	-	530,327
Loans falling due within one year	(630,000)	-	-	(630,000)
Loans falling due in more than one year	(247,000)	30,000	-	(217,000)
	(682,472)	365,799	-	(316,673)

PURLEY BAPTIST CHURCH

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

FOR THE YEAR ENDED 31 DECEMBER 2021

	Unrestricted Funds £	Restricted Funds £	2021 Total £	Unrestricted Funds £	Restricted Funds £	2020 Total £
Income from:						
Donations and legacies	507,647	6,560	514,207	501,903	11,096	512,999
Charitable activities (note 3)	25,418	30,535	55,953	19,274	27,257	46,531
Investments	1,778	-	1,778	3,134	-	3,134
Other	3,215	-	3,215	20,950	-	20,950
Total income	<u>538,058</u>	<u>37,095</u>	<u>575,153</u>	<u>545,261</u>	<u>38,353</u>	<u>583,614</u>
Expenditure on:						
Charitable Activities (note 5b)						
Ministry/Worship	230,741	-	230,741	244,968	-	244,968
Mission	278,481	4,810	283,291	262,537	12,702	275,239
Purley Cross Centre	-	<u>27,932</u>	<u>27,932</u>	-	<u>22,364</u>	<u>22,364</u>
Total expenditure	<u>509,222</u>	<u>32,742</u>	<u>541,964</u>	<u>507,505</u>	<u>35,066</u>	<u>542,571</u>
Net income	28,836	4,353	33,189	37,756	3,287	41,043
Transfers	-	-	-	-	-	-
Net movement in funds	28,836	4,353	33,189	37,756	3,287	41,043
Reconciliation of funds						
Fund balances brought 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>
Fund balances carried forward	<u>2,450,195</u>	<u>20,266</u>	<u>2,470,461</u>	<u>2,421,359</u>	<u>15,913</u>	<u>2,437,272</u>

PURLEY BAPTIST CHURCH

BALANCE SHEET

AS AT 31 DECEMBER 2021

	<i>Note</i>	2021		2020	
		£	£	£	£
Fixed assets					
Tangible assets	8b		2,121,766		2,125,253
Current assets					
Debtors	9b	287,063		459,659	
Cash at bank and in hand		353,186		188,739	
		<u>640,249</u>		<u>648,398</u>	
Current liabilities					
Creditors: Amounts falling due in less than one year	10b	<u>45,954</u>		<u>53,863</u>	
Net current assets			<u>594,295</u>		<u>594,535</u>
Total assets less current liabilities			2,716,061		2,719,788
Creditors: Amounts falling due after more than one year	11		[217,000]		[247,000]
Provisions	17		[28,600]		[35,516]
Net assets			<u>2,470,461</u>		<u>2,437,272</u>
Represented by					
Restricted Funds	13b		20,266		15,913
Unrestricted Funds	12b		<u>2,450,195</u>		<u>2,421,359</u>
			<u>2,470,461</u>		<u>2,437,272</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 **26** September 2022 and signed on their behalf:



David Clarke
Director

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021

(continued)

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 2021 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 16]

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 £28,600 at 31 December 2021.

2. Net income

This is stated after charging:

	£	£
Audit fee	7,900	7,670
Depreciation	<u>13,731</u>	<u>12,238</u>

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

(continued)

3. Income from charitable activities

	2021	2020
	£	£
Purley Cross Centre	30,535	27,527
Purley Counselling Service	14,082	16,029
Rent of manse	10,000	-
Church events	<u>1,336</u>	<u>2,975</u>
	<u>55,953</u>	<u>46,531</u>

4. Staff costs

	2021	2020
	£	£
Salaries	276,879	291,183
Employer's National Insurance	20,326	25,609
Employer's contribution to defined contribution pension schemes	24,940	27,350
Interest cost and change to defined benefit scheme liability	<u>(819)</u>	<u>(16,833)</u>
	<u>321,326</u>	<u>327,309</u>

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

	2021	2020
Ministry	4	6
Administration	4	4
Facilities	2	2
Purley Cross Centre	<u>1</u>	<u>1</u>
	<u>11</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.

