



Small Heath Baptist Church

Trustees Report and Financial Statements for the year
ended 31 December 2022

Registered Charity number 1136199

Small Heath Baptist Church
Financial Statements
for the year ended 31 December 2022

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Report of the Trustees

The Trustees of Small Heath Baptist Church ("the Charity") have pleasure in presenting their report and financial statements for the year ended 31 December 2022. The financial statements comply with the Charities Act, the Charity's Constitution and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (updated 1 January 2019).

OBJECTIVES AND ACTIVITIES

Purpose

The principal purpose of the Church 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.

In fulfilling the purpose, the church will engage in a range of activities either on its own or with others that will vary from time to time with activities being initiated, expanded or closed as is appropriate.

The Constitution states that the activities may include but are not restricted to:

Regular public worship, prayer, Bible study, preaching and teaching.
Baptism, as defined in the Baptist Union's Declaration of Principle.
The Communion of the Lord's Supper which shall normally be observed at least once a month.
Evangelism and mission, locally, regionally, nationally and internationally.
The welcome, teaching, encouragement and inclusion of young people.
The nurture and growth of Christian disciples.
Education and training in Christian and community service.
The giving and encouragement of pastoral care.
Supporting and encouraging charitable social action in the United Kingdom and abroad.
Encouraging relationships with and supporting other Baptists and other Christians.

In respect of our outreach and service to the community the following has long been established as a guide for our various activities.

The church is willing to invest time, energy and resources to its activities that:

1. Bring people to a real knowledge of God's love for them through public church services and projects that reach out into the community.
2. Provide the necessary religious services for dedications, baptisms, weddings and funerals.
3. Help all individuals reach their potential through acceptance, encouragement and affirmation.
4. Empower people regardless of age in developing social and citizenship skills to reduce isolation and raise self-esteem.

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Report of the Trustees (continued)

5. Provides a safe place where all have equal opportunity regardless of ethnicity.
6. Provides appropriate facilities for use by the community of Small Heath
7. Improve and bring about community engagement that leads to civil renewal and a more cohesive society.
8. Supports both existing and new projects materially and through encouraging volunteers.
9. Facilitate the general information of and education of various groups and the community at large.
10. To support our current projects overseas in Africa.

The Trustees have considered the question of proving Public Benefit and are of the opinion that the foregoing activities clearly demonstrate the church's commitment to the community and the population it serves.

Our Mission to the community at large continues to be:

"To provide appropriate facilities for the use of the community of Small Heath and Birmingham and facilitate and operate projects that lead to greater community engagement, civil renewal and a more cohesive society."

As a church our shared vision is

"A place where people are honoured and valued. A place where people are released into ministry. A place where people connect with God and each other."

Affiliations

As a member of the Heart of England Baptist Association and The Baptist Union the church subscribes to the Union's Declaration of Principle:

"That our Lord and Saviour Jesus Christ, God manifest in the flesh, is the sole and absolute authority in all matters pertaining to faith and practice, as revealed in the Holy Scriptures, and that each church has liberty, under the guidance of the Holy Spirit, to interpret and administer His laws.

That Christian Baptism is the immersion in water into the name of the Father, the Son and the Holy Spirit of those who have professed repentance towards God and faith in our Lord Jesus Christ who 'died for our sins according to the Scriptures; was buried, and rose again on the third day'.

That it is the duty of every disciple to bear personal witness to the gospel of Jesus Christ and to take part in the evangelisation of the world."

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Report of the Trustees (continued)

Church Membership:

Is open to those who:

- Accept the beliefs of the church.
- Commit themselves to serving Christ within the Church and beyond.
- Abide by the decisions of the church members meeting.
- Acknowledge their responsibilities as church members.
- Have their membership application accepted by the church members meeting.

Appointment of Diaconate (Trustees)

Each member of the Diaconate (Trustees) is proposed and elected by the church membership at the AGM for a period of three years. At the end of this term they are eligible for re-election for a further three years after which they must stand down and are not eligible for re-election for a further twelve months.

The Deacons (Trustees) each hold a specific portfolio of responsibility within the life of the church and they must report back to the church members regarding their area of responsibility. Their prime purpose is to advise and guide the church membership in all aspects of church life. They are assisted by a large number of volunteers who undertake various roles within the life of the church.

The Deacons (Trustees) are responsible for recruiting and employing all church employees and ensuring that all safeguarding procedures are followed where applicable. The Trustees have established a specific portfolio Safeguarding Officer, to ensure that the church operates in a safe, secure and responsible way in relation to children, young people and vulnerable adults.

ACHIEVEMENTS, PERFORMANCE AND FUTURE PLANS

Brief review of 2022

This has been a busy year in the Life of the Church.

