

**ASSOCIATION OF
GRACE BAPTIST CHURCHES
(SOUTH EAST)**

**FINANCIAL STATEMENTS
FOR THE
YEAR ENDED 31 DECEMBER 2021**

Charity number: 276352

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REPORT OF THE TRUSTEES FOR THE
YEAR ENDED 31 DECEMBER 2021

The trustees have pleasure in submitting their report and the audited financial statements for the Association for the year ended 31st December 2021. They have been prepared in the format prescribed by the Statement of Recommended Practice (FRS102) 'Accounting and Reporting by Charities' issued by the Charity Commission.

Objectives and Activities

Objectives

The objects of the Association are to:

- 1 uphold and promote the Doctrinal Basis
- 2 promote the unity and prosperity of its Members
- 3 assist the Members in their charitable purposes as recognised in English law
- 4 devise and employ means for the furtherance of the gospel, primarily in the Geographical Area.

Policies

The trustees seek to achieve the objects of the Association by encouraging fellowship between churches in prayer, evangelism and practical concern through an Annual Meeting and regular District meetings and activities; supporting member churches in initiating the planting and re-planting of churches in spiritually needy areas; providing help with evangelism through appointed staff, seminars etc; production of a prayer bulletin and other e-mail circulars. The trustees also seek to ensure member churches continue to function effectively by keeping them informed regarding legislation and practical matters relating to property, finance, taxation, insurance etc.

The trustees confirm that they have had due regard to the guidance issued by the Charity Commission on public benefit when planning their activities for the year.

Grant-making Policies

The charity invites applications for funding from Churches who are affiliated to the Association of Grace Baptist Churches (South East). The applications are reviewed against specific criteria and objectives, which are set by the Committee. All funded projects are monitored and reviewed on an annual basis.

The charity may also make small grants to individual church members and pastors from Churches who are affiliated to the Association of Grace Baptist Churches (South East).

Achievements and Performance

The Association fulfilled its objectives throughout the year.

The Association had 66 member Churches at the end of 2021. There is a wide range of activities within these Churches including weekly public worship services, Sunday schools, prayer meetings, children's and young people's groups, clubs for the elderly and outreach events reaching many diverse communities.

The Association adapted to the Covid-19 pandemic by increased home working whilst helping Association churches to stay up to date on legislation and supporting churches helping each other despite the restrictions. Whilst many of the churches usual activities were suspended, they have now reopened though some churches have retained an increased on-line presence by hosting on-line services.

The Association Charity gave help and advice on a variety of church issues including governance, pastoral practice and evangelism. The weekend 'Saved2Serve' conference for young people interested in Christian service moved on line during 2021 due to the on-going pandemic. However the Association AGM was hosted in person and was a joyful celebration of 150 years of associating.

**REPORT OF THE TRUSTEES FOR THE
YEAR ENDED 31 DECEMBER 2021
(continued)**

The Association continued to be involved in supporting ongoing church planting projects and helping churches plant other churches. Grace Church, Ebbsfleet is a current Association Project and three further church plants are underway with in the Association family of churches including Hazlemere, Brighton and Didcot. We are also involved in supporting the replanting of Churches within the Association which had closed. There are currently two such replants in Greenwich and Walthamstow.

The Association also fostered practical help and support between Churches at local level by encouraging activities in the five geographical districts within the Association. This is reflected in ongoing district prayer meetings, leadership fraternals, joint events and general inter-church fellowship, which are increasingly moving back to being in person events.

The churches gathered in person for our 150th anniversary event and AGM in September 2021 and we were pleased to welcome several pastors who had been appointed to Churches during the previous year. A special book was commissioned and launched at the 150th event entitled 'Association - Local Independent Baptist Churches in fellowship and Mission. The main speaker at the Anniversary day was Mark Dever, senior pastor at Capital Hill Baptist Church, Washington DC. One new Committee member was also appointed.

Financial help was given to Churches and individuals in the form of grants (benevolent) including a special Covid-19 grant to help those struggling in the current crisis.

Financial Review and Future plans

The total funds of the charity increased to £7,253,104 during 2021, an increase of 1.9%. This included unrealised gains of £161,893 on the revaluation of investments, recovering some of the losses incurred due to the pandemic.

The movement on funds before taking into account all gains on investments was a deficit of £74,553. The surplus on the General Fund was £21,085. This ended up being a higher surplus to that originally budgeted due to a surplus generated by the sale of fixed asset no longer required. A decision was made to top up the Churches Aid Fund by £25,000 as a result of the surplus.

Income

Total income in 2021 increased by 51.3%. This was split between an increase of £192,822 in unrestricted funds' income and an decrease of £9,148 in restricted funds' income. This was due to investment income recovering after the pandemic, surplus on the sale of a charitable property and a grant to top up the training fund of £50,000

Expenditure

Total expenditure increased by £86,719. This was split between a increase of £48,919 in unrestricted funds' expenditure and an increase of £37,800 in restricted funds' expenditure. This was due to a increased support in the office, cost of moving premises and additional meeting expenditure as a result of the 150th anniversary. In addition, a new restricted Fund was established to cover the expenditure in relation to the new Brighton Plant.

Financial Review

A comprehensive financial review takes place each November and policies and budgets for the year ahead are established and refined. Through the year, the budget is compared with actual performance at the Committee meetings following the end of each quarter. This informs the budget for the new calendar year.

