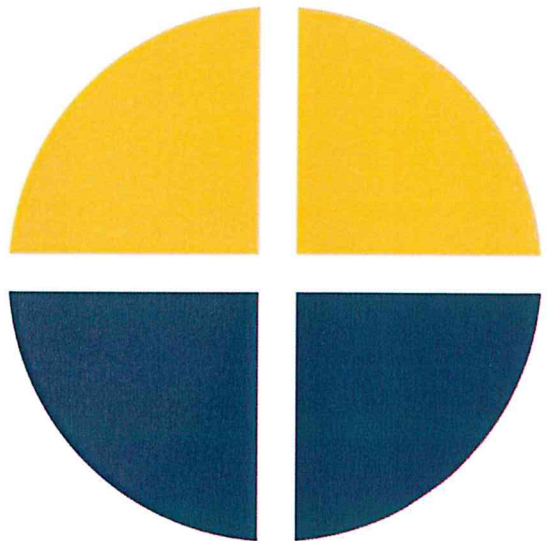


The Baptist Union of Scotland

Annual Report and Financial Statements

For the year ended 31 March 2022



Scottish Charity Number SC049047

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

LEGAL AND ADMINISTRATIVE INFORMATION

Directors	Mr Brian Miller Mr Stephen Hagan (Convenor) Rev Martin Hodson Rev Alistair Purss Mr Alan Milnes Dr Brian Windram Mrs Sylvia Jones Rev Carolyn McCrone Mr George Scott
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 2022

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The Baptist Union of Scotland

Directors' Report for the year ended 31 March 2022

The Directors present their report and financial statements for the charity's year ended 31 March 2022.

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 155 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 2022

Achievements and performance

The determination of Baptist churches across Scotland to continue in worship, fellowship and mission, despite the restrictions of the pandemic, has been evident again this year. The Baptist Union of Scotland provided regular advice for churches to support their compliance with Scottish Government COVID Regulations and Guidance for Places of Worship. A significant amount of staff time was also devoted to supporting ministers and other leaders as they faced the particular challenges of serving in the midst of a pandemic. BUS continued to promote the mutual prayer life of the network of churches, hosting Sunday night national prayer livestreams until August 2021, then holding national prayer initiatives throughout Advent 2021 and Lent 2022. *Canopy*, our national online gathering, ran for the second year in autumn 2021 and again engaged with a wide range of people from Baptist churches across the country.

As the pandemic restrictions eased, churches enthusiastically resumed on-site meetings, with many baptisms taking place across the country. Most churches continued to livestream services, for the benefit of members who did not yet feel able to return to face-to-face worship and also as a 'taster' experience for potential new members. The use of online platforms for prayer meetings and leadership meetings remains commonplace.

Nevertheless, the pandemic has marked a decline in participation in Baptist churches. Committed membership decreased by 4% during the year to 31 Dec 2021 and most churches are reporting that between 10 and 20% of the pre-pandemic congregation have not returned as regular worshippers. Also during the last year four churches have closed. Two were relatively recently established congregations (Brae and Aberfeldy), whose members have largely been added to nearby Baptist churches. Two others were long-established Baptist churches (Cambuslang and Uddingston) whose congregations had diminished to the point where they felt the church was no longer viable. It has been agreed that finance received by BUS from the closure of the latter churches will be used to support the formation of new congregations.

In September 2021 there was a significant change in the National Team. Peter Dick (Finance Director) and Jim Purves (Mission and Ministry Advisor) retired from BUS. BUS Council had agreed to a restructuring of the staff team at this point, with a mixture of full-time and part-time roles, so the following new appointments were made: Brian Windram (Finance Director), Lisa Holmes (Deeper Church Lead), Glenn Innes (Future Church Lead), Andrew Clarke (Leadership Development Lead) and Lyndsay Cameron-Ross (Communications Lead). Ali Laing's role was changed to Younger Generation and Digital Church Lead. This marked a move from expecting the National Team to be seasoned generalists to team members with a sharp focus on key aspects of the mission of BUS. Also, Stephen Hagan was appointed as Convener, following the retirement of Frances Bloomfield from this role.

