

BAPTIST BUILDING CIO
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 11 OCTOBER 2019 TO
31 DECEMBER 2020

CHARITY NO: 1185767

BAPTIST BUILDING CIO

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD 11 OCTOBER 2019 TO 31 DECEMBER 2020

INDEX	PAGE
Trustees' Annual Report	1 - 6
Independent Auditor's Report	7 - 10
Statement of Financial Activities	11
Balance Sheet	12
Statement of Cash Flows	13
Notes to the Financial Statements	14 - 21

BAPTIST BUILDING CIO

ANNUAL REPORT FOR THE PERIOD 11 OCTOBER 2019 TO 31 DECEMBER 2020

The Trustees present their report together with financial statements of the charity for the period ended 31 December 2020. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice (FRS102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland published in October 2019.

Objectives and activities for public benefit

Baptist Building CIO was formed on 11 October 2019 and remained dormant until 1 June 2020. On that date the Trustees of Baptist Building Fund transferred their assets, liabilities and activities to Baptist Building CIO in order to protect the exposure of the Trustees to unlimited liabilities.

The main object of this charity is the advancement of the Christian faith by facilitating the mission of Baptist churches in the United Kingdom. The Trustees confirm that they have referred to the guidance contained in The Charity Commission general guidance on public benefit when reviewing the Fund's aims and objectives, in planning future activities, and in setting the grant making policy for the year.

The charity furthers its charitable purposes for the public benefit through its loan and grant-making policies which aim at:

- making loans to Baptist churches with or without interest for the building, purchase, enlargement, repair or removal of debts on places of worship, manses and other halls or buildings belonging to the Churches or the Colleges of the Baptist denomination throughout the United Kingdom;
- making grants to other charitable bodies including but not exclusively The Baptist Union of Great Britain or its successor in title and the Grace Baptist Trust Corporation or its successor in title.

Currently loans from the charity do not exceed £250,000 in any one case and are normally repayable by twenty half-yearly instalments, but the Trustees have power to vary these terms provided that the normal repayment term is not exceeded by more than two further years. Borrowers are invited to make a thank-offering to the charity on completion of the repayment of their loan.

To achieve the object of the charity, advertisements are made from time to time in Baptist publicity, by communication with the Regional Baptist Associations and The Baptist Union Corporation Limited, and by participating in exhibitions at Baptist Assemblies. A website helps to further publicise this charity, and can be found at: - www.baptistbuildingcio.org.uk.

With the exception of the Administrator, the Trustees all act in an honorary capacity, and generally give at least four days of their time each year in preparing for and attending meetings. In addition, a number of Trustees assist with due diligence for each loan application including examining the financial and property aspects of each loan application, and the time taken to examine each one is on average at least two days, provided by the Trustees on a voluntary basis. From time to time Trustees may visit a church to further examine their loan application, and this may take a whole day per visit including travelling time.

Grant making policy

This charity has established its grant making policy to achieve its objectives for the public benefit. The aim of the charity is to assist in the advancement of the Christian faith by facilitating the mission of Baptist churches. This grant making policy is reviewed from time to time to ensure that it reflects the charity's objects and thereby advances public benefit.

BAPTIST BUILDING CIO

ANNUAL REPORT FOR THE PERIOD 11 OCTOBER 2019 TO 31 DECEMBER 2020

Achievement and performance

During the period the Trustees received enquiries from five Baptist churches.

Trustees received loan applications from three churches during the period, requesting loans totalling £100,000. Of these, one application amounting to £30,000 was approved to be paid out in 2021; one application amounting to £40,000 was approved to be paid out when the loan conditions had been completed; and one application amounting to £30,000 was in progress. Three applications amounting to £333,000 were transferred from Baptist Building Fund were paid out during the period.

During the period 4 churches completed their loan repayments.

At 31 December 2020, 36 loans were outstanding amounting to £2,844,525.

During the period, the Trustees created a Designated Fund known as the Empowering Change Fund into which they agreed to transfer 25% of the sale proceeds of closed Churches. This Fund was created to enable grants to be made to smaller Churches which would make a real difference to their mission work. Grants were made to seven Churches during the period amounting to £84,000.