5a. Charitable Activities - Group

	Direct Costs	Grant Funding	Support Costs	Total 2021	Total 2020
	£	£	£	£	£
Ministry/worship	151,233	-	79,508	230,741	244,968
Mission	50,308	89,076	161,876	301,260	305,360
Purley Cross Centre	<u>27,932</u>	<u>-</u>	<u>-</u>	<u>27,932</u>	<u>22,364</u>
	<u>229,473</u>	<u>89,076</u>	<u>241,384</u>	<u>559,933</u>	<u>572,692</u>

5b. Charitable Activities - Church

	Direct Costs	Grant Funding	Support Costs	Total 2021	Total 2020
	£	£	£	£	£
Ministry/worship	151,233	-	79,508	230,741	244,968
Mission	23,199	101,076	159,016	283,291	275,239
Purley Cross Centre	<u>27,932</u>	<u>-</u>	<u>-</u>	<u>27,932</u>	<u>22,364</u>

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

(continued)

202,364 101,076 238,524 541,964 542,571

6. Support costs – Church

	Ministry £	Mission £	2021 £	2020 £
Administration	49,750	99,500	149,250	145,795
Governance – auditor's remuneration	1,680	3,360	5,040	4,800
Governance – professional fees	-	-	-	200
Facilities	<u>28,078</u>	<u>56,156</u>	<u>84,234</u>	<u>109,081</u>
	<u>79,508</u>	<u>159,016</u>	<u>238,524</u>	<u>259,876</u>

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

7. Grants payable

	Unrestricted £	Restricted £	Total 2021 £	Total 2020 £
<i>Mission and relief</i>				
Baptist Union Home Mission Fund	8,500	-	8,500	8,500
Baptist Missionary Society	20,000	817	20,817	20,000
BMS – Jamaica appeal	5,000	-	5,000	-
Brighton Road Baptist – Jamaica appeal	5,000	-	5,000	-
Croydon Refugee Centre	5,000	-	5,000	-
International Needs	-	-	-	1,194
Sofia Baptist Church	-	-	-	4,054
Individuals – Fellowship fund	<u>-</u>	<u>2,517</u>	<u>2,517</u>	<u>-</u>
	43,500	3,334	46,834	33,748
<i>Missionary Support</i>				
Wycliffe Bible Translators	26,650	-	26,650	26,650
Mission Aviation Fellowship	5,250	-	5,250	5,250
Individuals	<u>9,675</u>	<u>525</u>	<u>10,200</u>	<u>5,000</u>
	41,575	525	42,100	36,900
<i>Social Action</i>				
Word 4 Weapons	-	-	-	1,697
Christmas Lunch on Jesus	-	-	-	2,160
Purley & Kenley Churches Together Food Hub	-	-	-	932
Children in Need	<u>-</u>	<u>142</u>	<u>142</u>	<u>-</u>
Total grants - group	<u>85,075</u>	<u>4,001</u>	<u>89,076</u>	<u>75,437</u>
Grant from PBC to 58:12	<u>12,000</u>	<u>-</u>	<u>12,000</u>	<u>-</u>
Total grants – church	<u>97,075</u>	<u>4,001</u>	<u>101,076</u>	<u>75,437</u>

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

(continued)

8a Tangible assets – Group

	Freehold Properties £	Church & Sound Equip £	Office, Qube & PCC Equip £	Total £
Cost or valuation				
At 1 January 2021	6,637,850	30,550	42,711	6,711,111
Additions	-	3,082	7,162	10,244
Disposals	(400,000)	-	-	(400,000)
At 31 December 2021	<u>6,237,850</u>	<u>33,632</u>	<u>49,873</u>	<u>6,321,355</u>
Depreciation				
At 1 January 2021	10,901	18,340	28,893	58,134
Charge for the year	2,727	5,751	5,253	13,731
Released on disposal	-	-	-	-
At 31 December 2021	<u>13,628</u>	<u>24,091</u>	<u>34,146</u>	<u>71,865</u>
Net book value				
At 31 December 2021	<u>6,224,222</u>	<u>9,541</u>	<u>15,727</u>	<u>6,249,490</u>
At 31 December 2020	<u>6,626,949</u>	<u>12,210</u>	<u>13,818</u>	<u>6,652,977</u>

8b Tangible assets – Church

	Freehold Properties £	Church & Sound Equip £	Office, Qube & PCC Equip £	Total £
Cost				
At 1 January 2021	2,110,126	30,550	42,711	2,183,387
Additions	-	3,082	7,162	10,244
Disposals	-	-	-	-
At 31 December 2021	<u>2,110,126</u>	<u>33,632</u>	<u>49,873</u>	<u>2,193,631</u>
Depreciation				
At 1 January 2021	10,901	18,340	28,893	58,134
Charge for the year	2,727	5,751	5,253	13,731
Released on disposal	-	-	-	-
At 31 December 2021	<u>13,628</u>	<u>24,091</u>	<u>34,146</u>	<u>71,865</u>
Net book value				
At 31 December 2021	<u>2,096,498</u>	<u>9,541</u>	<u>15,727</u>	<u>2,121,766</u>
At 31 December 2020	<u>2,099,225</u>	<u>12,210</u>	<u>13,818</u>	<u>2,125,253</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 around £2,300,000.

