



ANNUAL REPORT OF THE TRUSTEES

AND FINANCIAL STATEMENTS

FOR YEAR ENDED 31 DECEMBER 2018

The Southern Counties Baptist Association
(A company limited by guarantee No. 4279837)
Registered Charity No. 1091066
Registered Office: SCBA Office, Baptist House, 129 Broadway, Didcot, Oxon OX11 8XD

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INTRODUCTION

The Trustees, who are also directors of the Association for the purposes of company law, are pleased to submit the Annual Report and Financial Statements of the charitable company for the period 1 January 2018 to 31 December 2018, which are prepared to meet the requirements for a director's report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Articles of Association 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 (FRS102).

REFERENCE AND ADMINISTRATIVE INFORMATION

Charity Name: Southern Counties Baptist Association

Charity Registration Number: 1091066

Company Registration Number: 4279837

Registered Office and
Operational Address: Baptist House,
129 Broadway,
Didcot,
Oxfordshire, OX11 8XD

Trustees:

Dr Mike Mortimer	Moderator of the Trustees
Revd Nigel Cox	Association Treasurer
Mrs Ann Andrews	
Revd Anthony Clarke	Regent's Park College Representative
Mrs Melvina Fawcett	
Revd Simon Ford	
Mrs Anne Lane	
Revd Dr Colin Norris	Regional Minister Team Leader
Mr John Bragg	(From Nov 2018)
Revd Martin Hardwidge	(From Nov 2018)

Regional Ministry Team:

Revd Dr Colin Norris	Regional Minister Team Leader
Revd Alison Boulton	Pioneer Mission Enabler
Revd Clare Hooper	Children, Youth & Families Missional Developer
Revd Jonathan Hunt	Regional Minister
Revd David Llewellyn	Regional Minister

Staff Team:

Mrs Amy Allen	Administration Manager
Ms Andrea King	Safeguarding Officer (<i>start date: 1st December 2018</i>)
Miss Alysén Merrill	Administration Support (<i>start date 27th February 2018</i>)

Auditors: Moore Kingston Smith LLP, Devonshire house, 60 Goswell Road, London, EC1M 7AD
Bankers: HSBC Bank plc, 186 Broadway, Didcot OX11 8RP

OBJECTIVES AND ACTIVITIES

The Southern Counties Baptist Association (also known as SCBA) is a registered charity (number 1091066). It was incorporated as a private limited company on 31 August 2001 and is governed by Articles and Memorandum of Association.

The objective of the charitable company is 'the advancement of the Christian faith especially by means of and in accordance with the principles of the Baptist denomination, as set out for the time being, in the Declaration of Principle of the Baptist Union of Great Britain'.

The principal activities of the charitable company are the employment of Regional Ministers and administrative staff team, with the involvement of a number of volunteers, working in groups or individually, to offer support and guidance, training and financial resources to advance the Christian religion in a way which benefits Baptist churches and the communities in which they serve.

The charitable company is part of the family of Baptist organisations serving the needs of many of the Baptist Churches in Great Britain, working particularly closely with the Baptist Union of Great Britain and BMS World Mission.

The trustees, having regard to the Charity Commission's guidance document, 'public benefit: running a charity (PB2)', continued to provide public benefit by seeking to advance the Christian religion and practice 'according to the principles of the Baptist denomination' and with the Objects of the charitable company. More detailed information about the activities and their success is provided in the "*Achievements and Performance*" section of this report.

The charitable company aims to:

Short-term:

- Co-operate with churches directly and through working groups by passing appropriate resolutions to enable building development projects, including the provision of grants and loans, including Sustainable Energy Funding. Many of these projects are directly aimed at making church buildings more accessible and available to the local community.
- Assist churches and ministers that are seeking new ministries through the National Settlement process.
- Assist individuals in exploring a call to any Baptist ministry by signposting various routes to recognised Baptist ministry, interviewing candidates, supporting ministerial candidates and providing Baptist Union approved training for Regionally Recognised Leaders and lay pastors.
- Encourage dialogue within churches or between churches and their local community.
- Encourage the SCBA Grants Committee as it continues to seek creative ways of supporting churches in their mission using Baptist Home Mission, Pioneering and other Association funds.
- Receive and consider reports from the SCBA Strategy Groups and the Regional Ministers, enabling the charitable company to maintain effective governance