Financial review

The principal funding sources are thank-offerings from churches following completion of repayment of their loans, legacies and sale proceeds of churches where this Fund is the ultimate beneficiary.

No gifts in kind were received during the period.

Charity expenditure (excluding grants and costs associated with ultimate trusts) is considered to be modest at 0.5% of total funds, and is incurred in promoting the aims and awareness of the charity, and dealing with its administration. Where the sale proceeds of a church property are received by this charity under the terms of an ultimate trust whereby the property is to be held or disposed of in such manner as the Trustees shall direct or appoint, Trustees have resolved to provide up to 25% of such amounts into a Designated Fund known as the Empowering Change Fund to enable grants to be made to churches.

The monies held by this charity have been applied in providing loans to churches to enable them to expand, repair and improve their premises, for use by Baptists. The Trustees wish to use the funds available to them in assisting churches rather than making investments. At the end of the financial period, 61% of the funds available had been advanced to churches by way of loans, leaving cash reserves of £1,785,910. at the end of the period. Of this sum, £70,000 had been approved for loans to be made to Churches for specific projects to be drawn down by the churches as their funding requires.

During the period, the charity received £48,332 from the sale proceeds of closed Churches where Baptist Building Fund was the beneficiary of the ultimate trust.

The Trustees also received the approval of The Charity Commission to release the Restricted Fund for the sale proceeds of the former Golborne Baptist Church which had been limited to use only with Churches in Lancashire as defined in 1895.

The operations of the charity are such that COVID-19 has not had a noticeable impact.

BAPTIST BUILDING CIO

ANNUAL REPORT FOR THE PERIOD 11 OCTOBER 2019 TO 31 DECEMBER 2020

Investment policy and performance

The investment policy of the Fund of using interest bearing accounts with the Fund's bankers is considered to be satisfactory, since the primary objective of this Fund is not to make investment gains but to provide the maximum available funding for making loans.

The main source of increasing the net asset base of the Fund is the closure and sale of Baptist churches where this Baptist Building Fund is the ultimate beneficiary. The timing of funds from this source is outside the control of the charity Trustees.

Risk management

The Trustees examine the major risks that the charity faces each financial year. The charity has developed systems to monitor and control these risks in order to mitigate any impact they may have on the charity in the future.

The principal risk faced by this charity is the potential for one or more of the churches to whom loans have been advanced being unable to repay their loan in full. In order to minimise this risk, Trustees carry out a review of the finances of each church that makes an application for a loan, in an endeavour to ascertain their ability to make repayments on time. They also seek a commendation from the local Regional Baptist Association, and carry out a review of the work for which the loan is required to satisfy themselves that the relevant professional advisers with adequate professional indemnity insurance have been engaged by the church. The charity also lodges their interest in the property with The Land Registry, or in some cases, takes a formal charge over the church property.

The charity has insurance for potential liability arising from actions by the Trustees.

Reserves policy

It is the policy of this charity to maintain the Capital Fund at the maximum level possible, consistent with retaining the General Fund at a level which equates to approximately six months' expenditure on support costs. At 31 December 2020 the General Fund balance amounted to £15,177 of which all were free reserves. The Designated Fund balance amounted to £92,284 and related to monies set aside to be used by way of grants for projects within Baptist Churches. The remaining free reserves of £4,562,188 are held in the Capital Fund. This has been loaned or is available for making loans.

Total funds at 31 December 2020 amounted to £4,669,649. After deducting £2,844,525 committed in the form of concessionary loans and £92,284 designated to provide for future grants to Churches, free reserves totalled £1,732,840. Of this, £15,177 has been retained on the General Fund to meet support costs. This equates to approximately six months' of normal expenditure. The Trustees have the discretion make transfers between the General Fund and the Capital Fund as necessary. The remaining free reserves of £1,717,663 are held in the Capital Fund. It is the charity's policy to maintain the Capital Fund at the maximum level possible. There were two loan commitments at 31 December 2020 amounting to £70,000. The level of reserves ensures that the charity can fulfil its main objectives and respond to existing commitments and expected new funding requests on a timely basis.

