

The Baptist Union of Scotland

Annual Report and Financial Statements

For the year ended 31 March 2023



Scottish Charity Number SC049047

A charitable company limited by guarantee registered in Scotland No. SC620266

LEGAL AND ADMINISTRATIVE INFORMATION

Directors

Rev Irene Campbell
Mr Stephen Hagan (Convenor)
Rev Martin Hodson
Mrs Sylvia Jones
Mrs Ruth McCaig
Mr Duncan McGruer
Mr Alan Milnes
Rev Alistair Purss
Mr George Scott
Dr Brian Windram

Secretary

Dr Brian Windram

Charity number (Scotland) SC049047

Company number SC620266

Registered office 48 Speirs Wharf
Glasgow
G4 9TH

Auditor

Innes & Partners Limited
Chartered Certified Accountants and Statutory Auditors
9 Ardross Street
Inverness
IV3 5NN

Bankers

Bank of Scotland
Sauchiehall Street
PO Box 17235
Edinburgh
EH11 1YH

Solicitors

Diakoneo Legal Services Limited
48 Spiers Wharf
Glasgow
G4 9TH

Investment advisors

Investec Wealth & Investment
5 George Square
Glasgow
G2 1DY

Website

www.scottishbaptist.com

The Baptist Union of Scotland

Annual Report and Financial Statements For the year ended 31 March 2023

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The Baptist Union of Scotland

Directors' Report for the year ended 31 March 2023

The Directors present their report and financial statements for the charity's year ended 31 March 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006 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 Baptist Union of Scotland ("the Union") was originally formed in 1869 as an unincorporated voluntary association ("the Association") governed by its Constitution and was registered as a Scottish Charity with the Office of the Scottish Charity Regulator, No. SC004960.

Following a decision by the Baptist Assembly, The Baptist Union of Scotland (the charity) was incorporated in 2019 as a company limited by guarantee (No. SC620266) and is a recognised Scottish Charity (No. SC049047) governed by its Memorandum and Articles of Association.

The Union currently comprises 153 churches with approximately 9,800 members.

The Union's aims and objectives are the advancement of the religion by:

FELLOWSHIP

To strengthen fellowship among Baptists and with all who confess Jesus Christ as Lord by means of local churches, networks, conferences, Assemblies and publications; also by participation in wider Baptist groupings and interdenominational activities.

MISSION

To support and extend Christ's mission both at home and overseas through evangelism, church planting and caring ministries, including the relief of poverty and the benefiting and enhancement of the communities in which churches are situated.

SUPPORT

To offer support in maintaining and developing the work of the churches through accredited and grant-aided ministries, financial assistance with church buildings and expert help in all areas of church life.

CO-ORDINATION

To discover God's will and act together in matters of common concern relating to the life of the Union and the state of the nation.

BAPTIST WITNESS

To bear witness to Baptist principles and maintain records of the Union's life and work through study and research, interchurch dialogue, publications and historical archives.

The Baptist Union of Scotland

Directors' Report

for the year ended 31 March 2023

Achievements and performance

Last year the Council committed to the *Increase* vision, a determination to move from decline to growth. As this has been explained in our national gathering, in local churches and through our social media channels, it has been positively embraced by the vast majority of churches as a calling from God for these times.

The first priority of *Increase* is to demonstrate the Baptist Union is a network of prayer. Significant progress has been made to this end as we have held regional prayer gatherings around the country and hundreds of people have participated in these. The primary focus of our prayers is that the existing churches will increase in number and in depth.

We have also set a target of creating 40 new churches or church revitalisations by 2033. To support this, we have been learning from friends in other denominations and networks and have established our own church-planting network to support Baptist churches. We have developed a partnership with *Forge Scotland* to help us provide training for church planters.

As patterns of church participation and attendance have normalised after the pandemic disruption, it is clear that Baptist churches have contrasting experiences. Many have recorded growth, to some extent through conversions and baptisms but largely through a realignment of church participation in which people are choosing to join more local churches rather than travel greater distances to worship. Our suburban and small town churches have been particular beneficiaries of this trend. Other churches indicate the cost of the pandemic has been high, with some long-term members not returning to worship and others returning to worship in different (not necessarily Baptist) congregations. Some city centre and large town churches have felt this impact.

We continue to provide support for ministers and churches at points of particular need, through the resources of the National Team, the Regional Pastors, the Peaceful Transformations Team and the Settlement Process. The Baptist Union Solicitor provides legal support to churches and in particular has assisted a continuing stream of churches in the process of incorporation as SCIOs.

Overall the number of baptisms has returned roughly to its pre-pandemic level. No churches have closed this year and one new church (Oxgangs Community Church) has become a member of the Baptist Union.

The flow of new ministers is steady; five people have been accepted by the Board of ministry to begin the accreditation process and nine people have completed the pre-accredited years and been accepted as fully accredited ministers. We continue to run a programme of continuing ministry development, focused especially on those in the early years of ministry and have resumed Lead Academy learning communities for church leadership teams.

We remain committed to the development of Younger Leaders. About ten young adults are engaged in the year-long Training Hub whilst also working in internships and similar roles with local churches or Christian charities. We hosted a group of over 100 young people from Baptist churches within the *Magnitude* youth festival and have since entered into partnership with *Magnitude* as one of its key supporting bodies.

Our national gathering for all ages, *Canopy*, took place in June, onsite rather than online for the first time since the pandemic. Around 300 people came together in Dunblane from a wide geographical spread of churches for a day of worship, teaching, fellowship and sharing stories from our churches.

The Baptist Union of Scotland

Directors' Report

for the year ended 31 March 2023

Monitoring Achievement

The Directors, as the charity's Trustees, meet at least three times a year, the Council has two meetings a year, and we hold our annual AGM in autumn. On all of these occasions we review our past and present activities and discuss future strategies.

Financial Review

Principal sources of funds

The principal source of funding to the Baptist Union is through giving by churches to the Scottish Baptist Fund (SBF). Assembly through Council agrees each year the per capita figure which is the basis of the giving to SBF. In the year to March 2023, the per capita figure was £42 per member. Efforts continue to be made to maximise contributions to SBF. Other income sources are occasional legacies, sales of property and income from investments.