The new National Team members have been inducted into the priorities and processes of BUS and have led a wide range of activities including: training, retreats and conferences for ministers and young leaders; pastoral support for ministers; gatherings for youth workers; and vision development with churches. The quality of BUS communications has increased, with significantly greater engagement on social media and improved use of video and graphics in communications.

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.

The Baptist Union of Scotland

Directors' Report

for the year ended 31 March 2022

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 2022, 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 Net Income (i.e. a Surplus) for the year of £493,408 and, after a credit relating to the charity's pension scheme, a positive Net Movement in Funds of £513,689. Income for the period also included legacies, funds from dissolved congregations and properties falling to the Union of £400,367. In addition, property disposals realised gains of £204,662. Strong continuing support by our member churches has kept our income at a stable level. The impact of the COVID-19 crisis has reduced some travel and meeting costs although many more in person meetings are now taking place. Staff costs have increased following the restructuring of the National Team described above. The office is now open two days a week with staff working from home on the other days. A significant increase to our investment portfolio was made in January 2022 following Board discussions and a presentation by our Investment Managers (see Note 16).

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 23, the Scottish Baptist Fund at 31 March 2022 amounted to £377,030 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 2022 amounted to £4,682,552 and held as follows:

Restricted Funds	£981,392
Unrestricted Funds	£377,030
Designated Funds	£3,324,130

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.

Gift Policy

Resourcing Gifts are provided from the Union's Ministry Resource 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.

The Baptist Union of Scotland

Directors' Report

for the year ended 31 March 2022

Plans for the Future

It is clear that a long-term decline of about 1% per annum in our membership has been accelerated by the pandemic. We are responding to this with the *Increase* vision. This is a challenge to all our churches to set our sights on increase rather than be content to tell the story of decline. In particular, this vision is a commitment by our Union to focus our resources on stimulating three key activities which we have concluded are vital if we are to move into growth:

Prayer – ensuring that all churches understand that to belong to BUS is to be part of a national prayer network

Planting Churches – meeting the present challenge by forming new churches, in both traditional and innovative patterns

Creating a Pipeline of Leaders – by developing a training pathway for church planters within our network.

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 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.

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

Rev Don Currie	(resigned 9 November 2021)
Mrs Evelyn Stewart	(resigned 9 November 2021)
Mr Brian Miller	
Mr Stephen Hagan	
Mrs Ruth McLaren	(resigned 9 November 2021)
Rev Frances Bloomfield	(resigned 9 November 2021)
Rev Peter Dick	(resigned 31 August 2021)
Rev Martin Hodson	
Rev Alistair Purss	
Rev Dr James Purves	(resigned 31 August 2021)
Mr Alan Milnes	
Dr Brian Windram	(appointed 1 September 2021)
Mrs Sylvia Jones	(appointed 9 November 2021)
Rev Carolyn McCrone	(appointed 9 November 2021)
Mr George Scott	(appointed 9 November 2021)

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:

The Baptist Union of Scotland

Directors' Report for the year ended 31 March 2022

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. Rev Peter Dick retired on 31st August 2021 and Dr Brian Windram was appointed on 1st September 2021.

Mission and Ministry Advisor

Rev Dr James Purves retired on 31 August 2021 and the former Mission and Ministry Advisor role has been reviewed and restructured across the expanded National Team roles detailed below.

Younger Generation Lead & Digital Church Lead – Rev Ali Laing

This post has responsibility for developing the lives of our next generations through training, experience and relationship. A new separate 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 expanded role is focused on equipping accredited ministers, leadership teams and emerging leaders.

Deeper Church Lead – Rev Lisa Holmes

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

Communications Lead – Lyndsay Cameron-Ross

A new dedicated 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 new 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.

The Baptist Union of Scotland

Directors' Report

for the year ended 31 March 2022

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 12) 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

Following a competitive tendering process during the year, our former auditor Alexander Sloan, Accountants and Business Advisers resigned and was replaced by Innes & Partners Limited, Chartered Certified Accountants and Statutory Auditors. A resolution proposing that Innes & Partners 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: 14 September 2022

The Baptist Union of Scotland

Directors' Report

for the year ended 31 March 2022

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 2022

Opinion

We have audited the financial statements of The Baptist Union of Scotland (the 'charitable company') for the year ended 31 March 2022 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 2022 and of the 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 2022

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 charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 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.