Plans for the future

Baptist Building Fund is a lasting testimony to the group of London Baptist ministers who were blessed with the vision of setting up the Fund in 1824. It has helped hundreds of Baptist churches with building projects in the since its inception. The Trustees wish to continue dealing with the net assets of Baptist Building CIO in the same manner.

BAPTIST BUILDING CIO

ANNUAL REPORT FOR THE PERIOD 11 OCTOBER 2019 TO 31 DECEMBER 2020

Plans for the future (continued)

The Trustees intend to continue following the policy of making the maximum amount of funds available to Baptist churches and colleges that need assistance with their building projects. In order to facilitate this, the Trustees will continue to make known the availability of funding to key personnel within the Baptist Denominations. The maximum loan limit within Baptist Building Fund was increased to £250,000 on 24 February 2016. At 31 December 2020, enquiries had been received which, if all progress to being successful loan applications, would utilise £970,000 of available funds.

Structure, governance and management

The Baptist Building CIO is a Charitable Incorporated Organisation which is a registered charity administered under the terms of its Governing Document. The activities of this charity are controlled by the Trustees, details of whom are set out on page 5 of this Report. The Trustees were appointed in the Governing Document as approved by the Trustees of Baptist Building Fund on the creation of this CIO. Future Trustees must be appointed by a resolution passed at a properly convened meeting of the Charity Trustees.

Trustees are usually selected from those with experience in Baptist Church governance, and from a variety of professional and similar backgrounds. It is expected that they will bring to this charity the benefit of their expertise. As this experience has been gained with similarly minded charities, it is generally considered that additional training is not required on appointment. The Trustees give due regard to changes in laws applicable to charity trustees from time to time.

The Trustees normally meet three times each year, either in person or on-line. At their meetings the Trustees transact the business of the charity and in particular scrutinise loan applications to ensure that they conform to the Governing Document and general requirements of the charity. This includes an assessment of the borrower's ability to repay their loan and the appropriateness and suitability of schemes for which the loans are sought. The Administrator deals with the day to day administration of the charity and prepares reports for presentation to the Trustees. Each loan application is reviewed for financial viability and property legal compliance by Trustees with expertise in these areas, and their reports are consolidated by the Administrator. Trustees decide, on the information before them, whether or not to make a loan. They may require specific conditions to be met before advancing a loan.

The charity has working relationships with all Baptist Unions in the United Kingdom and The Grace Baptist Trust Corporation. Where loan applications are made to "Baptist" bodies other than this Fund, the Administrator may exchange information with those other "Baptist" bodies to save duplication of work for the benefit of the applicant.

Key management personnel

The Trustees consider the board of Trustees and the Administrator as comprising the key management personnel of the charity who are in charge of directing and controlling the charity and running and operating the charity on a day to day basis. All Trustees give of their time freely and no trustee remuneration was paid in the year. Details of trustee expenses and any related party transactions are disclosed in note 7 to the financial statements.

Trustees are required to disclose all relevant interests and, in accordance with the Fund's policy, to withdraw from decisions where a conflict of interest arises.

The remuneration of the Administrator is reviewed annually.

BAPTIST BUILDING CIO

ANNUAL REPORT FOR THE PERIOD 11 OCTOBER 2019 TO
31 DECEMBER 2020

Reference and administrative details

Charity Registration Number	1185767
Registered address	Crugybar 66 St Mary's Road KETTERING Northamptonshire NN15 7BW

Trustees

Apart from the first Charity Trustees who were appointed by the Trustees of Baptist Building Fund, every Charity Trustee is appointed by a resolution passed at a properly convened meeting of Charity Trustees.