To start with, after almost 6 years with us, Pastor Richard Hayton has taken early retirement. Many have been blessed by his ministry and he, and his wife, Diane, are really missed.

It is worth noting that he was the one who saw us through lockdown and gradually brought the Church back together. He was always willing to give each of us the opportunities to return to worship when we thought it right to do so. This was achieved with love and without pressure.

The number of funerals eventually became difficult, but he coped with them with love and compassion.

Diane is so much loved and the Stay and Play she started so successfully before lockdown, is now being continued by Barnardos.

They left in October with a great celebration service and meal. They have moved back to Kent. We will see them again in the celebrations in July.

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Report of the Trustees (continued)

Our Community Worker, May Green, has had a very productive year with groups running, among others, for Internet beginners and to promote healthy eating. We have also had a Health Awareness Day, as well as the ongoing groups that have begun with her encouragement.

With our Pastor gone, whilst the search goes on for someone to take his place, the responsibilities of Church have fallen on the Deacons, the members and friends. The Pastoral Team, under Joy's leadership, have stepped up to the plate.

Since November, over 40 different people have taken part in church services, which have displayed the gifts that God has given us.

I believe it is important to have an open mind for whatever God wants to do among us, it would be wrong to rely on one person to come and take over these responsibilities. Let's be open to Joint Ministry, Associate Pastors, Part Time Pastors and whatever it is that God has for us.

I believe that we have to seek God's vision for the Church. I also believe that the Deacons have a responsibility to lead that process. Please pray for us as we seek to discover what exciting things He has for us.

This year will see us celebrating 150 years of ministry in Small Heath and beyond. Let us also keep our eyes on what God has for us in the coming generation.

Ken Hazel

Areas of investment by the church:

Pastoral.

- The monthly church magazine continued to be essential in keeping communication going.
- Home Groups pastoral care continued and as restrictions eased meeting in person as a group returned.
- The use of Social Media technology such as Facebook, Zoom and YouTube for virtual pastoral gatherings and times of prayer continued throughout the year.

Sunday Morning Worship and Word.

- The Covenant Service at the beginning of the year continued to give valuable feed-back on the life and ministry of the church. It also helped to identify and highlight various areas of concern as well as giving the opportunity to help identify people's gifting and roles they might fulfil within the life of the church.
- Sunday morning services also became more interactive when the church adopted the use of Zoom. As numbers attending church increased the numbers of those using Zoom decreased but the service continued to be broadcast live on Zoom as well.
- Thank you to the worship team, singers, musicians and technicians who help to provide a marvelous service each Sunday.

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Report of the Trustees (continued)

Community and Use of Building.

- Community use of the building increased during the year with the majority of church groups returning. Barnardo's started a Stay & Play group one day a week during school term.

With help and financial support from THRIVE and the Birmingham City Council, the church continued to employ a Community Development Worker part time. This work is considered vital in helping to rebuild community as the church and its community begin to emerge from Covid. After training, May Green continues to explore a number of different ways in which the over 50's in age may feel less isolated. Continuing to help the "older generation" to engage with technology in different ways so increasing their ability to communicate and stay connected with family and friends. A gardening group, a Knit and Natter group and Tea & T'Internet continued.

Prayer/Ministry Team.

- The church Prayer Vine ministry via text messages was regularly used to ask people to pray for a variety of needs. This continued to be the mainstay of prayer activity.
- As midweek pastoral home groups meet, prayer was a major focus of them.

Children/Youth

The church continues to work to the Baptist Union's "Safe to Grow" and "Safe to Belong" guidelines concerning children and young people.

Sports and Social

The church cricket team played a small number of games against other local teams. The church based men's group MOVE also met again for a breakfast together.

Overseas Work

- The church continues to support the work of The Baptist World Mission in general and one of its missionaries in particular.
- Many church members have also continued to sponsor children overseas through the work of the charity "Compassion" which helps to feed children and educate them.
- The church also supports Ben Parkinson and his "Butterfly Project" in Uganda which helps local children with their education and wellbeing.

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Report of the Trustees (continued)

What about 2023

Our priority in 2023 will be to continue and grow church life without a Pastor and to seek where God is leading us to take the Church to the next stage of church life and growth. To have an open mind for whatever God wants to do among us, it would be wrong to rely on one person to come and take over these responsibilities. Let's be open to Joint Ministry, Associate Pastors, Part Time Pastors and whatever it is that God has for us.

2023 will see us celebrating 150 years of ministry in Small Heath and beyond. A number of events are being planned throughout the year to celebrate 150 Years of Small Heath Baptist Church.

We will continue to work towards our vision and mission and some of the highlights will be:

Governance

- We will continue to monitor, review, and tighten policies and procedure where needed to ensure recognised best practice and good governance e.g., Safeguarding Children and Young People and adults at risk, Health and Safety and Employment legislation.
- Try and identify younger people to join the Diaconate/Trustees team to help make it more dynamic and representative.

