

Scottish Charity Number SC004960

Baptist Union of Scotland

Annual Report and Financial Statements

For the year ended 31 March 2019



Baptist Union of Scotland

Annual Report and Financial Statements *For the year ended 31 March 2019*

Contents

	Page
Report of the Trustees	1
Independent Auditor's report	9
Statement of Financial Activities	12
Balance Sheet	13
Statement of Cash Flows	14
Notes to the Financial Statements	15-29

Baptist Union of Scotland

Report of the Trustees *for the year ended 31 March 2019*

The Trustees present their annual report and financial statements of the charity for the year ended 31 March 2019. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice 2015 applicable to charities preparing their accounts under FRS102, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

Objectives and Activities

The Baptist Union of Scotland ("the Union") was formed in 1869 and is governed by its Constitution. The Union is a Scottish Charity (No. SC004960) registered with the Office of the Scottish Charity Regulator ("OSCR").

The Union currently comprises 158 churches with approximately 10,600 members.

The Union's aims and objectives are the advancement of the Christian faith 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 amenities 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.

Review of our Achievements and Performance

As a Baptist family in Scotland, we seek to live this new life "Under Christ's Rule" as children of King Jesus. Through our words, our acts of compassion and by our very being, we present the gospel of Jesus Christ and a foretaste of his Kingdom.

We have continued to distribute the book written by Ministry and Mission Advisor, Jim Purves, on our Declaration of Principle, which has been well received by young leaders and scholars alike. It remains our conviction that our Baptist way of being church is well fitted to the changing context we find ourselves in and that a deeper commitment to these principles will aid us in seeking to be faithful witnesses.

Our Union's existence, and the continuing financial support we give to one another, is in part evidence of our life together. Grants are made through the Ministry Resource Fund to assist churches to call Pastors and additional workers. New developments are supported through the Mission Initiative Fund and loans are made to assist churches maintain and expand their buildings.

Baptist Union of Scotland

Report of the Trustees *for the year ended 31 March 2019*

Review of our Achievements and Performance (cont.)

Our Public Theology team, led by Norman Graham, prepared some theological considerations around the topic of Brexit and Jenny Wilson prepared a prayer for use in our churches through this challenging time. We organised a Day of Reflection and Prayer, asking how the church should respond to the impact of the Brexit process on our communities.

We continue to work closely with our Scottish Baptist College, Ian Birch, College Principal, sharing in the Pre-accredited Ministry conference and Martin Hodson, Ministry Development Coordinator, delivering a module in the college. The National Team and the Scottish Baptist College academic staff have met, to explore how we might partner together to develop fresh opportunities for theological study, for our church members at a degree access level; and how we might provide for ministerial preparation, continual ministry development and discipleship courses across the nation.

The development of leaders, both local and nationally accredited, is vital to the health and wellbeing of our Union churches. Currently we are running two Next Stage of Ministry gatherings a year. These retreats last 24 hours and we look to invite Ministers to attend every 5 years. It is an opportunity for space and prayerful reflection, focussing on priorities the Lord is speaking to them about.

We continue to hold regular Board of Ministry gatherings, to discern the call of God for nationally accredited ministry. Exploring current trends in ministry, the ratio of Ministers to churches is kept under careful watch. Once nationally accredited Ministers have been set apart, they require to be supported in a variety of ways. Martin Hodson has developed a new programme of Continual Ministry Development (CMD) workshops and training for Ministers, spread out across the year and across the nation. Lead Academy, a learning community for teams of church leaders, enabling them to explore their identity, culture, purpose and vision and to take meaningful steps to implementation.

Ali Laing, Next Generation Development Co-ordinator, has seen a growth in Baptist participation at the Deep Impact youth and children's worker conference with a significant growth in attendance from our churches. In partnership with Cairn, Deep Impact and Onelife, a Youth Learning Community (YLC) has been set up. The purpose of the YLC is to help churches work out how best to disciple young people in a way that reflects their context. We have, this year, piloted a programme for young leaders, which will enable local churches to call, equip, disciple and care for young adults who wish to give a year in service of the local church.

We are still developing our understanding of the new Data Protection legislation. Our website continues to carry resources to support churches on adapting to the legislation. Our staff team receive ongoing training for their responsibilities and we are committed to maintaining high levels of security and control of the data we hold on churches and ministers. We have put in place appropriate data sharing agreements with the Scottish Baptist College and the Baptist Union of Great Britain which are vital to aid the smooth preparation and movement of ministers through training, preparation and settlement in churches.

We continue to work together with others in the Baptist family around the UK and with other churches in Scotland. Our Convenor, France Bloomfield, faithfully attends Assemblies, Synods and other church gatherings around the country. Frances also represents BUS with Alan Donaldson on the Councils of BMS and BUGB. With Jim Purves, they work closely with the leaders of the Unions connected with the Fellowship of Churches in Britain and Ireland. This year's FBBI gathering spent a significant amount of time considering 'Becoming who we are', the most recent BUS publication written by Jim Purves. We look forward to the fellowship of the FBBI leaders at our Anniversary Assembly.

Baptist Union of Scotland

Report of the Trustees *for the year ended 31 March 2019*

Review of our Achievements and Performance (cont.)

Alan Donaldson, General Director, and Peter Dick, Finance Director, have been fulfilling complementary roles, Alan on the Employers' Group and Peter as a Pension Trustee, in response to the challenges faced by many of our churches as part of the old Defined Benefit scheme. With a substantial injection of funds through Baptist Union of Great Britain, the aim is to clear the deficit within 8 – 10 years. The impact of this "family solution" has been experienced by many churches which will have noticed around a 50% decrease on their debt liability. The anomaly of double cessation events has also been addressed by our family of churches, and those churches caught in this particular piece of legislation will hear from the Pension Trustee of the reduction to their debt calculation.

