

PURLEY BAPTIST CHURCH

Building authentic, courageous, generous Christian community

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

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 2022. 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
Michele Bailey	Ben Quartey-Papafio
David Clarke	David Colpus
James Collins	Linda Davies (appointed 2 March 2022)
Jenny Giles (appointed 2 March 2022)	Chris Roe (appointed 2 March 2022)
Helen Harris (appointed 1 February 2023)	

Advisers:

Auditors:	Shaw Gibbs (Audit) Limited, 264 Banbury Road, Oxford, OX2 7DY
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

God has been very gracious to our church family throughout 2022. Our morning in-person congregations are now comparable in size to pre-Covid levels whilst the 11.15 am service continues to be made available as a live stream or as a recording via our YouTube channel attracting around 200 hits a week. Whilst we said goodbye to a number of long-standing church members who started attending other churches during the lockdowns of the previous two years, we have also welcomed in new members and are encouraged by many signs of growth.

The church premises are in use on almost every day of the year. We have welcomed hundreds of local residents into our buildings to enjoy a wide range of church and community activities. These have 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 Tods, a weekly baby and toddler group. Life Groups met during the week to provide fellowship and teaching. Church members are encouraged to attend our monthly 'Heartbeat' prayer meetings. Church members' meetings went continue to be 'hybrid' (available both in-person and on-line); we continue to enjoy greater participation than our pre-lockdown 'in-person only' meetings.

Amidst economic conditions that have continued to be challenging proactive 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.

PBC continues to offer a substantial programme of activities aimed at helping people facing hardship / deprivation. The Purley Cross Centre offers various services and ministries. In cooperation with other local churches, we continue to offer a suite of CAP (Christians Against Poverty) services which are very popular and have helped many people. 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, open to all, (based in the church premises) where it is 'OK not to be OK'.

Two key staff appointments were made during 2022. Chris Roe was appointed to a new role, Worship Pastor and Charlie Powell was appointed as our Youth Worker. Both have settled in well and we look forward to all that they will bring to our church family in the coming years.

PURLEY BAPTIST CHURCH

LEADERSHIP TEAM REPORT (continued)

Achievements and performance (continued)

Children's and youth ministry continues to be a very high priority. We have continued to offer various age groups running during the 11:15am service – attendance has improved and is now approaching pre-Covid levels. In partnership with the church, the Scouts groups have continued to meet and take part in our monthly Parade service. The church also runs 'Super Saturdays', a group meeting monthly with lots of activities for children and families on Saturday mornings.

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

The church continues to be funded mainly by donations from members. A surplus for the year was recorded mainly due to rent received from manses. 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 £2,430,689. £2,124,929 of this is invested in fixed assets, mainly property. £28,478 is held in restricted funds.

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 2022 were £273,000.

Risks and uncertainties

The extent to which our church attendance and community continued to recover from Covid 19 was the main risk again this year. The risk was mitigated by increasing the pastoral contact with members by phone and email and by continuing to make services and meetings available online. The church has identified that a lack of volunteers or suitable staff are also significant 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. We have made two significant staff appointments year- a worship pastor and a youth worker. 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 including the potential risk to the financial viability of the scheme following increases in the price of building materials and associated costs and uncertainty about the revenue the developer would receive from the sale of flats. These risks are being borne by the developer but there remains the residual risk that the developer might seek to vary the agreement with us. This can only be done with our agreement. 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, of course, continue to prioritise its charitable objectives and commensurate activities as spelled 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.

PURLEY BAPTIST CHURCH

LEADERSHIP TEAM REPORT (continued)

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 2023 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 2022 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 2022 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:

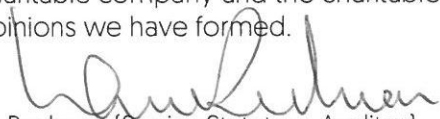
- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- obtaining an overview of the internal procedures adopted by the client to ensure continued compliance with relevant laws and regulations, including 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 Shaw Gibbs (Audit) Limited