Church Life

- Increase emphasis on prophecy and ministry.
- Increase number of worship meetings other than on Sundays.
- Engage with and support a wider network of churches more consistently.
- Continue to identify and train potential church leaders and pastors.
- Increase the number of cell groups and help to refresh them.
- Prayer meetings and encourage fasting.
- Review and enhance discipleship methods, e.g., Alpha, Freedom In Christ, Baptismal classes.

Building

Continue to monitor and maintain the building to a high standard in spite of increased usage.

Community

- Continue to monitor and review usage of building and identify any new areas of service that might be developed.
- Continue to support the various community groups and services that operate from the building.

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Report of the Trustees (continued)

- Continue to maintain, encourage and develop volunteer staff for the many different areas of work and ministry.
- Raise awareness and support of eco projects locally, nationally and internationally.
- Continue to train and support the community development worker and implement the start of appropriate projects suggested.

Children/Youth

- Identify and appoint new youth leader/worker(s).
- Encourage more young people into the youth group.
- Try and identify any potential funding available to enhance our ability to reach these goals.

Sports and Social

- Encourage more fun and fellowship time, especially around food!
- Encourage more people to join and support the cricket team.
- Explore the further possibilities of using sport to enhance friendships, build community and encourage people to engage with church more meaningfully.

Overseas work

Maintain interest and increase support of work overseas, i.e., BMS, WEC, Missionaries –, Compassion -sponsoring children. The Butterfly project in Uganda. Continue to support and raise considerable funds for Christian Aid.

Financial

Encourage The Trustees to fulfil their role overseeing all financial matters of the church, reporting to the Church meeting on a regular basis. To continue to encourage responsible giving and challenge people to tithe their income and giving, promoting the benefits of Gift Aid wherever possible and ensuring expenditure is kept within budget.

FINANCIAL REVIEW, RISK MANAGEMENT AND RESERVES POLICY

The church made a small surplus of funds in 2022. The Church is looking to substantially build funds during 2023 whilst we are searching for a new Pastor.

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Report of the Trustees (continued)

Pension Liabilities and Reserves Policy

As explained below, the accounting policies of FRS102 require us to include, as a liability agreed, deficit contributions to be paid to the Baptist Pension Scheme over the next 6 years. However, during 2022 an agreement was signed with the insurance company Just Group to secure plan members' pension benefits. The agreement is referred to as a 'buy-in policy' which means that Just Group are now providing financial backing for all defined benefit pensions provided through the scheme. As a result the scheme is no longer in a shortfall position and, although risks remain, the Trustees of the scheme have agreed that deficit recovery contributions will reduce to £1 per month from August 2022. Consequently, the pension liability recorded in these accounts has been reduced to £68 (2021 £27,163).

Funds are now as follows:

	£
Designated funds	60,832
General funds	<u>23,252</u>
Total un-restricted funds	84,084
Restricted funds	<u>6,988</u>
Total funds	<u>91,072</u>

The Trustees have agreed that the current policy remains appropriate, which is to maintain, as a minimum, sufficient general funds to cover at least three months' unavoidable costs, being approximately £23,000.

The Trustees are confident that the charity has sufficient cashflows to meet the annual liabilities as they become due, and, at this stage, see no reason to curtail charitable expenditure from planned levels in order to maintain reserves sufficient to meet the liability in full over the next 6 years.

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Report of the Trustees (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The church being previously an “Excepted Charity” rewrote its constitution in line with registration with the Charity Commission and it was accepted by the members at the AGM on 22nd February 2009. Registration with the Charity Commission was confirmed 4th June 2010.

Appointment of Trustees, induction & training

The Trustees who served during the year are detailed below.

Each member of the Diaconate (Trustees) is proposed and elected by the church membership at the AGM for a period of three years. At the end of this term they are eligible for re-election for a further three years after which they must stand down and are not eligible for re-election for a further twelve months.