Our Union Pension Reserve Fund will, in appropriate circumstances, provide short-term interest free loans to enable churches that wish to settle pension debts to do so. This will also create a 'lifeboat' fund, in order to attempt to give security to church Trustees whose debts exceed their congregation's assets.

As we approach our 150th anniversary as a Union in 2019, we have an expectation based on resurrection hope, that the Lord will further renew his church in this land. We long to see the encouragements enjoyed by the few spread to the many. At the centre of all these activities, initiatives, changed lives and transforming churches are a team working tirelessly to support and serve our churches. Made up of staff, volunteers, Trustees and committees, many people give their time and expertise to serve our Union.

We are astounded by the provision of the Lord through his people in the last few years and anticipate greater opportunities in the future to share the hope that we have.

Monitoring Achievement

The Union Trustees meet at least three times a year, Council has two residential meetings, and we have our annual Assembly, and 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 2019, the per capita figure is £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 an overall net reduction in resources for the year of (£289,827) [2018: (£154,783) as restated]. This includes legacies, funds from dissolved congregations and properties falling to the Union of £58,967 [2018: £176,622]. This year's results include the transfer of church properties whose title had been held by the Union and the value incorporated in prior years, which have now been conveyed to the congregations at no cost.

Baptist Union of Scotland

Report of the Trustees *for the year ended 31 March 2019*

Investment Policy and Performance

The Trustees have the power to invest in such 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.

Grant Making Policy

Resource Grants are provided from the Union's Ministry Resource Fund. Grant applications from member churches are administered by the Resource Grant 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 Resource Grant Group.

Risk Management

The Trustees have formalised the process of evaluating the major risks faced by the Union 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 Trustee meetings review the impact of agenda items on the risk register.

Reserves Policy

The reserves policy states that unrestricted reserves (Scottish Baptist Fund), should be maintained at a level which equates to around six months' costs. This allows sufficient funds to enable the ongoing work of the Union to be maintained. The Scottish Baptist Fund (Note 17) at 31 March 2019 amounted to £345,972 (2018: £631,895) and is within acceptable levels. Total reserves, including the net book value of Fixed Assets and balances on Restricted Funds amounted to £3,997,053 (2018: £4,286,880) and held as follows:

	2019	2018 (as restated)
Restricted Funds	£997,223	£996,390
Unrestricted Funds	£345,972	£631,895
Designated Funds	£2,653,858	£2,658,595

Plans for the Future

Our Union has moved to incorporate as a charitable company limited by guarantee. It is envisaged that this process will take some time and should be completed in 2019. Further details are provided in Note 9 on page 22.

Baptist Union of Scotland

Report of the Trustees *for the year ended 31 March 2019*

2019 sees the 150th anniversary of our Union and arrangements have already been made for a special Assembly and other ways in which this might be recognised and celebrated, looking both back over our history but also stepping into the future.

Rev Alan Donaldson indicated his intention to step down from the position of General Director and after due process, Rev Martin Hodson, the current Ministry Development Co-ordinator was appointed to succeed him. This change will be formally recognised at Assembly 2019.

Structure, Governance and Management

The Union holds an annual Assembly and has a Council made up of representatives of churches, National Team, representatives of other Baptist related organisations and members co-opted for particular skills.

The annual Assembly is the ultimate debating and 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.

Core Leaders and Development Co-ordinators

The Union's Core Leaders function as the executive management group, in addition to their individual areas of responsibility, overseen by the Board of Trustees who have ultimate responsibility for the oversight of the management and operation of the Union and of the decisions taken by Assembly, Council, Task Groups and Core Leaders.

The Core Leaders comprise the General Director, Convenor, Finance Director and the Mission and Ministry Advisor. The National Team consists of the Core Leaders plus the Development Co-ordinators and their responsibilities are as follows:

General Director – Rev Alan J Donaldson

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.

Convenor – Rev Frances Bloomfield

The Convenor chairs the business sessions of Assembly, the Council and the meetings of the National Team and the Board of Trustees.

Finance Director – Rev Peter R Dick

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

Mission and Ministry Advisor – Rev Dr James G M Purves

This post has responsibility for the oversight and promotion of mission and ministry within the Baptist Union of Scotland with the aim of encouraging our Ministers and churches to seek and strive for the growth of God's Kingdom throughout Scotland. The role also requires reflection on the development

Baptist Union of Scotland

Report of the Trustees *for the year ended 31 March 2019*

Core Leaders and Development Co-ordinators (cont.)

of mission and ministry in light of the changes currently taking place within our Union, the global church and Scottish society, in order to stimulate discussion and facilitate the implementation of new initiatives. The Mission and Ministry Advisor works closely with the General Director in 'big picture thinking' and theological reflection on the life of our churches.

Ministry Development Co-ordinator – Rev Martin Hodson

This post has specific responsibility for the continuing professional development of ministers at all stages in their ministry. This includes Ministers in their pre-accreditation years and working with the Board of Ministry in identifying candidates for ministry.

Next Generation Development Co-ordinator – Rev Ali Laing

This post has responsibility for developing the lives of our next generations through training, experience and relationship.

Trustees

The appointment of a Board of Trustees was approved by Assembly in October 2004 and the first Trustees were appointed to the Board by Council in January 2005.

The responsibilities of Trustees, 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 Trustees to fulfil their responsibilities, all records of meetings of Core Leaders, National Team, Task Groups, Board of Ministry and other groups are provided to them.