Results for the year

The Statement of Financial Activities on page 12 reflects a Net Deficit for the year of £347,304 and, after a credit relating to the charity's pension scheme, a negative Net Movement in Funds of £271,169. Income for the period also included realised gains from the disposal of properties of £108,066.

Strong continuing support by our member churches has kept our current year regular income at a stable level. It should be noted that our previous year comparative income was boosted by £400,367 received from dissolved congregations.

The costs of charitable activities increased by more than £200,000 during the year. The most significant additional cost related to a one-off impairment of one of our properties amounting to £132,500. These costs are analysed in note 8 with some inflationary and post-covid increases in running costs and conferences and two Spring residential Council meetings falling in the current year.

Challenging and uncertain global and domestic economic conditions adversely affected the value of our investment portfolio during the year. This resulted in realised losses on investment disposals of £7,117 and an unrealised negative movement in the value of investments of £134,156.

Reserves Policy

The Directors' policy is to hold Unrestricted General Fund Reserves (as represented by the Scottish Baptist Fund) at a level which equates to around six months costs of Unrestricted expenditure sufficient to maintain the Union's ongoing work. As indicated in Note 22, the Scottish Baptist Fund at 31 March 2023 amounted to £361,322 which was within acceptable levels. Including the net book value of tangible fixed assets, the market value of investments and balances on Restricted Funds, total reserves at 31 March 2023 amounted to £4,411,383 and held as follows:

Restricted Funds	£964,405
Unrestricted Funds	£361,322
Designated Funds	£3,085,656

Investment Policy

The Directors have the power to invest in stocks and shares, investments and property in the UK and engage investment managers to implement this. The policy is to adopt a medium risk investment strategy to provide a good level of income and long-term growth from an ethically invested portfolio. During the period, the charity continued to use the services of Investec as Investment Managers.

The Baptist Union of Scotland

Directors' Report

for the year ended 31 March 2023

Gift Policy

Resourcing Gifts are provided from the Union's Ministry Resource Fund and the Development Fund. Gift applications from member churches are administered by the Gift Group and reviewed annually. The Mission Initiative Fund supports pioneer moves either by churches in to fresh areas or in the planting of new groups, smaller grants from this fund are agreed by the National Team with larger projects being administered by the Gift Group.

Risk Management

The Directors have formalised the process of evaluating the major risks faced by the charity and have implemented procedures to enable these risks to be mitigated. A comprehensive risk register is in place covering all aspects of Union life and work under five headings; Strategic & Legal, Operational, Property, Employment, and Financial. All National Team and Directors' meetings review the impact of agenda items on the risk register.

Plans for the Future

We aim to keep a strong focus on the *Increase* vision. Further regional prayer meetings in areas where there has not yet been one will take place and there are plans to embed the practice of regional prayer as a regular practice. There will be a taster session for our church planting course in late spring, then the first cohort will begin the full year-long programme in September. There are currently four church plants and four church revitalisations under way and we intend to see this number grow in the coming year. We aim to release more gifts to support new church initiatives as well as continuing to resource existing churches in mission and supporting transformative leaders in churches across the country. Where appropriate we will link the provision of financial gifts with a commitment to one of the leadership training options we provide.

Structure, governance and management

Governing document

The Baptist Union of Scotland Ltd (the charity) was incorporated on 5 February 2019 as a company limited by guarantee (No. SC620266) and is a recognised Scottish charity (No. SC049047) governed by its Memorandum and Articles of Association. In addition to a Board of executive and non-executive Directors, the charity has a Council comprising representatives of churches, National Team, representatives of other Baptist related organisations and members co-opted for particular skills.

Assembly through its AGM is the formal decision making forum of the Union, although much of the initial thinking, discussion and decision-making have been delegated by Assembly to the Council which meets at least twice annually. Delegation of appropriate responsibilities is further made to various Task Groups, some of which have ongoing responsibilities whilst others may be appointed for a specific one-off task.

The Directors who served during the year and up to the date of signature of the financial statements were:

The Baptist Union of Scotland

Directors' Report

for the year ended 31 March 2023

Rev Irene Campbell	(appointed 21 November 2022)
Mr Stephen Hagan (Convenor)	
Rev Martin Hodson	
Mrs Sylvia Jones	
Mrs Ruth McCaig	(appointed 21 November 2022)
Rev Carolyn McCrone	(resigned 30 March 2023)
Mr Duncan McGruer	(appointed 21 November 2022)
Mr Brian Miller	(resigned 21 November 2022)
Mr Alan Milnes	
Rev Alistair Purss	
Mr George Scott	
Dr Brian Windram	

The General Director, Convenor, and Finance Director are Office Bearers for the purpose of signing documents. The National Team consists of two executive Directors plus the Development Leads and their responsibilities are as follows:

Convenor – Stephen Hagan

The Convenor is responsible for chairing and finalising the agenda for the Board of Directors, the Council and the Assembly.

General Director - Rev Martin Hodson

In addition to the key role of the General Director within the Baptist Union, there are representational responsibilities in the Baptist World Alliance and the European Baptist Federation and to other Christian churches and UK and Scottish Parliaments.

Finance Director – Dr Brian Windram

The Finance Director is responsible for the management of the financial affairs of the Baptist Union.

Younger Generation Lead & Digital Church Lead – Rev Ali Laing

This role has responsibility for developing the lives of our next generations through training, experience and relationship. An additional digital church remit has been created to explore the potential for mission, worship and connectedness in the online and digital space.

Leadership Development Lead – Rev Andrew Clarke

This role is focused on equipping accredited ministers, leadership teams and emerging leaders.

Deeper Church Lead – Rev Lisa Holmes

This role promotes and encourages the transformative habits of prayer, spiritual formation and disciple-making in our network.

Communications Lead – Lyndsay Cameron-Ross

A role enabling the central team to engage positively with the churches and initiate new channels of communication for deepening togetherness within our network.

Future Church Lead – Rev Glenn Innes

This role involves coaching and advising those who are developing new churches and new church plants and supporting missional reshaping and innovation in existing churches.

Appointment and induction of Directors

The Directors of the charitable company are its Trustees for the purpose of charity law and throughout this report are collectively referred to as Directors.

The responsibilities of Directors, in accordance with relevant Charities legislation and good practice, are to oversee the legal, financial, charitable and strategic life of the Union. To enable the Directors to fulfil their responsibilities, all records of meetings of the National Team, Task Groups, and other groups are provided to them.

