

Charity Registration No. 525777

SOUTH WALES BAPTIST COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

SOUTH WALES BAPTIST COLLEGE

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SOUTH WALES BAPTIST COLLEGE

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

It is my privilege to present this summary on behalf of the Trustee Board at South Wales Baptist College.

What a year! The world, the UK, the church and the College have had a year unlike any other. Everything looks different now, as most of it is viewed via a computer screen where Zoom, Google Meet and Microsoft Teams have become default settings.

When the world turned upside down the College was thriving, with student numbers up on previous years and highly regarded formation training taking place across the board, in both English and Welsh, for more than one denomination. At the end of the academic year in June 2020, 4 students left the college and following the enrolment of 9 new students in September 2020, the student body stands at a total of 26.

With 'lockdown' came the immensely time-consuming yet innovative task of taking all our teaching and training online and all our communication digital. This has mostly continued throughout the year, with very occasional face-to-face contact taking place when the easing of lockdown restrictions has permitted.

This has been a significant year of change for the College with the retirement of our Principal, Rev. Dr. Peter Stevenson at the end of December 2019. His leadership of the College has been deeply appreciated, with the development of new courses and teaching pathways, and a strengthening of the relationship with Cardiff University under his guidance. Staff, present and former students, along with the Board recorded their thanks to him for his careful and diligent work. Our new co-Principals Rev. Dr. Rosa Hunt and Rev. Dr. Ed Kaneen formally took up their posts in September 2019. Under our governing document a college Principal can occupy the single position of ex-officio trustee. The ex-officio trustee is currently Rev. Dr. Rosa Hunt. In addition to the appointment of new co-Principals, staffing at the College was strengthened from the start of the year by the permanent appointment of Rev. Dr. Stephen Roberts as Tutor in Practical Theology and Mission, and Anna Smith as part-time Librarian.

It is a delight to report that the College has continued to thrive despite the challenges, not least due to the extremely hard and creative work that the Principals, Tutors and Staff have undertaken these last 12 months, and the enthusiasm and flexibility that has been shown by the student body. Indeed, in the first full year since being appointed co-Principals, Rev. Dr. Rosa Hunt and Rev. Dr. Ed Kaneen have demonstrated clear, creative and calming leadership of the college, enthusiastically supported by their tutorial and staff colleagues.

During the year there were also changes to the make-up of the Trustees Board. Rev. Marc Owen stood down as Chair of Trustees and Trustee in July 2019. Another Trustee, Rev. Sue Phillips took over as interim Chair from July to October 2019 until Rev. Mark Thomas joined as Trustee and was appointed as the new Chair of Trustees in October 2019. Mr Tom Bourne who had served the Board faithfully over many years as lead Trustee for property matters felt now was the right time to retire. Rev. Sue Phillips and Rev. Nick Bradshaw, who had served as Trustee while a regional Minister at the South Wales Baptist Association, both stepped down as Trustees after many years of faithful service. The Board is grateful to Marc, Tom, Sue and Nick for their service and support for the College over many years. The Board continues to have a strong ethos in rightly identifying potential new trustees and, following careful consideration about the qualities, skills and experience required on the trustee body, the Board welcomed Rev. Emma Mohr (from October 2019) and Mr Paul Phillips (from January 2020).

The onset of the Covid-19 pandemic in March 2020 had a significant impact during the latter part of the year. The College was able to adapt rapidly and maintain continuity by delivering teaching online, enabling staff to work from home wherever possible, and making simple adaptations to College buildings to ensure that those living in College rental accommodation, and those who did need to work on site were able to do so safely, within Government and University guidelines. Nevertheless these changes increased demands on the staff of the College, and on students.

SOUTH WALES BAPTIST COLLEGE

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

Financially, for 2019-20, the impacts have not been as significant as those on operations. While the College ended the year in deficit, this was in line with expectations at the start of the year. The significant loss of rental income as tenants vacated office space, was known before the Covid pandemic. While the overall value of our investment portfolio was badly affected by declining stock market values, investment related income, which depends mostly on previous years' stock market performance was above budget. The main unexpected negative impacts were reduced donation income and a forced pause in our efforts to find tenants for vacant space at the College. On the latter, work has now re-started to explore some long-term, sustainable options for the vacant space and the site as a whole.

The College was able to make use of the UK Government's furlough scheme for one member of administrative staff, and there were some minor positive financial impacts as our Pension Scheme gave members a 6 month reduction in deficit contributions and utility costs were a little lower than budgeted.