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

Prior to their appointment, Trustees 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.

New Trustees are appointed for a 3 year term and are eligible for reappointment for one further term. Trustees are appointed by Council.

Key Management Personnel Remuneration

The salaries of the Key Management Personnel (the National Team excluding the Convenor) are based on graded multipliers of the Reference Stipend figure for churches agreed annually by Council.

Baptist Union of Scotland

Report of the Trustees *for the year ended 31 March 2019*

Reference and Administrative Information

Convenor and Chair of Board of Trustees

Rev Frances Bloomfield

Trustees

Rev Alexander Weddell
Rev Don Currie
Mrs Evelyn Stewart
Mr Brian Miller
Mr Stephen Hagan
Mrs Ruth McLaren

Contact Details

The Baptist Union of Scotland
48 Speirs Wharf,
Glasgow
G4 9TH
Tel: 0141 423 6169
Fax: 0141 424 1422
Email: admin@scottishbaptist.org.uk
Web: www.scottishbaptist.com

Bankers

Bank of Scotland plc
32 Brandon Parade South
Motherwell
ML1 1UW

Solicitors

Diakoneo Legal Services
48 Speirs Wharf,
Glasgow
G4 9TH

Investment Managers

Barclays Wealth
Royal Exchange House
100 Queen Street
Glasgow
G1 3DL

Investec Wealth & Investment Ltd
Quatermile One
15 Lauriston Place
Edinburgh
EH3 9EN

Statutory Auditor

Alexander Sloan
Accountants and Business Advisers
180 St Vincent Street
Glasgow
G2 5SG

Baptist Union of Scotland

Report of the Trustees *for the year ended 31 March 2019*

Statement of Trustees' Responsibilities

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 Scotland, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's governing document 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 its incoming resources and application of resources for that year and to report thereon to the General Assembly. In preparing those 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 judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and 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 provisions of the charity's governing document. 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 Trustees are responsible for the maintenance and integrity of the financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

In August 2018, Alexander Sloan, Accountants and Business Advisers, were appointed as statutory auditor in relation to the audit for the year ended 31 March 2019. The Trustees recommend that Alexander Sloan remain in office until further notice.

Approved by the Trustees on 30 September 2019 and signed on their behalf by,



Rev Alexander Weddell
Trustee

Baptist Union of Scotland

Independent Auditor's Report to the Trustees of Baptist Union of Scotland

Opinion

We have audited the financial statements of Baptist Union of Scotland for the year ended 31 March 2019, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the 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 March 2019, and of its incoming resources and application of resources, including its income and expenditure, 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 and Trustee Investment (Scotland) Act 2005 and Regulation 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 charity in accordance with the ethical requirements 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 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 at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our Auditor's Report thereon. The other information comprises: Trustees' Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Baptist Union of Scotland

Independent Auditor's Report to the Trustees of Baptist Union of Scotland (continued)

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.

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 (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- proper accounting records have not been kept; or the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

This report is made solely to the charity's Trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

We have been appointed as Auditor under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act and relevant regulations made or having effect thereunder.

Baptist Union of Scotland

Independent Auditor's Report to the Trustees of Baptist Union of Scotland (continued)

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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



Alexander Sloan
Accountants and Business Advisers
Statutory Auditor

180 St Vincent Street
Glasgow
G2 5SG

Date: 7 October 2019

Alexander Sloan is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.

Baptist Union of Scotland

Statement of Financial Activities

For the Year Ended 31 March 2019

		Unrestricted				Restated
	Note	Unrestricted	Designated	Restricted	2019	2018
		funds	funds	funds	Total	Total
		£	£	£	£	£
						see Note 8
Income from:						
Donations and legacies	2	520,749	4,000	2,463	527,212	620,730
Charitable activities	3	94,334	23,528	10,380	128,242	74,585
Investment income	4	454	36,069	-	36,523	36,061
Other income	5	-	-	-	-	73,955
Total Income		615,537	63,597	12,843	691,977	805,331
Expenditure on:						
Investment management costs		-	6,015	-	6,015	4,357
Charitable activities	6	801,460	344,924	10,559	1,156,943	962,605
Total Expenditure		801,460	350,939	10,559	1,162,958	966,962
Net income/(expenditure) before gains and losses on investments		(185,923)	(287,342)	2,284	(470,981)	(161,631)
Gains and losses on investment assets						
Gains/(losses) on disposals of investments	11	-	31,420	(1,451)	29,969	15,187
Gains/(losses) on investment revaluation	11	-	17,407	-	17,407	(23,183)
Net income/(expenditure) for the year		(185,923)	(238,515)	833	(423,605)	(169,627)
Transfers between funds	16	(100,000)	100,000	-	-	-
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	17	-	133,778	-	133,778	14,844
Net movement in funds		(285,923)	(4,737)	833	(289,827)	(154,783)
Reconciliation of funds:						
Total funds brought forward		631,895	2,658,595	996,390	4,286,880	4,441,663
Total funds carried forward	17	345,972	2,653,858	997,223	3,997,053	4,286,880

The Statement of Financial Activities includes all gains and losses in the year. All income and expenditure derives from continuing activities.