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Report of the Trustees (continued)

REFERENCE AND ADMINISTRATIVE INFORMATION

Trustees:

Rev. Richard Hayton	(Retired Oct 2022)	Senior Pastor & Evangelism
Dillon Hamilton	(Appointed Feb 2023)	Minister in Training & Youth Liaison
Evette Reid	(Appointed Feb 2023)	Deputy Admin
Ester Perreira	(Appointed Feb 2023)	Evangelism
Judith Lawrence	(Appointed Feb 2023)	Training & Renewal Development
May Green		Adult Social
Cornel DaCosta		Health & Safety & Safeguarding Officer
Lorna Foster		Children
Philip Price		Finance & Fabric Liaison
Ken Hazel		Admin Support & Ministry Liaison
Joy Vernal		Pastoral
Janice Msuya	(Resigned Feb 2023)	Youth
Delson Perreira	(Resigned Feb 2023)	Fabric

Charity Number: 1136199

Registered Office:

14 Jenkins Street
Small Heath
Birmingham
B10 0QH

Independent Examiner:

Karen Hanlan, ACA, ACIE
Karen Hanlan Independent Examiner Limited
1 Saracen Close
Ettington
Warwickshire
CV37 7SZ

Bankers:

TSB Bank plc
538 Sparkhill Road
Birmingham
B11 4DY

Approved by the Board and signed on its behalf by:

Ken Hazel

Admin Deacon/ Trustee

Date: 30 July 2023

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Statement of Trustees' responsibilities

The Trustees are required to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Charity and of the surplus or deficit incurred by the Charity for that year. In preparing those financial statements the Trustees are required to:

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

The Trustees have overall responsibility for ensuring that the Charity has an appropriate system of controls, financial and otherwise.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Charity and to enable them to ensure that the financial statements comply with the Charities Act 2011.

They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- the Charity is operating efficiently and effectively;
- its assets are safeguarded against unauthorized use or disposition;
- proper records are maintained and financial information used within the Charity or for publication is reliable;
- the Charity complies with relevant laws and regulations.

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Independent Examiner's Report to the Trustees of Small Heath Baptist Church

I report to the trustees on my examination of the accounts of Small Heath Baptist Church ('the Charity') for the year ended 31 December 2022 which are set out on pages 15 to 30.

Responsibilities and basis of report

As the charity trustees 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 can 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 respect of the Charity as required by section 130 of the 2011 Act; or
- 2) the accounts do not accord with those records; or
- 3) the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination.

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

Karen Hanlan, Institute of Chartered Accountants, England & Wales
Karen Hanlan Independent Examiner Limited
1 Saracen Close, Ettington, CV37 7SZ

Date: 30/7/2023

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Statement of financial activities

	Note	Un- restricted funds 2022 £	Designated Funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:						
Donations & legacies	1	85,880	2,000	29,304	117,184	110,072
Charitable activities	2	8,899	3,895	435	13,229	7,128
Investments – bank interest		6	-	-	6	1
Total income		94,785	5,895	29,739	130,419	117,201
Expenditure						
Charitable activities		89,219	7,118	24,569	120,906	114,735
Total expenditure	3	89,219	7,118	24,569	120,906	114,735
Net income/(expenditure)		5,566	(1,223)	5,170	9,513	2,466
Other recognized gains		25,398	-	-	25,398	538
Net movement in funds		30,964	(1,223)	5,170	34,911	3,004
Reconciliation of funds:						
Total funds brought forward		12,943	33,478	9,740	56,161	53,167
Transfers between funds		(20,655)	28,577	(7,922)	-	-
Total funds carried forward		23,252	60,832	6,988	91,072	56,161

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

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Balance sheet

	Notes	2022 £	2021 £
Fixed Assets			
Tangible assets	5	<u>150,871</u>	<u>149,120</u>
Current Assets			
Debtors	6	11,253	9,950
Cash at bank and in hand		<u>6,745</u>	<u>9,280</u>
		<u>17,998</u>	<u>19,230</u>
Current Liabilities			
Creditors: amounts falling due within one year	7	<u>(19,140)</u>	<u>(20,313)</u>
Net current liabilities		<u>(1,142)</u>	<u>(1,083)</u>
Total assets less current liabilities		<u>149,729</u>	<u>148,037</u>
Creditors: amounts falling due after more than one year	8	<u>(58,657)</u>	<u>(91,876)</u>
Net assets		<u>91,072</u>	<u>56,161</u>
Funds of the Charity:			
Restricted Funds	9	6,988	9,740
Designated Funds	9	60,832	33,478
Church Funds	9	<u>23,252</u>	<u>12,943</u>
Total unrestricted Funds		<u>84,084</u>	<u>46,421</u>
Total Charity funds		<u>91,072</u>	<u>56,161</u>

The accompanying accounting policies and notes form part of these financial statements.

Approved by the Trustees and signed on their behalf by:

Philip Price
Finance Trustee

Date: 30 July 2023

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Principal accounting policies

Basis of preparation

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 applicable in the UK and Republic of Ireland Standard applicable in the UK and Republic of Ireland (FRS102).

Small Heath Baptist Church meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

Going Concern statement

The financial statements have been prepared on a going concern basis which assumes that the Charity will continue to operate. The validity of this assumption is dependent upon the continuance of support from the Charity's key funders and stakeholders and in response to the progress made by the Charity in pursuing a viable budget including the obtaining of further grants and donations. The Charity's business plan shows that the Charity will be able to operate in the foreseeable future. Based on this understanding the Trustees believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments, which would result from the basis of preparation being inappropriate.