As the impact on finances was broadly neutral, no additional support (from the Welsh Government or the Wales Council for Voluntary Action) was sought for 2019-20. This position might change for future years, once longer-term impacts become clearer.

Responding to changing patterns of ministerial training and formation the College launched a more flexible training pathway in September 2018; and staff have worked hard to deliver the second year of the new three-year pattern of training during 2019-2020.

Students from the College have continued to serve churches across Wales in preaching, pastoral and missional tasks; and in addition to the total provision of College facilities, students are supported by individual bursaries where appropriate.

During this past year, the College's permanent teaching staff, Rev. Dr. Ed Kaneen, Rev. Dr. Rosa Hunt, Rev. Dr. Craig Gardner and Rev. Dr. Stephen Roberts, have provided teaching and pastoral support to students at the College preparing for various forms of ministry. They have continued to serve as Honorary Lecturers at Cardiff University; a role which involves delivering a range of undergraduate and postgraduate modules for both College and University students. The College's tutors make a significant contribution to the work of Cardiff University by teaching students on the BA in Religion and Theology; and they enjoy positive working relationships with colleagues in the Department of Religion and Theology. In addition, the College has continued to benefit from the expertise in Old Testament Studies provided by an Associate Tutor, the Rev. Dr. Kofi Amissah, who has also shared in the work of delivering modules at the University. The College has also benefitted this year from the teaching provided by the Rev. Dr. Graham Watts, who delivered a module on Christian Doctrine for students on the Certificate/Diploma course. Rev. Dr. Ed Kaneen has represented the College on the Cardiff University Council and been appointed as Programme Convener for Theology for the School of History, Archaeology and Religion. Both Rev. Dr. Ed Kaneen and Rev. Dr. Stephen Roberts represent the College on the various Boards of Studies and other committees.

We continued to benefit enormously from the administrative work and backroom support offered to both the academic staff and the students by our Resource Manager, Mr. Martyn Moss, his assistant, Mrs. Anita Monks, and our Librarian Anna Smith. In anticipation of Martyn's retirement at the end of 2020, towards the end of the academic year we appointed Mrs Helen Ede as College Manager, to take up post from September 2020, and subsequently Mr Robert Whitehouse as Site Manager. This part-time role will oversee care, maintenance and security of the college buildings and plant.

The College hosted two special public lectures during the past year. On the 6th March 2020, this year's Whitley Lecture was delivered by the Rev. Robert Parkinson, minister of Didsbury Park Baptist Church, who explored the theme 'The Baptist Encounter with Judaism'. The College's annual Edwin Stephen Griffiths' lecture, 'Proclamation in the Time of Covid', was delivered online as a brief talk by the Rev. Rob Beamish, Minister of Princes' Drive Baptist Church, Colwyn Bay with follow up discussion on 5th June. We are grateful to both speakers for their input which provoked stimulating discussion.

SOUTH WALES BAPTIST COLLEGE

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

The College continues to relate well with its wider constituency, through its links with many local Churches, the Associations and the Baptist Unions of Wales and of Great Britain – as well as the Presbyterian Church in Wales. Alongside its work with ministerial students the College also offers an access-level course, Pathways, which is designed for local church leaders and members. It is overseen by an Associate Tutor, Rev. Jon Davis, and it is good to report that the numbers of people participating in the Pathways course have continued to grow during the last year. Another Associate Tutor, Rev. Dr. Graham Watts, has provided valuable service this year in overseeing the learning contracts which the College provides for Newly Accredited Baptist Ministers.

The College's website and the annual newsletter have continued to serve as valuable ways of communicating with the churches.

With the exception of the co-Principal, who acts ex officio, all Trustees give their time voluntarily and receive no financial benefits from the College. The Trustee Board is served admirably well by a widely diverse and gifted group of individuals who freely give of their time and expertise to the role and I am, once again, indebted to them for their willingness to serve on the Board.



pp Chair of Trustees
Dated: 18th May 2021

SOUTH WALES BAPTIST COLLEGE

TRUSTEES REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The trustees present their report and financial statements for the year ended 31 August 2020.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the charity's governing document, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

Objectives and activities

The objects of the College are:

- the advancement of the Christian Religion in accordance with the beliefs and practices of Baptists and the interpretation of such beliefs and practices and in particular the training of students for ministry amongst the Baptist churches.
- to provide education, training, vocational preparation and support to Christians for mission and ministry.

Public benefit statement

The trustees confirm that they have complied with the duty in section 4 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit". The South Wales Baptist College's charitable purpose is enshrined in its objectives listed above. The charity delivers its public benefit through its work with a wide range of external organisations.

