

Blackhorse Road Baptist Church

Report and Accounts

Year ended 31 December 2020

Stewardship 
Active generosity

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

BLACKHORSE ROAD BAPTIST CHURCH
LEGAL AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 DECEMBER 2020

ADDRESS FOR CORRESPONDENCE	65 Blackhorse Road Walthamstow E17 7AS
GOVERNING DOCUMENT	Declaration of Trust dated October 2013
CHARITY REGISTRATION NUMBER	1154906
TRUSTEES RESPONSIBLE FOR MANAGING THE CHARITY	Malcolm Patten (Senior Pastor) Naaman Murphy (Assistant Pastor) Christine South (Treasurer) Veronica Neblett (Church Administrator) David Arkell (resigned July 2020, appointed June 2021) Timothy Barker (resigned July 2020, appointed June 2021) Andrew Brown Philip Clarke (resigned June 2021) Veronica Hanson-Allen Theo Leany (resigned June 2021) Jackie Mouhon (appointed June 2021) Salome Wyatt (appointed June 2021)
CUSTODIAN TRUSTEES	London Baptist Property Board Ltd.
BANKERS	Barclays Bank plc
INDEPENDENT EXAMINER	Jaimée Young Stewardship 1 Lamb's Passage LONDON EC1Y 8AB

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BLACKHORSE ROAD BAPTIST CHURCH
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees have pleasure in submitting the Report and Accounts for the year ended 31 December 2020.

Aims and Purposes

The Trustees of Blackhorse Road Baptist Church, with the support of the Covenant Members' Meeting, have responsibility to ensure that the church fulfils its objectives and also oversee the activities of the church. In particular they seek to ensure that the church's legal responsibilities with regard to Safeguarding, Health and Safety, and Public Liability are fulfilled. They also seek to steer the church to ensure it continues to develop and grow and serve both its members and the local community well.

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

Summary of the charity's main activities and achievements

2020 was significantly impacted by the covid-19 pandemic. This affected every aspect of church life:

Sunday Services: these moved online along with discipleship groups and young people's activities. When there was opportunity to meet in person the Trustees formulated a risk assessment and, with major changes to our layout and sanitation and recording measures in place, some were able to meet in the building when regulations permitted. We provided the opportunity for learning and fellowship through a variety of means to maintain the life of the church community: emails, letters, telephone service, social media, website and video conferencing. We were able to switch a course online for those exploring Christianity which proved successful.

Pastoral care: our Pastoral Care Team were able to connect with almost all of our members to check on their well being and offer support. We recognised the need to help bring reassurance and hope to our members and those in our local community to help them through the pandemic.

Homeless: We took part (one night a week) in the Waltham Forest night shelter from January to March, and provided shelter for the homeless for a time when the first lockdown came. We provided volunteers to help cook and provide overnight assistance when it restarted in November. We also continued to provide support to asylum seekers and refugees.

Buildings and assets: we continued to monitor the security of the building during lockdowns and maintain regular checks to ensure there were no issues developing. Employees worked from home and Trustees met using digital means. We were thankful that the donations to the church from members continued unabated which enabled the church to continue its work without too much disruption. We were also able to continue to support our mission partners without interruption.

Hall Rental: hall users had to cease meeting which left us with a significant shortfall in income however utility costs were lower because of reduced usage. One group that was able to operate, as they provided day care for young children during the school holiday periods, helped to mitigate this.

Financial review

During the year income decreased by £4,000, to £110,900, and expenditure decreased by £32,900 to £95,800. As a result the cash held by the charity increased by £15,200, to £100,000, of which all is unrestricted and can be used for any charitable purpose.

Our most significant outgoings are the Ministers' stipends and building maintenance and we have plans for improvements which will require significant funding over the next few years. The covid-19 pandemic has significantly impacted on these plans but we expect to be able to regain the momentum in this respect in the coming year.

Reserves policy

The trustees have determined that the charity should aim to hold unrestricted, non-designated cash of at least £25,000 (which equates to about 3 months' of 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 £100,000 (£32,600 non-designated) and the charity is complying with its reserves policy. The Trustees regularly review income and spending to ensure that donations and assets are used to meet our objectives.

Structure, Governance and Management

The charity, which is a church, is governed by a trust deed and is constituted as a trust.

Responsibility for setting policy and for making operating decisions rest with the trustees who meet regularly to monitor the activities of the charity. New trustees are appointed by a majority vote at the Annual General Meeting, with recommendations submitted to the elders prior to the AGM.