The Baptist Union of Scotland

Independent Auditor's Report

To the Trustees of The Baptist Union of Scotland for the year ended 31 March 2022

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.

The Baptist Union of Scotland

Independent Auditor's Report

To the Trustees of The Baptist Union of Scotland for the year ended 31 March 2022

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 charitable company's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the 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 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 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:14/9/..... 2022

The Baptist Union of Scotland

Statement of Financial Activities (incorporating Income and Expenditure account)

For the year ended 31 March 2022

		Unrestricted				As restated
	Notes	Unrestricted funds	Designated funds	Restricted funds	Total 2022	Total 2021
		£	£	£	£	£
Income from:						
Donations and legacies	3	419,863	400,367	1,525	821,755	603,839
Income from Charitable Activities	4	27,192	15,840	13,339	56,371	49,847
Investment Income	5	2,159	7,712	1,821	11,692	7,924
Other income	6	-	204,662	-	204,662	303,145
Total Income		449,214	628,581	16,685	1,094,480	964,755
Expenditure on:						
Raising funds	7	1,448	5,597	1,322	8,367	4,157
Cost of Charitable activities	8	479,136	126,377	15,311	620,824	723,708
Total Expenditure		480,584	131,974	16,633	629,191	727,865
Net gains/(losses) on investments	14	4,864	18,812	4,443	28,119	95,388
Net income for the year		(26,506)	515,419	4,495	493,408	332,278
Transfers between funds	22	-	(903)	903	-	-
Other recognised gains and losses						
Credit in respect of pension recovery plan	21	-	20,281	-	20,281	62,012
Net movement in funds		(26,506)	534,797	5,398	513,689	394,290
Fund balances at 1 April 2021 as restated		403,536	2,789,333	975,994	4,168,863	3,774,573
Total funds carried forward		377,030	3,324,130	981,392	4,682,552	4,168,863

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

Balance Sheet as at 31 March 2022

		2022	As restated 2021
		£	£
	Note		
Fixed Assets			
Tangible Fixed Assets	15	1,661,913	1,777,787
Investments	16	<u>2,134,744</u>	<u>503,465</u>
		3,796,657	2,281,252
Current Assets			
Debtors	18	318,052	198,226
Cash and Bank balances		<u>666,088</u>	<u>1,798,774</u>
		984,140	1,997,000
Creditors: amounts due within one year	19	<u>24,245</u>	<u>15,874</u>
Net Current Assets		959,895	1,981,126
Total assets less current liabilities		<u>4,756,552</u>	<u>4,262,378</u>
Provision for Liabilities	20	(74,000)	(93,515)
Net assets		<u><u>4,682,552</u></u>	<u><u>4,168,863</u></u>
Income funds			
Restricted Funds	23	981,392	975,994
Unrestricted Funds	23		
Designated funds		3,324,130	2,789,333
General unrestricted funds		<u>377,030</u>	<u>403,536</u>
		3,701,160	3,192,869
		<u><u>4,682,552</u></u>	<u><u>4,168,863</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 14 September 2022



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 2022

		2022	2021
		£	£
Cash flows from operating activities			
Cash generated from / (absorbed by) operations	26	20,782	32,930
Investing activities			
Purchase of tangible fixed assets	(15,641)	-	-
Proceeds from sale of tangible fixed assets	450,481	463,952	
Purchase of investments	(1,600,000)	-	-
Dividends/Interest received	11,692	7,924	
Net cash generated from/(used in) investing activities:		(1,153,468)	471,876
Net cash used in financing activities		-	-
Net increase /(decrease) in cash and cash equivalents		(1,132,686)	504,806
Cash and cash equivalents at the beginning of the year		1,798,774	1,293,968
Cash and cash equivalents at the end of the year		<u>666,088</u>	<u>1,798,774</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 2022

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.

Legacy gifts must be recognised when it is probable that it will be received. This is normally following the granting of confirmation, 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

The Baptist Union of Scotland

Notes to the Financial Statements for the year ended 31 March 2022

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.