Funds

General accumulated funds are unrestricted funds available for general purposes and include funds designated for a particular purpose; the use of such funds remains at the discretion of the Trustees.

Restricted funds are funds subject to conditions imposed by the donor or by specific terms of the appeal under which the funds are raised. The restrictive conditions are binding upon the Charity.

Income

All income is recognised in the Statement of Financial Activities when the Charity is legally entitled, ultimate receipt is probable and the amount can be quantified with reasonable accuracy.

Income relating to future periods, as a result of donor imposed conditions specifying the time period, has been treated as deferred income.

Income dependent on certain conditions, amounting to more than mere administrative requirements, is recognised when the conditions have been fulfilled.

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Principal accounting policies (continued)

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to the expenditure. All expenditure is accounted for on an accruals basis.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Tangible fixed assets

Tangible fixed assets are stated at cost or deemed cost.

Depreciation is provided at a rate calculated to write off the cost on a straight line basis over a period of less than the estimated useful life of the assets at the following rates:

Freehold Property	- 50 years
Fixture & Fittings	- 5 years

Fixed assets are capitalised when their value exceeds £1000.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short term deposits repayable on or within a three month notice period.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors

Creditors are recognised where the Charity has a present obligation resulting 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.

Pensions

The Charity contributes to employee's individual personal pension plans. The employer contributions to the scheme in 2022 were £4,597 (2021: £4,909) and are charged to the statement of financial activities as incurred.

Taxation

As a registered Charity no provision is considered necessary for taxation.

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Notes to the financial statements

1. Donations & legacies

	Un- restricted 2022 £	Designated 2022 £	Restricted 2022 £	Total 2022 £
Donations & offerings	70,365	-	5,077	75,442
Legacies	-	2,000	-	2,000
Grants	-	-	24,121	24,121
Gift aid recovered	15,515	-	106	15,621
	85,880	2,000	29,304	117,184

	Un- restricted 2021 £	Designated 2021 £	Restricted 2021 £	Total 2021 £
Donations & offerings	74,006	3,842	-	77,848
Grants	-	-	18,636	18,636
Gift aid recovered	13,588	-	-	13,588
	87,594	3,842	18,636	110,072

2. Income from Charitable Activities

	Un- restricted 2022 £	Designated 2022 £	Restricted 2022 £	Total 2022 £
Fees	4,989	-	435	5,424
Hire of facilities	3,910	3,895	-	7,805
	8,899	3,895	435	13,229

	Un- restricted 2021 £	Designated 2021 £	Restrict ed 2021 £	Total 2021 £
Fees	3,468	-	-	3,468
Hire of facilities	540	3,120	-	3,660
	4,008	3,120	-	7,128

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Notes to the financial statements (continued)

3. Expenditure on Charitable Activities

	Un- restricted 2022 £	Designated 2022 £	Restricted 2022 £	Total 2022 £
Salaries	45,030	-	18,849	63,879
Church running costs	17,370	2,335	1	19,706
Ministry expenses	5,595	147	2,370	8,112
Property costs - Manse	3,611	-	-	3,611
Depreciation- Manse	-	3,359	-	3,359
Mortgage interest – Manse loan	3,185	-	-	3,185
Office costs	7,658	-	95	7,753
Church Fixtures Depreciation	-	1,277	-	1,277
Church Outreach	2,775	-	2,233	5,008
Finance costs	103	-	-	103
Subscriptions	1,997	-	1,021	3,018
Independent Examiners fees	1,400	-	-	1,400
Interest on pension cost	495	-	-	495
	89,219	7,118	24,569	120,906

	Un- restricted 2021 £	Designated 2021 £	Restricted 2021 £	Total 2021 £
Salaries	41,084	-	15,496	56,580
Church running costs	21,189	2,709	-	23,898
Ministry expenses	2,950	-	2,630	5,580
Property costs - Manse	5,873	-	-	5,873
Depreciation- Manse	-	3,358	-	3,358
Mortgage interest – Manse loan	-	2,443	-	2,443
Office costs	5,983	-	113	6,096
Church Outreach	3,533	-	-	3,533
Finance costs	2,274	-	-	2,274
Subscriptions	3,301	-	92	3,393
Independent Examiners fees	1,300	-	-	1,300
Interest on pension cost	407	-	-	407
	87,894	8,510	18,331	114,735

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Notes to the financial statements (continued)

4. Staff costs, trustee remuneration and expenses

	2022	2021
	£	£
Salaries	58,685	51,671
National Insurance	-	-
Pensions	4,597	4,909
Freelance fees	597	-
Total	<u>63,879</u>	<u>56,580</u>

No employee has employee benefits in excess of £60,000 (2021: nil).