The Notes on pages 15 to 29 form an integral part of these financial statements

Baptist Union of Scotland

Balance Sheet as at 31 March 2019

		2019		Restated 2018	
		£	£	£	£
	Note				
Fixed Assets					
Tangible Fixed Assets	10		2,040,566		2,369,150
Investments	11		<u>445,959</u>		<u>1,145,408</u>
			2,486,525		3,514,558
Debtors					
Amounts due after more than one year	12		270,558		277,875
Current Assets					
Debtors	12		68,654		73,995
Cash and Bank balances			<u>1,352,071</u>		<u>794,860</u>
			1,420,725		868,855
Liabilities					
Creditors: Amounts falling due within one year	13		<u>17,943</u>		<u>84,311</u>
Net Current Assets			1,402,782		784,544
Provisions for liabilities	14		(162,812)		(290,097)
Total Net Assets			<u>3,997,053</u>		<u>4,286,880</u>
The Funds of the charity:					
Unrestricted Funds					
General	17		345,972		631,895
Designated	17		<u>2,653,858</u>		<u>2,658,595</u>
Total Unrestricted Funds			2,999,830		3,290,490
Restricted Funds	17		997,223		996,390
Total Charity Funds			<u>3,997,053</u>		<u>4,286,880</u>

The financial statements were approved by the Trustees on 30 September 2019 and signed on their behalf by:



Rev Alexander Weddell
Trustee

The Notes on pages 15 to 29 form an integral part of these financial statements

Baptist Union of Scotland

Statement of Cash Flows

For the Year Ended 31 March 2019

	2019	2018
	£	£
Net movement in funds for the reporting period (as per the Statement of Financial Activities)	(289,827)	(169,627)
Adjustments for:		
Depreciation charges	10,358	27,913
(Increase)/decrease in debtors	(12,657)	(148,388)
Increase/(decrease) in creditors	(193,653)	(254,893)
Dividends and interest from investments	(36,523)	(36,061)
Loss/(Profit) on the sale of fixed assets	1,451	(73,955)
(Gains)/losses from investments	(17,407)	7,996
(Gain)/loss on acquisition/sale of dissolution assets	55,000	(175,000)
Net cash provided by operating activities:	(483,259)	(822,015)
Cash flows from investing activities:		
Purchase of tangible fixed assets	1,774	(186,113)
Purchase of investments	26,354	(812,701)
Proceeds from sale of investments	725,804	806,844
Dividends and interest from investments	36,523	36,061
Profit on sale of dissolution assets	200,015	175,000
Proceeds on sale of tangible fixed assets	50,000	180,714
Net cash used by investing activities:	1,040,470	199,805
Change in cash and cash equivalents in the year	557,211	(622,210)
Cash and cash equivalents brought forward	794,860	1,417,070
Cash and cash equivalents carried forward	1,352,071	794,860

The Notes on pages 15 to 29 form an integral part of these financial statements

Baptist Union of Scotland

Notes to the Financial Statements *for the year ended 31 March 2019*

1. Accounting Policies

Statutory information

Baptist Union of Scotland is a registered Scottish Charity (NO. SC004960). The charity's principal address is 48 Speirs Wharf, Glasgow, G4 9TH.

Basis of preparation and Statement of Compliance

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant Notes to these financial statements. The financial statements have been prepared in accordance with the charity's Constitution, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their Accounts in accordance with the Financial Reporting applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting records commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are presented in UK Sterling and rounded to the nearest whole pound.

The principal accounting policies adopted in the preparation of the financial statements are set out below:

Going concern

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

Funds accounting

Unrestricted Funds are available for use at the discretion of Trustees in furtherance of the general objectives of the charity.

Designated Funds are unrestricted funds earmarked by the Trustees for particular purposes.

Restricted Funds are subject to restrictions on their expenditure by the terms under which the Trustees solicited donations or to restrictions imposed by the donor.

Income recognition

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

Donations and legacies

Donations are recognised when the charity has evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably. Entitlement usually arises immediately upon receipt, however, in the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacy gifts must be recognised when it is probable that it will be received. This is normally following the granting of probate, when the administrator/executor of the estate has communicated in writing both the amount and settlement date and any conditions attached to the legacy are either within the control of the charity or have been met. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

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.

Baptist Union of Scotland

Notes to the Financial Statements *for the year ended 31 March 2019*

Accounting Policies (cont.)

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.

Expenditure recognition

Liabilities are recognised as expenditure 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 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 and allocated or apportioned to the applicable expenditure headings in the Statement of Financial Activities.

Raising funds

Raising funds represent 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 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.

Activity based reporting

To comply fully with the Statement of Recommended Practice would require income and expenditure to be reported by activity. The Trustees are of the opinion that the charity has a single activity, namely the advancement of Christ's Kingdom throughout the world, such that there would be no merit or additional benefit to the users of the financial statements in providing further analysis of income and expenditure within the financial statements.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Baptist Union of Scotland

Notes to the Financial Statements *for the year ended 31 March 2019*

Accounting Policies (cont.)

Tangible Fixed Assets and Depreciation

Depreciation is provided on fixed assets at rates calculated to write off the cost (or valuation), less the estimated residual value of each asset, evenly over its expected life as follows:

Office Equipment	- 25 % on a straight line basis
Office building	- over 50 years straight line method
Retirement Homes and Manses	- no depreciation

Retirement Homes and Manses are not depreciated as the Trustees are of the opinion that the Retirement Homes and Manses are appreciating in value and therefore no depreciation charge should apply.

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 (realised and unrealised) arising on revaluation and disposals throughout the year.

Debtors

Debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid after taking account of any discounts due.

Cash at Bank and in Hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and Provisions

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

Judgements and estimates

In preparing the financial statements, the Trustees are required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Pensions

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 Scottish Baptist Fund. Note 20 on page 28 provides further information about pension obligations.

Taxation and Irrecoverable VAT

The Baptist Union of Scotland is recognised as a charity for the purposes of applicable taxation legislation and is therefore not subject to taxation on its charitable activities. The Union is not registered for VAT and expenditure therefore includes irrecoverable input VAT.