Financial review

The College reported an unrestricted deficit for the year of £39,048 (2019 – surplus £195,808 which included proceeds from the sale of Baptist Chapel donated to the charity) before taking into account movements on its investment portfolio and movement in its pension scheme liability. The College reported a loss during the year on its investment portfolio of £21,577 (2019 - £13,771 loss). The College remains a long term investor and will continue to manage its investments accordingly.

The trustees will continue to manage the financial position of the College on a prudent basis, and consider the College's activities to be on a sound financial basis.

The charity has unrestricted reserves, excluding those held as tangible fixed assets, investment properties and endowment funds, of £485,115 at 31 August 2020 (2019: £528,325). The trustees have also designated funds of £nil (2019: £16,666). Its free reserves are therefore £485,115 (2019: £511,659).

Reserves Policy

It is the policy of the trustees to ensure that the College maintains sufficient free reserves to enable it to fulfil its obligations to complete the training of those students to whom it has made training commitments at the date of the balance sheet. Based on the budget for the financial year, this would require free reserves amounting to an estimated £385,720, after making allowance for revenue that could be earned in that period.

Free reserves at the Balance Sheet date totalled £485,115.

The trustees will continue to manage the College's financial affairs on a prudent basis, with the objective of strengthening the free reserves position. Allowing for the nature of the pension deficiency provision and the wider asset position, the Trustees consider the reserves position to be satisfactory.

Investment Policy

The Trustees have adopted a formal investment policy that defines both acceptable risk levels, and a medium term required rate of return. The rate of return objective is 5% whilst at least maintaining the long term purchasing power of capital against inflation.

SOUTH WALES BAPTIST COLLEGE

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees noted that investment losses during the period totalled £21,577 and investment income amounted to £10,607. This gave a total loss of £10,970 on investments totalling £407,186 at the end of the year.

The investments are managed within ethical guidelines set down by the Trustees. Within the investment strategy, the investment managers have discretion over particular investments. Details of the investments are set out in the notes to the financial statements.

The investment managers are Brewin Dolphin.

The charity also holds three investment properties which were valued on 17 March 2017. The Trustees consider the market value at 17 March 2017 reflects their fair value at 31 August 2019 and 31 August 2020.

Risk Review

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The charity maintains a risk register and the trustees review at least annually the main strategic, business and operational risks which the charity faces. The trustees have established systems and controls to mitigate against major risks to which the College is exposed. Any activity with a high residual risk is monitored and appropriate action implemented to bring within acceptable levels wherever possible.

Other policies are also in place in relation to health and safety, governance and management.

Major Risks

Under normal circumstances, the risks of the charitable company are mitigated to an acceptable level in day-to-day operations. A financial risk assessment has been made, along with an organisational risk assessment in the College's approach to budget setting for future years. The trustees consider their main risks are their relationship with key funders and stakeholders, the ongoing impacts of the Covid pandemic, and their ability to deliver a successful, timely outcome to the review of options for the premises.

Plans for future periods

- Run residential retreats for students and staff. This will be kept under review in light of changing circumstances due to Covid. A Covid-safe alternative will be arranged if necessary.
- Run a Discernment Day for people exploring a call to ordained ministry and for those interested in courses of theological education.
- Continue to promote the new training pathway and recruit students for September 2021 intake.
- Re-visit the review of the College's premises in the light of changing circumstances.
- Integrate new trustees and continue building a healthy and diverse trustee body.
- Develop detailed plans for changing the status of the College to a Charitable Incorporated Organisation.
- Work through the renewal of the College's formal academic partnership with Cardiff University which needs to be in place in time for the Academic Year 2021-22.
- Plan for the management of and teaching provision for the MTh Theology beyond September 2021 when St Padarn's Institute will cease to be part of the Collaborative Partnership with Cardiff University.
- Liaise with Cardiff University over new modules for the Academic Year 2021-2022.
- Participate in Baptist discussions about changing patterns of ministerial training and formation.
- Contribute to discussions about the funding of training Baptist ministers.
- Continue to develop healthy working relationships with other denominations in Wales.

SOUTH WALES BAPTIST COLLEGE

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management

Constitution

The College was founded in 1807, and operates under a governing document that was adopted during 2009 to put into effect in 2010. South Wales Baptist College is registered as an unincorporated charity.

The Board of Trustees

The trustees exercise the powers of the charity in accordance with the Trust Deed.

Key Management Personnel remuneration

Our key management personnel are the trustees of the charity, as detailed within the trustees report, including the co-Principals of the College, Rev. Rosa Hunt and Rev. Ed Kaneen.

