

Hornchurch Baptist Church

Report and Accounts

Year ended 31 March 2021

Stewardship 
Active generosity

1 Lamb's Passage, London EC1Y 8AB
www.stewardship.org.uk

HORNCHURCH BAPTIST CHURCH
LEGAL AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 MARCH 2021

ADDRESS FOR CORRESPONDENCE	21 North Street Hornchurch Essex RM11 1RL
GOVERNING DOCUMENT	Constitution adopted 17 September 2008 as amended on 14 June 2015
CHARITY REGISTRATION NUMBER	1132574
TRUSTEES RESPONSIBLE FOR MANAGING THE CHARITY	Rev Vivienne Alexander (Minister) Akwasi Addai-Diawuo Carole Dooley (resigned November 2021) Jean Hart Mark McConnell Iphii Amadi (appointed August 2020) Lesley Mason (appointed August 2020) Suzanne Humphries (appointed August 2020)
CUSTODIAN TRUSTEES	London Baptist Property Board Ltd.
BANKERS	National Westminster Bank plc
INDEPENDENT EXAMINER	Jaimée Young Stewardship 1 Lamb's Passage LONDON EC1Y 8AB

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HORNCHURCH BAPTIST CHURCH
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021

The Trustees have pleasure in submitting the Report and Accounts for the year ended 31 March 2021.

Objects of the charity

The charity, which is a church, is governed by a trust deed and is constituted as a trust. The principal purpose is the advancement of the Christian faith according to the principles of the Baptist denomination. The Church may also advance education and carry out other charitable purposes in the United Kingdom and/or other parts of the world. The Trust seeks to provide information about Jesus Christ to enable enquirers to make an informed choice about accepting Christ as their personal Saviour and to provide a church family to welcome, nurture and support its members.

The Church is not a building, but a gathering of ordinary people of different ages and backgrounds, whose lives have been changed by Jesus Christ, the Son of God. The New Testament reveals the Church as a community of people, properly taught and cared for, who by loving and serving Jesus Christ, are also committed to love and care for each other and to bring a blessing to the area in which they lived.

Hornchurch Baptist Church, its trustees and members, are committed to the restoration of those New Testament principles. It is not alone in this, it is one of many churches in the area, country and all over the world that is rediscovering the excitement of knowing Jesus Christ. The vision is to see the people of Hornchurch and its surrounding area come into this experience of knowing Jesus as their Lord, Saviour and Friend.

Summary of the charity's main activities and achievements

In planning the activities the Trustees have applied the guidance on public benefit issued by the Charity Commission.

Our Pastor has now been with us for almost seven years. She continues to preach regularly and has sought to lead the church further into renewal through sermons and deepening worship and its responses within the fellowship. Our Pastor continues to reach out to non-Christians who attend various groups within the church and to form friendships and bonds with people she encounters through church meetings.

Stepping Stones, our weekly meeting for babies/young children continues to meet in term time and continues to be a successful ministry. The church has found that it enables relationships to begin to develop very early on, as parents/carers begin their parenting experiences, and start to form relationships with people from the church who staff the sessions. A hope and an aim within the church is also for those same children to then become involved in the weekly youth outreach work for teenage children as they grow and develop. Within these settings longer term relationships can develop, and hopefully they also sow seeds so that these families can begin to enter into a personal relationship with Jesus Christ Himself.

The church continues to support medical work in Nigeria as one of our members pioneers life-saving treatment for premature babies in that country. We also support the charity Stand by Me, instigated by a church member who works for the charity. We continue to support two of our church members who work in Kosovo for the Baptist Missionary Society, and we continue to support two BMS workers from Spain – a long affiliation with them lasting for nineteen years as they work in Southern Spain.

On 17th March 2020 the Church was closed, following the directives from BUGB, based on the government advice regarding lockdown due to COVID-19. All activities at the church ceased and the fellowship were kept in contact by email, letters and phone. Our Youth Worker and her husband set up a Mini-service on Sundays via YouTube, until they left in August 2020. Some members of the Diaconate also provided reflections for Sundays, which were posted or emailed to those members who had no access to Zoom. The Saturday Prayer Meeting continued using Zoom, and Deacon's Meetings were also held in this way, as were some of the Church Member's Meetings.

At the beginning of September 2020 Sunday Worship began in the church, following a risk assessment and following Government and BU directives. No other activities opened up and in November, again following Government and BU directives, Sunday Worship again ceased in the church and services were set up on Zoom and the message was posted or emailed to those who did not have Zoom.

Our Pastor was off sick for six months, and in September 2020 made a phased return to work and made a full return to work in March 2021.