Baptist Union of Scotland

Notes to the Financial Statements for the year ended 31 March 2019

	Unrestricted		Restricted	Total	Total
	Unrestricted	Designated	Funds	2019	2018
	Funds	Funds	Funds	£	£
	£	£	£		
2. Donations and legacies					
Contributions from Churches	456,160	-	-	456,160	429,733
Donations	5,622	4,000	850	10,472	10,315
Legacies	-	-	-	-	1,297
Dissolutions	58,967	-	-	58,967	175,325
Offerings	-	-	-	-	2,760
Church Extension Fund	-	-	1,613	1,613	1,300
	<u>520,749</u>	<u>4,000</u>	<u>2,463</u>	<u>527,212</u>	<u>620,730</u>
3. Charitable Activities					
Literature sales	326	-	-	326	50
Church & manse loan interest	-	-	2,762	2,762	2,849
Training & development	10,162	-	-	10,162	2,500
Assembly income	23,199	-	-	23,199	21,415
Rental income	3,680	23,528	7,618	34,826	38,831
Sundry income	56,967	-	-	56,967	8,940
	<u>94,334</u>	<u>23,528</u>	<u>10,380</u>	<u>128,242</u>	<u>74,585</u>
4. Investments					
Dividends Received (UK listed)	-	36,069	-	36,069	35,065
Interest on deposits	454	-	-	454	996
	<u>454</u>	<u>36,069</u>	<u>-</u>	<u>36,523</u>	<u>36,061</u>
5. Other Income					
Gain on sale of fixed assets	-	-	-	-	73,955
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,955</u>
Total Income	<u>615,537</u>	<u>63,597</u>	<u>12,843</u>	<u>691,977</u>	<u>805,331</u>

Baptist Union of Scotland

Notes to the Financial Statements for the year ended 31 March 2019

	Unrestricted		Restricted Funds £	Total 2019 £	Total 2018 £
	Unrestricted Funds £	Designated Funds £			
6. Charitable Activities					
Ministry Initiative grants - churches (Note 7)	-	28,063	-	28,063	33,000
Ministry Resource grants - churches (Note 7)	-	108,514	-	108,514	130,579
Other grants - churches etc	22,424	729	1,689	24,842	31,678
Other grants - Ministers	926	-	2,800	3,726	4,000
NT & staff payroll costs (Note 9)	278,402	12,017	-	290,419	321,946
NT overheads	71,045	-	-	71,045	21,870
Non-payroll pension costs	-	76,093	-	76,093	202,462
Office overheads	31,707	-	-	31,707	28,579
Assembly costs	32,530	-	-	32,530	31,612
Property costs	29,173	14,444	6,070	49,687	48,171
Legal & Professional fees	33,763	-	-	33,763	17,798
Retired Ministers' pensions	-	-	-	-	180
Annuity bonus	-	-	-	-	(180)
Step-out & Sports day costs	-	-	-	-	346
Affiliation & representation costs	17,273	-	-	17,273	17,602
CMD, conferences and training	19,399	-	-	19,399	8,858
Other committee costs	21,837	-	-	21,837	20,954
Miscellaneous costs	-	-	-	-	1,745
Depreciation	5,295	5,064	-	10,359	27,913
Auditor's remuneration	10,200	-	-	10,200	11,230
Convenor's expenses	2,486	-	-	2,486	2,069
Trustees' expenses	-	-	-	0	193
Property reconveyancing	225,000	100,000	-	325,000	-
	801,460	344,924	10,559	1,156,943	962,605

7. Grants

Mission Initiative grants made:

	2019 £	2018 £
Kirkintilloch	3,750	3,250
Stenhouse	14,000	4,000
Queen's Park	5,313	12,750
Oxgangs	5,000	-
Lochee	-	4,500
Drumchapel	-	2,000
Leith	-	5,000
Oban	-	1,500
	28,063	33,000

Baptist Union of Scotland

Notes to the Financial Statements *for the year ended 31 March 2019*

7. Ministry Resource grants made:

	2019 £	2018 £
Erskine	2,083	5,000
Peebles	3,500	4,500
Stirling	7,792	1,167
Adelaide	8,500	8,500
Dunoon	8,500	8,500
Motherwell	5,000	5,000
Drumchapel	2,780	8,340
Forres	2,083	3,083
Carlisle	3,500	3,750
Carnoustie	7,500	10,000
Lossiemouth	-	3,333
Broughty Ferry	-	1,875
Bridge of Dee	4,792	16,250
Glenrothes	2,833	8,500
Dennistoun	18,750	20,000
Mull	1,526	2,073
Dumfries	8,500	4,250
Stenhouse	-	3,000
Selkirk	8,500	13,458
Coastline	2,125	-
Calderwood	3,750	-
Collydean	3,750	-
Tillycultry	2,750	-
	108,514	130,579

Baptist Union of Scotland

Notes to the Financial Statements for the year ended 31 March 2019

8. Prior Year comparative figures (as restated)

	Unrestricted funds £	Designated funds £	Restricted funds £	2018 Total £
Income from:				
Donations and legacies	617,536	919	2,275	620,730
Charitable activities	36,903	25,151	12,531	74,585
Investment income	197	35,864	-	36,061
Other income	-	73,955	-	73,955
Total Income	654,636	135,889	14,806	805,331
Expenditure on:				
Governance costs	11,230	4,357	-	15,587
Charitable activities	491,217	429,598	30,560	951,375
Total Expenditure	502,447	433,955	30,560	966,962
Net income/(expenditure) before gains and losses on investments	152,189	(298,066)	(15,754)	(161,631)
Gains and losses on investment assets				
Gains/(losses) on disposals of investments	-	15,187	-	15,187
Gains/(losses) on investment revaluation	-	(23,183)	-	(23,183)
Net income/ (expenditure) for the year	152,189	(306,062)	(15,754)	(169,627)
Transfers between funds	(175,000)	175,000	-	-
Other recognised gains and losses				
Actuarial gains on defined benefit pension schemes	-	14,844	-	14,844
Net Movement in Funds	(22,811)	(116,218)	(15,754)	(154,783)
Total funds brought forward	654,706	2,774,813	1,012,144	4,441,663
Total funds carried forward	631,895	2,658,595	996,390	4,286,880