Setting pay and other remuneration is ultimately the responsibility of the Trustees, on the advice of the Officers of the College who comprise the Chair (Rev. Mark Thomas), co-Principals (Rev. Rosa Hunt and Rev. Ed Kaneen) and Treasurer (Caren Fullerton). The co-Principals do not participate, either at officer or trustee level, in decisions concerning their remuneration.

Remuneration decisions are taken in the light of relevant benchmarks, including stipend levels set by the Baptist Union of Great Britain, Cardiff University lecturer pay scales, and local conditions.

Governing document

The College operates under the provisions of a governing document put into effect in October 2010. The trustees are responsible for the overall direction of the charity, and for ensuring that it acts in accordance with the provisions of the Trust Deed. They are supported by advisory groups addressing Finance, Buildings and Services, and Ministerial Selection. The scheme provides clarity to the roles respectively of the trustees as a body, and the Executive charged with the day to day responsibility of running the College.

Recruitment and induction

Trustees are recruited with the aim of balancing the need for continuity, commitment, experience and people skills, along with a suitable blend of gender, age and geographical representation. A representative trustee nomination group holds informal conversations with leaders of the various Baptist associations and unions which support the College.

Trustees receive an induction into the work of the College by meeting the Chairman and Senior Staff and being advised of their general work, as well as receiving financial statements and other relevant documentation, including relevant Charity Commission publications. Training is provided as needed by appropriately skilled external trainers.

SOUTH WALES BAPTIST COLLEGE

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Reference and administrative details

Name:

South Wales Baptist College

Registered number:

525777

Registered office:

54 Richmond Road
Cardiff
CF24 3UR

Trustees:

Revd Dr. Peter Stevenson (Principal) - to September 2019
Revd Rosa Hunt (co-Principal) - from September 2019
Tom Bourne MBE - to October 2019
Revd Nick Bradshaw - to October 2019
Revd Denzil John
Revd Sue Phillips (Interim Chair July to October 2019)
Eirlys Jones
Caren Fullerton
Cedric Longville
Revd Mark Thomas (Chairman) - appointed October 2019
Revd Emma Mohr - appointed October 2019
Paul Phillips - appointed January 2020

Key management personnel

Revd Dr. Peter Stevenson (Principal) to September 2019
Revd Dr. Rosa Hunt (Co-Principal) from September 2019
Revd Dr. Ed Kaneen (Co-Principal) from September 2019

Principal bankers:

Lloyds Bank Plc
Roath Park Branch
Cardiff
CF10 2AG

Stockbrokers:

Brewin Dolphin Limited
5 Callaghan Square
Cardiff
CF10 5BT

Auditors:

Azets Audit Services
Chartered Accountants & Statutory Auditors
Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
CF23 8AB

SOUTH WALES BAPTIST COLLEGE

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The trustees report was approved by the Board of Trustees.

Caren Fullerton.

C Fullerton

Trustee

Dated: *18th May 2021*

SOUTH WALES BAPTIST COLLEGE

STATEMENT OF TRUSTEES RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2020

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

The 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 state of affairs of the charity and of the incoming resources and application of resources of the charity for that year.

In preparing these financial statements, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 sufficient accounting records that 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 Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. 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.

SOUTH WALES BAPTIST COLLEGE

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF SOUTH WALES BAPTIST COLLEGE

Opinion

We have audited the financial statements of South Wales Baptist College (the 'charity') for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the 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 August 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

SOUTH WALES BAPTIST COLLEGE

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF SOUTH WALES BAPTIST COLLEGE

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
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees responsibilities, 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 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 145 of the Charities Act 2011 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.

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

Other matters

Your attention is drawn to the fact that the charity has prepared financial statements 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 UK and Republic of Ireland (FRS 102)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

SOUTH WALES BAPTIST COLLEGE

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF SOUTH WALES BAPTIST COLLEGE

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 auditors' 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.