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Directors' Report

for the year ended 31 March 2023

Executive Directors are appointed by Council. Non-executive Directors are appointed by Assembly at the Annual General Meeting, the Board having power to co-opt during the year. Non-executive Directors shall be appointed for an initial period of three years and will thereafter be eligible for re-election for a further three year period. On completion of two consecutive three-year terms of service, a non-executive Director must stand down and will not be eligible for election until at least one year has elapsed from the end of the second three year term of service.

The Directors, by virtue of their appointment, are members of Council and Assembly and the Board of Directors meets at least three times a year.

Prior to their appointment, Directors are usually familiar with many aspects of the Union's work and with its Values and Aims and Objectives. On appointment, they receive an induction programme covering their statutory responsibilities and the general nature of their role. Non-executive Directors serve the charity on a voluntary basis.

New non-executive Directors are appointed for a 3 year term and are eligible for reappointment for one further term.

Key Management Personnel and Remuneration

The Directors consider the Board and the National Team (see Note 11) as the charity's Key Management Personnel with regard to directing, controlling and running the charity's daily activities. The salaries of the Key Management Personnel are based on graded multipliers of the Reference Stipend figure for churches agreed annually by Council.

Auditor

A resolution proposing that Innes & Partners, Chartered Certified Accountants and Statutory Auditors, be re-appointed as auditor of the charitable company will be put to the Annual General Meeting.

Disclosure of information to auditor

Each of the Directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The Directors' Report was approved by the Board of Directors.



Dr Brian S Windram

Director

Dated: 13th Sept 2023

The Baptist Union of Scotland

Directors' Report for the year ended 31 March 2023

Statement of Directors' Responsibilities

The Directors, who are also the Trustees for the purpose of charity law, are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Directors 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, including the income and expenditure, of the charitable company for that year.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP FRS 102;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006. 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.

The Baptist Union of Scotland

Independent Auditor's Report

To the Trustees of The Baptist Union of Scotland for the year ended 31 March 2023

Opinion

We have audited the financial statements of The Baptist Union of Scotland (the 'charitable company') for the year ended 31 March 2023 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheets, the Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charitable company's affairs as at 31 March 2023 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 Directors' 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors 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, other than the financial statements and our Auditor's report thereon. The Directors 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.

The Baptist Union of Scotland

Independent Auditor's Report

To the Trustees of The Baptist Union of Scotland for the year ended 31 March 2023

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report, prepared for the purposes of company law and included within the Directors' Annual Report, for the financial year for which the financial statements are prepared, is consistent with the financial statements, and
- the Directors' Report, included within the Directors' Annual Report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors 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 Directors 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 Directors (who are also the Trustees of the parent charitable company for the purposes of charity law) are responsible for assessing the charitable company'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 Directors either intend to liquidate the charitable company 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 Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts 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.

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Independent Auditor's Report

To the Trustees of The Baptist Union of Scotland for the year ended 31 March 2023

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:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with Directors and other management, and from our wider knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Act 2006, Charities SORP FRS 102, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Audit response to risks identified

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- requesting correspondence with HMRC, OSCR and the legal advisors of the charitable company.

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Independent Auditor's Report

To the Trustees of The Baptist Union of Scotland for the year ended 31 March 2023

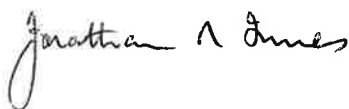
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Directors and other management and the inspection of regulatory and legal correspondence, if any.

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 is available on the Financial Reporting Council's website at: <https://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 parent charitable company's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the parent charitable company's Trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the parent charitable company's Members and 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 parent charitable company, its Members as a body and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Jonathan N Innes FCCA

Senior Statutory Auditor

for and behalf of Innes & Partners Limited, Statutory Auditor

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.

9 Ardross Street

Inverness

IV3 5NN

Date: 13 / 9 2023

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Statement of Financial Activities (incorporating Income and Expenditure account)

For the year ended 31 March 2023

		<u>Unrestricted</u>				
	Notes	Unrestricted funds	Designated funds	Restricted funds	Total 2023	Total 2022
		£	£	£	£	£
Income from:						
Donations and legacies	3	422,072	5,352	1,325	428,749	821,755
Income from Charitable Activities	4	34,222	15,625	11,390	61,237	56,371
Investment Income	5	41,086	-	-	41,086	11,692
Other income	6	-	99,349	8,717	108,066	204,662
Total Income		497,380	120,326	21,432	639,138	1,094,480
Expenditure on:						
Raising funds	7	1,946	13,179	3,410	18,535	8,367
Cost of Charitable activities	8	547,832	266,788	12,014	826,634	620,824
Total Expenditure		549,778	279,967	15,424	845,169	629,191
Net gains/(losses) on investments	13	(14,833)	(100,445)	(25,995)	(141,273)	28,119
Net income/(expenditure) for the year		(67,231)	(260,086)	(19,987)	(347,304)	493,408
Transfers between funds	21	51,523	(54,523)	3,000	-	-
Other recognised gains and losses						
Credit in respect of pension recovery plan	20	-	76,135	-	76,135	20,281
Net movement in funds		(15,708)	(238,474)	(16,987)	(271,169)	513,689
Fund balances at 1 April 2022		377,030	3,324,130	981,392	4,682,552	4,168,863
Total funds carried forward		361,322	3,085,656	964,405	4,411,383	4,682,552

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

The notes on pages 15 to 32 form an integral part of these financial statements.