The first Charity Trustees are: -

Mr Andrew C Burgess MA	Mr Andrew M Lewis BSc DipArb FRICS FCI Arb
Reverend Ian J Bunce	Reverend Martin R Poole BD
Mr Eric Cousins FCCA	Mr P Michael Smedley FRICS ACI Arb
Reverend Catriona J T Gorton BA BSc MPhil	Mr John Walker LLB DLP NP SSC
Mr O Philip Jones LLB	Dr Robert A Wordsworth
Mr David M Leverett FCA	

Administrator (to whom day to day management of the charity is delegated)

until 30 April 2021	Mr David M Leverett FCA
from 1 May 2021	Mrs Emily A Blake LLB

Independent Auditor	Azets Audit Services Thorpe House 93 Headlands KETTERING Northamptonshire NN15 6BL
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Bankers	CAF Bank Limited 25 Kings Hill Avenue Kings Hill WEST MALLING, Kent ME19 4JQ
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Solicitors	Tollers LLP 2 Exchange Court Cottingham Road CORBY Northamptonshire NN17 1TY
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BAPTIST BUILDING CIO

ANNUAL REPORT FOR THE PERIOD 11 OCTOBER 2019 TO 31 DECEMBER 2020

Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the financial position of the charity during the year and of its financial position at the end of the year. In preparing those financial statements, the Trustees should follow best practice and:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Governing Document. They are also responsible for safeguarding the assets of the charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information on the Fund's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ON BEHALF OF THE TRUSTEES

ANDREW C BURGESS
Chairman

23 June 2021

Opinion

We have audited the financial statements of the Baptist Building CIO for the year ended 31 December 2020, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements: -

- give a true and fair view of the state of the charity's affairs as at 31 December 2020, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees' with respect to going concern are described in the relevant section of this report.

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustees' annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE BAPTIST BUILDING CIO

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement (set out on page 6), the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout our audit. We also:

Auditor's responsibilities for the audit of the financial statements (continued)

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives rise to a true and fair view).

We communicate with those charged with governance regarding, among other things, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with laws and regulations considered to have a direct material effect on the finance statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing the supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the finance statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Mrs Annette Armer (Senior Statutory Auditor)

28 September 2021

**AZETS AUDIT SERVICES
STATUTORY AUDITOR
THORPE HOUSE
93 HEADLANDS
KETTERING
NORTHAMPTONSHIRE
NN15 6BL**

Azets Audit Services is eligible to act as an auditor in terms of Section 1212 of The Companies Act 2006.

BAPTIST BUILDING CIO
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE PERIOD FROM 11 OCTOBER 2019 TO 31 DECEMBER 2020

	Note	General Fund £	Designated Fund £	Capital Fund £	Total 2020 £
Income and endowments from:					
Donations and legacies	2	49,549	164,201	4,505,939	4,719,689
Investments	3	849	0	0	849
Other					
- Proceeds of ultimate trusts	4	0	0	48,332	48,332
Total income		50,398	164,201	4,554,271	4,768,870
Expenditure on:					
Charitable activities					
Cost of loan and grant making	5	15,221	84,000	0	99,221
Total expenditure		15,221	84,000	0	99,221
Net income		35,177	80,201	4,554,271	4,669,649
Transfers between Funds		(20,000)	12,083	7,917	0
Net Movement in Funds		15,177	92,284	4,562,188	4,669,649
Reconciliation of funds:					
Total funds brought forward		0	0	0	0
Total funds carried forward	14	15,177	92,284	4,562,188	4,669,649

All income and expenditure derive from continuing activities, and relate to unrestricted funds.

The accompanying notes on pages 14 to 21 form part of these financial statements.

BAPTIST BUILDING CIO**BALANCE SHEET AS AT 31 DECEMBER 2020**

	Note	2020	
		£	£
Fixed Assets			
Investments	8		2,844,525
Current Assets			
Debtors	9	52,971	
Cash at bank and in hand		1,785,910	
		<u>1,838,881</u>	
Creditors: Amounts falling due within one year	10	<u>13,757</u>	
Net Current Assets			1,825,124
Total Assets less Current Liabilities being Net Assets			4,669,649
Charity Funds			
Unrestricted funds			
General Fund	11		15,177
Designated Fund	12		92,284
Capital Fund	13		4,562,188
			4,669,649

The financial statements were approved and authorised for issue by the Trustees on 23 June 2021.