Long-term:

- Make Safeguarding training available on a rolling programme, encouraging and enabling members of our churches to receive training at a reduce cost or free, and ensuring that ministers have completed Level 2 & 3 training.
- Ensure, through its Staff, Finance & Administration Group, responsible and effective stewardship of the resources of the charitable company.
- Encourage churches to support Baptist Home Mission and BMS World Mission through prayer, direct partnership with mission personnel and financial gifts, so that the Gospel of Jesus Christ can continue to be shared in the UK and abroad.
- Support the staff employed by the charitable company through the provision of appropriate training and support, and provision of clear and effective staffing and other policies.
- Seek appropriate and timely legal advice on issues having a potentially wide-ranging effect with a view to mitigating risk.

The aim of our charity is to grow healthy churches in relationship for God's mission and this fully reflects the purposes that the charity was set up to further. The team and trustees sought to achieve these aims in a number of ways, primarily providing support to the churches and their ministers to enable them to advance the Christian religion by public worship and their objects but also including granting assistance to churches seeking

to improve their premises, encouraging churches to adopt robust safeguarding policies and practice, acting to provide help and support to churches seeking to improve their own governance and holding the Regional Ministers accountable for their support for churches seeking to advance the Christian religion in their communities.

The trustees review our aims, objectives and activities each year through appraisals of the team and the work that they have carried out. In doing this, not only are we able to ensure that our aims, objectives and activities remain focussed, but also that the team are carrying out their roles to the best of their abilities.

Significant Activities of our Association included:

- Hosting events for ministers and leaders, including a three-day conference, to teach, develop and deepen their relationship with God
- Providing Home Mission Grants to sustain churches and organisation for mission in their communities.
- Providing support for our Association churches, ministers and leaders, including pastoral, safeguarding and monetary.
- Through different Association working groups, continuing to assess and develop the various aspects of our mission, including finance, safeguarding and leadership development.

The Association's volunteers have roles either as trustees on the Steering and Strategy Group; or as non-trustee members of one of the Association working groups. The Association also uses volunteers to carry out their safeguarding training sessions, who are trained to a high standard to fulfil this role. The trustees of the Association spent their Away Day in May receiving training on what it means to be a trustee of a charitable organisation.

ACHIEVEMENTS AND PERFORMANCE

The Association is made up of **158 member churches** of the Association, mainly located in Berkshire, Dorset, Gloucestershire, Guernsey, Hampshire, Isle of Wight, Oxfordshire and Wiltshire, covering thirteen counties in total. The Regional Ministers gave regular input to individual churches about good practice, backed up by the resources of Baptist House, as well as being involved in conflict resolution when necessary.

The SCBA participates in the **Footsteps course** run by Regent's Park College, Oxford University. The course is led by Mrs Anne Lane as Community Tutor in partnership with the Association. The College offers year-long courses to between 20 and 30 students, meeting once a month on Saturdays. Mrs Lane also ran additional short-term courses and one-day training events in Pastoral and Leadership Training.

The testing of **the call to ministry** is carried out by a Ministerial Recognition Group formed as part of the South West Partnership and is now carried out at residential conferences within the four Associations. The Regional Ministers also oversee the development of ministers during their first three years of ministry. Two ministers became Fully Accredited Ministers and were recognised at the Baptist Assembly, with twelve Newly Accredited Ministers gathering together for two reflection sessions in February and September

The new **Regional Ministry Team** spent the year making contact with their allocated churches and ministers, giving advice and support where needed, as well as attending church meetings and services. This was a major emphasis.

Safeguarding training is being run across the Association with a trained team of Safeguarding Trainers (most of whom are volunteers) in the light of the national policies and procedures. Fifteen Safeguarding Training Sessions were held throughout the year with over 500 Church staff and volunteers from our Association churches trained in Safeguarding for Children and Adults at Risk

Various **events, training and meetings** were held throughout the year. 112 ministers and leaders attended our three-day conference held in February, at a hotel in Cheltenham, led by Ian Stackhouse from the Guildford Baptist Church. 65 ministers and leaders attended a new additional Leaders' Day in June, led by Rev Denis Pethers from Rooftop Ministry. 90 people from our Association attended two Gender Identity Trainings Days, one in the north of the Association and one in the south of the Association, led by Natalie Collins from Build Your Compass. The SCBA Annual General Meeting and Leaders' Day was held in November, attended by 130 members, with Brian Draper speaking on "Finding Ways into Soulful Life and Ministry".