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Balance Sheet as at 31 March 2023

		2023		2022	
		£	£	£	£
	Note				
Fixed Assets					
Tangible Fixed Assets	14		1,277,810		1,661,913
Investments	15		<u>2,014,510</u>		<u>2,134,744</u>
			3,292,320		3,796,657
Current Assets					
Debtors	17	358,075		318,052	
Cash and Bank balances		<u>798,368</u>		<u>666,088</u>	
		1,156,443		984,140	
Creditors: amounts due within one year	18	<u>37,380</u>		<u>24,245</u>	
Net Current Assets			1,119,063		959,895
Total assets less current liabilities			<u>4,411,383</u>		<u>4,756,552</u>
Provision for Liabilities	19		-		(74,000)
Net assets			<u><u>4,411,383</u></u>		<u><u>4,682,552</u></u>
Income funds					
Restricted Funds	22		964,405		981,392
Unrestricted Funds	22				
Designated funds		3,085,656		3,324,130	
General unrestricted funds		<u>361,322</u>		<u>377,030</u>	
			3,446,978		3,701,160
			<u><u>4,411,383</u></u>		<u><u>4,682,552</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Directors on 13th September 2023



Dr Brian S Windram
Director

Company Registration No. SC620266

The notes on pages 15 to 32 form an integral part of these financial statements

The Baptist Union of Scotland

Statement of Cash Flows

For the year ended 31 March 2023

		2023	2022
		£	£
Cash flows from operating activities			
Cash generated from / (absorbed by) operations	25	(236,594)	20,782
Investing activities			
Purchase of tangible fixed assets	(3,130)	(15,641)	
Proceeds from sale of tangible fixed assets	330,918	450,481	
Purchase of investments	-	(1,600,000)	
Dividends/Interest received	41,086	11,692	
Net cash generated from/(used in) investing activities:		368,874	(1,153,468)
Net cash used in financing activities		-	-
Net increase /(decrease) in cash and cash equivalents		132,280	(1,132,686)
Cash and cash equivalents at the beginning of the year		666,088	1,798,774
Cash and cash equivalents at the end of the year		<u>798,368</u>	<u>666,088</u>

The notes on pages 15 to 32 form an integral part of these financial statements

The Baptist Union of Scotland

Notes to the Financial Statements for the year ended 31 March 2023

1 Accounting policies

Charity information

The Baptist Union of Scotland is a private company limited by guarantee incorporated in Scotland. The registered office is 48 Speirs Wharf, Glasgow, G4 9TH.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's Memorandum and Articles of Association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006 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 FRS102.

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 investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

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

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

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

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.

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 is recognised at the time of the donation.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that confirmation has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can

The Baptist Union of Scotland

Notes to the Financial Statements for the year ended 31 March 2023

be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of confirmation, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income from Charitable Activities

Income from charitable activities includes income earned both from the supply of goods or services. Such income is recognised or earned as the related goods or services are provided.

Investment income

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised when the shareholder's right to receive payment is established, measured at the fair value receivable. Generally this is upon notification by the investment advisor once the dividend has been declared.

Other income

Other income represents income that cannot be reported under the other analysis headings provided within the Statement of Financial Activities and is recognised when the charity is entitled to the income, it is probable that it will be received and the amount can be measured reliably by the charity.

Donated goods

Fixed asset gifts in kind are recognised when receivable and are included at fair value.

1.5 Expenditure

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured or estimated reliably.

Liabilities are measured on recognition at historical cost and then subsequently measured at the best estimate of the amount required to settle the obligation at the reporting date. The exception is that certain financial instruments must be adjusted to their present value; these include financial liabilities where settlement is deferred for more than 12 months after the reporting date.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings.

Raising Funds

Raising funds represents the fees charged for managing the charity's investment portfolio.

Charitable activities

Expenditure on charitable activities includes all costs incurred by the charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities. The costs of charitable activities presented in the Statement of Financial Activities includes the costs of both direct service provision and the payments of grant awards if applicable.

Governance costs

Governance costs (which are included as a component of support costs in accordance with SORP) comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include those related to constitutional and statutory requirements, external scrutiny (audit or independent examination), strategic management, and other legal and professional fees.

The Baptist Union of Scotland

Notes to the Financial Statements for the year ended 31 March 2023

Taxation and Irrecoverable VAT

The Baptist Union of Scotland is recognised as a charity by HM Revenue & Customs and is not liable for corporation tax on any surplus made on its charitable activities. No provision for corporation tax is made in the financial statements. The charity is not registered for VAT and expenditure therefore includes irrecoverable input VAT.

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:

Property	over 50 years straight line method
Fixtures and equipment	25% on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the period.

1.7 Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market value. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the period. Fair value is deemed to be market value.

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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.

1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Baptist Union of Scotland

Notes to the Financial Statements for the year ended 31 March 2023

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.

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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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.

1.11 Employee benefits

Employees of The Baptist Union of Scotland are members of the Baptist Pension Scheme in either the Ministers' section or the Staff section. From January 2012, these are both Defined Contribution Schemes, comply with the requirements of Auto Enrolment and contributions are charged to the Scottish Baptist Fund. Prior to January 2012, these Schemes were Defined Benefit Schemes. The Staff DB Scheme was subject to a buyout and closed in 2019. The Ministers' Scheme still has a deficit liability with agreed deficit contributions being made and charged to the Pension Reserve Fund. Note 20 provides further information about pension obligations.

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

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method and is based on actuarial advice.

The Baptist Union of Scotland

Notes to the Financial Statements for the year ended 31 March 2023

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Directors 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.

The Baptist Union of Scotland

Notes to the financial statements for the year ended 31 March 2023

	Unrestricted		Restricted	Total	Total
	General	Designated	Funds	2023	2022
	Funds	Funds			
	£	£	£	£	£
3. Donations and legacies					
Contributions from Churches	407,083	-	-	407,083	398,138
Donations	1,086	5,352	75	6,513	5,430
Legacies receivable	13,903	-	-	13,903	16,570
Dissolutions	-	-	-	-	400,367
Church & Manse loan fund	-	-	1,250	1,250	1,250
	<u>422,072</u>	<u>5,352</u>	<u>1,325</u>	<u>428,749</u>	<u>821,755</u>
4. Income from Charitable Activities					
Church & manse loan interest	-	-	531	531	2,764
Training & development	10,801	225	-	11,026	5,655
Assembly income	5,812	-	-	5,812	7,800
Rental income	10,666	15,400	10,859	36,925	37,014
Sundry income	6,943	-	-	6,943	3,138
	<u>34,222</u>	<u>15,625</u>	<u>11,390</u>	<u>61,237</u>	<u>56,371</u>
5. Investment income					
Income from listed investments	39,576	-	-	39,576	11,527
Interest receivable	1,510	-	-	1,510	165
	<u>41,086</u>	<u>-</u>	<u>-</u>	<u>41,086</u>	<u>11,692</u>
6. Other Income					
Gain on sale of property assets	-	99,349	8,717	108,066	204,662
	<u>-</u>	<u>99,349</u>	<u>8,717</u>	<u>108,066</u>	<u>204,662</u>