The equivalent of 3 full-time members of staff were employed during the year (2021: 3).

The key management personnel of the charity comprise the trustees, including the Pastor.

Trustees, other than the pastor, receive no remuneration or other benefits from the charity.

The remuneration, excluding pension contributions, of key management personnel for the year was £26,409 (2021: £29,669).

Costs of £1,072 were reimbursed to 3 Trustees during the year for maintenance, training and running costs (2021: £3,034 to 5 Trustees for costs incurred in relation to maintenance, mission and training).

Donations totalling £18,483 (2021: £16,020) were received from Trustees and close family members during the year.

5. Tangible fixed assets

	Manse Property £	Church Improvements £	Church Alarm £	Total £
Cost				
At beginning of year	167,590	691,352	-	858,942
Additions	-	-	6,387	6,387
At end of year	<u>167,590</u>	<u>691,352</u>	<u>6,387</u>	<u>865,329</u>
Depreciation				
At beginning of year	18,470	691,352	-	709,822
Charge for the year	3,359	-	1,277	4,636
At end of year	<u>21,829</u>	<u>691,352</u>	<u>1,277</u>	<u>714,458</u>
Net Book Value				
At 31 December 2022	145,761	-	5,110	150,871
At 31 December 2021	<u>149,120</u>	<u>-</u>	<u>-</u>	<u>149,120</u>

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Notes to the financial statements (continued)

The Land the Church building and 14-16 Jenkins Street are built on is owned by Canon Street Trust and is registered with HEBA.

The buildings built on that land belong to the Charity.

The buildings are currently valued at £3,038,278 for insurance purposes.

6. Debtors

	2022 £	2021 £
Income receivable	4,492	5,096
Prepayments	6,761	4,854
	<u>11,253</u>	<u>9,950</u>

7. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	2,664	5,001
Accruals	2,006	1,300
Other creditors	4,378	3,462
Pension deficit	12	3,750
Mortgage loan	10,080	6,800
	<u>19,140</u>	<u>20,313</u>

8. Creditors: amounts falling due in more than one year

	2022 £	2021 £
Mortgage loan	58,601	68,463
Pension deficit	56	23,413
	<u>58,657</u>	<u>91,876</u>

The mortgage loan was supplied by the Baptist Union Corporation Limited for the completion of acquisition of the Manse for £115,500 on 16 May 2016.

The loan is repayable over a fifteen year period and interest is charged at variable rate according to the Bank of England base rate per annum.

Small Heath Baptist Church
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Notes to the financial statements (continued)

9. Fund balances

2022	Balance at beginning of year £	Income £	Expenditure £	Pension £	Transfers £	Balance at end of year £
Restricted funds						
Community Development worker	482	23,556	(19,531)	-	(3,911)	596
Gardening project	55	-	(48)	-	-	7
Gift Day Funds	2,712	1,299	-	-	(4,011)	-
Rental guarantee	150	-	-	-	-	150
Church Worship Group Ministries fund	1,000	-	-	-	-	1,000
Kitchen Fund	-	1,000	(828)	-	-	172
Sisterhood	556	207	(549)	-	-	214
Match Club	4,785	-	-	-	-	4,785
Yearly Collections	-	3,677	(3,613)	-	-	64
	9,740	29,739	(24,569)	-	(7,922)	6,988
Unrestricted funds						
Designated funds						
Chapel House	4,677	3,120	(2,010)	-	-	5,787
Building Maintenance Fund	1,013	-	(56)	-	-	957
Communion Set	262	-	-	-	-	262
Evangelism	2,553	-	-	-	-	2,553
Youth Group	622	-	(325)	-	-	297
Legacy	3,213	2,000	(91)	-	-	5,122
Manse Capital/Rent Fund	17,359	775	(3,359)	-	22,190	36,965
Alarm System Fund	-	-	(1,277)	-	6,387	5,110
Subsidy Fund	3,779	-	-	-	-	3,779
Total designated funds	33,478	5,895	(7,118)	-	28,577	60,832
General funds	12,943	94,785	(89,219)	25,398	(20,655)	23,252
Total un-restricted funds	46,421	100,680	(96,337)	25,398	7,922	84,084
Total funds	56,161	130,419	(120,906)	25,398	-	91,072

Transfers from the Restricted Community Development worker fund are for costs incurred managing the project.

The Gift Day Fund was for funds raised for the replacement of the Fire Alarm System, these have been transferred to designated funds following the purchase of a new alarm system in 2022 which has been capitalized & is being amortised over 5 years.