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

(continued)

9a. Debtors - Group

	2021	2020
	£	£
Gift aid tax recoverable	26,800	28,629
Other debtors	4,700	1,842
Prepayments	<u>5,642</u>	<u>5,671</u>
	<u>37,142</u>	<u>36,142</u>

9b. Debtors – Church

	2021	2020
	£	£
Gift aid tax recoverable	26,800	26,800
Other debtors [including intercompany loan see note 15]	249,871	418,188
Prepayments	<u>10,392</u>	<u>14,671</u>
	<u>287,063</u>	<u>459,659</u>

Included in other debtors is a debt of £247,000 payable over 5 years.

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

	2021	2020
	£	£
LBPB loans	630,000	630,000
Other creditors [including £167,000 other loans see text in note 11]	274,859	350,741
Accruals	<u>16,679</u>	<u>22,301</u>
	<u>921,538</u>	<u>1,003,042</u>

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

	2021	2020
	£	£
Other creditors	7,859	8,741
LBPB loans	30,000	30,000
Owed to subsidiary	312	236
Accruals	<u>7,783</u>	<u>14,886</u>
	<u>45,954</u>	<u>53,863</u>

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

	2021	2020
	£	£
LBPB loans	<u>217,000</u>	<u>247,000</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 £847,000 was outstanding at 31 December 2021 and this is a financial liability measured at amortised cost. Interest of £29,759 [2020: £32,838] was paid on these loans during the year. The total other loans of £167,000 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 2021

(continued)

12a. Unrestricted Funds – Group

	Balance at 1 January 21 £	Income £	Expenditure £	Transfers £	Balance at 31 December 21 £
General Fund Church	2,421,359	538,058	(497,222)	(12,000)	2,450,195
General Fund 58:12	<u>2,300,315</u>	<u>36,512</u>	<u>(28,539)</u>	<u>12,000</u>	<u>2,320,288</u>
	<u>4,721,674</u>	<u>574,570</u>	<u>(525,761)</u>	<u>-</u>	<u>4,770,483</u>

	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>

12b. Unrestricted Funds – Church

	Balance at 1 January 21 £	Income £	Expenditure £	Transfers £	Balance at 31 December 21 £
<i>General – Church</i>	291,328	520,642	(499,773)	(1,080)	311,117
<i>General – Fixed assets</i>	2,119,186	-	-	2,580	2,121,766
<i>General – Other organisations</i>	<u>10,845</u>	<u>17,416</u>	<u>(9,449)</u>	<u>(1,500)</u>	<u>17,312</u>
General Fund Total	<u>2,421,359</u>	<u>538,058</u>	<u>(509,222)</u>	<u>-</u>	<u>2,450,195</u>

	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>

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 2021

(continued)

13a. Restricted Funds - Group

	Balance at 1 January 21	Income Expenditure		Transfers	Balance at 31 December 21
	£	£	£	£	£
58:12 Development	860,502	-	(1,430)	-	859,072
Purley Cross Centre	4,893	30,535	(27,932)	-	7,496
Special objects	<u>11,020</u>	<u>6,560</u>	<u>(4,810)</u>	-	<u>12,770</u>
	<u>876,415</u>	<u>37,095</u>	<u>(34,172)</u>	-	<u>879,338</u>

	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>11,020</u>
	<u>874,478</u>	<u>38,353</u>	<u>(36,416)</u>	-	<u>876,415</u>

13b. Restricted Funds - Church

	Balance at 1 January 21	Income Expenditure		Transfers	Balance at 31 December 21
	£	£	£	£	£
Special objects	11,020	6,560	(4,810)	-	12,770
Purley Cross Centre	<u>4,893</u>	<u>30,535</u>	<u>(27,932)</u>	-	<u>7,496</u>
	<u>15,913</u>	<u>37,095</u>	<u>(32,742)</u>	-	<u>20,266</u>