Investment powers

The trustees have power to invest, subject to the Trustee Act 2000, and seek to avoid investments which are inconsistent with evangelical ethical standards.

Investment policy

The Investment Policy was reviewed in 2018 with the help of an independent financial adviser and is regularly discussed with the Investment managers to ensure it remains up to date.

REPORT OF THE TRUSTEES FOR THE
YEAR ENDED 31 DECEMBER 2021
(continued)

Reserves policy

It is the policy of the charity to maintain unrestricted funds, which are free reserves of the charity, at a level that equates to approximately six months' unrestricted expenditure. This provides sufficient funds to cover support costs, management and administration and to respond to emergency applications for grants that may arise from time to time.

Fundraising

In recent years, the charity has limited its fund-raising activities to discussion at meetings of Trustees and members around budgets and comparison of actual outturn versus budget. The company does not employ outside or commercial fund-raisers, and does not make appeals for funds beyond its members. The company has not subscribed to any fund-raising regulator.

Structure, Governance and Management

The Association was constituted on 10th March 1871. The Association is registered as a charity under reference number 276352.

The Committee

The following extracts are taken from the Constitution and Rules of the Association:

- 7.1 The Committee are charity trustees of the Association and its property and funds.
- 7.2 The Committee when complete consists of
 - 7.2.1 twenty elected members elected in accordance with this clause or such other policies and procedures as may be adopted from time to time.
 - 7.2.2 the District Representatives
 - 7.2.3 the Treasurer
- 7.3 Up to 3 persons, who shall not be trustees or have any voting rights, may be co-opted by and to the committee for the period up to the next AGM.
- 7.4 Election to Committee membership is open to any individual who is a member of a Member church and approved for election by that Member church. Notwithstanding clause 7.1, an employee of the Association may be a member of the Committee with the prior written consent of the Charity Commission.
- 7.5 The election of Committee members is by secret ballot.
- 7.6 No person shall be an elected member unless the number of votes he or she receives equals or exceeds the number which is one third of the Messengers (from Member churches) present at the relevant AGM.
- 7.7 Subject to clause 7.9 the election or appointment of each Committee member (except co-optees) shall be for a term of three years. Committee members shall (if otherwise qualified) be eligible for re-election or re-appointment as from the end of such term.
- 7.8 Every Committee member must sign a declaration of willingness to act as a charity trustee of the Association before he or she is eligible to vote at any meeting of the Committee.
- 7.13 The membership of the Committee shall so far as possible (and consistent with the above provisions) be balanced equally between individuals in full time pastoral or other Christian ministry and individuals from other backgrounds, especially those with experience of property, financial, legal and administrative matters, that is to say individuals who are or have been engaged in a profession, business or trade.

Connected Charities

The Association is connected to **Grace Baptist Charities Limited**. This charity holds funds on deposit for the Association.

Risk management

The trustees have assessed the principal risks to which the charity is exposed, in particular those related to the operations and finance of the charity and are satisfied that systems are in place to mitigate its exposure to the major risks. A risk register is maintained and reviewed.

Key risks and the steps taken to mitigate these include liquidity (properties and investments can be sold to provide greater liquidity); loss of data and systems (mitigated by contracting with external supplier of I.T. support and off-site backups); and loss of key personnel (processes documented).

REPORT OF THE TRUSTEES FOR THE
YEAR ENDED 31 DECEMBER 2021
(continued)

Induction and training of trustees

An induction letter is sent to new trustees which refers to their key role and liability and lists responsibilities which trustees are charged with fulfilling. Enclosed with the letter is the publication by the Charity Commission entitled "The Essential Trustee: What you need to know". The letter has been updated to indicate that trustees will be informed about training opportunities from time to time. The charity's fund managers, Investec, run a series of training seminars each year.

Arrangements for setting pay and remuneration of key management personnel

The Association's pay policy confirms the arrangements for setting levels of remuneration:

- All employees' salaries are reviewed annually as at 1st January of each year.
- The Executive Committee sets the rate of annual increase to be applied for all employees as part of the Financial Review in November. This is reported to the Main Committee.
- Any other changes to salaries or terms and conditions are agreed by the Executive Committee and reported to the Main Committee.

Responsibility of duties and delegation.

The following extracts are taken from the Constitution and Rules of the Association:

Powers of the Committee:

- 10.1 to appoint a Treasurer subject to approval by the Member churches in general meeting and other honorary officers.
- 10.2 to delegate any of their functions to sub-committees consisting of three or more persons appointed by them.
- 10.3 to elect an Executive with the composition, function and delegated powers set out in clauses 11 and 12.2.
- 10.4 to make Standing Orders consistent with this Constitution to govern proceedings at General Meetings.
- 10.5 to make Rules consistent with this Constitution about the Committee and sub-committees.
- 10.6 to make Regulations consistent with this Constitution about the running of the Association .