Under Charities Statement of Recommended Practice (FRS102), comparatives for each class of funds are required for each line on the Statement of Financial Activities (SoFA). The Note above illustrates the SoFA for the year ended 31 March 2018.

Baptist Union of Scotland

Notes to the Financial Statements for the year ended 31 March 2019

9. Staff costs and numbers	2019 £	2018 £
Salaries	236,029	213,571
Social Security Costs	20,806	12,264
Pension Costs	36,214	72,111
Other benefits	24,000	24,000
	<u>317,049</u>	<u>321,946</u>

No employee received remuneration in excess of £60,000.

The Key Management personnel are detailed on pages 5 and 6.

The Key Management personnel remuneration cost included above was £199,679 (2018 - £189,100).

The average staff numbers during the year, calculated on the basis of a head count, was as follows:

	2019 No.	2018 No.
Management	<u>10</u>	<u>12</u>

This represents a Full Time equivalent of 7 staff.

Trustees' Remuneration and Transactions

No remuneration was paid to Trustees during the year. Travel expenses of £126 (2018: £193) were reimbursed to three Trustees.

Related Party Transactions

Rev Peter Dick, the current Finance Director, is the Minister of Erskine Baptist Church, a member of the Union. In January 2015, the church was awarded a second worker grant for three years ending in August 2018. To avoid any conflict, Rev Peter Dick does not participate in the process of reviewing/awarding any grant to Erskine Baptist Church. Along with six other Directors, Rev Peter Dick also serves as a Member Nominated Director of the Baptist Union Pension Trust Limited (Company No. 03418942, England and Wales) which acts as a corporate Trustee for the Baptist Pension Scheme of which the Baptist Union of Scotland is an employer.

Two National Team members lease their homes to the Union as part of their remuneration package.

There were no other related party transactions.

As detailed in the Report of the Trustees, the Union has moved to incorporate as a charitable company limited by guarantee. The entity to which the assets and liabilities of the Union will be transferred was incorporated on 5 February 2019 as The Baptist Union of Scotland Ltd, registered in Scotland as Company Number 620266, and with the Scottish Charity Regulator as SC049047. The Trustees of the charity, as listed on page 7, have been appointed as non-executive Directors of the company. There were no transactions between the charity and the company during the year.

Baptist Union of Scotland

Notes to the Financial Statements for the year ended 31 March 2019

10. Tangible Fixed Assets	Retirement Homes £	Ministry Resources £	Church Extension £	Holiday House £	BUS Properties £	Fixtures & Equipment £	Total £
Cost / Valuation							
As at 1 April 2018	809,451	187,006	257,306	47,727	1,103,184	45,620	2,450,294
Additions	-	-	-	-	55,000	1,774	56,774
Disposals	-	-	(70,094)	-	(325,000)	-	(395,094)
As at 31 March 2019	<u>809,451</u>	<u>187,006</u>	<u>187,212</u>	<u>47,727</u>	<u>833,184</u>	<u>47,394</u>	2,111,974
Depreciation							
As at 1 April 2018	-	-	20,094	-	30,383	30,667	81,144
Charge for the year	-	-	-	-	5,064	5,295	10,358
Eliminated on Disposal	-	-	(20,094)	-	-	-	(20,094)
As at 31 March 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,447</u>	<u>35,962</u>	71,408
Net Book Value							
As at 31 March 2019	<u>809,451</u>	<u>187,006</u>	<u>187,212</u>	<u>47,727</u>	<u>797,737</u>	<u>11,432</u>	2,040,566
Net Book Value							
At 31 March 2018	<u>809,451</u>	<u>187,006</u>	<u>237,212</u>	<u>47,727</u>	<u>1,072,801</u>	<u>14,953</u>	2,369,150

Cost/Valuations comprise the following:

Retirement Housing

4 Culzean Ave, Prestwick	63,830
61 Brisbane Road, Largs	65,407
8 Rose Terrace, Stenhousemuir	57,451
1 Stairlie Crescent, West Kilbride	61,760
89 Mossie Drive, Portlethan	92,132
54 Bath Street, Kelty	121,515
36 Deanswood Park, Livingston	101,200
8 Kylerhea Road, Thornliebank	96,156
136 Welbeck Crescent, Troon	150,000

Ministry Resources

Sanquhar Road (Min Adv)	187,006
-------------------------	---------

Church Extension

Colonsay Manse	20,400
Islay Baptist Church	90,925
12a Murray Place, Arran	75,887

Holiday House

Findochty	47,727
-----------	--------

BUS Premises

Speirs Wharf	253,184
Partick Church	350,000
Carbrain Church	100,000
Largo Church	75,000
Shotts Church	55,000

<u>809,451</u>	<u>187,006</u>	<u>187,212</u>	<u>47,727</u>	<u>833,184</u>
----------------	----------------	----------------	---------------	----------------

Retirement homes and manses are included at historic cost. The Trustees are of the opinion that the open market value of these properties continues to exceed cost.