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 2022

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 2022

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 2022

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 2022

	Unrestricted		Restricted	Total	Total
	General	Designated	Funds	2022	2021
	Funds	Funds	Funds	£	£
	£	£	£		
3. Donations and legacies					
Contributions from Churches	398,138	-	-	398,138	417,832
Donations	5,155	-	275	5,430	1,487
Legacies receivable	16,570	-	-	16,570	64
Dissolutions	-	400,367	-	400,367	182,593
Church & Manse loan fund	-	-	1,250	1,250	1,863
	<u>419,863</u>	<u>400,367</u>	<u>1,525</u>	<u>821,755</u>	<u>603,839</u>
4. Income from Charitable Activities					
Church & manse loan interest	-	-	2,764	2,764	1,409
Training & development	5,655	-	-	5,655	2,808
Assembly income	7,800	-	-	7,800	12,820
Rental income	10,599	15,840	10,575	37,014	32,452
Sundry income	3,138	-	-	3,138	358
	<u>27,192</u>	<u>15,840</u>	<u>13,339</u>	<u>56,371</u>	<u>49,847</u>
5. Investment income					
Income from listed investments	1,994	7,712	1,821	11,527	7,736
Interest receivable	165	-	-	165	188
	<u>2,159</u>	<u>7,712</u>	<u>1,821</u>	<u>11,692</u>	<u>7,924</u>
6. Other Income					
Gain on sale of property assets	-	204,662	-	204,662	303,145
	<u>-</u>	<u>204,662</u>	<u>-</u>	<u>204,662</u>	<u>303,145</u>

The Baptist Union of Scotland

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

	Unrestricted		Restricted Funds £	Total 2022 £	As restated Total 2021 £
	General Funds £	Designated Funds £			
7. Raising funds					
Investment Management costs	1,448	5,597	1,322	8,367	4,157
	<u>1,448</u>	<u>5,597</u>	<u>1,322</u>	<u>8,367</u>	<u>4,157</u>
8. Cost of charitable activities					
Staff costs	359,796	16,758	-	376,554	331,206
Depreciation	3,546	27,668	4,482	35,696	39,058
Premises costs	27,646	12,041	7,662	47,349	53,319
Running costs	30,527	-	-	30,527	25,045
Legal & Professional fees	6,887	-	-	6,887	32,431
Interest and finance charges	-	766	-	766	3,092
Governance costs	15,268	-	-	15,268	11,114
Assembly and committee costs	10,100	-	-	10,100	11,900
Affiliation & representation costs	12,701	-	-	12,701	8,518
CMD, conferences and training	8,132	-	-	8,132	635
Convenor's expenses	1,139	-	-	1,139	2,160
Grant funding (Note 9)	3,394	69,144	3,167	75,705	205,230
	<u>479,136</u>	<u>126,377</u>	<u>15,311</u>	<u>620,824</u>	<u>723,708</u>
9. Grants					
Ministry Resource grants - churches	-	49,934	-	49,934	75,503
Ministry Initiative grants - churches	-	14,500	-	14,500	27,000
Other grants - churches etc	3,026	1,015	1,967	6,008	5,197
Other grants - ministers	368	-	1,200	1,568	400
Other financial support	-	3,695	-	3,695	97,130
	<u>3,394</u>	<u>69,144</u>	<u>3,167</u>	<u>75,705</u>	<u>205,230</u>
	£	£	£	Total 2022 £	2021 £
Ministry Resource Grants to churches					
Hillview/Kintore	-	13,750	-	13,750	15,000
Stirling	-	8,500	-	8,500	8,500
Motherwell	-	8,333	-	8,333	4,167
Dennistoun	-	-	-	-	9,917
Dumfries	-	-	-	-	4,250
Coastline	-	7,083	-	7,083	8,500
Calderwood	-	3,750	-	3,750	7,500
Collydean	-	-	-	-	4,667
Tillycoultry	-	-	-	-	5,500
Portlethan	-	-	-	-	7,502
Stenhouse	-	3,900	-	3,900	-
Granton	-	1,643	-	1,643	-
Viewfield	-	2,975	-	2,975	-
	<u>-</u>	<u>49,934</u>	<u>-</u>	<u>49,934</u>	<u>75,503</u>