The Association made a difference to its beneficiaries in terms of **support, advice and training** when requested or offered. Also, the Mission Enabling Group and the Staff, Finance & Administration Group vetted and advised on the applications for Home Mission grants from 11 churches and 4 para-church organisations, which were then considered and agreed by the West and South Partnership. The Association has also made a number of grants to individuals for education and development.

The Association provided **support to member Churches and ministers** during the year in pursuit of its objective of the advancement of the Christian faith. Also, with our objective in mind a programme of training events and educational seminars has taken place throughout the year as well as the Trustees and the Regional Ministry Team considering ways in which the Association's services to churches can be further developed.

In reviewing the achievements and performance of the Association during the reporting period, this is mainly achieved through the number of ministers, leaders, members and churches who have interacted with the Association in some way, whether through events, training, or meeting with the Regional Minister Team. This has been evident in 2018 in the increase of the **number of ministers and churches visited** and services conducted.

A number of **positive and negative factors**, both within and outside the charity's control have affected the achievements of its objectives. The main positive factor has been in the increase of the Regional Ministry Team which has meant that more churches have been supported. This will also have an effect in future plans as more training sessions and events have been planned for 2019. The recruitment of a new administration support role, focussing on leadership and ministerial development, has also been a positive factor, along with the new Safeguarding Officer, who will support the Regional Ministry Team and churches. The introduction of the working groups has been successful and has meant that the varied aspects of the Association have been highlighted. The working groups are currently: Staff Finance and Administration; Children, Youth and Families; Safeguarding; Leadership and Ministerial Development; Mission Development; Home Mission; Pioneering; and Justice.

The **restriction of finance and resources** can have a negative effect on the objectives of the Association. Even with a larger Regional Ministry Team, with 158 churches they can still be stretched. There are also those churches who are difficult to contact, sometimes because they do not wish to have contact with the Association and are very independent. The restriction of finance and resources will continue to have a negative factor on the objectives in the future of the Association.

In regard to **fundraising activities**, the Association has a major responsibility for encouraging churches to donate funds to the Baptist Home Mission Appeal but such encouragement is limited to drawing attention to the need and benefits during meetings and sermons, on its website, and in letters from the Treasurer. In 2018, the giving by SCBA churches slightly exceeded the target set by the Baptist Union.

The Association is not permitted to raise funds to meet its operational or administrative costs, other than to meet the expenses of events, such as training days. However, the Association does receive gifts for the Confidential Fund, established to relieve the hardship of retired minister or their widows. A **grant of the money raised** for Baptist Home Mission in 2017 was given to the Association to cover staff salaries and administrative costs in 2018, as well as to distribute to Home Mission grant recipients. This is the principal source of income to cover the operating costs of the Association. The Association did not use any material expenditure to raise income in the reporting period.

In regard to investment performance, funds not required for immediate purposes are deposited with the **Baptist Union Corporation Ltd (BUC)**, which employs investment managers. The Baptist Union Trustees monitor investment performance through their Finance and Audit Committee.

FINANCIAL REVIEW

During 2018 the overall funds of the Association increased by £118,429, largely as a result of an actuarial gain on the valuation of the defined Benefits Pension scheme (2017: decrease of £115,130).

The Association had Unrestricted General Funds of £1,625,094 at the period end. The Net Movement on Designated Funds was £28,221 excess of expenditure over income. This was primarily due to the ongoing use of the Mission Development Fund for grants to church and other mission projects. At the year end the total balance of designated funds was £224,612.

The Association maintains reserves of £450,000 which currently represent approximately 9 months full running costs. Excluding fixed assets and restricted funds, the Association's free reserves were £1,625,094 at the end of 2018. The total funds held by the Association at the end of 2018 amounted to £1,958,155, of which £108,449 is held in restricted funds. Funds amounting to £562,590 are held as Loan Funds for interest free loans to churches.