264 Banbury Road

Oxford

OX2 7DY

29 September 2023

PURLEY BAPTIST CHURCH

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

FOR THE YEAR ENDED 31 DECEMBER 2022

	Unrestricted Funds £	Restricted Funds £	2022 Total £	Unrestricted Funds £	Restricted Funds £	2021 Total £
Income from:						
Donations and legacies	532,546	20,601	553,147	543,957	6,560	550,517
Charitable activities (note 3)	55,096	30,893	85,989	25,418	30,535	55,953
Investments	440	-	440	1,778	-	1,778
Premium	50,000	-	50,000	-	-	-
Other	<u>1,170</u>	<u>-</u>	<u>1,170</u>	<u>3,417</u>	<u>-</u>	<u>3,417</u>
Total income	<u>639,252</u>	<u>51,494</u>	<u>690,746</u>	<u>574,570</u>	<u>37,095</u>	<u>611,665</u>
Expenditure on:						
Charitable Activities (note 5a)						
Ministry/Worship	273,293	-	273,293	230,741	-	230,741
Mission	350,099	19,410	369,509	295,020	6,240	301,260
Purley Cross Centre	<u>-</u>	<u>25,442</u>	<u>25,442</u>	<u>-</u>	<u>27,932</u>	<u>27,932</u>
Total expenditure	<u>623,392</u>	<u>44,852</u>	<u>668,244</u>	<u>525,761</u>	<u>34,172</u>	<u>559,933</u>
Net income	15,860	6,642	22,502	48,809	2,923	51,732
Transfers between funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds	15,860	6,642	22,502	48,809	2,923	51,732
Reconciliation of funds						
Fund balances brought forward	4,770,483	879,338	5,649,821	4,721,674	876,415	5,598,089
Fund balances carried forward	<u>4,786,343</u>	<u>885,980</u>	<u>5,672,323</u>	<u>4,770,483</u>	<u>879,338</u>	<u>5,649,821</u>

PURLEY BAPTIST CHURCH
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

		2022		2021	
	<i>Note</i>	£	£	£	£
Fixed assets					
Tangible assets	8a		5,382,653		6,249,490
Current assets					
Debtors	9a	360,648		37,142	
Cash at bank and in hand		616,392		530,327	
		<u>977,040</u>		<u>567,469</u>	
Current liabilities					
Creditors: Amounts falling due in less than one year	10a	<u>500,370</u>		<u>921,538</u>	
Net current assets/(liabilities)			<u>476,670</u>		(<u>354,069</u>)
Total assets less current liabilities			5,859,323		5,895,421
Creditors: Amounts falling due after more than one year	11		(187,000)		(217,000)
Provisions	17		(_____)		(<u>28,600</u>)
Net assets			<u>5,672,323</u>		<u>5,649,821</u>
Represented by					
Restricted Funds	13a		885,980		879,338
Unrestricted Funds	12a		<u>4,786,343</u>		<u>4,770,483</u>
			<u>5,672,323</u>		<u>5,649,821</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 2023 and signed on their behalf by:



David Clarke
Director

Company number: 07033844

PURLEY BAPTIST CHURCH
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2022

	2022		2021	
	£	£	£	£
Net cash used in operating activities (see below)		(154,223)		(23,957)
Cash flows from investing activities				
Proceeds on disposal of property	639,000		400,000	
Purchase of property, plant and equipment	(18,712)		(10,244)	
Net cash provided by investing activities		620,288		389,756
Cash flows from financing activities				
Repayments of borrowing	380,000		30,000	
Net cash used in financing activities		(380,000)		(30,000)
Change in cash in the year		86,065		335,799
Cash at start of the year		<u>530,327</u>		<u>194,528</u>
Cash at the end of the year		<u>616,392</u>		<u>530,327</u>
Reconciliation of net cash provided by operating activities				
		£		£
Net income		22,502		51,732
Depreciation		14,688		13,731
Loss on disposal of fixed assets		861		-
Change in debtors		(92,506)		(1,000)
Change in creditors		(71,168)		(81,504)
Change in provision		(28,600)		(6,916)
Net cash used in operating activities		(154,223)		(23,957)

Analysis of changes in net debt

	At 1 Jan 2022	Cash flows	Non-cash changes	At 31 Dec 2022
Cash	530,327	86,065	-	616,392
Loans falling due within one year	(630,000)	350,000	-	(280,000)
Loans falling due in more than one year	(217,000)	30,000	-	(187,000)
	<u>(316,673)</u>	<u>466,065</u>	<u>-</u>	<u>149,392</u>