Powers of the Executive:

- 11.1 The Executive when complete shall consist of the Chairman, the Treasurer, and six other Committee members elected by the Committee by secret ballot.
- 11.2 Membership of the Executive shall
 - 11.2.1 take effect from the date of the first committee meeting of the calendar year.
 - 11.2.2 be for a period of three years at the end of which members of the Executive shall be eligible for re-election.
- 11.3 Each member of the Executive shall unless disqualified by law serve as a director of the Company (Grace Baptist
- 11.4 The Executive shall formulate, review, and prepare recommendations as to, matters for discussion or decision at meetings of the Committee or at general meetings.
- 11.5 The Executive shall be available for consultation on matters within the Association Secretary's or the Finance Officer's remit and shall have the power to take decisions in matters touching the Association or Member churches on behalf of the Association Secretary or the Committee in cases of emergency where in the reasonable judgment of the Executive the matter cannot await a regular or special Committee meeting.

Responsibility of duties and delegation continued

Powers delegated to staff:

- 12.1 Subject to clause 12.3 the Committee shall appoint such employees as are necessary for the satisfactory running of the Association and of the Company including
 - 12.1.1 the following Officers
 - 12.1.1.1 an Association Secretary who shall be responsible for the day-to-day running of the Association.
 - 12.1.1.2 a Finance Officer who shall be responsible for the financial affairs of the Association and of the Company.
 - 12.1.2 an employee who shall serve as Company Secretary of the Company and each of whom shall be accountable to the Committee for the discharge of these responsibilities.
- 12.2 The Association Secretary, Finance Officer and Company Secretary shall be required, unless indisposed, to attend Committee meetings and Executive meetings.
- 12.3 The power to fix employees' terms of employment (including salary and job description) shall be delegated and reserved to the Executive.

**REPORT OF THE TRUSTEES FOR THE
YEAR ENDED 31 DECEMBER 2021
(continued)**

Reference and Administrative Details

Trustees during the year were:

A A Ottley (Chairman)	R Lindie	J Sayers
C J Clarkson (Treasurer)	S J Lloyd	J Southcombe
P Fuggle	J G Miller;	P Smith
A Creedy	Miss M O' Mara	A J Wigham
R B King	D J Mortimer	D Wilcox
B O J Jones	C Mukanga (appointed October 2021)	P M Woodley

Key management personnel during the year were:

Association Secretary	Andrew King
Company Secretary of Grace Baptist Charities Ltd	J Green (Resigned Nov 2021) (A Gardner from Dec 2021)
Director of Home Mission	Nigel Hoad (retired April 2021)
Finance Officer	A M Gardner

The registered office is at 62 Bride Street, London, N7 8AZ

The principal advisers of the company are as follows:

Registered Auditors:	Jacob Cavenagh & Skeet, 5 Robin Hood Lane, Sutton, Surrey SM1 2SW
Bankers	CAF Bank Limited, 25 Kingshill Avenue, Kingshill, West Malling, Kent ME19 4JQ
Investment advisers	Investec Wealth and Investment Ltd, 2 Gresham Street, London EC2 7QP
Principal Solicitors	Carter, Lemon Camerons LLP, 10 Aldersgate Street, London, EC1A 4HJ Edward Connor Solicitors, 10 The Point, Market Harborough, LE16 7QU

Trustees Responsibilities

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

Law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities in the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP ;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures; and
- 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 which 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.

FOR AND ON BEHALF OF THE TRUSTEES

**C. J Clarkson
Trustee**

4th July 2022

62 Bride Street, London, N7 8AZ

REPORT OF THE INDEPENDENT AUDITOR
TO THE TRUSTEES OF
ASSOCIATION OF GRACE BAPTIST CHURCHES
(SOUTH EAST)

Opinion

We have audited the financial statements of the Association of Grace Baptist Churches (South East) (the "Charity") for the year ended 31 December 2021 which comprise the Statement of Financial Activities, Balance Sheet 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 UK 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 2021 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charity's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, including the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the 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.

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

In the light of the knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

REPORT OF THE INDEPENDENT AUDITOR
TO THE TRUSTEES OF
ASSOCIATION OF GRACE BAPTIST CHURCHES (SOUTH EAST)
(continued)

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement, 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 they 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 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the charity, we identified that the principal risks of non-compliance with laws and regulations related to charity legislation and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management, considering the internal controls in place and discussion amongst the engagement team.

We determined that the principal risks were related to management bias in accounting estimates including valuation of investment property, management override of controls and the mis-statement of investments and property transactions.

In response to the risks identified we designed procedures which included, but were not limited to challenging significant accounting estimates, evaluating the company's internal controls and verification of investment and property transactions.

There are inherent limitations in the audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.


Jacob Cavenagh & Skeet,
Statutory Auditor
Chartered Accountants

19 July 2022
5 Robin Hood Lane,
Sutton,
Surrey
SM1 2SW

Jacob Cavenagh & Skeet is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

**ASSOCIATION OF GRACE BAPTIST CHURCHES
(SOUTH EAST)**

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**STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 DECEMBER 2021**