Signed on behalf of the Board of Trustees:

A C Burgess
Chairman

D M Leverett
Trustee

The accompanying notes on pages 14 to 21 form part of these financial statements.

BAPTIST BUILDING CIO**STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2020**

	2020
	£
Reconciliation of net movement in funds to net cash flow from operating activities	
Net movement in funds	4,669,649
Adjustments for:	
Interest received	(849)
Movements in loans to Churches	
Loans transferred from Baptist Building Fund	(2,845,290)
Loans made	(300,000)
Loans repaid	300,765
Decrease/(increase) in debtors	(52,971)
(Decrease)/increase in creditors	13,757
Net cash provided by /(used in) operating activities	1,785,061
Cash flow from investing activities	
Interest received	849
Net cash flow from investing activities	849
Change in cash and cash equivalents in the reporting period	1,785,910
Cash and cash equivalents at 11 October 2019	0
Cash and cash equivalents at 31 December 2020	1,785,910
Cash and cash equivalents consists of:	
Cash at bank and in hand	1,785,910
Cash and cash equivalents at 31 December 2020	1,785,910

BAPTIST BUILDING CIO

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION AND BASIS OF PREPARATION

Baptist Building CIO is charitable incorporated organisation which is a registered charity administered under the terms of its Governing Document in England. The address of the registered office is given in the charity information on page 5 of these financial statements. The nature of the charity's operations and principal activities are assisting Baptist Churches with building projects.

The charity constitutes a public benefit entity as defined by FRS102. 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 the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland issued in October 2019, the Financial Reporting Standard in the United Kingdom and the Republic of Ireland (FRS102), the Charities Act 2011 and UK Generally Accepted Accounting Practice.

The financial statements are prepared on a going concern basis under the historical cost convention to include certain items at a fair value. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £1. The charity's financial statements present information about it as an individual undertaking.

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. In applying the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities. Although actual results may differ from estimates of this type, in the opinion of the trustees, this is unlikely to result in material adjustments to the carrying value of assets and liabilities.

The financial statements have been prepared to give a "true and fair" view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a "true and fair view". This departure has involved following 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 issued in October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The significant accounting policies applied in the preparation of these financial statements are set out below.

INCOME RECOGNITION

Donations and gifts

All income is recognised once the charity has entitlement to income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

All monetary donations and gifts are included in full in the statement of financial activities when receivable, provided there are no donor-imposed restrictions as to the timing of the related expenditure, in which case recognition is deferred until the pre-condition has been met.

BAPTIST BUILDING CIO

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INCOME RECOGNITION (continued)

Donations and gifts (continued)

The transfer of assets and liabilities for nil consideration from Baptist Building Fund does not meet the definition of a merger and is in substance a gift. As a result, the excess of the fair value of assets received over liabilities assumed has been recognised as a gain and is shown separately within income as a donation received. Due to the nature of the assets and liabilities transferred, fair value is considered equivalent to cost.

Legacies to which the charity is entitled are included in the statement of financial activities where the value has been ascertained with a reasonable degree of certainty.

Gifts in kind are accounted for at the trustees' estimate of their value to the charity.

No amount of volunteer time is included in the financial statements but further detail is given in the Trustees' Annual Report.

Donations under gift aid together with the associated income tax recoveries are credited as income when the donations are received.

Proceeds from ultimate trusts

Proceeds from ultimate trusts are recognised in the accounts when the charity is entitled to the incoming resources, the amount can be reliably measured and it is probable that the incoming resources will be received. Entitlement is usually established on completion of the sale of the relevant property.

Investment income

Investment income, including associated income tax recoveries, is recognised when receivable.

EXPENDITURE RECOGNITION

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings: -

- Costs of raising funds;
- Expenditure on charitable activities;
- Other expenditure
- Grants payable are payments made to third parties in furtherance of the charitable objectives of the charity. Grants are accounted for when the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to make a grant subject to conditions.