The Baptist Union of Scotland

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

10. Statement of Financial Activities for the year ended 31 March 2021 (as restated)

	Unrestricted			As restated
	General Funds £	Designated Funds £	Restricted Funds £	2021 £
Income from:				
Donations and legacies	419,108	182,593	2,138	603,839
Income from Charitable Activities	24,753	17,820	7,274	49,847
Investments income	3,519	4,405	-	7,924
Other Income	-	104,675	198,470	303,145
Total Income	447,380	309,493	207,882	964,755
Expenditure on:				
Raising funds				
Investment Management costs	1,791	2,366	-	4,157
Cost of charitable activities	454,279	259,004	10,425	723,708
Total expenditure	456,070	261,370	10,425	727,865
Net gains/(losses) on investments	41,078	54,310	-	95,388
Net income for the period	32,388	102,433	197,457	332,278
Transfers between funds	70,000	148,869	(218,869)	-
Other recognised gains and losses				
Credit in respect of pension recovery plan	-	62,012	-	62,012
Net movement in funds	102,388	313,314	(21,412)	394,290

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.

11. Prior Year Adjustment

A prior year adjustment has been made to the audited financial statements at 31 March 2021. The adjustment amounting to £28,795 relates to irrecoverable legal costs which had been accrued over the period 2018 - 2021 and had been carried in the balance sheet of the company and the former UVA. The financial statements and relevant notes to the accounts have been labelled 'as restated' to indicate where comparative figures have been adjusted.

The Baptist Union of Scotland

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

12. Employees

	2022 No.	2021 No.
Management	<u>12</u>	<u>10</u>

This represents a Full Time Equivalent of 8 staff.

Employment costs

	2022 £	2021 £
Salaries	306,112	276,210
Social Security Costs	26,896	18,281
Pension Costs	43,546	36,715
	<u>376,554</u>	<u>331,206</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, Lyndsay Cameron-Ross, Rev Dr James Purves and Rev Peter Dick received total remuneration during the year of £229,141 (£183,314 for the year to 31 March 2021).

13. Net income/(expenditure) for the year

	2022 £	2021 £
Net income/(expenditure) for the year is stated after charging:		
Auditor's fees for the audit of the statutory financial statements	15,268	11,114
Depreciation of owned tangible fixed assets	<u>35,696</u>	<u>39,059</u>

14. Net gains/(losses) on investments

	Funds		Total 2022 £	2021 £
	Unrestricted £	Restricted £		
Realised gains on investment disposals	2,543	477	3,020	8,848
Unrealised movement in value of investments	21,133	3,966	25,099	86,540
	<u>23,676</u>	<u>4,443</u>	<u>28,119</u>	<u>95,388</u>

The Baptist Union of Scotland

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

15. Tangible Fixed Assets

	Properties £	Fixtures & Equipment £	Total £
Cost			
At 31 March 2021	1,813,327	11,432	1,824,759
Additions	159,600	6,041	165,641
Disposals	(250,836)	-	(250,836)
At 31 March 2022	<u>1,722,091</u>	<u>17,473</u>	<u>1,739,564</u>
Depreciation and impairment			
At 31 March 2021	38,543	8,429	46,972
Disposals	(5,017)	-	(5,017)
Depreciation charged in the year	32,150	3,546	35,696
At 31 March 2022	<u>65,676</u>	<u>11,975</u>	<u>77,651</u>
Carrying amount			
At 31 March 2022	<u>1,656,415</u>	<u>5,498</u>	<u>1,661,913</u>
At 31 March 2021	<u>1,774,784</u>	<u>3,003</u>	<u>1,777,787</u>

Cost/Valuations comprise the following:

The carrying value of properties includes the church property at Carbrain, Cumbernauld (£96,000) which is due to be conveyed to the local congregation at £nil value once certain legal matters have been resolved.