The property at 77 Brisbane Road, Largs is now surplus to retirement requirements and is being rented on the open market meantime. The Partick Baptist congregation dissolved and the property reverted to the Union, and is currently being used for worship by Queen's Park Baptist Church under a short term agreement.

Title to the church extension properties in Carbrain (Cumbernauld), Erskine, and Bourtreehill (Irvine) was discovered to still rest with the Union. These properties have been valued by David Allison, Surveyors. Erskine and Bourtreehill were conveyed during the year to the local congregations. A legal issue on the Carbrain title is currently being addressed and once this has been resolved, it will also be conveyed to the local congregation. Older titles to the churches at Kelso and Largo have also been found to rest with the Union. These too were valued by David Allison, Surveyors, during the year and incorporated in the financial statements. The Kelso property was conveyed during the year to the local congregation.

Baptist Union of Scotland

Notes to the Financial Statements for the year ended 31 March 2019

11. Fixed Asset Investments

	2019 £	2018 £
Market value		
UK Bonds	54,388	54,125
UK Equities	85,344	813,907
Overseas Equities	158,188	128,165
Alternative assets - commodities & property	35,048	31,471
Held by brokers pro tem as cash	4,703	9,451
	337,671	1,037,120
Cost	263,874	1,008,870
Market Value at 1 April 2018	1,037,120	1,039,259
Additions	26,354	812,701
Disposals	(743,210)	(791,657)
Gains/(losses) on revaluation	17,407	(23,183)
Market value at 31 March 2019	337,671	1,037,120
	2019 £	2018 £
Holdings in excess of 5% of the total investments.		
Barclays Charity Fund-R	-	717,580
Property		
77 Brisbane Road, Largs	108,288	108,288
Total Investments	445,959	1,145,408

12. Debtors

	2019 £	2018 £
Loans - due within one year	45,097	69,720
Sundry Debtors	23,557	4,275
	68,654	73,995
Loans - due in more than one year	270,558	277,875
	339,212	351,870
Church Extension Fund loans	2019 £	2018 £
Motherwell	-	14,422
Crieff	7,854	10,989
Calderwood	32,949	41,897
Fort William	44,282	51,754
Pollok	765	2,918
Pitlochry	-	5,400
Milestone	41,463	45,215
Dumfries	85,000	95,000
Thurso	-	80,000
Cathcart	26,133	-
Cupar	31,792	-
Tillycoultry	45,416	-
	315,654	347,595

Baptist Union of Scotland

Notes to the Financial Statements for the year ended 31 March 2019

13. Creditors: falling due within one year

	2019 £	2018 £
Sundry Creditors	12,763	24,371
Other taxes and social security	5,180	7,824
Staff pension buyout liability	-	52,116
	17,943	84,311

14. Provisions for liabilities

	2019 £	2018 £
Defined benefit pension liability (Note 17)	162,812	290,097

15. Analysis of Net Assets by Funds

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Fund balances at 31 March 2019 as represented by:				
Tangible fixed assets	1,805,627	234,939	2,040,566	2,369,150
Investments	445,959	-	445,959	1,145,408
Loans	-	315,655	315,655	277,875
Current assets	928,999	446,629	1,375,628	868,855
Current and other liabilities	(17,943)	-	(17,943)	(84,311)
Provisions for liabilities	(162,812)	-	(162,812)	(290,097)
Net Assets	2,999,830	997,223	3,997,053	4,286,880

16. Fund Transfers

		Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2019 £
Transfer of the Carbrain Church property	1	(100,000)	-	-	(100,000)
Transfer of the Carbrain Church property	1	-	100,000	-	100,000
		(100,000)	100,000	-	-

1. Transfer of the Carbrain Church to a Designated Fund.

Baptist Union of Scotland

Notes to the Financial Statements for the year ended 31 March 2019

17. Movements in Funds	(Restated) Opening Balance £	Income £	Expenditure £	Gains/ Losses £	Pension Adjustment £	Transfers £	Closing Balance £
Restricted Funds:(Revenue)							
Church Extension	692,460	4,375	-	(1,451)	-	-	695,384
Holiday Housing - Revenue	5,997	7,618	6,070	-	-	-	7,545
Other (Restricted) - Ministry Advisor	12,994	850	4,489	-	-	-	9,355
	<u>711,451</u>	<u>12,843</u>	<u>10,559</u>	<u>(1,451)</u>	<u>-</u>	<u>-</u>	<u>712,284</u>
Restricted Funds (Property)							
Church Extension	237,212	-	-	-	-	-	237,212
Holiday Housing - Capital	47,727	-	-	-	-	-	47,727
	<u>284,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,939</u>
Total Restricted Funds	996,390	12,843	10,559	(1,451)	-	-	997,223
Designated Funds: (Revenue)							
Mission Initiative Fund	185,103	9,007	31,864	15,995	-	-	178,241
Retirement Housing - Revenue	39,112	20,178	12,025	-	-	-	47,265
Colonsay	(4,028)	3,350	3,148	-	-	-	(3,826)
Corunna House	1,198	-	-	-	-	-	1,198
Outreach Projects	7,906	-	-	-	-	-	7,906
Pension Reserve	98,128	4,000	88,110	-	133,778	-	147,796
Response	9,075	-	-	-	-	-	9,075
Scotbuild Training	903	-	-	-	-	-	903
Ministry Resources - Revenue	360,254	27,062	110,728	32,832	-	-	309,420
	<u>697,651</u>	<u>63,597</u>	<u>245,875</u>	<u>48,827</u>	<u>133,778</u>	<u>-</u>	<u>697,978</u>
Designated Funds (Property)							
Ministry Resource Fund	187,006	-	-	-	-	-	187,006
Retirement Housing - Capital	1,026,138	-	-	-	-	-	1,026,138
BUS Offices	222,800	-	5,064	-	-	-	217,736
Partick Church	350,000	-	-	-	-	-	350,000
Kelso Church	100,000	-	100,000	-	-	-	-
Largo Church	75,000	-	-	-	-	-	75,000
Carbrain Church	-	-	-	-	-	100,000	100,000
	<u>1,960,944</u>	<u>-</u>	<u>105,064</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>1,955,880</u>
Total Designated Funds	2,658,595	63,597	350,939	48,827	133,778	100,000	2,653,858
Unrestricted Funds: (Revenue)							
Scottish Baptist Fund	631,895	615,537	801,460	-	-	(100,000)	345,972
Total Unrestricted Funds	631,895	615,537	801,460	-	-	(100,000)	345,972
Total Funds	4,286,880	691,977	1,162,958	47,376	133,778	-	3,997,053