On Easter Day 2021, the Church was re-opened for Sunday Worship and gradually some of the children's work was re-opened.

Financial review

During the year income increased by £700, to £67,500, and expenditure decreased by £19,900, to £70,200. As a result the cash held by the charity decreased by £2,700, to £99,700, of which £98,600 is unrestricted and can be used for any charitable purpose.

Reserves policy

The trustees have determined that the charity should aim to hold unrestricted cash between £75,000 and £95,000 (which equates to about 12 months of expected unrestricted expenditure) so that the charity could continue to operate should income and / or expenditure vary adversely. At the year end, the charity held unrestricted cash of £98,600. Funds in excess of the policy are being held in anticipation of a continued shortfall of income to expenditure in the years ahead which will bring down the unrestricted reserves in accordance with the policy.

Governance

The policy and operating decisions of the charity rest with the Trustees who meet regularly to monitor the activities of the charity. The constitution governs the appointment of new Trustees who are elected from the Church membership and stand for a period of three years. They are subject to re-election for a further term of three years and then have a year where they stand down.

Responsibilities of trustees

Charity law requires us as Trustees to prepare financial statements for each accounting year which record the receipts and payments of the charity for the year.

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable us to ensure that the financial statements comply with the Charities Act 2011.

We also have a responsibility to safeguard the assets of the charity and to take reasonable steps to prevent fraud or any other irregularities.

Approval

This report was approved by the trustees and signed on their behalf by:

A. Addai-Diawuo

Date: 22 January 2022

INDEPENDENT EXAMINER'S REPORT
TO THE TRUSTEES OF
HORNCHURCH BAPTIST CHURCH

I report to the trustees on my examination of the accounts of Hornchurch Baptist Church ('the charity') for the year ended 31 March 2021 on pages 6 to 10 following.

Responsibilities and basis of report

As the trustees of the charity you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the 2011 Act').

I report in respect of my examination of the charity's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in accordance with section 130 of the 2011 Act; or
2. the accounts do not accord with the accounting records.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Jaimée Young

Stewardship
1 Lamb's Passage
LONDON
EC1Y 8AB

Date: 25 January 2022

HORNCHURCH BAPTIST CHURCH
RECEIPTS AND PAYMENTS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	<u>Unrestricted Funds</u>		Restricted Funds	Total 2021	Total 2020
		General Funds £	Designated Funds £			
Income receipts						
Donations		50,332	120	3,345	53,797	43,941
Gift aid receipts		5,898	-	143	6,040	10,637
Legacies		-	-	-	-	25
Income from charitable activities		-	-	-	-	1,261
Rental income		7,425	-	-	7,425	9,950
Interest		249	-	-	249	748
Other		-	-	-	-	259
Total receipts		<u>63,903</u>	<u>120</u>	<u>3,488</u>	<u>67,511</u>	<u>66,821</u>
Payments						
Payments in relation to charitable activities undertaken directly	2	54,258	-	5,759	60,017	81,822
Grants paid in relation to charitable activities undertaken by others	3	7,647	-	2,500	10,147	8,249
Total payments		<u>61,905</u>	<u>-</u>	<u>8,259</u>	<u>70,164</u>	<u>90,071</u>
Net of receipts / (payments) before transfers		1,998	120	(4,771)	(2,653)	(23,250)
Transfers between funds	5	(4,968)	-	4,968	-	-
Net movement in funds		<u>(2,970)</u>	<u>120</u>	<u>197</u>	<u>(2,653)</u>	<u>(23,250)</u>
Cash funds as at last year end		95,995	5,487	919	102,401	125,651
Cash funds at this year end	A	<u>93,025</u>	<u>5,607</u>	<u>1,115</u>	<u>99,748</u>	<u>102,401</u>

The notes on pages 8 - 10 form part of these accounts.