16. Fixed asset investments

	Listed Investments £	Investment property £	Total £
Fair value (market value)			
At 1 April 2021	395,177	108,288	503,465
Additions	1,698,666	-	1,698,666
Valuation changes	28,119	-	28,119
Disposals and fees	(95,506)	-	(95,506)
At 31 March 2022	<u>2,026,456</u>	<u>108,288</u>	<u>2,134,744</u>
Carrying amount			
At 31 March 2022	<u>2,026,456</u>	<u>108,288</u>	<u>2,134,744</u>
Property			
77 Brisbane Road, Largs		<u>108,288</u>	
Total Investments			<u>2,134,744</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 £1,731,154 (2021: £389,374) and cash within the investment portfolio £295,302 (2021: £5,803).

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 £105,000. The cost is not materially different from this valuation and is deemed to be the fair value at 31 March 2022.

The Baptist Union of Scotland

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

17. Financial Instruments	2022	2021
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	979,092	1,992,079
Equity instruments measured at cost less impairment	2,134,744	503,466
	<hr/>	<hr/>
Carrying amount of financial liabilities		
Measured at amortised cost	16,443	11,000
	<hr/>	<hr/>
18. Debtors	2022	As restated 2021
	£	£
Amounts falling due within one year:		
Church & Manse loans	46,680	39,117
Prepayments and accrued income	5,048	4,920
	<hr/>	<hr/>
	51,728	44,037
Amounts falling due after more than one year:		
Church & Manse loans	266,324	154,189
	<hr/>	<hr/>
Total debtors	318,052	198,226
	<hr/>	<hr/>
19. Creditors: falling due within one year	2022	2021
	£	£
Accruals and deferred income	17,222	11,000
Other taxation and social security	7,023	4,874
	<hr/>	<hr/>
	24,245	15,874
	<hr/>	<hr/>
20. Provisions for liabilities	2022	2021
	£	£
Defined Benefit pension liability	74,000	93,515
	<hr/>	<hr/>

Note 21

The Baptist Union of Scotland

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

21. 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 contribution 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:

<i>Type of financial assumption</i>	<i>%pa</i>
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.

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

21. 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 2022	31 March 2021
Balance Sheet liability at year start	£93,515	£152,435
Minus deficiency contributions paid	(£16,758)	(£12,378)
Interest cost (recognised in SoFA)	£766	£3,092
Remaining change to balance sheet liability* (recognised in SoFA)	(£3,523)	(£49,634)
Balance Sheet liability at year end	£74,000	£93,515

* 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 2022	31 March 2021
Discount rate	3.00%	0.90%
Future increases to Minimum Pensionable Income	4.90%	3.50%

The charity has been advised that the cost for the charity to buyout their Pension Scheme liabilities at 31 March 2022 was approximately £44,500.

The Baptist Union of Scotland

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

22. Transfers between funds

		Unrestricted funds £	Designated funds £	Restricted funds £	Total funds £
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

Year ended 31 March 2021

Transfer from Colonsay disposal	1.	70,000	7,160	-218,869	-141,709
Largo church disposal	2.		-81,887		-81,887
			81,887		81,887
Retirement Housing	3.		-65,407		-65,407
			65,407		65,407
			-270,000		-270,000
Development reserve	4.		411,709		411,709
		<u>70,000</u>	<u>148,869</u>	<u>-218,869</u>	<u>-</u>

1. SBF reimbursed for previous refurbishment subsidy and clearing outstanding current account deficit.
2. Proceeds of sale transferred to pension reserve.
3. Transfer of gains from disposals from capital to revenue account. Surplus funds from revenue transferred to Development reserve.
4. Other capital receipts transferred to Development reserve.

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

23. Funds Summary

	As restated Opening Balance £	Movements in Funds		Transfers £	Revaluations, gains & losses £	Balance at 31 March 2022 £
		Income £	Expenditure £			
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 (Revenue)						
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
	765,746	16,685	(12,151)	(8,697)	4,443	766,026
Restricted funds (Property)						
Church & Manse Loan - property	163,476	-	(3,337)	-	-	160,139
Holiday Housing - property	46,772	-	(1,145)	9,600	-	55,227
	210,248	-	(4,482)	9,600	-	215,366
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

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

23.