The Baptist Union of Scotland

Notes to the financial statements for the year ended 31 March 2023

	Unrestricted		Restricted	Total	Total
	General	Designated	Funds	2023	2022
	Funds	Funds			
	£	£	£	£	£
7. Raising funds					
Investment Management costs	1,946	13,179	3,410	18,535	8,367
	<u>1,946</u>	<u>13,179</u>	<u>3,410</u>	<u>18,535</u>	<u>8,367</u>
8. Cost of charitable activities					
Staff costs	387,134	5,655	-	392,789	376,554
Depreciation	1,957	26,958	2,966	31,881	35,696
Impairment	-	132,500	-	132,500	-
Premises costs	29,331	17,689	7,267	54,287	47,349
Running costs	42,198	181	181	42,560	30,527
Legal & Professional fees	4,968	-	-	4,968	6,887
Interest and finance charges	-	2,135	-	2,135	766
Governance costs	10,800	-	-	10,800	15,268
Assembly and committee costs	39,396	-	-	39,396	10,100
Affiliation & representation costs	13,762	-	-	13,762	12,701
CMD, conferences and training	12,326	118	-	12,444	8,132
Convenor's expenses	-	-	-	-	1,139
Grant funding (Note 9)	5,960	81,552	1,600	89,112	75,705
	<u>547,832</u>	<u>266,788</u>	<u>12,014</u>	<u>826,634</u>	<u>620,824</u>
9. Gifts					
Ministry Resource gifts - churches	-	61,777	-	61,777	49,934
Ministry Initiative gifts - churches	-	8,767	-	8,767	14,500
Development fund gifts - churches	-	6,380	-	6,380	-
Other gifts - churches etc	5,485	1,000	-	6,485	6,008
Other gifts - ministers	475	-	1,600	2,075	1,568
Other financial support	-	3,628	-	3,628	3,695
	<u>5,960</u>	<u>81,552</u>	<u>1,600</u>	<u>89,112</u>	<u>75,705</u>
	£	£	£	Total 2023 £	2022 £
Ministry Resource Gifts to churches					
Hillview/Kintore	-	-	-	-	13,750
Stirling	-	8,500	-	8,500	8,500
Motherwell	-	8,333	-	8,333	8,333
Coastline	-	7,792	-	7,792	7,083
Calderwood	-	-	-	-	3,750
Stenhouse	-	5,200	-	5,200	3,900
Granton	-	4,523	-	4,523	1,643
Viewfield	-	3,400	-	3,400	2,975
Falkirk	-	9,800	-	9,800	-
Lerwick	-	6,729	-	6,729	-
Portobello	-	7,500	-	7,500	-
	<u>-</u>	<u>61,777</u>	<u>-</u>	<u>61,777</u>	<u>49,934</u>

The Baptist Union of Scotland

Notes to the financial statements for the year ended 31 March 2023

10. Statement of Financial Activities for the year ended 31 March 2022

	Unrestricted		Restricted	2022
	General Funds £	Designated Funds £	Funds £	£
Income from:				
Donations and legacies	419,863	400,367	1,525	821,755
Income from Charitable Activities	27,192	15,840	13,339	56,371
Investments income	2,159	7,712	1,821	11,692
Other Income	-	204,662	-	204,662
Total Income	<u>449,214</u>	<u>628,581</u>	<u>16,685</u>	<u>1,094,480</u>
Expenditure on:				
Raising funds				
Investment Management costs	1,448	5,597	1,322	8,367
Cost of charitable activities	479,136	126,377	15,311	620,824
Total expenditure	<u>480,584</u>	<u>131,974</u>	<u>16,633</u>	<u>629,191</u>
Net gains/(losses) on investments	4,864	18,812	4,443	28,119
Net income for the period	<u>(26,506)</u>	<u>515,419</u>	<u>4,495</u>	<u>493,408</u>
Transfers between funds	-	(903)	903	-
Other recognised gains and losses				
Credit in respect of pension recovery plan	-	20,281	-	20,281
Net movement in funds	<u>(26,506)</u>	<u>534,797</u>	<u>5,398</u>	<u>513,689</u>
Fund balances brought forward	403,536	2,789,333	975,994	4,168,863
Total funds carried forward	<u>377,030</u>	<u>3,324,130</u>	<u>981,392</u>	<u>4,682,552</u>

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

The notes on pages 15 to 32 form an integral part of these financial statements.

The Baptist Union of Scotland

Notes to the financial statements for the year ended 31 March 2023

11. Employees

	2023 No.	2022 No.
Management	<u>13</u>	<u>12</u>

This represents a Full Time Equivalent of 8 staff.

Employment costs

	2023 £	2022 £
Salaries	317,175	282,286
Social Security Costs	25,321	26,896
Pension Costs - defined contribution scheme	35,976	43,546
Pension Costs - defined benefit scheme	5,655	16,958
Other employee benefits	8,662	6,868
	<u>392,789</u>	<u>376,554</u>

There were no employees who received remuneration over £60,000 in the period.

Key Management Remuneration

In their roles as National Team members and therefore as key management personnel, Rev Martin Hodson, Rev Andrew Clark, Rev Ali Laing, Rev Lisa Holmes, Rev Glenn Innes, Dr Brian Windram and Lyndsay Cameron-Ross received total remuneration during the year of £275,698 (£199,848 for the year to 31 March 2022).