HORNCHURCH BAPTIST CHURCH
STATEMENT OF ASSETS AND LIABILITIES
FOR THE YEAR ENDED 31 MARCH 2021

	<u>Unrestricted Funds</u>				
	General funds	Designated funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£	£
A Cash funds					
Cash at bank with immediate access	35,269	5,607	1,115	41,992	19,906
Notice deposits	57,462	-	-	57,462	82,220
Cash and unbanked offerings	294	-	-	294	275
	<u>93,025</u>	<u>5,607</u>	<u>1,115</u>	<u>99,748</u>	<u>102,401</u>
B Other monetary assets					
Gift aid due to charity	2,915	-	-	2,915	3,760
PayPal	79	-	-	79	-
	<u>2,994</u>	<u>-</u>	<u>-</u>	<u>2,994</u>	<u>3,760</u>
C Liabilities					
Falling due within one year:					
Independent Examination	1,080	-	-	1,080	1,080
BU pension deficit	2,989	-	-	2,989	3,898
BU loan	7,657	-	-	7,657	7,657
Creditors and accruals	-	-	-	-	264
	<u>11,726</u>	<u>-</u>	<u>-</u>	<u>11,726</u>	<u>12,899</u>
Falling due after one year:					
BU pension deficit	43,011	-	-	43,011	56,102
BU loan	13,961	-	-	13,961	22,483
	<u>56,972</u>	<u>-</u>	<u>-</u>	<u>56,972</u>	<u>78,585</u>
Total	<u>68,698</u>	<u>-</u>	<u>-</u>	<u>68,698</u>	<u>91,484</u>

The above loan is repayable in monthly instalments over 25 years and is repayable in full by February 2033.

D Assets retained for charity's own use	Value 2021	Value 2020
	£	£
Freehold buildings	544,469	526,776
Contents and equipment	97,199	95,761
	<u>641,668</u>	<u>622,537</u>

The trustees have used insurance values as the trustees are unable to reliably estimate current values; insurance values may differ materially from current values.

The accounts were approved by the trustees and signed on their behalf

by A. Addai-Diawuo date 22 January 2022

The notes on pages 8 - 10 form part of these accounts.

HORNCHURCH BAPTIST CHURCH
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

The accounts have been prepared on a receipts and payments basis and comprise a statement that shows the charity's receipts and payments, a statement that summarises the charity's assets and liabilities and related notes. The accountancy profession have determined that only accounts prepared in accordance with applicable accounting standards present a 'true and fair' view and, as these receipts and payments accounts have not (and cannot) be prepared in accordance with accounting standards, these accounts do not present (and are not intended to present) a 'true and fair' view of the charity's financial activities and state of affairs.

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity. Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. Restricted funds are donations which are to be used in accordance with specific restrictions imposed by donors; they include donations received from appeals for specific activities or projects.

		<u>Unrestricted Funds</u>		Restricted Funds	Total 2021	Total 2020
		General funds	Designated funds			
		£	£	£	£	£
2 Payments in relation to charitable activities undertaken directly						
Employment costs and expenses	Note 4	34,252	-	5,680	39,932	49,591
Church Centre costs		4,986	-	-	4,986	11,190
Manse and other property costs		5,520	-	-	5,520	7,007
Mortgage repayments		7,657	-	-	7,657	7,657
Administration and office costs		793	-	52	845	1,719
Governance costs		1,050	-	-	1,050	874
Equipment Costs		-	-	-	-	628
Pastoral		-	-	-	-	600
Church Away event		-	-	-	-	463
Youth		-	-	26	26	2,093
		<u>54,258</u>	<u>-</u>	<u>5,759</u>	<u>60,017</u>	<u>81,822</u>

3 Grants and gifts paid to others

Organisations:						
Baptist Missionary Society		2,518	-	-	2,518	3,017
Baptist Union EBA		2,668	-	-	2,668	2,139
Organisations < £1,000		961	-	-	961	1,468
Individuals		1,500	-	2,500	4,000	1,625
		<u>7,647</u>	<u>-</u>	<u>2,500</u>	<u>10,147</u>	<u>8,249</u>

4 Transactions with related parties

Vivienne Alexander served as church leader and was paid £26,492 [2020: £25,946] for serving in that capacity, not for serving as a trustee; these payments are permitted by the charity's governing document.

In addition the charity incurred expenditure totalling £3,078 [2020: £3,418] in respect of the provision of accommodation (which is customary for ministers) to Vivienne Alexander, who is a trustee so that they could better perform their duties.

HORNCHURCH BAPTIST CHURCH
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021

5 Movement of funds

	Balance at 31Mar2020 £	Receipts £	Payments £	Transfers £	Balance at 31Mar2021 £
General funds	95,995	63,903	(61,905)	(4,968)	93,025
Designated funds					
Buildings fund	5,117	-	-	-	5,117
Communion (hardship fund)	-	120	-	-	120
Seniors	370	-	-	-	370
	<u>101,482</u>	<u>64,023</u>	<u>(61,905)</u>	<u>(4,968)</u>	<u>98,633</u>
Restricted funds					
Missionary	-	2,500	(2,500)	-	-
Youth Fund	919	275	(78)	-	1,115
Youth Pastor	-	713	(5,680)	4,968	-
	<u>919</u>	<u>3,488</u>	<u>(8,259)</u>	<u>4,968</u>	<u>1,115</u>
Total funds	<u>102,401</u>	<u>67,511</u>	<u>(70,164)</u>	<u>-</u>	<u>99,748</u>

The Mission Fund relates to funds donated for the purpose of supported missionaries.