	<i>Note</i>	Unrestricted Funds £	Restricted Funds £	2021 Total Funds £	2020* Total Funds £
Income from:					
Donations and legacies	2	144,602	130,732	275,334	212,595
Charitable activities	3	24,854	2,072	26,926	49,822
Investments	4	89,986	16,688	106,674	95,626
Other Income: Surplus on sale of fixed asset		132,783	-	132,783	-
Total Income		392,225	149,492	541,717	358,043
Expenditure on:					
Raising funds	5	14,560	1,212	15,772	9,672
Charitable activities	6	367,899	232,599	600,498	519,879
Total expenditure		382,459	233,811	616,270	529,551
Operating (deficit)		9,766	(84,319)	(74,553)	(171,508)
Net gains / (losses) on investments					
Realised gains / (losses) on investments		37,355	8,233	45,588	(92,987)
Unrealised gains on investments	12	164,243	(2,350)	161,893	7,959
Total net gains / (losses) on investments		201,598	5,883	207,481	(85,028)
Net income / (expenditure)		211,364	(78,436)	132,928	(256,536)
Transfers between funds		-	-	-	-
Net movement in funds		211,364	(78,436)	132,928	(256,536)
Reconciliation of funds:					
Funds brought forward		6,508,756	611,420	7,120,176	7,376,712
Funds carried forward	16 & 17	6,720,120	532,984	7,253,104	7,120,176

No activities were acquired or discontinued during the year.

* For analysis of unrestricted and restricted financial activities for 2020, see next page.

**ASSOCIATION OF GRACE BAPTIST CHURCHES
(SOUTH EAST)**

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**STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2021**

**Analysis of financial activities for previous year :*

	2020		
	Unrestricted Funds £	Restricted Funds £	2020 Total funds £
Income and endowments from:			
Donations and legacies	73,813	138,782	212,595
Charitable activities	47,504	2,318	49,822
Investments	78,086	17,540	95,626
Total income and endowments	199,403	158,640	358,043
Expenditure on:			
Raising funds	8,484	1,188	9,672
Charitable activities	325,056	194,823	519,879
Total expenditure	333,540	196,011	529,551
Operating (deficit)	(134,137)	(37,371)	(171,508)
Net gains / (losses) on investments:			
Realised (losses) on investments	(91,536)	(1,452)	(92,988)
Unrealised (losses) / gains on investments	(12,934)	20,894	7,960
Total net (losses) / gains on investments	(104,470)	19,442	(85,028)
Net (expenditure)	(238,607)	(17,929)	(256,536)
Transfers between funds	-	-	
Reconciliation of funds:			
Funds brought forward	6,747,363	629,349	7,376,712
Funds carried forward	6,508,756	611,420	7,120,176

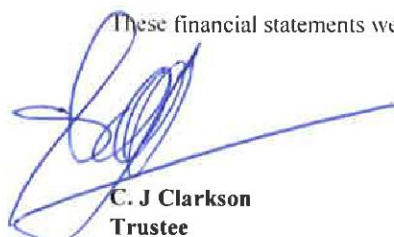
**ASSOCIATION OF GRACE BAPTIST CHURCHES
(SOUTH EAST)**

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**BALANCE SHEET
AT 31ST DECEMBER 2021**

	<i>Note</i>	£	2021 £	£	2020 £
Fixed assets					
Tangible assets	11		3,913,802		2,876,171
Investments	12		<u>3,011,678</u>		<u>3,956,970</u>
			6,925,480		6,833,141
Current assets					
Loans	13	2,660		13,200	
Debtors	14	18,337		22,034	
Cash deposited with Grace Baptist Charities Ltd		354,504		309,055	
Cash in hand		<u>313</u>		<u>318</u>	
<i>Total Current assets</i>		375,814		344,607	
Liabilities					
Creditors: Amounts falling due within one year:					
Other creditors	15	<u>48,190</u>		<u>57,572</u>	
Net current assets			<u>327,624</u>		<u>287,035</u>
Total net assets	18		<u><u>7,253,104</u></u>		<u><u>7,120,176</u></u>
The funds of the charity:					
Unrestricted funds	16		6,720,120		5,808,756
Revaluation Reserve (unrestricted)			<u>-</u>		<u>700,000</u>
Total Unrestricted Funds			6,720,120		6,508,756
Restricted funds	17		344,752		423,188
Revaluation reserve (restricted)			<u>188,232</u>		<u>188,232</u>
Total restricted funds			532,984		611,420
Total funds	18		<u><u>7,253,104</u></u>		<u><u>7,120,176</u></u>

These financial statements were approved by the trustees on 4th July 2022 and signed on their behalf by:



C. J. Clarkson
Trustee

**ASSOCIATION OF GRACE BAPTIST CHURCHES
(SOUTH EAST)**

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STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2021

Statement of cash flows:		2021	2020
	Table	Total Funds	Total Funds
		£	£
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	<u>(283,327)</u>	<u>(225,091)</u>
Cash flows from investing activities:			
Dividends, interest and rent from investments		90,289	81,982
Proceeds from sale of property		514,718	-
Purchase of property and equipment		(1,429,012)	(3,397)
Proceeds from sale of other investments		1,150,000	6,066
Proceeds from sale of investments		504,760	336,437
Purchase of investments		<u>(501,984)</u>	<u>(325,006)</u>
Net cash provided by investing activities		<u>328,771</u>	<u>96,082</u>
Change in cash and cash equivalents in the reporting period		45,444	(129,009)
Cash and cash equivalents at the beginning of the reporting period		<u>309,373</u>	<u>438,382</u>
Cash and cash equivalents at the end of the reporting period	B	<u>354,817</u>	<u>309,373</u>

Table A - Reconciliation of net income / (expenditure) to net cash flow from operating activities:

	2021	2020
	£	£
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	132,928	(256,536)
Depreciation charges	8,109	7,726
Equipment reclassified as expenditure (ie. written off)	1,336	-
(Gains) / losses on investments	(207,481)	85,028
Dividends, interest and rent from investments	(90,289)	(81,982)
Profit on sale of fixed assets	(132,783)	-
Decrease in debtors	14,237	17,186
(Decrease) / increase in creditors	<u>(9,384)</u>	<u>3,487</u>
Net cash provided by (used in) operating activities	<u>(283,327)</u>	<u>(225,091)</u>

Table B - Analysis of cash and cash equivalents:

Cash in hand	313	318
Cash in hand with Grace Baptist Charities Ltd	<u>354,504</u>	<u>309,055</u>
Total cash and cash equivalents	<u>354,817</u>	<u>309,373</u>

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2021

1 ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(a) Accounting convention

The financial statements have been prepared under the Charities Act 2011 and in accordance with the Charities Statement of Recommended Practice (Charities SORP (FRS 102)) and Financial Reporting Standard 102 (FRS 102). The financial statements are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments. The financial statements are prepared in pounds sterling rounded to the nearest pound.

The Association of Grace Baptist Churches (South East) meets the definition of a public benefit entity under FRS 102. It is an unincorporated charitable trust with registered address of 62 Bride Street, London, N7 8AZ

(b) Going concern

There are no material uncertainties about the charity's ability to continue its operations for the foreseeable future.

(c) Income

Voluntary income including legacies is accounted for once the charity has entitlement to the income, it is probable the income will be received and the amount of income receivable can be reliably measured.

Investment income is recognised on an accruals basis.

(d) Expenditure

All expenditure is included on an accruals basis. Charitable expenditure comprises all expenditure directly related to the objects of the charity. This includes governance costs which represent the cost of compliance with constitutional and statutory requirements.

(e) Fixed assets

Fixed assets held for charity use are stated at cost. Where freehold and leasehold properties are maintained to such a standard that their estimated residual value is in excess of their net book value at any time and depreciation is immaterial, no depreciation is charged.

(f) Depreciation

Where properties are maintained to such a standard that their estimated residual value is in excess of their net book value at any time and depreciation is immaterial, no depreciation is charged.

Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost or valuation of each asset over its expected useful life as follows:

Fixtures and fittings	-	Between 10% and 20% on cost
Computer equipment	-	Between 10% and 33% on cost

(g) Investments

Investments and investment properties are stated at market value. The trustees review the value of investment properties annually and re-value the properties at market value every five years.

Realised and unrealised gains and losses arising on the disposal or revaluation of investments and investment properties are included in the Statement of Financial Activities.

(h) Debtors

Loans to churches and other debtors are included at the settlement amount due. Prepayments are valued at the amount prepaid.

(i) Cash deposited with Grace Baptist Charities Ltd

Cash deposited with Grace Baptist Charities Ltd is a short term highly liquid investment with a short maturity of three months or less from the date of opening of the deposit.

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2021
(Continued)

(j) Creditors

Creditors and provisions are recognised where the charity has a present obligation arising from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at their settlement amount.

(k) Pensions

The charity operates a defined contribution pension scheme. Contributions payable are charged in the Statement of Financial Activities.

2 INCOME FROM DONATIONS & LEGACIES

	2021	2021	2021	2020
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Donations from churches	34,564	19,326	53,890	46,609
Other donations	1,660	17,368	19,028	21,957
Grant from Grace Baptist Charities Ltd	58,378	-	58,378	47,191
Other grants received	50,000	88,518	138,518	87,380
JRS Grant - Furlough	-	5,520	5,520	9,458
	<u>144,602</u>	<u>130,732</u>	<u>275,334</u>	<u>212,595</u>

3 INCOME FROM CHARITABLE ACTIVITIES

Rent received from tangible assets	23,237	-	23,237	35,156
Income from other charitable activities	1,617	2,072	3,689	14,666
	<u>24,854</u>	<u>2,072</u>	<u>26,926</u>	<u>49,822</u>

4 INCOME FROM INVESTMENTS

	2021	2021	2021	2020
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Investments listed on recognised stock exchange	80,142	2,446	82,588	71,054
Investments properties - regular income	125	12,600	12,725	19,331
Deposit interest	9,719	1,642	11,361	5,241
	<u>89,986</u>	<u>16,688</u>	<u>106,674</u>	<u>95,626</u>

5 EXPENDITURE ON RAISING FUNDS

	2021	2021	2021	2020
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Investment property expenditure	2,547	551	3,098	(1,994)
Investment management	12,013	661	12,674	11,666
	<u>14,560</u>	<u>1,212</u>	<u>15,772</u>	<u>9,672</u>

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2021
(Continued)