Funds summary for the period to 31 March 2021 (as restated)

	Opening Balance £	Movements in Funds Income £	Expenditure £	Transfers £	Revaluations, gains & losses £	As restated Balance at 31 March 2021 £
Unrestricted Funds						
Scottish Baptist fund	301,148	447,380	(456,070)	70,000	41,078	403,536
Designated Funds (Revenue)						
Ministry Resources fund	191,671	783	(75,924)	-	9,656	126,186
Mission Initiative fund	138,806	1,566	(27,841)	-	19,310	131,841
Outreach Projects	4,906	-	-	-	-	4,906
Corunna House	1,198	-	-	-	-	1,198
Response	9,075	-	-	-	-	9,075
Retirement Housing - Revenue	157,285	116,097	(13,015)	(204,593)	6,035	61,809
Scotbuild Training	903	-	-	-	-	903
Pension Reserve	134,561	86,883	(113,047)	81,887	81,321	271,605
Development Reserve	-	97,277	-	411,709	-	508,986
Colonsay	(4,804)	-	(2,356)	7,160	-	-
	633,601	302,606 -	(232,183) -	296,163 -	116,322 -	1,116,509
Designated Funds (Property)						
BUS Offices - Speirs Wharf	212,672	-	(5,064)	-	-	207,608
Partick Church	350,000	-	(3,500)	-	-	346,500
Carbrain church	100,000	-	(2,000)	-	-	98,000
Largo Church	75,000	6,887	-	(81,887)	-	-
Retirement Housing - Capital	917,740	-	(14,883)	(65,407)	-	837,450
Ministry Resource fund	187,006	-	(3,740)	-	-	183,266
	1,842,418	6,887 -	(29,187) -	(147,294) -	- -	1,672,824
Restricted funds						
Church & Manse Loan - revenue	748,767	201,742	-	(198,469)	-	752,040
Holiday Housing - Revenue	9,834	5,865	(5,434)	-	-	10,265
Other Restricted - Ministry Advisor	3,866	275	(700)	-	-	3,441
Church & Manse Loan - property	187,212	-	(3,336)	(20,400)	-	163,476
Holiday Housing - property	47,727	-	(955)	-	-	46,772
	997,406	207,882	(10,425)	(218,869)	-	975,994
Unrestricted funds	301,148	447,380	(456,070)	70,000	41,078	403,536
Designated funds	2,476,019	309,493	(261,370)	148,869	116,322	2,789,333
Restricted funds	997,406	207,882	(10,425)	(218,869)	-	975,994
Total Funds	3,774,573	964,755	(727,865)	-	157,400	4,168,863

24. 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

Holds proceeds from capital assets and other excess funds for future developments.

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

24. 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.

25. Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Fund balances at 31 March 2022 are 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/(liabilities)	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

	Unrestricted funds £	Designated funds £	Restricted funds £	Total as restated £
Fund balances at 31 March 2021 (as restated) represented by:				
Tangible assets	3,002	1,567,539	210,248	1,780,789
Investments	170,177	333,288	-	503,465
Current assets/(liabilities)	230,357	982,081	765,746	1,978,184
Pension provision	-	(93,575)	-	(93,575)
	403,536	2,789,333	975,994	4,168,863

The Baptist Union of Scotland

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

26 Cash generated from operations

	2022 £	As restated 2021 £
Net income for the year	513,689	394,290
Adjustments for:		
Investment income recognised in statement of financial activities	(11,692)	(7,924)
Fair value gains and losses on investments (excl dep'n)	(235,941)	(402,121)
Uddingston Church conveyed on dissolution	(150,000)	
Depreciation and impairment of tangible fixed assets	35,696	39,058
Movements in working capital:		
(Increase) / decrease in debtors	(119,826)	83,820
Decrease in creditors	(11,144)	(74,193)
Cash generated from/ (absorbed by) operations	20,782	32,930

27. 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 2021). See Note 28.

28. Related Party Transactions

In their role as National Team members, Directors, Rev Peter Dick, Rev Martin Hodson, Rev Dr James Purves and Dr Brian Windram received total remuneration of £98,280 during the year ended 31 March 2022 (£112,190 for the year ended 31 March 2021).

During the year ended 31 March 2022, Rev Frances Bloomfield, Director, received an Honorarium of £1,000 in her role as Board Convenor.

Two non-executive Directors are leaders in churches who receive support from the Union by way of grant or loan. No non-executive Director is part of the review and award process for grants or loans.

There were no other related party transactions.