Azets Audit Services

19/05/2021

**Chartered Accountants
Statutory Auditor**

Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
CF23 8AB

Azets Audit Services is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

SOUTH WALES BAPTIST COLLEGE

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted funds 2020 £	Endowment funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Endowment funds 2019 £	Total 2019 £
<u>Income and endowments from:</u>							
Donations and legacies	3	214,347	-	214,347	333,643	-	333,643
Charitable activities	4	192,782	-	192,782	287,221	-	287,221
Investments	5	11,431	-	11,431	12,935	-	12,935
Other income	6	2,610	-	2,610	2,083	-	2,083
Total income		421,170	-	421,170	635,882	-	635,882
<u>Expenditure on:</u>							
Raising funds	7	72	-	72	885	-	885
Charitable activities	8	460,146	-	460,146	424,988	-	424,988
Other	13	-	50	50	430	50	480
Total resources expended		460,218	50	460,268	426,303	50	426,353
Net gains/(losses) on investments	14	(21,577)	-	(21,577)	(13,771)	-	(13,771)
Net (outgoing)/incoming resources		(60,625)	(50)	(60,675)	195,808	(50)	195,758
<u>Other recognised gains and losses</u>							
Other gains or losses	15	3,236	-	3,236	-	-	-
Net movement in funds		(57,389)	(50)	(57,439)	195,808	(50)	195,758
Fund balances at 1 September 2019		2,404,718	150	2,404,868	2,208,910	200	2,209,110
Fund balances at 31 August 2020		2,347,329	100	2,347,429	2,404,718	150	2,404,868

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

SOUTH WALES BAPTIST COLLEGE

BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	16		652,214		666,393
Investment properties	17		1,210,000		1,210,000
Investments	18		407,186		421,055
			<u>2,269,400</u>		<u>2,297,448</u>
Current assets					
Debtors	20	10,831		11,617	
Cash at bank and in hand		<u>260,366</u>		<u>321,098</u>	
			<u>271,197</u>		<u>332,715</u>
Creditors: amounts falling due within one year	21	<u>(26,089)</u>		<u>(41,482)</u>	
Net current assets			<u>245,108</u>		<u>291,233</u>
Total assets less current liabilities			<u>2,514,508</u>		<u>2,588,681</u>
Creditors: amounts falling due after more than one year	22		<u>(167,079)</u>		<u>(183,813)</u>
Net assets			<u><u>2,347,429</u></u>		<u><u>2,404,868</u></u>
Capital funds					
Endowment funds - general	24		100		150
Income funds					
<u>Unrestricted funds</u>					
Designated funds	25	-		16,666	
General unrestricted funds		<u>1,446,185</u>		<u>1,476,005</u>	
Revaluation reserve		<u>901,144</u>		<u>912,047</u>	
			<u>2,347,329</u>		<u>2,404,718</u>
			<u><u>2,347,429</u></u>		<u><u>2,404,868</u></u>

The financial statements were approved by the Trustees on 18th May 2021

Caren Fullerton.

C Fullerton
Trustee

SOUTH WALES BAPTIST COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	31		(64,455)		166,785
Investing activities					
Purchase of investments		(91,193)		(46,951)	
Proceeds on disposal of investments		83,485		29,501	
Investment income received		11,431		12,935	
Net cash generated from/(used in) investing activities			3,723		(4,515)
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(60,732)		162,270
Cash and cash equivalents at beginning of year			321,098		158,828
Cash and cash equivalents at end of year			260,366		321,098

SOUTH WALES BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

Charity information

South Wales Baptist College is an unincorporated charity registered in England & Wales. Their registered office is 54 Richmond Road, Cardiff, CF24 3UR.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements 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 the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The charity reported an unrestricted net outflow of £57,389 for the year on unrestricted reserves after losses on investments and movement in its pension liability. This charity has sufficient free reserves and is monitoring results on a frequent basis. The trustees are of the view that that on this basis the charity is a going concern and there are no material uncertainties about the charity's ability to continue as a going concern.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

SOUTH WALES BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

The value of any voluntary help received is not included in the accounts but is described in the trustees' annual report.

Investment income is recognised on a receivable basis.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure on charitable activities includes all costs relating to the furtherance of the society's objectives as stated in the trustees report. This also includes all costs relating to compliance with constitutional and statutory requirements.

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

Costs of raising funds comprise the costs in relation to generating income such as fundraising activities.

Support costs have been allocated between governance costs and other support. Governance costs comprise all costs involving public accountability of the charity and its compliance with regulation and good practice.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% on cost
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Individual assets costing £1,000 or more are capitalised.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Investment properties were valued at market value on 17 March 2017 and was reflected as part of the transition to FRS 102. Trustees consider the market value at 17 March 2017 reflects the fair value of the properties at 31 August 2019 and 2020.