12. Net income/(expenditure) for the year

	2023 £	2022 £
Net income/(expenditure) for the year is stated after charging:		
Auditor's fees for the audit of the statutory financial statements	10,800	15,268
Depreciation of owned tangible fixed assets	31,881	35,696
Impairment of owned tangible fixed assets	132,500	-

13. Net gains/(losses) on investments

	Funds		Total 2023 £	2022 £
	Unrestricted £	Restricted £		
Realised gain/(loss) on investment disposals	(5,807)	(1,310)	(7,117)	3,020
Unrealised movement in value of investments	(109,471)	(24,685)	(134,156)	25,099
	<u>(115,278)</u>	<u>(25,995)</u>	<u>(141,273)</u>	<u>28,119</u>

The Baptist Union of Scotland

Notes to the financial statements for the year ended 31 March 2023

14. Tangible Fixed Assets

	Properties £	Fixtures & Equipment £	Total £
Cost			
At 31 March 2022	1,722,091	17,473	1,739,564
Additions	-	3,130	3,130
Disposals	(225,887)	-	(225,887)
At 31 March 2023	<u>1,496,204</u>	<u>20,603</u>	<u>1,516,807</u>
Depreciation and impairment			
At 31 March 2022	65,676	11,975	77,651
Disposals	(3,035)	-	(3,035)
Depreciation charged in the year	29,924	1,957	31,881
Impairment of property	132,500	-	132,500
At 31 March 2023	<u>225,065</u>	<u>13,932</u>	<u>238,997</u>
Carrying amount			
At 31 March 2023	<u>1,271,139</u>	<u>6,671</u>	<u>1,277,810</u>
At 31 March 2022	<u>1,656,415</u>	<u>5,498</u>	<u>1,661,913</u>

Cost/Valuations comprise the following:

The carrying value of properties includes the church property at Carbrain, Cumbernauld (£94,000) which is due to be conveyed to the local congregation at £nil value once certain legal matters have been resolved. An offer has been received for the Partick Church building which is below the current book resulting in the recognition of an impairment charge.

15. Fixed asset investments

	Listed Investments £	Investment property £	Total £
Fair value (market value)			
At 1 April 2022	2,026,456	108,288	2,134,744
Additions	439,483	-	439,483
Valuation changes	(141,273)	-	(141,273)
Disposals and fees	(418,444)	-	(418,444)
At 31 March 2023	<u>1,906,222</u>	<u>108,288</u>	<u>2,014,510</u>
Carrying amount			
At 31 March 2023	<u>1,906,222</u>	<u>108,288</u>	<u>2,014,510</u>
Property			
77 Brisbane Road, Largs		<u>108,288</u>	
Total Investments			<u>2,014,510</u>

The fair value of listed investments is determined by reference to the mid-market price on the relevant stock exchange on the balance sheet date. Investments at fair value comprise securities £1,872,036 (2022: £1,731,154) and cash within the investment portfolio £34,185 (2022: £295,302).

The investment property has been included at cost. The directors have carried out a valuation at the year end reviewing sales of similar property in the area and have concluded a fair value of £108,000. The cost is not materially different from this valuation and is deemed to be the fair value at 31 March 2023.

The Baptist Union of Scotland

Notes to the financial statements for the year ended 31 March 2023

16. Financial Instruments	2023	2022
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,148,780	979,092
Equity instruments measured at cost less impairment	2,014,510	2,134,744
	<hr/>	<hr/>
Carrying amount of financial liabilities		
Measured at amortised cost	30,716	16,443
	<hr/>	<hr/>
17. Debtors	2023	2022
	£	£
Amounts falling due within one year:		
Church & Manse loans	66,772	46,680
Prepayments and accrued income	7,663	5,048
	<hr/>	<hr/>
	74,435	51,728
Amounts falling due after more than one year:		
Church & Manse loans	283,640	266,324
	<hr/>	<hr/>
Total debtors	358,075	318,052
	<hr/>	<hr/>
18. Creditors: falling due within one year	2023	2022
	£	£
Accruals and deferred income	30,716	17,222
Other taxation and social security	6,664	7,023
	<hr/>	<hr/>
	37,380	24,245
	<hr/>	<hr/>
Deferred income of £4,180 (2022: nil) comprised Holiday property rental income received in advance of £3,700 and Events income received in advance of £480.		
19. Provisions for liabilities	2023	2022
	£	£
Defined Benefit pension liability		74,000
	<hr/>	<hr/>

Note 20

The Baptist Union of Scotland

Notes to the financial statements for the year ended 31 March 2023

20. Pensions obligations (FRS102 disclosure)

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

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. Prior to this date, the main benefit provided through the Defined Benefit (DB) Plan was a 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.

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 Broadstone Corporate Benefits Ltd. 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 if they are unable to work due to long-term incapacity. This income protection policy has been insured by the Baptist Union of Great Britain with Aviva Limited. Members of the Basic Section pay reduced contributions of 5% of Pensionable Income, and their employers also pay a total of 5%.

The Scheme is considered to be a multi-employer scheme as described in Section 28 of FRS102. As it is not possible to attribute the Scheme's assets and liabilities to specific employers, the Scheme is accounted for as if the Scheme were a defined contribution scheme.

The BUS National Team and members of the staff team are eligible to join the Scheme.

Actuarial valuation as at 31 December 2019

A formal valuation of the DB Plan as at 31 December 2019 was carried out by a professionally qualified Actuary using the Projected Unit Method. At the valuation date the market value of the DB Plan assets was £298 million, whilst the level of assets needed to pay benefits was £316m, giving a deficit of £18m (equivalent to a past service funding level of 94%). The charity and the other participating employers in the DB Plan are collectively responsible for funding this deficit.

The key financial 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 increase adjustment (above CPI)	0.50
Pre-retirement assumed investment returns (gilt yield plus 1.75% pa)	2.95
Post-retirement assumed investment returns (including benefits matched by the insurance policy) (gilt yield plus 0.5%)	1.70
Minimum Pensionable Income increases (CPI plus 0.5%)	3.20
Deferred pension increases (based on RPI)	
- Pre April 2009	3.20
- Post April 2009	2.50
Pension increases	
- based on CPI with an annual floor of 0% and an annual cap of 5%	2.70

Mortality is assumed in accordance with 80% of the S3NA standard mortality table. Future improvements projected from 2013 in line with the CMI 2019 projection with a long term rate of improvement of 1.75%pa for males and 1.5%pa 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 will begin in 2023 to reflect the position as at 31 December 2022.

The Baptist Union of Scotland

Notes to the financial statements for the year ended 31 March 2022

20. Pension obligations (FRS102 disclosure), continued

Recovery Plan

In addition to the contributions to the DC Plan set out above, where a valuation of the DB Plan reveals a deficit the Trustee and the BUGB Council agree to a rate of deficiency contributions from employers in the DB Plan. Following the 2019 valuation a Recovery Plan was signed in September 2020 under which deficiency contributions are payable until 30 June 2026. These contributions were broadly based on each 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.