The Trustees provide the overall governance of the church and met together monthly after the lockdowns began. This enabled us to monitor the changes in restrictions and regulations and guide, support and lead the congregation appropriately. Due to the pandemic we postponed elections to 2021 and so there were no changes to the team.

A training day offering Baptist Union Safeguarding level 3 was provided for Trustees and those with leadership responsibilities with young people and vulnerable people in our church.

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:

Revd Malcolm Patten
Chair, Trustees

Date: 27 October 2021

INDEPENDENT EXAMINER'S REPORT
TO THE TRUSTEES OF
BLACKHORSE ROAD BAPTIST CHURCH

I report to the trustees on my examination of the accounts of Blackhorse Road Baptist Church ('the charity') for the year ended 31 December 2020 on pages 5 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: 27 October 2021

BLACKHORSE ROAD BAPTIST CHURCH
RECEIPTS AND PAYMENTS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	<u>Unrestricted Funds</u>		Restricted Funds	Total 2020	Total 2019
		General Funds	Designated Funds			
		£	£	£	£	£
<i>Income receipts</i>						
Donations and grants		82,363	50	278	82,691	82,710
Gift aid receipts		21,963	-	-	21,963	19,887
Income from charitable activities		647	-	593	1,240	2,810
Income from letting of facilities		4,732	-	-	4,732	9,180
Income from courses and events		-	160	-	160	-
Other		136	-	-	136	313
<i>Total receipts</i>		<u>109,841</u>	<u>210</u>	<u>871</u>	<u>110,922</u>	<u>114,899</u>
<i>Payments</i>						
Payments in relation to charitable activities undertaken directly	2	81,413	2,615	593	84,621	114,317
Grants paid in relation to charitable activities undertaken by others	3	-	10,902	229	11,131	14,288
<i>Total payments</i>		<u>81,413</u>	<u>13,517</u>	<u>822</u>	<u>95,752</u>	<u>128,604</u>
Net of receipts / (payments) before transfers		28,428	(13,307)	49	15,170	(13,705)
Transfers between funds	5	(24,907)	24,907	-	-	-
Net movement in funds		<u>3,520</u>	<u>11,601</u>	<u>49</u>	<u>15,170</u>	<u>(13,705)</u>
Cash funds as at last year end		29,056	55,781	-	84,837	98,542
Cash funds at this year end	A	<u>32,577</u>	<u>67,381</u>	<u>49</u>	<u>100,007</u>	<u>84,837</u>

The notes on pages 7 - 10 form part of these accounts.

BLACKHORSE ROAD BAPTIST CHURCH
STATEMENT OF ASSETS AND LIABILITIES
FOR THE YEAR ENDED 31 DECEMBER 2020

	Unrestricted Funds		Restricted funds	Total 2020	Total 2019
	General funds	Designated funds			
	£	£	£	£	£
A Cash funds					
Cash at bank with immediate access	9,801	-	49	9,850	24,773
Notice deposits	22,727	67,381	-	90,109	59,972
Petty cash	48	-	-	48	92
	<u>32,577</u>	<u>67,381</u>	<u>49</u>	<u>100,007</u>	<u>84,837</u>
B Other monetary assets					
Gift aid due to charity	16,773	-	-	16,773	20,283
	<u>16,773</u>	<u>-</u>	<u>-</u>	<u>16,773</u>	<u>20,283</u>
C Liabilities					
Falling due within one year:					
Baptist Union pension deficit	7,351	-	-	7,351	7,904
NEST pension	200	-	-	200	195
Fee for Independent Examination	2,100	-	-	2,100	1,080
	<u>9,651</u>	<u>-</u>	<u>-</u>	<u>9,651</u>	<u>9,179</u>
Falling due after one year:					
Baptist Union pension deficit	3,249	-	-	3,249	2,196
	<u>3,249</u>	<u>-</u>	<u>-</u>	<u>3,249</u>	<u>2,196</u>
Total	<u>12,900</u>	<u>-</u>	<u>-</u>	<u>12,900</u>	<u>11,375</u>
D Assets retained for charity's own use					
			Fund to which asset belongs	Cost	2020 insurance value
				£	£
Church property			Endowment	31,100	
Manse 1 (purchased 1995)			General	150,000	
Manse 2 (purchased 2009)			General	272,460	
Church contents			General		56,714
				<u>453,560</u>	<u>56,714</u>

The properties are shown at original cost.