PURLEY BAPTIST CHURCH

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

FOR THE YEAR ENDED 31 DECEMBER 2022

	Unrestricted Funds £	Restricted Funds £	2022 Total £	Unrestricted Funds £	Restricted Funds £	2021 Total £
Income from:						
Donations and legacies	481,877	20,601	502,478	507,647	6,560	514,207
Charitable activities (note 3)	55,096	30,893	85,989	25,418	30,535	55,953
Investments	440	-	440	1,778	-	1,778
Other	<u>330</u>	<u>-</u>	<u>330</u>	<u>3,215</u>	<u>-</u>	<u>3,215</u>
Total income	<u>537,743</u>	<u>51,494</u>	<u>589,237</u>	<u>538,058</u>	<u>37,095</u>	<u>575,153</u>
Expenditure on:						
Charitable Activities (note 5b)						
Ministry/Worship	273,294	-	273,294	230,741	-	230,741
Mission	312,433	17,840	330,273	278,481	4,810	283,291
Purley Cross Centre	<u>-</u>	<u>25,442</u>	<u>25,442</u>	<u>-</u>	<u>27,932</u>	<u>27,932</u>
Total expenditure	<u>585,727</u>	<u>43,282</u>	<u>629,009</u>	<u>509,222</u>	<u>32,742</u>	<u>541,964</u>
Net (expenditure)/income	(47,984)	8,212	(39,772)	28,836	4,353	33,189
Transfers	<u>4,992</u>	<u>(4,992)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds	(42,992)	3,220	(39,772)	28,836	4,353	33,189
Reconciliation of funds						
Fund balances brought 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>
Fund balances carried forward	<u>2,407,203</u>	<u>23,486</u>	<u>2,430,689</u>	<u>2,450,195</u>	<u>20,266</u>	<u>2,470,461</u>

PURLEY BAPTIST CHURCH

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Note	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	8b		2,124,929		2,121,766
Current assets					
Debtors	9b	338,219		287,063	
Cash at bank and in hand		221,927		353,186	
		<u>560,146</u>		<u>640,249</u>	
Current liabilities					
Creditors: Amounts falling due in less than one year	10b	<u>67,386</u>		<u>45,954</u>	
Net current assets			<u>492,760</u>		<u>594,295</u>
Total assets less current liabilities			2,617,689		2,716,061
Creditors: Amounts falling due after more than one year	11		(187,000)		(217,000)
Provisions	17		(_____)		(<u>28,600</u>)
Net assets			<u>2,430,689</u>		<u>2,470,461</u>
Represented by					
Restricted Funds	13b		23,486		20,266
Unrestricted Funds	12b		<u>2,407,203</u>		<u>2,450,195</u>
			<u>2,430,689</u>		<u>2,470,461</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 2023 and signed on their behalf by:



David Clarke
Director

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022

(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 2022 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)

2. Net income

This is stated after charging:

	£	£
Audit fee	8,960	7,900
Depreciation	<u>14,688</u>	<u>13,731</u>

3. Income from charitable activities

	2022 £	2021 £
Purley Cross Centre	30,893	30,535
Purley Counselling Service	8,655	14,082
Rent of manses	42,900	10,000
Church events	<u>3,541</u>	<u>1,336</u>
	<u>85,989</u>	<u>55,953</u>

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022
(continued)

4. Staff costs

	2022 £	2021 £
Salaries	320,500	276,879
Employer's National Insurance	22,169	20,326
Employer's contribution to defined contribution pension schemes	28,932	24,940
Interest cost and change to defined benefit scheme liability	(24,986)	(819)
	<u>346,615</u>	<u>321,326</u>

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

	2022	2021
Ministry	4	4
Administration	4	4
Facilities	2	2
Purley Cross Centre	<u>1</u>	<u>1</u>
	<u>11</u>	<u>11</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 2022 £	Total 2021 £
Ministry/worship	174,560	-	98,733	273,293	230,741
Mission	70,175	98,726	200,608	369,509	301,260
Purley Cross Centre	<u>25,442</u>	<u>-</u>	<u>-</u>	<u>25,442</u>	<u>27,932</u>
	<u>270,177</u>	<u>98,726</u>	<u>299,341</u>	<u>668,244</u>	<u>559,933</u>