6 The Baptist Pension Scheme

Background to the disclosure

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

The pension cost shown in the Receipts and Payments Statement comprises contributions to the Defined Contribution Plan and deficiency contributions to the Defined Benefit Plan (see below).

The Minister and Youth Worker are eligible to join the Scheme.

The Defined Contribution Plan

From January 2012, pension provision is being made through the Defined Contribution (DC) Plan within the Scheme. In general, members pay 8% of their Pensionable Income and employers pay 6% of members' Pensionable Income into individual pension accounts, which are operated and managed on behalf of the Pension Trustee by Legal and General Life Assurance Society Limited. In addition, the employer pays a further 4% of Pensionable Income (or 3% if the employer is in the segregated DC section) to cover Death in Service Benefits, administration costs, and an associated insurance policy which provides income protection for Scheme members in the event that they are unable to work due to long-term incapacity. This income protection policy has been insured by the Baptist Union of Great Britain with Aviva. Members of the Basic Section pay reduced contributions of 5% of Pensionable Income, and their employers also pay a total of 5%.

The Defined Benefit Plan

Benefits in respect of service prior to 1 January 2012 are provided through the Defined Benefit (DB) Plan within the Scheme. The main benefits for pre-2012 service were a defined benefit pension of one eightieth of Final Minimum Pensionable Income for each year of Pensionable Service, together with additional pension in respect of premiums paid on Pensionable Income in excess of Minimum Pensionable Income. The Scheme, previously known as the Baptist Ministers' Pension Fund, started in 1925, but was closed to future accrual of defined benefits on 31 December 2011.

Actuarial valuation as at 31 December 2019

A formal valuation of the Defined Benefit (DB) Plan was performed at 31 December 2019 by a professionally qualified Actuary using the Projected Unit Method. The market value of the DB Plan assets at the valuation date was £298 million. The valuation of the DB Plan revealed a deficit of assets compared with the value of liabilities of £18 million (equivalent to a past service funding level of 94%). The next actuarial valuation of the DB Plan is due as at 31 December 2022.

HORNCHURCH BAPTIST CHURCH
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021

Recovery plan

A recovery plan dated 30 September 2020 has been agreed to make good the above deficit in assets. Therefore, in addition to the contributions to the DC Plan set out above, the Trustee and the Council agree to a rate of deficiency contributions from churches and other employers involved in the DB Plan.

It has been agreed that the standard rate of deficiency contributions from churches and other employers involved in the DB Plan will remain at previously agreed levels, increasing each year in line with increases in the Minimum Pensionable Income. The deficiency contributions are broadly based on 12% of Pensionable Income / Minimum Pensionable Income, reflecting each employer's contributions in March 2015. Some employers that were involved in the DB Plan for a short period pay lower contributions. The Trustee and the Council agreed a 50% reduction in all deficiency contributions payable between 1 July 2020 and 31 December 2020. The Recovery Plan envisages deficiency contributions continuing until June 2026.

In addition, the Baptist Union of Great Britain agreed to contribute a lump sum of £0.5m by 31 December 2020.

Key assumptions

The key assumptions underlying the actuarial valuation of the DB Plan were as follows:

<i>Type of financial assumption</i>	<i>% pa</i>
RPI price inflation assumption	3.20
CPI price inflation assumption	2.70
Minimum Pensionable Income increases (CPI plus 0.75% 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	2.70

Payments made in the year

	2021 £	2020 £
Defined Contribution Plan:		
Employee contributions	3,108	3,153
Employer contributions	3,924	3,783
	<u>7,032</u>	<u>6,936</u>
Deficiency contributions to Defined Benefit Plan	<u>2,989</u>	<u>3,898</u>
	<u>10,021</u>	<u>10,834</u>

Basis for determining the DB plan pension liability

The pension liability disclosed in the Statement of Assets and Liabilities in respect of the DB Plan is based on an estimate of the amount that the charity would be required to pay should the charity decide to settle the debt immediately; the Baptist Pension Scheme (the 'BPS') have provided this estimate. The BPS is collecting deficit contributions monthly however these deficit contributions have not been calculated by reference to the charity's share of the pension deficit and, based on the current schedule of contributions, it is possible that the sum of all future annual deficit contributions will be significantly less than the liability disclosed in the Statement of Assets and Liabilities. The charity does not foresee any circumstances that could result in immediate payment of the whole debt however the trustees believe that the BPS may ask the church to increase its contributions towards the deficit and therefore, to be prudent, they have chosen to disclose a liability for the employer debt in the Statement of Assets and Liabilities.