1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

SOUTH WALES BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.10 Taxation

As a registered charity, South Wales Baptist College is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

SOUTH WALES BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

The charity participated in a Defined Benefit Pension Scheme until 31 December 2011 the payments of which are charged to the Statement of Financial Activities. Deficiency payments are also charged to the Statement of Financial Activities. From 1 January 2012 the scheme was replaced by a Defined Contribution Pension Scheme the payments of which are charged to the Statement of Financial Activities when incurred.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Donations and gifts	213,047	333,643
Legacies receivable	1,300	-
	<u>214,347</u>	<u>333,643</u>
Donations and gifts		
Church donations	17,788	28,982
Griffiths Trust	193,924	185,858
Valedictory	-	426
Personal	1,234	971
Other	101	456
Proceeds from the sale of donated Baptist Chapel	-	116,950
	<u>213,047</u>	<u>333,643</u>

SOUTH WALES BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

4 Charitable activities

	2020	2019
	£	£
Rental income	88,493	163,294
Fees	104,289	123,927
	<u>192,782</u>	<u>287,221</u>

5 Investments

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Dividends	10,607	12,145
Interest receivable	824	790
	<u>11,431</u>	<u>12,935</u>

6 Other income

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Sundry income	<u>2,610</u>	<u>2,083</u>

SOUTH WALES BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

7 Raising funds

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Advertising	72	885
	<u>72</u>	<u>885</u>

8 Charitable activities

	2020	2019
	£	£
Staff costs	222,814	177,595
Depreciation and impairment	14,179	14,179
Catering	3,380	3,197
Student support costs	110	632
Books	2,358	1,944
Library	7,924	6,915
Schools Science Project	-	646
Prizes	400	3,731
Pension Liability Interest Charge	3,958	4,705
	<u>255,123</u>	<u>213,544</u>
Grant funding of activities (see note 9)	11,044	23,511
Share of support costs (see note 10)	189,779	183,733
Share of governance costs (see note 10)	4,200	4,200
	<u>460,146</u>	<u>424,988</u>

9 Grants payable

	2020	2019
	£	£
Grants to individuals	11,044	23,511
	<u>11,044</u>	<u>23,511</u>

SOUTH WALES BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

10 Support costs

	Support costs	Governance costs	2020	Support costs	Governance costs	2019
	£	£	£	£	£	£
Staff costs	41,063	-	41,063	39,915	-	39,915
Operating lease charges	1,888	-	1,888	2,088	-	2,088
Telephone	832	-	832	966	-	966
Printing & stationery	4,583	-	4,583	6,158	-	6,158
Heat, light and water	19,495	-	19,495	23,363	-	23,363
Cleaning	18,086	-	18,086	19,123	-	19,123
Insurance	12,934	-	12,934	12,319	-	12,319
Professional fees	8,933	-	8,933	14,951	-	14,951
Sundry	14,403	-	14,403	10,943	-	10,943
Amenities & training	8,387	-	8,387	531	-	531
Travel & conference expenses	3,955	-	3,955	7,011	-	7,011
Repairs and renewals	55,220	-	55,220	46,365	-	46,365
Audit fees	-	4,200	4,200	-	4,200	4,200
	<u>189,779</u>	<u>4,200</u>	<u>193,979</u>	<u>183,733</u>	<u>4,200</u>	<u>187,933</u>
Analysed between						
Charitable activities	<u>189,779</u>	<u>4,200</u>	<u>193,979</u>	<u>183,733</u>	<u>4,200</u>	<u>187,933</u>

Governance costs includes payments to the auditors of £4,200 (2019- £4,200) for audit fees.

11 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

SOUTH WALES BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

12 Employees

Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Teaching staff	4	4
Administrative staff	3	2
	<u>7</u>	<u>6</u>

Employment costs

	2020 £	2019 £
Wages and salaries	209,820	167,297
Social security costs	21,132	17,584
Other pension costs	32,925	32,629
	<u>263,877</u>	<u>217,510</u>

Key management personnel

The key management personnel of the charity who are noted in the trustees report received benefits (consisting of gross salary, employers national insurance contributions and employers pension contributions) totalling £98,395 (2019: £69,003).

There were no employees whose annual remuneration was £60,000 or more.

13 Other

	Endowment funds general 2020	Unrestricted funds 2019	Endowment funds general 2019	Total £ 2019
Anne Rendell Prize Fund	50	-	50	50
Other expenditure	-	430	-	430
	<u>50</u>	<u>430</u>	<u>50</u>	<u>480</u>

14 Net gains/(losses) on investments

	Unrestricted funds 2020 £	Unrestricted funds 2019 £
Revaluation of investments	<u>(21,577)</u>	<u>(13,771)</u>

SOUTH WALES BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

14 Net gains/(losses) on investments (Continued)

15 Other gains or losses

Unrestricted funds	Total
2020	2019
£	£
Gain on pension scheme	-
(3,236)	-

16 Tangible fixed assets

Freehold land and buildings £

Cost

At 1 September 2019 708,930

At 31 August 2020 708,930

Depreciation and impairment

At 1 September 2019 42,537

Depreciation charged in the year 14,179

At 31 August 2020 56,716

Carrying amount

At 31 August 2020 652,214

At 31 August 2019 666,393

A review of the property portfolio took place in March 2017 and it was agreed that three of the four properties owned by the charity were in fact investment properties. All four properties were valued on 17 March 2017. Trustees consider the market value at that date reflects the fair value of the properties as at 31 August 2019 and 31 August 2020. The remaining fixed asset property is used for charitable purposes.