5b. Charitable Activities - Church

	Direct Costs £	Grant Funding £	Support Costs £	Total 2022 £	Total 2021 £
Ministry/worship	174,560	-	98,733	273,293	230,741
Mission	34,080	98,726	197,468	330,274	283,291
Purley Cross Centre	<u>25,442</u>	<u>-</u>	<u>-</u>	<u>25,442</u>	<u>27,932</u>
	<u>234,082</u>	<u>98,726</u>	<u>296,201</u>	<u>629,009</u>	<u>541,964</u>

6. Support costs – Church

	Ministry £	Mission £	2022 £	2021 £
Administration	56,947	113,895	170,842	149,250
Governance – auditor's remuneration	1,940	3,880	5,820	5,040
Facilities	<u>39,846</u>	<u>79,693</u>	<u>119,539</u>	<u>84,234</u>
	<u>98,733</u>	<u>197,468</u>	<u>296,201</u>	<u>238,524</u>

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

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(continued)

7. Grants payable

	Unrestricted £	Restricted £	Total 2022 £	Total 2021 £
<i>Mission and relief</i>				
Baptist Union Home Mission Fund	12,000	-	12,000	8,500
Baptist Missionary Society	23,000	-	23,000	20,817
BMS – Jamaica appeal	-	-	-	5,000
Brighton Road Baptist – Jamaica appeal	-	-	-	5,000
BMS Ukraine	200	545	745	-
Croydon Refugee Centre	-	-	-	5,000
Embrace the Middle East	-	1,202	1,202	-
Other	779	-	779	-
Individuals – Fellowship fund	<u>-</u>	<u>4,150</u>	<u>4,150</u>	<u>2,517</u>
	<u>35,979</u>	<u>5,897</u>	<u>41,876</u>	<u>46,834</u>
<i>Missionary Support</i>				
Wycliffe Bible Translators	29,005	-	29,005	26,650
Mission Aviation Fellowship	5,705	-	5,705	5,250
Individuals	<u>12,076</u>	<u>2,330</u>	<u>14,406</u>	<u>10,200</u>
	<u>46,786</u>	<u>2,330</u>	<u>49,116</u>	<u>42,100</u>
<i>Social Action</i>				
Purley & Kenley Churches Together Food Hub	-	871	871	-
Purley Churches Christmas projects	-	6,863	6,863	-
Children in Need	<u>-</u>	<u>-</u>	<u>-</u>	<u>142</u>
Total grants - group	<u>82,765</u>	<u>15,961</u>	<u>98,726</u>	<u>89,076</u>
Grant from PBC to 58:12	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,000</u>
Total grants – church	<u>82,765</u>	<u>15,961</u>	<u>98,726</u>	<u>101,076</u>

8a Tangible assets – Group

	Freehold Properties £	Church & Sound Equip £	Office, Qube & PCC Equip £	Total £
Cost or valuation				
At 1 January 2022	6,237,850	33,632	49,873	6,321,355
Additions	-	8,915	9,797	18,712
Disposals	<u>(870,000)</u>	<u>-</u>	<u>(3,683)</u>	<u>(873,683)</u>
At 31 December 2022	<u>5,367,850</u>	<u>42,547</u>	<u>55,987</u>	<u>5,466,384</u>
Depreciation				
At 1 January 2022	13,628	24,091	34,146	71,865
Charge for the year	-	7,066	7,622	14,688
Released on disposal	<u>-</u>	<u>-</u>	<u>(2,822)</u>	<u>(2,822)</u>
At 31 December 2022	<u>13,628</u>	<u>31,157</u>	<u>38,946</u>	<u>83,731</u>
Net book value				
At 31 December 2022	<u>5,354,222</u>	<u>11,390</u>	<u>17,041</u>	<u>5,382,653</u>
At 31 December 2021	<u>6,224,222</u>	<u>9,541</u>	<u>15,727</u>	<u>6,249,490</u>