	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>4,893</u>
	<u>12,626</u>	<u>38,353</u>	<u>(35,066)</u>	-	<u>15,913</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 2021

(continued)

14a. Analysis of net assets between funds - Group

2021	Fixed Assets	Net Current Assets £	Long Liabilities £	Inter Fund accounts £	Total £
Church General Fund	2,121,766	322,591	[245,600]	251,438	2,450,195
Purley Cross Centre	-	7,496	-	-	7,496
Special Objects Fund	-	12,770	-	-	12,770
58:12 General Fund	3,288,253	[716,527]	-	[251,438]	2,320,288
58:12 Restricted Fund	<u>839,471</u>	<u>19,601</u>	<u>-</u>	<u>-</u>	<u>859,072</u>
	<u>6,249,490</u>	<u>[354,069]</u>	<u>[245,600]</u>	<u>-</u>	<u>5,649,821</u>
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>

14b. Analysis of net assets between funds - Church

2021	Fixed Assets £	Current Assets £	Liabilities and provisions £	Total £
<i>General Fund</i>	<i>2,121,766</i>	<i>602,671</i>	<i>[321,554]</i>	<i>2,402,883</i>
<i>General Fund – Other organisations</i>	<i>-</i>	<i>17,312</i>	<i>-</i>	<i>17,312</i>
General Fund Total	2,121,766	619,983	[321,554]	2,420,195
Purley Cross Centre	-	7,496	-	7,496
Special objects fund	<u>-</u>	<u>12,770</u>	<u>-</u>	<u>12,770</u>
	<u>2,121,766</u>	<u>640,249</u>	<u>[321,554]</u>	<u>2,440,461</u>
2020	Fixed Assets £	Current Assets £	Liabilities and provisions £	Total £
<i>General Fund</i>	<i>2,125,253</i>	<i>621,640</i>	<i>[336,379]</i>	<i>2,410,514</i>
<i>General Fund – Other organisations</i>	<i>-</i>	<i>10,845</i>	<i>-</i>	<i>10,845</i>
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>

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

(continued)

15 Related party transactions

Intercompany

At 31 December 2021 there was an outstanding loan of £247,000 from the church to its subsidiary 58:12. Interest is payable at 3.5% and it will be repaid over 10 years.

Trustees remuneration

The following trustees received remuneration under the authority of the Memorandum & Articles of Association::

		Remuneration	Pension Contributions
		£	£
James Collins	Senior Minister	34,410	4,071
Marilyn Webb	Associate Minister	7,278	886
Tim Allen	Assistant Minister	<u>42,238</u>	<u>4,214</u>

The Senior Minister and Associate Minister were also provided with accommodation. Benefits are accruing to three trustees under money purchase pension schemes.

Employee benefits of £101,925 [2020:£109,531] 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:

	2021 £	2020 £
Assets	4,307,006	4,535,578
Liabilities	<u>1,127,646</u>	<u>1,374,761</u>
Total funds	<u>3,179,360</u>	<u>3,160,817</u>
Income	48,512	40,751
Expenditure	<u>29,969</u>	<u>33,121</u>
Surplus	<u>18,543</u>	<u>7,630</u>

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

(continued)

17 Pensions

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

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

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

The Scheme is considered to be a multi-employer scheme as 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 Ministers eligible to join the Scheme.

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, whilst the level of assets needed to pay benefits was £316m, giving a deficit of £18m [equivalent to a past service funding level of 94%]. The Church and the other 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

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

(continued)

17 Pensions (continued)

Mortality is assumed in accordance with 80% of the S3NA standard mortality table. Future improvements projected from 2013 in line with the "CMI 2019" projection with a long-term rate of improvement of 1.75% p.a. for males and 1.5% p.a. for females with the core smoothing parameter and with additional initial mortality improvement factor A=0.5%. The next actuarial valuation of the DB Plan within the Scheme is due to take place not later than as at 31 December 2022.

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.

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 2021	35,516
Less deficiency contributions paid	[6,097]
Interest cost [recognised in SoFA]	130
Remaining change to balance sheet liability [recognised in SoFA]	[949]
Balance sheet liability at 31 December 2021	<u>28,600</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:

	2021	2020	2019
Discount rate	2.0%	0.4%	1.7%
Future increases to Minimum Pensionable income	4.1%	3.0%	3.2%

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 £30,000.