The historical cost of this property is £144,855.

17 Investment property

2020
£

Fair value

At 1 September 2019 and 31 August 2020 1,210,000

SOUTH WALES BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Investment property

(Continued)

A review of the property portfolio took place in March 2017 and it was agreed that three of the four properties owned by the charity were in fact investment properties. All four properties were valued on 17 March 2017. Trustees consider the market value at that date reflects the fair value of the properties as at 31 August 2019 and 31 August 2020. The remaining fixed asset property is used for charitable purposes.

SOUTH WALES BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

18 Fixed asset investments

	Listed investments £	Cash in portfolio	Total £
Cost or valuation			
At 1 September 2019	406,444	14,611	421,055
Additions	91,193	(91,193)	-
Valuation changes	(21,577)	-	(21,577)
Cash movement	-	7,710	7,710
Disposals	(80,206)	80,206	-
At 31 August 2020	395,854	11,334	407,188
Carrying amount			
At 31 August 2020	395,854	11,334	407,188
At 31 August 2019	406,444	14,611	421,055

19 Financial instruments

	2020 £	2019 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	395,852	406,444

20 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	-	850
Prepayments and accrued income	10,831	10,767
	10,831	11,617

21 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Other taxation and social security		5,005	5,147
Deferred income	23	-	15,553
Other creditors		-	466
Accruals and deferred income		21,084	20,316
		26,089	41,482

SOUTH WALES BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2020**

22 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Accruals and deferred income	167,079	183,813

Pension deficit contributions:

The company participates in a multi-employer pension scheme. The scheme is a defined benefit scheme in the UK. As it is not possible for the charity to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme it therefore has to account for the scheme as a defined contribution scheme.

The amount recognised in the financial statements is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. See note 27 for further details.

The amounts repayable are as follows:

	2020	2019
	£	£
Repayable within two and five years	79,465	71,527
Repayable in more than five years	<u>87,614</u>	<u>112,286</u>
	<u>167,079</u>	<u>183,813</u>

23 Deferred income

	2020	2019
	£	£
Arising from income in advance	-	15,553

Deferred income is included in the financial statements as follows:

	2020	2019
	£	£
Balance brought forward	15,553	43,276
Income received	-	-
Income released	<u>(15,553)</u>	<u>(27,723)</u>
Balance carried forward	<u>-</u>	<u>15,553</u>

SOUTH WALES BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

24 Endowment funds

Endowment funds represent assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the assets form part of the fund.

	Balance at 1 September 2018 £	Movement in funds				Balance at 1 September 2019 £	Movement in funds				Balance at 31 August 2020 £
		Incoming resources £	Resources expended £	Transfers £	Revaluations gains and losses £		Incoming resources £	Resources expended £	Transfers £	Revaluations gains and losses £	
Permanent endowments											
Anne Rendell	200	-	(50)	-	-	150	-	(50)	-	-	100
	200	-	(50)	-	-	150	-	(50)	-	-	100

Anne Rendell Prize Fund

The provision of a prize to be awarded every year for 10 years for practical or personal encouragement of students.

SOUTH WALES BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

25 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 September 2018 £	Resources expended £	Balance at 1 September 2019 £	Resources expended £	Balance at 31 August 2020 £
Pension Scheme Gift	33,333	(16,667)	16,666	(16,666)	-
	<u>33,333</u>	<u>(16,667)</u>	<u>16,666</u>	<u>(16,666)</u>	<u>-</u>

The trustees agreed to designate additional voluntary payments to the Pension Scheme of £50,000. The final payment was made in 2019/20.