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022
[continued]

8b Tangible assets – Church

	Freehold Properties £	Church & Sound Equip £	Office, Qube & PCC Equip £	Total £
Cost				
At 1 January 2022	2,110,126	33,632	49,873	2,193,631
Additions	-	8,915	9,797	18,712
Disposals	-	-	(3,683)	(3,683)
At 31 December 2022	<u>2,110,126</u>	<u>42,547</u>	<u>55,987</u>	<u>2,208,660</u>
Depreciation				
At 1 January 2022	13,628	24,091	34,146	71,865
Charge for the year	-	7,066	7,622	14,688
Released on disposal	-	-	(2,822)	(2,822)
At 31 December 2022	<u>13,628</u>	<u>31,157</u>	<u>38,946</u>	<u>83,731</u>
Net book value				
At 31 December 2022	<u>2,096,498</u>	<u>11,390</u>	<u>17,041</u>	<u>2,124,929</u>
At 31 December 2021	<u>2,096,498</u>	<u>9,541</u>	<u>15,727</u>	<u>2,121,766</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.

9a. Debtors - Group

	2022 £	2021 £
Gift aid tax recoverable	115,229	26,800
Other debtors	236,157	4,700
Prepayments	<u>9,262</u>	<u>5,642</u>
	<u>360,648</u>	<u>37,142</u>

9b. Debtors – Church

	2022 £	2021 £
Gift aid tax recoverable	106,800	26,800
Other debtors [including intercompany loan see note 15]	222,157	249,871
Prepayments	<u>9,262</u>	<u>10,392</u>
	<u>338,219</u>	<u>287,063</u>

Included in other debtors is a debt of £217,000 payable over 5 years.

PURLEY BAPTIST CHURCH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(continued)

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

	2022	2021
	£	£
LBPB loans	280,000	630,000
Other creditors (including £167,000 other loans see text in note 11)	184,147	274,859
Accruals	<u>36,223</u>	<u>16,679</u>
	<u>500,370</u>	<u>921,538</u>

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

	2022	2021
	£	£
Other creditors	17,147	7,859
LBPB loans	30,000	30,000
Owed to subsidiary	-	312
Accruals	<u>20,239</u>	<u>7,783</u>
	<u>67,386</u>	<u>45,954</u>

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

	2022	2021
	£	£
LBPB loans	<u>187,000</u>	<u>217,000</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 £497,000 was outstanding at 31 December 2022 and this is a financial liability measured at amortised cost. Interest of £30,281 (2021: £29,759) 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 2022
(continued)

12a. Unrestricted Funds – Group

	Balance at 1 January 22 £	Income £	Expenditure £	Transfers £	Balance at 31 December 22 £
General Fund Church	2,450,195	537,743	(585,727)	-	2,402,211
General Fund 58:12	<u>2,320,288</u>	<u>101,509</u>	<u>(37,665)</u>	<u>-</u>	<u>2,384,132</u>
	<u>4,770,483</u>	<u>639,252</u>	<u>(623,392)</u>	<u>-</u>	<u>4,786,343</u>
	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>

12b. Unrestricted Funds – Church

	Balance at 1 January 22 £	Income £	Expenditure £	Transfers £	Balance at 31 December 22 £
General – Church	311,117	523,251	(566,457)	4,578	272,489
General – Fixed assets	2,121,766	-	-	3,163	2,124,919
General – Other activities	<u>17,312</u>	<u>14,492</u>	<u>(19,270)</u>	<u>(7,741)</u>	<u>4,793</u>
General Fund Total	<u>2,450,195</u>	<u>537,743</u>	<u>(585,727)</u>	<u>-</u>	<u>2,402,211</u>
	Balance at 1 January 21 £	Income £	Expenditure £	Transfers £	Balance at 31 December 21 £
General – Church	291,328	520,642	(499,773)	(1,080)	311,117
General – Fixed assets	2,119,186	-	-	2,580	2,121,766
General – Other organisations	<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>

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 2022
(continued)