6 EXPENDITURE ON CHARITABLE EXPENSES		2021 Unrestricted £	2021 Restricted £	2021 Total £	2020 Total £
	Note				
Staff Costs	7	191,384	77,128	268,512	257,854
Property expenditure		65,109	27,154	92,263	81,089
Grants payable	9				
Churches and institutions		28,167	112,197	140,364	84,614
Individuals		39,169	11,410	50,579	60,871
Home Mission costs exc. Personnel		-	2,303	2,303	802
Office and stationery costs		21,245	2,360	23,605	14,297
Photocopier costs including rentals		2,363	-	2,363	2,173
Depreciation		9,445	-	9,445	7,726
Website & publications		-	-	-	50
Management charge		-	20	20	20
Trustee's indemnity insurance		863	-	863	863
Bank charges & interest		290	27	317	296
		<u>358,035</u>	<u>232,599</u>	<u>590,634</u>	<u>510,655</u>
Governance costs:					
Legal and professional fees		-	-	-	1,857
Auditors' fees	10	4,592	-	4,592	4,472
Costs of meetings		5,272	-	5,272	2,895
		<u>9,864</u>	<u>-</u>	<u>9,864</u>	<u>9,224</u>
Total Expenditure on charitable activities		<u>367,899</u>	<u>232,599</u>	<u>600,498</u>	<u>519,879</u>

7 STAFF COSTS	2021 £	2020 £
Total staff emoluments for the year were as follows:		
Salary Costs	222,777	217,000
National Insurance costs	17,159	16,138
Employer's pension contributions	17,208	16,061
Benefits in kind - season tickets	1,520	3,107
Other staff travel etc.	8,197	4,020
Staff training & conferences	1,650	1,528
	<u>268,511</u>	<u>257,854</u>

There were no pension contributions outstanding at year end. (2020 :nil). No employee received remuneration amounting to more than £60,000 in the current year or previous year. Included in salary costs above is a termination payment of £12,528 in lieu of notice.

The average number of staff by head count and full-time equivalent during the year was:

	2021 Head Count Ave. No	2021 Fte Ave. No	2020 Head Count Ave. No	2020 Fte Ave. No
Association office staff	7.0	4.2	7.0	3.9
Home Mission staff	3.0	1.4	3.0	2.4
Total staff	<u>10.0</u>	<u>5.5</u>	<u>10.0</u>	<u>6.3</u>

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2021
(Continued)

8 KEY MANAGEMENT PERSONNEL

The key management personnel for the Association are Association Secretary: Director of Home Mission: Company Secretary and Finance Officer. The total employee benefits received by these personnel were:

	2021	2020
	£	£
Salary costs	137,332	135,311
National Insurance costs	15,014	14,076
Employer's pension contribution	10,726	11,617
Benefits in kind	150	883
	<u>163,223</u>	<u>161,887</u>

9 GRANTS PAYABLE

	2021	2021	2021	2020
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Grants payable to churches and institutions:				
Affinity	5,254	-	5,254	5,254
Hayes Lane Baptist Church, Bromley	-	11,152	11,152	4,862
St. John's Wood Road Baptist Church	-	56,978	56,978	49,773
Gadebridge Baptist Church	-	-	-	5,000
Grace Baptist Mission	-	-	-	400
Grace Baptist Church, Stratford	-	-	-	1,920
Grace Church, Walthamstow (Churches Aid Fund)	5,000	-	5,000	495
Kent Gospel Partnership	-	-	-	200
Rehoboth Baptist Church, Horsham (Training)	5,785	-	5,785	4,225
Prettygate Baptist Church, Colchester (Training)	2,850	-	2,850	3,235
Prettygate Baptist Church, Colchester (Churches Aid Fund)	5,000	-	5,000	-
Kings Road Baptist Church, Chingford (Churches Aid Fund)	4,000	-	4,000	-
Small Training Grants (Churches Aid Fund)	-	-	-	1,250
Grace Baptist Church, Bexleyheath	-	-	-	2,500
Grace Baptist Church, Ebbsfleet	247	44,068	44,314	-
Monnow Road Baptist Church, Bermondsey	-	-	-	3,000
The Village Church, Greenwich	-	-	-	2,500
	<u>28,136</u>	<u>112,197</u>	<u>140,333</u>	<u>84,614</u>

All grants to churches and institutions are either approved by the trustees or are reported to the trustees, if being made in accordance with the terms of a restricted fund. The Grants are made for the purposes of supporting member churches with building repairs or specific projects.

Grants payable to individuals:

	2021	2020
	£	£
Training Fund - unrestricted (4 grants)	38,699	45,591
Churches Aid Fund - unrestricted (2 grants)	470	650
Benevolent Fund - restricted (5 grants)	2,275	5,675
Pastors' Retiring & Widows' Fund - restricted (9 beneficiaries)	9,135	8,955
	<u>50,579</u>	<u>60,871</u>

All grants to individuals are approved by the trustees with the exception of grants from the Benevolent Fund which, for reasons of confidentiality, are proposed by the Association Secretary, authorised by the Honorary Treasurer and paid by the Finance Officer

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2021
(Continued)

10 AUDIT, INDEPENDENT EXAMINATION AND OTHER FINANCIAL SERVICES FEES

The company's auditors made the following charges:

	2021 £	2020 £
Fee for audit of accounts	4,560	4,440
Fee for other services	32	32
	<u>4,592</u>	<u>4,472</u>

11 TANGIBLE ASSETS

Held in furtherance of the charity's objects:

	Freehold property £	Leasehold property £	Fixtures, fittings and equipment £	Total £
Market Value / Cost				
At 1st January 2021	2,538,428	315,600	41,211	2,895,239
Disposals	(381,935)	-	(6,277)	(388,212)
Additions	1,427,212	-	1,800	1,429,012
At 31st December 2021	<u>3,583,705</u>	<u>315,600</u>	<u>36,734</u>	<u>3,936,039</u>
Depreciation				
At 1st January 2021	-	-	19,068	19,068
Disposals	-	-	(4,941)	(4,941)
Additions	-	-	8,110	8,110
At 31st December 2021	<u>-</u>	<u>-</u>	<u>22,237</u>	<u>22,237</u>
Net book value				
At 31st December 2021	<u>3,583,705</u>	<u>315,600</u>	<u>14,497</u>	<u>3,913,802</u>
At 31st December 2020	<u>2,538,428</u>	<u>315,600</u>	<u>22,143</u>	<u>2,876,171</u>

12 INVESTMENTS

	2021 Investment properties £	2021 Quoted investments £	2021 Total £
Market value at 1st January 2021	1,507,732	2,449,239	3,956,971
Additions	-	501,984	501,984
Disposals	(1,150,000)	(459,171)	(1,609,171)
Unrealised (losses) / gains	-	161,894	161,894
Market value at 31st December 2021	<u>357,732</u>	<u>2,653,946</u>	<u>3,011,678</u>
At Cost			
As at 31st December 2021	<u>169,500</u>	<u>394,285</u>	<u>563,785</u>
As at 31st December 2020	<u>482,125</u>	<u>394,285</u>	<u>876,410</u>

The trustees obtained professional valuations for all the investment properties in December 2021.

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2021
(Continued)

13 LOANS

Loans (to 1 Churches)	2,660	13,200
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Loans are interest free and repayable within ten years. Included within loans is approximately £1,330 repayable after more than one year.

14 DEBTORS

	2021 £	2020 £
Other Debtors	16,513	21,878
Prepayments	1,824	156
	<u>18,337</u>	<u>22,034</u>

15 CREDITORS

	2021 £	2020 £
Other creditors	48,190	57,572
	<u>48,190</u>	<u>57,572</u>

	Income 2021 £	Expenditure 2021 £	Transfers 2021 £	Other Gains / (Losses) £	Brought forward 1/1/2021 £	Carried forward 31/12/2021 £
16 UNRESTRICTED FUNDS						
General Fund	341,740	(320,655)	(25,000)	201,598	5,959,302	6,156,985
Churches Aid Fund	485	(14,470)	25,000	-	88,301	99,316
Training Fund	50,000	(47,334)	-	-	153	2,819
Walthamstow Manse	-	-	-	-	461,000	461,000
	<u>392,225</u>	<u>(382,459)</u>	<u>-</u>	<u>201,598</u>	<u>6,508,756</u>	<u>6,720,120</u>

Figures for previous year for comparison

	Income 2020 £	Expenditure 2020 £	Transfers 2020 £	Other Gains / (Losses) £	Brought forward 1/1/2020 £	Carried forward 31/12/2020 £
2020						
General Fund	199,401	(267,898)	-	(104,470)	6,132,269	5,959,302
Churches Aid Fund	-	(11,820)	-	-	100,121	88,301
Training Fund	-	(53,051)	-	-	53,204	153
Walthamstow Manse	2	(771)	-	-	461,769	461,000
	<u>199,403</u>	<u>(333,540)</u>	<u>-</u>	<u>(104,470)</u>	<u>6,747,363</u>	<u>6,508,756</u>

Churches Aid Fund

This designated fund was established in 1979 to set aside funds at the discretion of the trustees for the purpose of making grants and loans to Churches within the Association. The fund was increased in 2015. The surplus Funds from the Loan Fund were transferred into the Churches Aid Fund in 2019. This Fund was further increased by a grant of £25,000 in 2021.

Training Fund

This designated fund was established in 2015 to set aside funds at the discretion of the trustees for the purpose of making grants to Churches and trainees to support people in training for ministry. An additional £50,000 was granted to the Fund from Trust Funds managed by Grace Baptist Charities Ltd in 2019.

Walthamstow Manse

This designated fund was established in 2015 as a result of the closure of Church Hill Baptist Church, Walthamstow. Under the 1944 conveyance and declaration of trust, the Association stands possessed of the Church manse. A project to re-plant a Church is in progress.

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2021
(Continued)

	Income	Expenditure	Transfers	Other Gains	Brought forward	Carried forward
17 RESTRICTED FUNDS	2021	2021	2021	/ (Losses)	1/1/2021	31/12/2021
	£	£	£	£	£	£
Hawthorne Family	680	(56,998)	-	-	89,761	33,443
Home Mission	52,340	(52,340)	-	-	-	-
Gateway Fund	34,512	(69,529)	-	-	35,017	-
Brighton Fund	45,997	(42,295)	-	-	-	3,702
Benevolent Fund	753	(2,275)	-	-	44,939	43,417
Loan Fund	117	-	-	-	16,802	16,919
Pastors' Retiring and Widows' Fund	2,485	(9,481)	-	5,883	74,807	73,694
Sinclair Fund	12,608	(893)	-	-	350,094	361,809
	<u>149,492</u>	<u>(233,811)</u>	<u>-</u>	<u>5,883</u>	<u>611,420</u>	<u>532,984</u>