Prior period adjustment

During the year, Baptist Union of Scotland was notified of changes in accounting for defined pension liabilities which has given rise to a prior period adjustment. Previously, the charity had accounted for liabilities relating to the Baptist Union Defined Benefit Scheme within Designated Reserves. The change in legislation now requires this liability to be accounted for within Provisions for Liabilities. As a result of the prior period adjustment, the Union's net assets at 31 March 2018 have been reduced by £290,097.

Baptist Union of Scotland

Notes to the Financial Statements for the year ended 31 March 2019

18. Fund purposes

Purposes of Restricted Funds

Church Extension

Provides grant or loan 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's Fund

This is a Fund by which the Ministry Advisor may, at his discretion, give financial support to Ministers

Purposes of Designated Funds

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

Colonsay

Receives rental income and meets the costs of maintaining the former Colonsay Church manse

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.

Response

Enables the Union to respond to any emergency appeals which may arise.

Scotbuild Fund (Training)

To finance the purchase of resources relative to the Christian Worker certificate

Ministry Resource

Provides grants to support churches engaging pastors or additional workers

Pension Reserve

This Fund was set up to provide support the settlement of Minister's Pension Scheme employer debt in special circumstances.

Designated Property Funds: Represents the net book value of properties held by Unrestricted Funds.

Purposes of Unrestricted Funds

Scottish Baptist Fund

Supports the main aims of the Union and meets the central costs involved in carrying them out. Its work is mainly financed by contributions from member churches.

19. Post Balance Sheet Events

The church at Shotts has ceased to operate as a church and the church building and funds reverted to the Union. In May 2019, the property at Shotts was sold.

Baptist Union of Scotland

Notes to the Financial Statements for the year ended 31 March 2019

20. Pension obligations (FRS 102 disclosure)

The charity 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 the time.

The Scheme is considered to be a multi-employer scheme as described in Section 28 of FRS102. 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).

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 2016

A formal valuation of the Defined Benefit (DB) Plan was performed at 31 December 2016 by a professionally qualified Actuary using the Projected Unit Method. The market value of the DB Plan assets at the valuation date was £219 million. The valuation of the DB Plan revealed a deficit of assets compared with the value of liabilities of £93 million (equivalent to a past service funding level of 70%). The charity and the other employers supporting the DB Plan are collectively responsible for funding this deficit.

The key assumptions underlying the valuation were as follows:

<i>Type of financial assumption</i>	<i>%pa</i>
RPI price inflation assumption	3.50
CPI price inflation assumption	2.75
Minimum Pensionable Income increases (CPI plus 0.75%pa)	3.50
Assumed investment returns	
- Pre-retirement	3.50
- Post-retirement	2.25
Deferred pension increases	
- Pre April 2009	3.50
- Post April 2009	2.50
Pension increases	
- Main Scheme pension Pre April 2006	2.70
- Main Scheme pension Post April 2006	2.00

Baptist Union of Scotland

Notes to the Financial Statements for the year ended 31 March 2019

20. Pension obligations (FRS 102 disclosure)

Post-retirement mortality in accordance with 75% of the S2NFA and S2NMA tables, with allowance for future improvements in mortality rates from 20017 in line with the CMI 2016 core projections, with a long term annual rate of improvement of 1.75% for males and 1.5% for females.

The next actuarial valuation of the DB Plan within the Scheme is due to take place not later than as at 31 December 2019.

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 employers in the DB Plan. Under the current Recovery Plan dated 16 December 2018, deficiency contributions are payable until 31 December 2028. These contributions are broadly based on the employer's membership at 31 December 2014 and increases annually in line with increases to Minimum Pensionable Income as defined in the Rules.

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>	31.03.19	31.03.18
	£	£
Balance Sheet liability at year start	290,097	304,941
Minus deficiency contributions paid	(15,640)	(15,366)
Interest cost	6,494	6,540
Remaining change to balance sheet liability *	(118,139)	(6,018)
Balance Sheet liability at year end	<u>162,812</u>	<u>290,097</u>

* 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>	31.03.19	31.03.18	31.03.17
Discount rate	2.00%	2.30%	2.20%
Future increases to Minimum Pensionable Income	3.30%	3.20%	3.20%

21. Financial instruments

	2019	2018
	£	£
Carrying amount of financial assets		
Financial assets measured at fair value	445,959	1,145,408
Financial assets measured at amortised cost	<u>1,686,363</u>	<u>1,142,455</u>
Carrying amount of financial liabilities		
Financial liabilities measured at amortised cost	<u>17,943</u>	<u>8,431</u>