The church property is held as endowment so that the proceeds of sale can only be used for the purchase of another building.

The trustees have used insurance values for church contents 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 date
 Revd Malcolm Patten 27 October 2021

The notes on pages 7 - 10 form part of these accounts.

BLACKHORSE ROAD BAPTIST CHURCH
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020	Total 2019
	General funds	Designated funds			
	£	£	£	£	£
2 Payments in relation to charitable activities undertaken directly					
Employment costs	57,714	-	-	57,714	60,421
Manse expenses, including insurance	8,506	-	-	8,506	4,619
Maintenance of buildings & equipment	4,026	2,615	-	6,641	31,679
Utilities	3,245	-	150	3,395	3,939
Church insurance and licences	5,409	-	-	5,409	4,327
Church activities including outreach	685	-	443	1,129	3,858
Youth and Children's work	99	-	-	99	3,177
Accounts preparation and independent examination	-	-	-	-	840
Administration and support	1,729	-	-	1,729	1,458
	<u>81,413</u>	<u>2,615</u>	<u>593</u>	<u>84,621</u>	<u>114,317</u>

3 Grants and gifts paid to others

Organisations:					
Global Action	-	525	-	525	1,400
Tearfund	-	900	-	900	1,400
Worth Unlimited	-	900	-	900	1,400
Organisations < £1,000	-	6,225	-	6,225	6,200
Individuals	-	2,352	229	2,581	3,888
	<u>-</u>	<u>10,902</u>	<u>229</u>	<u>11,131</u>	<u>14,288</u>

BLACKHORSE ROAD BAPTIST CHURCH
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4 Transactions with related parties

M. Patten and N. Murphy served as Pastors [ministers] and were paid £26,000 and £24,000 [2019: £25,450 and £23,450] respectively for serving in that capacity, not for serving as trustees; these payments are permitted by the charity's governing document.

In addition the charity incurred expenditure totalling £8,506 [2019: £4,619] in respect of the provision of accommodation (which is customary for ministers) so that they could better perform their duties.

No payments were made to trustees or persons related to them, except for reimbursement of expenses paid out on behalf of the charity.

5 Movement of funds

	Balance at 31Dec2019 £	Receipts £	Payments £	Transfers £	Balance at 31Dec2020 £
General funds	29,056	109,841	(81,413)	(24,907)	32,577
Designated funds					
Tithe	2,201	-	(9,375)	10,906	3,732
Fellowship	1,851	50	(1,527)	1,647	2,021
Folkard	5,468	-	-	-	5,468
Young People	1,398	-	-	-	1,398
Building	23,718	-	(2,615)	12,354	33,458
Other designated	1,145	-	-	-	1,145
Reserve	20,000	-	-	-	20,000
Sizewell Hall	-	160	-	-	160
	<u>84,837</u>	<u>110,051</u>	<u>(94,930)</u>	<u>-</u>	<u>99,958</u>
Restricted funds					
Women's Bible Study	-	278	(229)	-	49
Winter Homeless Shelter programme	-	593	(593)	-	-
	<u>-</u>	<u>871</u>	<u>(822)</u>	<u>-</u>	<u>49</u>
Total funds	<u>84,837</u>	<u>110,922</u>	<u>(95,752)</u>	<u>-</u>	<u>100,007</u>

The Tithe Fund was established by the church members and is administered by them. Income is derived from a tithe of all general funds offerings plus a tithe of any gifts of legacies to the general funds.

The Fellowship Fund was created by the Church in 1986. It is to be administered for the benefit of the members of the fellowship in confidence by the Deacons / trustees.

The Folkard Fund is anticipated to be used for future building development works.

The Young People Fund is used to provide resources and subsidise activities for young people in our church and community.

The Building Fund was created with the objective of identifying the money we have separated to help with maintenance work in the church building and manses.

Other designated includes funds to be used for Women's and Men's ministries in the church and community.

The reserve is shown as designated and can be transferred using the trustees' discretion.

BLACKHORSE ROAD BAPTIST CHURCH
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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(s) 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.

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.

BLACKHORSE ROAD BAPTIST CHURCH
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 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

	2020	2019
	£	£
Defined Contribution Plan:		
Employee contributions	960	753
Employer contributions	1,440	4,117
	<u>2,400</u>	<u>4,870</u>
Deficiency contributions to Defined Benefit Plan	7,351	7,904
	<u>9,751</u>	<u>12,774</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.