Figures for previous year for comparison

	Income	Expenditure	Transfers	Other Gains	Brought forward	Carried forward
2020	2020	2020	2020	/ (Losses)	1/1/2020	31/12/2020
	£	£	£	£	£	£
Hawthorne Family	1,760	(49,793)	-	-	137,794	89,761
Home Mission	82,981	(82,981)	-	-	-	-
Gateway Fund	56,888	(42,283)	-	-	20,412	35,017
Benevolent Fund	2,214	(5,675)	-	-	48,400	44,939
Loan Fund	17	-	-	-	16,785	16,802
Pastors' Retiring and Widows' Fund	2,180	(9,296)	-	(1,726)	83,649	74,807
Sinclair Fund	12,600	(5,983)	-	21,168	322,309	350,094
	<u>158,640</u>	<u>(196,011)</u>	<u>-</u>	<u>19,442</u>	<u>629,349</u>	<u>611,420</u>

Hawthorn Family Charitable Fund

This fund is governed by a Deed dated 16th February 1999. Grants are to be made to nominated benefiting Churches. The fund was established by a donation, including tax benefit, of £70,000.

Home Mission

This fund exists to promote evangelism in the Association Churches through education, training, advice, full-time and short-term workers and projects. The majority of the funding is through donations from Churches and grant income.

Gateway Fund

This is a special Home Mission Fund to promote evangelism through a new church plant for the planned new Gateway community in Ebbsfleet, Kent. This Fund was closed in the year and the money granted to the newly constituted church Grace Church, Ebbsfleet.

Brighton Fund

This is a Fund set up to promote evangelism through a new church plant based in Brighton.

Benevolent Fund

This fund has no governing instrument. Grants are made to Christians in needy circumstances.

Loan Fund

Declaration of Trust dated 27th October 1891 governed this fund. Interest free loans were made to Churches for purchase, extension and maintenance of Chapels, Manses and other Church premises. At the end of 2019, the Loan Fund was closed to new applicants as bureaucratic complications made it difficult to continue to make interest free loans. It was decided that the money would be made available to the churches by way of grants rather than loans in the future and therefore the remaining free Funds were transferred to the Churches Aid Fund.

Pastors' Retiring and Widows' Fund

Declaration of Trust dated 2nd November 1900 governs this fund. Grants are made to retired pastors, and their widows, who have previously contributed to the fund and are without adequate means of support. The fund is closed to new members.

Sinclair Fund

This fund was established by a will dated 11 September 2001. The church at Gadebridge, Hemel Hempstead, has first call on any fund arising from the legacy.

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2021
(Continued)

18 ANALYSIS OF NET ASSETS	<i>2021</i>	<i>2021</i>	<i>2021</i>	<i>2021</i>
	<i>Investments</i>	<i>Tangible assets</i>	<i>Net current assets</i>	<i>Total</i>
<i>Current year</i>	<i>£</i>		<i>£</i>	<i>£</i>
Unrestricted Funds	2,594,527	3,913,802	211,791	6,720,120
Restricted Funds	417,151	-	115,833	532,984
	<u>3,011,678</u>	<u>3,913,802</u>	<u>327,624</u>	<u>7,253,104</u>
	<i>2020</i>	<i>2020</i>	<i>2020</i>	<i>2020</i>
	<i>Investments</i>	<i>Tangible assets</i>	<i>Net current assets</i>	<i>Total</i>
<i>Figures for previous year for comparison</i>	<i>£</i>		<i>£</i>	<i>£</i>
Unrestricted Funds	3,640,928	2,880,500	225,935	6,747,363
Restricted Funds	412,500	-	216,849	629,349
	<u>4,053,428</u>	<u>2,880,500</u>	<u>442,784</u>	<u>7,376,712</u>

19 COMMITMENTS

The Association has commitments to make payments, in respect of land and buildings and office equipment, in the following years as follows:

	<i>2021</i>	<i>2020</i>
	<i>£</i>	<i>£</i>
Within 1 Year	1,836	1,836
Between 2 and 5 years	4,132	5,968
	<u>5,968</u>	<u>7,804</u>

20 TRUSTEES' REMUNERATION

No remuneration or benefits were paid to any of the trustees during the year for their services as trustees. Also, there were no trustees' costs paid direct to third parties.

21 TRUSTEES' EXPENSES

	<i>2021</i>	<i>2020</i>
	<i>£</i>	<i>£</i>
Expenses incurred by trustees and reimbursed, amounted to:	260	266

4 trustees made a total of 7 expenses claims for the cost of travel to meetings and other events.

22 RELATED PARTIES

The following trustees are also directors of Grace Baptist Charities Limited and, as such, have an interest in transactions carried out on behalf of trusts and churches administered by the company and the charity: A A Ottley, C J Clarkson (Treasurer), A Creedy, J G Miller, D J Mortimer, Miss M O' Mara, A King and P M Woodley. Details of the transactions and balances are disclosed in the notes to the accounts.

The following related party transactions occurred in the year:

- A Training grant of £10,000 was paid to Adrian Creedy's Son in Law, Joseph Percy, to enable him to train for the ministry.
- During the year, Caleb Gardner and Vicky Green were employed by the Association to assist with archiving. They received £490 and £297 respectively. Caleb is the son of Abigail Gardner, Finance Officer and Vicky is the daughter of Jeff Green (Company Secretary).