26 Analysis of net assets between funds

	Unrestricted funds 2020 £	Endowment funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Endowment funds 2019 £	Total 2019 £
Fund balances at 31 August 2020 are represented by:						
Tangible assets	652,214	-	652,214	666,393	-	666,393
Investment properties	1,210,000	-	1,210,000	1,210,000	-	1,210,000
Investments	407,186	-	407,186	421,055	-	421,055
Current assets/ (liabilities)	245,008	100	245,108	291,083	150	291,233
Long term liabilities	(167,079)	-	(167,079)	(183,813)	-	(183,813)
	<u>2,347,329</u>	<u>100</u>	<u>2,347,429</u>	<u>2,404,718</u>	<u>150</u>	<u>2,404,868</u>

SOUTH WALES BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

27 Pension Scheme

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

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

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

The Principal and staff tutors are eligible to join the Scheme.

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

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

Actuarial valuation as at 31 December 2019

A formal valuation of the Defined Benefit (DB) Plan was performed at 31 December 2019 by a professionally qualified Actuary using the Projected Unit Method. The market value of the DB Plan assets at the valuation date was £298 million.

The valuation of the DB Plan revealed a deficit of assets compared with the value of liabilities of £18 million (equivalent to a past service funding level of 94%). The College and the other employers supporting the DB Plan are collectively responsible for funding this deficit.

The key assumptions underlying the valuation were as follows:

Type of financial assumption	% pa
RPI price inflation assumption	3.20
CPI price inflation assumption	2.70
Minimum Pensionable Income increases (RPI)	3.20
Assumed investment returns	
- Pre-retirement	2.95
- Post retirement	1.70
Deferred pension increases	
- Pre April 2009	3.20
- Post April 2009	2.50

SOUTH WALES BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

27 Pension Scheme (continued)

Pension increases

- Main Scheme pension Pre April 2006	2.70
- Main Scheme pension Post April 2006	2.00

Post-retirement mortality in accordance with 80% of the S3NFA and S3NMA tables, with allowance for future improvements in mortality rates from 2013 in line with the CMI 2019 core projections, with a long term annual rate of improvement of 1.75% for males and 1.5% for females, with the core smoothing parameter and with additional initial mortality improvement factor A=0.5%.

The next actuarial valuation of the DB Plan within the Scheme is due to take place not later than as at 31 December 2022.

Recovery Plan

In addition to the contributions to the DC Plan set out above, where a valuation of the DB Plan reveals a deficit the Trustee and the Council agree to a rate of deficiency contributions from colleges and other employers involved in the DB Plan.

Under the current Recovery Plan dated 30 September 2020, deficiency contributions are payable until 30 June 2026. These contributions are broadly based on the employer's membership at 31 December 2014 and increase annually in line with increases to Minimum Pensionable Income as defined in the Rules. However, the Trustee and the Council agreed a 50% reduction for all deficiency contributions payable between 1 July 2020 and 31 December 2020.

Movement in Balance Sheet liability

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

Accounting date (year ending):	31 August 2020	31 August 2019
Balance sheet liability at year start	£199,810	£214,378
Minus deficiency contributions paid	-£18,491	-£19,711
Interest cost (recognised in SoFA)	£3,958	£4,705
Remaining change to balance sheet liability* (recognised in SoFA)	-£3,236	£438
Balance sheet liability at year end	£182,041	£199,810

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

Accounting date	31 August 2019	31 August 2019	31 August 2018
Discount rate	1.1%	2.1%	2.3%
Future increases to Minimum Pensionable Income	3.3%	3.3%	3.1%

SOUTH WALES BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

29 Related party transactions

Transactions with related parties

Denzil John (trustee) is also a trustee of the Living Room charity which was a tenant of the College. The College recognised £15,553 of rental income this year (2019: £26,663) from the Living Room.

Revd Rosa Hunt (Co-Principal) is an employee and an ex-officio trustee. The co-principal is not remunerated for her work as a trustee, and is not involved in decisions regarding their remuneration at board level.

30 Operating lease commitments

Lessee

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	1,848	1,888
Between two and five years	1,540	3,388
	<u>5,276</u>	<u>5,276</u>

31 Cash generated from operations

	2020 £	2019 £
(Deficit)/surplus for the year	(60,675)	195,758
Adjustments for:		
Investment income recognised in statement of financial activities	(11,431)	(12,935)
Foreign exchange differences	3,236	-
Fair value gains and losses on investments	21,577	13,771
Depreciation and impairment of tangible fixed assets	14,179	14,179
Difference between pension charge and cash contributions	(17,768)	(14,568)
Movements in working capital:		
Decrease/(increase) in debtors	786	(1,205)
Increase/(decrease) in creditors	1,194	(492)
(Decrease) in deferred income	(15,553)	(27,723)
Cash (absorbed by)/generated from operations	<u>(64,455)</u>	<u>166,785</u>

SOUTH WALES BAPTIST COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

32 Analysis of changes in net funds

The charity had no debt during the year.