IRRECOVERABLE VAT

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

BAPTIST BUILDING CIO

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ALLOCATION OF SUPPORT AND GOVERNANCE COSTS

Support costs have been differentiated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulations and good practice. These costs include costs related to trustees' meetings, audit and legal fees. The basis on which support costs have been allocated is set out in note 5.

CHARITABLE ACTIVITIES

Cost of charitable activities including grants made, support costs and governance costs are shown in note 5.

FUND ACCOUNTING

Unrestricted funds are donations, and other incoming resources received or generated for expenditure on the general objectives of the charity.

Designated funds are unrestricted funds which have been designated for specific purposes by the trustees.

The Capital Fund is maintained at the maximum possible level. Transfers are made from the General Fund to the Capital Fund from time to time, to retain within the General Fund an amount that equates to approximately six months' expenditure.

INVESTMENTS

Social investments are programme related investments which are those held to further our charitable activities. They include concessionary loans.

CONCESSIONARY LOANS

Loans are initially recognised and measured at the amount paid, with the carrying amount adjusted in subsequent years to reflect repayments and adjusted if necessary for any amounts deemed to be irrecoverable.

DEBTORS AND CREDITORS RECEIVABLE/PAYABLE WITHIN ONE YEAR

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

BAPTIST BUILDING CIO

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

2 INCOME FROM DONATIONS AND LEGACIES

2020

£ £

Thank-offerings from Churches (see below)	35,000
Church Donations	15
Personal Subscriptions and Donations	200
Transferred from Baptist Building Fund (see below)	4,684,474

4,719,689

The funds transferred from Baptist Building Fund on 1 June 2020 were: -

General Fund	14,334
Designated Fund	164,201
Capital Fund	4,505,939

4,684,474

The net assets transferred were:-

Loans to churches	2,845,290
Current assets	
Debtors, prepayments and accrued income	55,646
Cash at bank	1,794,229
	<u>1,849,875</u>
Current liabilities	
Sundry creditors	<u>10,691</u>
	1,839,184

4,684,474

Thank-offerings from Churches

£

Buckhurst Hill	7,000
Liverpool, Old Roan, Aintree	5,000
Newport, Castlehold, Isle of Wight	10,000
Northampton, Abbey Centre	1,750
Rothwell (Leeds)	6,250
South Oxhey	5,000

35,000

3 INCOME FROM INVESTMENTS

2020

£

Bank Interest	849
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849

BAPTIST BUILDING CIONOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 DECEMBER 2020

4 PROCEEDS OF ULTIMATE TRUSTS	2020
	£
Witchford Baptist Church	48,332
	48,332

5 CHARITABLE ACTIVITIES	2020
	£

General Fund**Support costs:**

Administrator's fees	6,533
Travel costs	262
Printing, stationery, postage and telephone	335
Bank charges	108
Insurance	531
General publicity	20
Website	154
Governance costs (see note 6)	7,278
	15,221

Designated Fund - Grants

Alness Baptist Church	20,000
Bexhill-on-Sea, Sidley Baptist Church	10,000
Buckhaven Baptist Church	5,000
Chiddingfold Baptist Church	7,500
Dennistoun Baptist Church	25,000
Islay Baptist Church	11,500
New Addington Baptist Church	5,000
	84,000
	99,221

All grants were paid to Baptist Churches as contributions towards small building projects for missional activities. Without this work being carried out, each Church would have to restrict their community ministry.

Support costs are all attributable to the charity's loan and grant making activity.

6 GOVERNANCE COSTS	2020
	£
Trustees' Meetings	108
Audit	6,270
Legal fees	900
	7,278

BAPTIST BUILDING CIO

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

7 PAYMENTS TO TRUSTEES AND CONNECTED PERSONS

a) Payments to Trustees

Other than the Administrator (Mr David Leverett), no trustee or person with a family or business connection with a trustee received any remuneration or benefits in the period, directly or indirectly from the charity. Mr Leverett is remunerated for his work in administering the fund. His remuneration is agreed by the trustees.