On 30th June 2022 the Baptist Pension Scheme signed an agreement with the insurance company Just Group ("Just") to secure DB Plan members' pension benefits. Just are now providing financial backing for all pensions provided through the Scheme's DB Plan and following this transaction, the Scheme no longer has a shortfall. An updated Recovery plan was then signed in August 2022 under which recovery contributions from each participating employer in the DB Plan reduced to £1 per month from August 2022.

Movement in Balance Sheet liability

Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

<i>Accounting date</i>	31 March 2023	31 March 2022
Balance Sheet liability at year start	£74,000	£93,515
Minus deficiency contributions paid	(£5,655)	(£16,758)
Interest cost (recognised in SoFA)	£2,135	£766
Remaining change to balance sheet liability* (recognised in SoFA)	(£70,480)	(£3,523)
Balance Sheet liability at year end	£0	£74,000

* 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:

<i>Accounting date</i>	31 March 2023	31 March 2022
Discount rate	5.60%	3.00%
Future increases to Minimum Pensionable Income	0.00%	4.90%

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Notes to the financial statements for the year ended 31 March 2023

21. Transfers between funds

		Unrestricted funds £	Designated funds £	Restricted funds £	Total funds £
Year ended 31 March 2023					
General fund	1.	50,000	(50,000)	-	-
Arran Manse disposal	2.			(81,569)	(81,569)
				81,569	81,569
Uddingston Church disposal	3.		(249,349)		(249,349)
		4,523	244,826		249,349
Ministry Advisor fund	4.	(3,000)		3,000	-
		<u>51,523</u>	<u>(54,523)</u>	<u>3,000</u>	<u>-</u>

1. Transfer of reserves to General fund from Development fund per budget
2. Proceeds of sale transferred to Church and Manse Loan Revenue fund.
3. Proceeds of sale transferred to Development fund and expenses reimbursed to General fund.
4. Transfer of funds to Ministry Advisor Fund from General fund

Year ended 31 March 2022

Ministry Advisor Property disposal	1.		(261,060)		(261,060)
			261,060		261,060
Retirement Housing disposal	2.		(189,422)		(189,422)
			189,422		189,422
Outreach Projects	3.		(3,891)		(3,891)
			3,891		3,891
Scotbuild Training	4.		(903)	903	-
Holiday House refurbishment	5.			9,600	9,600
				(9,600)	(9,600)
		<u>-</u>	<u>(903)</u>	<u>903</u>	<u>-</u>

1. Proceeds of sale transferred to Ministry Resources Revenue fund.
2. Proceeds of sale transferred to Development reserve.
3. Fund closed and remaining balance transferred to Mission Initiative fund.
4. Fund closed and remaining balance transferred to Ministry Advisor fund
5. Capital expenditure on Holiday House

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Notes to the financial statements for the year ended 31 March 2023

22. Funds Summary

	Opening Balance £	Movements in Funds Income £	Expenditure £	Transfers £	Revaluations, gains & losses £	Balance at 31 March 2023 £
Unrestricted Funds						
Scottish Baptist fund	377,030	497,380	(549,778)	51,523	(14,833)	361,322
Designated Funds (Revenue)						
Ministry Resources fund	341,003	-	(63,241)	-	(11,160)	266,602
Mission Initiative fund	122,296	-	(9,249)	-	(3,673)	109,374
Corunna House	1,198	-	-	-	-	1,198
Response	9,075	-	(1,000)	-	-	8,075
Retirement Housing - Revenue	65,608	15,400	(17,870)	-	-	63,138
Pension Reserve	277,428	-	(10,218)	-	57,628	324,838
Development Reserve	958,185	5,577	(18,931)	194,826	(67,105)	1,072,552
	1,774,793	20,977	(120,509)	194,826	(24,310)	1,845,777
Designated Funds (Property)						
BUS Offices - Speirs Wharf	202,544	-	(4,354)	-	-	198,190
Partick Church	339,500	-	(139,500)	-	-	200,000
Carbrain Church	96,000	-	(2,000)	-	-	94,000
Uddingston Church	150,000	-	-	(249,349)	99,349	-
Retirement Housing - Capital	761,293	-	(13,604)	-	-	747,689
	1,549,337	-	(159,458)	(249,349)	99,349	1,239,879
Restricted funds (Revenue)						
Church & Manse Loan - revenue	760,996	1,781	(3,410)	81,569	(25,995)	814,941
Holiday Housing - Revenue	3,578	10,859	(7,448)	-	-	6,989
Other Restricted - Ministry Advisor	1,452	75	(1,600)	3,000	-	2,927
	766,026	12,715	(12,458)	84,569	(25,995)	824,857
Restricted funds (Property)						
Church & Manse Loan - property	160,139	-	(1,819)	(81,569)	8,717	85,468
Holiday Housing - property	55,227	-	(1,147)	-	-	54,080
	215,366	-	(2,966)	(81,569)	8,717	139,548
Unrestricted funds	377,030	497,380	(549,778)	51,523	(14,833)	361,322
Designated funds	3,324,130	20,977	(279,967)	(54,523)	75,039	3,085,656
Restricted funds	981,392	12,715	(15,424)	3,000	(17,278)	964,405
Total Funds	4,682,552	531,072	(845,169)	-	42,928	4,411,383

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Notes to the financial statements for the year ended 31 March 2023

22.