Small Heath Baptist Church
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Notes to the financial statements (continued)

Transfers into the Manse Capital/Rent Fund are to correct a historic error whereby Manse loan interest was charged against this fund. For now and in future only annual depreciation will be charged against this fund.

The purposes of the funds listed above are as follows:

Restricted funds

Community Development Worker fund – funding for a part-time post from Birmingham City Council via THRIVE.

Gardening Project – Project funded by Ladywood Neighbourhood Network Scheme for the gardening project.

Gift Day Funds – Funds raised by appeal for replacement of the fire alarm now transferred to a new designated fund now that the alarm system has been installed. The cost of the alarm system has been capitalized and is being amortised over 5 years.

Church Worship Ministries Fund – Donation received in 2019 specifically for the Worship team.

Kitchen Fund – Grant for the provision of food, utilized in part by the purchase of a new fridge.

Sisterhood - Funds collected and expended by a group of ladies who meet each Monday for fellowship.

Match Club - Funds collected and expended to support a day club on a Tuesday run by, and for the elderly (Primarily Afro Caribbean) gentlemen of the church and community. The group offers mutual support, a meal, dominoes and fellowship for up to 30 men and 8 women. Supported by a small grant made by Social Care and Health.

Yearly Collections – Income/ Expenditure fund created to track contributions made to the church for various groups and organisations to ensure they are paid out by year end.

Designated funds

Chapel House - Former Caretakers house. Expenditure is the running costs of the house.

Building Maintenance fund - Money set aside to cover essential maintenance work.

Communion Set - Money originally collected and set aside for the upkeep of the Home Communion Set used by the Pastor.

Evangelism - Funds allocated to be used for Evangelism.

Youth Group - Funds raised by the Youth towards the costs of the Youth Mission and activities.

Legacy - Legacy left to the church allocated by the trustees.

Manse Capital Fund - Funds set aside to provide some of the future depreciation of the Manse property.

Alarm System Fund – Funds set aside to provide for the future depreciation of the alarm system over the next 4 years.

Subsidy Fund - Account funded by income from freeholds held by the Church in Cedars Avenue, Acocks Green. Funds used to assist Members in many ways e.g., cost of church holidays, specific training for groups in the church.

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Notes to the financial statements (continued)

2021	Balance at beginning of year £	Income £	Expenditure £	Pension £	Transfers £	Balance at end of year £
Restricted funds						
Community Development worker	802	16,322	(15,888)	-	(754)	482
Gardening project	-	2,314	(2,259)	-	-	55
Gift Day Funds	-	-	-	-	2,712	2,712
Rental guarantee	150	-	-	-	-	150
Church Worship Group Ministries fund	1,000	-	-	-	-	1,000
Sisterhood	556	-	-	-	-	556
Malawi	184	-	(184)	-	-	-
Match Club	4,785	-	-	-	-	4,785
	7,477	18,636	(18,331)	-	1,958	9,740
Unrestricted funds						
Designated funds						
Chapel House	3,187	3,120	(1,630)	-	-	4,677
Building Maintenance Fund	1,013	-	-	-	-	1,013
Communion Set	262	-	-	-	-	262
Evangelism	2,553	-	-	-	-	2,553
Youth Group	622	-	-	-	-	622
Fundraising	6,234	3,842	(1,080)	-	(8,996)	-
Legacy	3,213	-	-	-	-	3,213
Manse Capital Fund	23,159	-	(5,800)	-	-	17,359
Subsidy Fund	3,779	-	-	-	-	3,779
Total designated funds	44,022	6,962	(8,510)	-	(8,996)	33,478
General funds	1,658	91,603	(87,894)	538	7,038	12,943
Total un-restricted funds	45,680	98,565	(96,404)	538	(1,958)	46,421
Total funds	53,157	117,201	(114,735)	538	-	56,161

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Notes to the financial statements (continued)

10. Analysis of net assets between funds

Fund balances at 31 December 2022 are represented by:	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£
Fixed Assets	150,871	-	150,871
Current assets	11,010	6,988	17,998
Liabilities	(77,797)	-	(77,797)
Total	84,084	6,988	91,072

Fund balances at 31 December 2021 are represented by:	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£
Fixed Assets	149,120	-	149,120
Current assets	9,491	9,740	19,230
Liabilities	(112,190)	-	(112,189)
Total	46,421	9,740	56,161

11. Related party Transactions

As allowed for in the Constitution, Trustee and Reverend Richard Hayton is employed by the charity and receives a salary in relation to his employment. Remuneration is agreed by the remaining body of Trustees and at a level comparable with similar employment in similar organisations. During the year salary payments of £23,333 were paid and pension contributions totalling £3,075.60 were made on his behalf. The pastor has now left employment following his retirement on 30 October 2022.

The were no further related party transactions.

Trustee expenses reimbursed and donations by Trustees are disclosed in note 4.