Expenses reimbursements paid to 3 trustees (excluding the administrator) during the period amounted to £138 in respect of travelling and other expenses incurred on behalf of the charity.

b) Payments to Administrator

During the period, the Administrator received fees of £6,533 and was reimbursed for travelling expenses, postage, stationery, telephone and website costs amounting to £920.

No employee received £60,000 per annum or more in the current accounting period.

8 FIXED ASSET INVESTMENTS

SOCIAL INVESTMENTS LOANS TO CHURCHES

Programme related investments

	2020 £
Cost	
At 11 October 2019	0
Transferred from Baptist Building Fund	2,845,290
Loans made (see below)	300,000
Loans repaid	(300,765)

At 31 December 2020

2,844,525

No interest is charged on the loans, which are usually secured by registering this Fund's interest with The Land Registry, or by a formal legal charge on the property. Loans are repayable over ten years. Loans amounting to £428,080 are due within one year, and £2,416,445 are due after more than one year.

Concessionary Loan Commitments

At the end of the period, the Trustees agreed to make finance available as loans to two churches of £70,000 subject to conditions yet to be fulfilled. The advancement of any agreed loan may be affected by the availability of liquid funds of this charity and the progress of the projects for which churches had requested payment of the loan.

Some of the agreed loans may not be taken up by the churches during the next twelve months.

BAPTIST BUILDING CIO

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

8 FIXED ASSET INVESTMENTS (continued)

LOANS ADVANCED TO CHURCHES

The following loans were advanced during the period: -

	2020
	£
Dunchurch	250,000
Newport, St Julian's	50,000
	300,000

9 DEBTORS

	2020
	£
Other debtors	49,997
Prepayments	2,974
	52,971

Debtors amounting to £49,997 may not be recoverable within one year.

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020
	£
Trade creditors	2,957
Accruals and deferred income	10,800
	13,757

11 GENERAL FUND

The purpose of the General Fund is to meet all administrative and fund raising costs incurred during the period. At the absolute discretion of the Trustees, transfers may be made to or from the Capital Fund.

12 DESIGNATED FUND

Trustees transferred 25% of the net sale proceeds of closed churches into the Designated Fund with a view to making grants for missional work on applications from Baptist Churches.

13 CAPITAL FUND

The Capital Fund is primarily used for granting of loans in accordance with the objects of the Fund.

BAPTIST BUILDING CIO

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

14 ANALYSIS OF CHARITABLE FUNDS

Analysis of fund movements 2020

	Balance brought forward	Income	Expenditure	Transfers	Balance carried forward
	£	£	£	£	£
Unrestricted funds					
General Fund	0	50,398	15,221	(20,000)	15,177
Designated Fund	0	164,201	84,000	12,083	92,284
Capital Fund	0	4,554,271	0	7,917	4,562,188
	0	4,768,870	99,221	0	4,669,649

Analysis of net assets between funds 2020

	General fund	Designated fund	Capital Fund	Total
	£	£	£	£
Investments	0	0	2,844,525	2,844,525
Current assets	28,934	92,284	1,717,663	1,838,881
	28,934	92,284	4,562,188	4,683,406
Current liabilities	13,757	0	0	13,757
	15,177	92,284	4,562,188	4,669,649

The purpose of each fund is described in notes 11 to 13, and appropriate transfers have been made between them to fulfil the criteria.

15 EVENTS AFTER THE REPORTING DATE

Since the balance sheet date, the Trustees have been notified that they are the ultimate beneficiaries of Abertillery Baptist Church. They have given instructions to the Holding Trustees to transfer the title of the property to Baptist Building CIO. It is the intention of the Trustees to dispose of the property on the open-market as soon as possible.

On 30 April 2021, the charity received the net sale proceeds of the former John Bunyan Baptist Church, Kingston-upon-Thames amounting to £1,275,000 before costs. 25% of the amount net of all costs will be paid to The London Baptist Property Board Limited, and the balance retained within the charity to fulfil its objectives and activities.

16 RELATED PARTY TRANSACTIONS

On 1 June 2020, the Trustees of Baptist Building Fund transferred their assets, liabilities and activities to Baptist Building CIO. Details are set out on pages 1 and 11 and in notes 1 and 2.