Funds summary for the period to 31 March 2022

	Opening Balance £	Movements in Funds Income £	Expenditure £	Transfers £	Revaluations, gains & losses £	Balance at 31 March 2022 £
Unrestricted Funds						
Scottish Baptist fund	403,536	449,214	(480,584)	-	4,864	377,030
Designated Funds (Revenue)						
Ministry Resources fund	126,186	1,360	(50,921)	261,060	3,318	341,003
Mission Initiative fund	131,841	392	(14,784)	3,891	956	122,296
Outreach Projects	4,906	-	(1,015)	(3,891)	-	-
Corunna House	1,198	-	-	-	-	1,198
Response	9,075	-	-	-	-	9,075
Retirement Housing - Revenue	61,809	15,840	(12,041)	-	-	65,608
Scotbuild Training	903	-	-	(903)	-	-
Pension Reserve	271,605	1,130	(18,344)	-	23,037	277,428
Development Reserve	508,986	255,197	(7,202)	189,422	11,782	958,185
	1,116,509	273,919	(104,307)	449,579	39,093	1,774,793
Designated Funds (Property)						
BUS Offices - Speirs Wharf	207,608	-	(5,064)	-	-	202,544
Partick Church	346,500	-	(7,000)	-	-	339,500
Carbrain church	98,000	-	(2,000)	-	-	96,000
Uddingston Church	-	150,000	-	-	-	150,000
Retirement Housing - Capital	837,450	-	(13,604)	(189,422)	126,869	761,293
Ministry Resource fund	183,266	-	-	(261,060)	77,794	-
	1,672,824	150,000	(27,668)	(450,482)	204,663	1,549,337
Restricted funds						
Church & Manse Loan - revenue	752,040	5,835	(1,322)	-	4,443	760,996
Holiday Housing - Revenue	10,265	10,575	(7,662)	(9,600)	-	3,578
Other Restricted - Ministry Advisor	3,441	275	(3,167)	903	-	1,452
Church & Manse Loan - property	163,476	-	(3,337)	-	-	160,139
Holiday Housing - property	46,772	-	(1,145)	9,600	-	55,227
	975,994	16,685	(16,633)	903	4,443	981,392
Unrestricted funds	403,536	449,214	(480,584)	-	4,864	377,030
Designated funds	2,789,333	423,919	(131,975)	(903)	243,756	3,324,130
Restricted funds	975,994	16,685	(16,633)	903	4,443	981,392
Total Funds	4,168,863	889,818	(629,192)	-	253,063	4,682,552

23. Purposes of Funds - Designated Funds

The income funds of the charity include funds which have been set aside out of unrestricted funds by the Directors for specific purposes.

Mission Initiative fund

Provides grants for new initiatives in mission.

Retirement Housing - Revenue

Receives rental income and meets the costs of maintaining the retirement property portfolio.

Corunna House

Funds from the sale of a property in Corunna Street used for the support of the needy.

Outreach Projects

Provides grants to churches for new evangelistic projects. This fund was closed at 31 March 2022 with the balance of £3,891 was transferred to the Mission Initiative Fund which has a similar purpose.

Pension Reserve

To provide support for the settlement of Minister's Pension Scheme employer debts in special circumstances.

Response

Enables the General Director to respond at their discretion to special needs.

Scotbuild Training

To finance the purchase of resources relating to the Christian Worker certificate. This fund was closed at 31 March 2022 with the balance of £903 being transferred to the Ministry Advisor Fund.

Ministry Resources - revenue

Provides grants to support churches engaging pastors or additional workers.

Designated Property funds

Represents the net book value of properties held by Unrestricted funds.

Development Reserve

Represents proceeds from capital assets and other excess funds for investment in the 'increase vision' including church planting, training pathways and regional prayer events.

The Baptist Union of Scotland

Notes to the financial statements for the year ended 31 March 2023

23. Purposes of Funds - Restricted Funds

The income funds of the charity include restricted funds comprising the unexpended balances of donations and grants held on trust for specific purposes.

Church & Manse Loan fund

Provides loans assistance to churches constructing, buying or improving church buildings.

Holiday Housing

Established by the gift of a property to the Union for the purposes of providing subsidised holiday accommodation for Scottish Baptist ministers and their families.

Ministry Advisor Fund

This is a fund by which the General Director may, at their discretion, give financial support to Ministers.

24. Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Fund balances at 31 March 2023 are represented by:				
Tangible assets	6,671	1,131,591	139,548	1,277,810
Investments	200,000	1,464,510	350,000	2,014,510
Current assets	192,031	489,555	474,857	1,156,443
Current and other liabilities	(37,380)	-	-	(37,380)
Pension provision	-	-	-	-
	361,322	3,085,656	964,405	4,411,383

	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Fund balances at 31 March 2022 represented by:				
Tangible assets	5,498	1,441,050	215,366	1,661,914
Investments	346,455	1,468,288	320,000	2,134,743
Current assets	49,322	488,792	446,026	984,140
Current and other liabilities	(24,245)	-	-	(24,245)
Pension provision	-	(74,000)	-	(74,000)
	377,030	3,324,130	981,392	4,682,552

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Notes to the financial statements for the year ended 31 March 2023

25 Cash generated from operations

	2023 £	2022 £
Net income for the year	(271,169)	513,689
Adjustments for:		
Investment income recognised in statement of financial activities	(41,086)	(11,692)
Fair value gains and losses on investments (excl dep'n)	12,168	(235,941)
Uddingston Church conveyed on dissolution	-	(150,000)
Depreciation and impairment of tangible fixed assets	164,381	35,696
Movements in working capital:		
(Increase) / decrease in debtors	(40,023)	(119,826)
Decrease in creditors	(60,865)	(11,144)
Cash generated from/ (absorbed by) operations	(236,594)	20,782

26. Directors

None of the Directors (or any persons connected with them) received any remuneration or benefits in their capacity as Directors from the charity during the year (£nil for the year to 31 March 2022). See Note 27.

27. Related Party Transactions

Rev Martin Hodson, who is a director of the charity, received a salary of £51,069 (2022: £49,435), pension benefits of £5,092 (2022: £4,931) and had council tax paid of £2,886 (2022: £2805) for his role as a National Team member for the year ended 31 March 2023.

Dr Brian Windram, who is a director of the charity, received a salary of £19,668 (2022: £8,008), pension benefits of £1,884 (2022: £686) for his role as a National Team member for the year ended 31 March 2023.

One non-executive Directors is a leader in a church who receives support from the Union by way of loan. No non-executive Director is part of the review and award process for grants or loans.

Mr Alan Holloway, who is a member of Council, the decision-making body of the charity, received a salary of £27,392 (2022: £26,398), pension benefits of £2,731 (2022: £2,637) for his role as in house solicitor for the year ended 31 March 2023.

There were no other related party transactions.

28. Contingent Assets

As at 31 March 2023, the charity had been notified of a residuary legacy the value of which is uncertain as the executor is awaiting confirmation. £9,266 was received on 10 May 2023 and £28,918 was received on 19 July 2023. As the value was unknown at the year end this legacy has not been accrued.

On 22 August 2023, the charity was notified of a further residuary legacy. This is likely to be in the region of £127,000. This was not known prior to 31 March 2023 and has not been accrued.