12. Controlling Interest & related charities

The Charity is controlled by the Trustees.

The custodian Trustee of the church is the Baptist Union Corporation Limited which is charity number 249635, and which is controlled by the Baptist Union Council. The church is also a member of the Baptist Union of Great Britain, and the (state) Baptist Association. The church is in receipt of a loan from the Baptist Building Fund as set out in note 8.

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Notes to the financial statements (continued)

13. Pensions

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

For any month, each participating employer in the Scheme pays contributions as set out in the Schedule of Contributions in force at that time.

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

The Minister and some members of the church staff are eligible to join the Scheme. From January 2012, pension provision is being made through the Defined Contribution (DC) Plan within the Scheme. In general, members pay 8% of their Pensionable Income and employers pay 6% of members' Pensionable Income into individual pension accounts, which are operated and managed on behalf of the Pension Trustee by Legal and General Life Assurance Society Limited.

In addition, the employer pays a further 4% of Pensionable Income to cover Death in Service Benefits, administration costs, and an associated insurance policy which provides income protection for Scheme members in the event that they are unable to work due to long-term incapacity. This income protection policy has been insured by the Baptist Union of Great Britain with Unum Limited. Members of the Basic Section pay reduced contributions of 5% of Pensionable Income, and their employers also pay a total of 5%. The further 4% contribution rate is reduced to 3% for Employer contributions made to the Segregated DC Arrangement.

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.

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Notes to the financial statements (continued)

Actuarial valuation as at 31 December 2016

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

The valuation of the DB Plan revealed a deficit of assets compared with the value of liabilities of £93 million (equivalent to a past service funding level of 70%). 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:

Type of financial assumption	% pa
RPI price inflation assumption	3.50
CPI price inflation assumption	2.75
Minimum Pensionable Income increases (CPI plus 0.75% pa)	3.50
Assumed investment returns	
- Pre-retirement	3.50
- Post retirement	2.25
Deferred pension increases	
- Pre April 2009	3.50
- Post April 2009	2.50
Pension increases	
- Main Scheme pension Pre April 2006	2.70
- Main Scheme pension Post April 2006	2.00

Post-retirement mortality in accordance with 75% of the S2NFA and S2NMA tables, with allowance for future improvements in mortality rates from 2007 in line with the CMI 2016 core projections, with a long term annual rate of improvement of 1.75% for males and 1.5% for females.

As there is a large number of contributing employers participating in the Scheme, the Charity is unable to identify its share of the underlying assets and liabilities of the schemes. Accordingly, due to the nature of the Scheme, the profit and loss charge for the period represents the employer contributions payable. The total pension cost for the Charity in relation to this scheme is £4,596 (2021 £4,909), excluding deficiency contributions.

The next actuarial valuation of the DB Plan within the Scheme is due to take place not later than as at 31 December 2019.

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Notes to the financial statements (continued)

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 16 December 2018, deficiency contributions are payable until 31 December 2028. 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.

During 2022 an agreement was put in place with an insurance company to secure DB plan members pension benefits. As a result, there is no longer a shortfall in the scheme and deficit contributions have reduced to £1 per month from August 2022. Hence the deficit liability is substantially reduced.

Movement in Balance Sheet liability

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

Accounting date (year ending):	31 December 2022	31 December 2021
Balance sheet liability at year start	£27,163	£30,989
Minus deficiency contributions paid	-£2,192	-£3,695
Interest cost (recognised in SoFA)	£495	£407
Remaining change to balance sheet liability* (recognised in SoFA)	-£25,398	-£538
Balance sheet liability at year end	£68	£27,163

* Comprises any change in agreed deficit recovery plan and change in assumptions between year-ends.

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:

Accounting date	31 December 2022	31 December 2021
Discount rate	4.8%	1.9%
Future increases to Minimum Pensionable Income	3.2%	3.3%

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Notes to the financial statements (continued)

12. Comparative Statement of Financial Activities for 2021

	Un- restricted funds 2021 £	Designated Funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Income from:				
Donations & legacies	87,594	3,842	18,636	110,072
Charitable activities	4,008	3,120	-	7,128
Investments – bank interest	1	-	-	1
Total income	91,603	6,962	18,636	117,201
Expenditure				
Charitable activities	87,894	8,510	18,331	114,735
Total expenditure	87,894	8,510	18,331	114,735
Net income/(expenditure)	3,709	(1,548)	305	2,466
Other recognized gains	538	-	-	538
Net movement in funds	4,247	(1,548)	305	3,004
Reconciliation of funds:				
Total funds brought forward	1,658	44,022	7,477	53,157
Transfers between funds	7,038	(8,996)	1,958	-
Total funds carried forward	12,943	33,478	9,740	56,161