13a. Restricted Funds - Group

	Balance at 1 January 22	Income	Expenditure	Transfers	Balance at 31 December 22
	£	£	£	£	£
58:12 Development	859,072	-	(1,570)	-	857,502
Purley Cross Centre	7,496	30,893	(25,442)	-	12,947
Special objects	<u>12,770</u>	<u>20,601</u>	<u>(17,840)</u>	-	<u>15,531</u>
	<u>879,338</u>	<u>51,494</u>	<u>(44,852)</u>	-	<u>885,980</u>

	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>

13b. Restricted Funds - Church

	Balance at 1 January 22	Income	Expenditure	Transfers	Balance at 31 December 22
	£	£	£	£	£
Special objects	12,770	20,601	(17,840)	-	15,531
Purley Cross Centre	<u>7,496</u>	<u>30,893</u>	<u>(25,442)</u>	-	<u>12,947</u>
	<u>20,266</u>	<u>51,494</u>	<u>(43,282)</u>	-	<u>28,478</u>

	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>

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 2022

(continued)

14a. Analysis of net assets between funds - Group

2022	Fixed Assets	Net Current Assets £	Long Liabilities £	Inter Fund accounts £	Total £
Church General Fund	2,124,929	247,282	(187,000)	217,000	2,402,211
Purley Cross Centre	-	12,947	-	-	12,947
Special Objects Fund	-	15,531	-	-	15,531
58:12 General Fund	2,418,253	182,879	-	(217,000)	2,384,132
58:12 Restricted Fund	<u>839,471</u>	<u>18,031</u>	-	-	<u>857,502</u>
	<u>5,382,653</u>	<u>476,670</u>	<u>(187,000)</u>	-	<u>5,672,323</u>

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>859,072</u>
	<u>6,249,490</u>	<u>(354,069)</u>	<u>(245,600)</u>	-	<u>5,649,821</u>

14b. Analysis of net assets between funds - Church

2022	Fixed Assets £	Current Assets £	Liabilities and provisions £	Total £
General Fund	2,124,929	526,875	(314,386)	2,337,418
General Fund – Other activities	-	<u>4,793</u>	-	<u>4,793</u>
General Fund Total	2,124,929	531,668	(314,386)	2,342,211
Purley Cross Centre	-	12,947	-	12,947
Special objects fund	-	<u>15,531</u>	-	<u>15,531</u>
	<u>2,124,929</u>	<u>560,146</u>	<u>(314,386)</u>	<u>2,370,689</u>

2021	Fixed Assets £	Current Assets £	Liabilities and provisions £	Total £
General Fund	2,121,766	602,671	(321,554)	2,402,883
General Fund – Other organisations	-	<u>17,312</u>	-	<u>17,312</u>
General Fund Total	2,121,766	619,983	(321,554)	2,420,195
Purley Cross Centre	-	7,496	-	7,496
Special objects fund	-	<u>12,770</u>	-	<u>12,770</u>
	<u>2,121,766</u>	<u>640,249</u>	<u>(321,554)</u>	<u>2,440,461</u>

PURLEY BAPTIST CHURCH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(continued)

15 Related party transactions

Intercompany

At 31 December 2022 there was an outstanding loan of £217,000 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	35,958	4,247
Tim Allen	Assistant Minister	44,125	4,364
Chris Roe	Worship Pastor	<u>41,667</u>	<u>3,333</u>

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

Employee benefits of £147,194 (2021:£101,925) 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:

	2022	2021
	£	£
Assets	3,891,618	4,307,006
Liabilities	<u>649,984</u>	<u>1,127,646</u>
Total funds	<u>3,241,634</u>	<u>3,179,360</u>
Income	101,509	48,512
Expenditure	<u>39,235</u>	<u>29,969</u>
Surplus	<u>62,274</u>	<u>18,543</u>

PURLEY BAPTIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 are 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 2022

(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.

Recovery Plan

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

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

Movement in balance sheet liability

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 2022	28,600
Less deficiency contributions paid	(3,614)
Interest cost (recognised in SoFA)	536
Remaining change to balance sheet liability (recognised in SoFA)	(25,522)
Balance sheet liability at 31 December 2022	<u> </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:

	2022	2021	2020
Discount rate	5.3%	2.0%	0.4%
Future increases to Minimum Pensionable income	0%	4.1%	3.0%