The trustees have recognised that, taking into account recent staff team developments, the Association will be running a deficit budget for a number of years which is likely to be within the region of £135,000 a year unless additional funds accrue.

However, given the existing level of unrestricted funds above and beyond that necessary to maintain the Association's reserves the Trustees consider the Association remains a going concern despite an excess of expenditure over income.

The Association incurred financial costs on the majority of its events. The Ministers' and Leaders' Conference is contributed towards by those attending, but additional costs including speaker fees and staff accommodation are covered by the Association. In 2018 the Leaders' Days were not contributed towards by those attending so all costs were covered by the Association. The safeguarding training is largely covered by the cost of those attending. Association support, events and training also incur the costs of the Regional Minister Team time and mileage.

The Association's Investment Policy is to invest through the Baptist Union Corporation Ltd (BUC), which employs investment managers.

The principal risk facing the Association is the current deficit budget. This has been fully identified by the trustees, through the Staff, Finance and Administration Group. Plans are in place for a new Strategic Review Group to meet at the start of 2019 to address the way forward whilst working with a deficit budget.

The principal funding source to SCBA is from Home Mission giving from our Association churches, either through SCBA or directly to the Baptist Union of GB. This is then put into a "shared pot" with the other Associations in the union, and SCBA then receive a percentage of the total amount. An increase in giving to the Home Mission fund from SCBA churches may not directly result in increased giving directly to SCBA.

The Association is part of a very complex multi-employer defined benefit pension scheme comprising approximately 1,200 employers. (See note 3e to the accounts) SCBA have now paid off the pension debt under the Baptist Union Staff Pension Defined Benefits Scheme. The Association has conducted research to establish other churches whose trustees would be liable to pay the pension debt if the church closed (and if a building sale will not cover the debt) and SCBA will also be able to cover these debts.

The Association invests their funds not required for immediate purposes through the Baptist Union Corporation, who monitor and assess the investments through their Finance and Audit Committee.

PLANS FOR FUTURE PERIODS

During 2019, the charitable company will seek to continue to fulfil its objectives in creative ways that will assist in the advancement of the Christian religion and the enrichment of church and community life in the Southern Counties.

Activities will include: the continuation of Safeguarding Training available to all ministers and leaders, and hosted by our member churches; further training events available to all ministers and leaders, particularly in Mentoring and Children and Youth; formation of a Communications group to look at promoting the work of the Association; supporting the member churches, either pastorally through the Regional Ministry Team, or financially through grants; and hosting ministers' and leaders' events including a three-day conference and the AGM. The Board of Trustees will also carry out a Strategic Review of the Association, particularly reviewing the current deficit.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The charitable company is governed by its Memorandum of Association and Articles of Association and Rules. The Objects of this charitable company are the advancement of the Christian religion especially by the means of and in accordance with the principles of the Baptist denomination as set out for the time being in the Declaration of Principle of The Baptist Union of Great Britain.

The charity is an Incorporated Private Limited Company and is constituted of a board of trustees, who are also the Company Directors, including the Moderator and the Treasurer, who oversee the works of the charity. The charity's members are the 158 churches within the Association, who have the right to appoint two representatives to attend and vote at general meetings of the Association.

The board of trustees consists of:

- The Regional Minister Team Leader
- The Moderator appointed by the members of the Association
- The Treasurer appointed by the members of the Association
- A person appointed by Regent's Park College for such term of office and in accordance with such procedures and rules as shall from time to time be decided by the College
- Twelve trustees appointed by the members of the Association

Up to six trustees can be appointed on to the trustee board, three of which will be appointed solely to enable the trustee board to positively represent the age, sex and ethnic origin of the membership of the member churches.

The Association Moderator is at the head of the Association. Below this role are the rest of the board of the trustees including the Association Treasurer. The Regional Minister Team Leader is responsible for the rest of the team of four Regional Ministers and three support staff. In the last few years, a structure of strategic and enabling groups have been put in place to support the various aspects of the Association. These areas are: Staff, Finance & Administration; Leadership & Ministerial Development; Children, Youth & Families; Safeguarding; Pioneer Mission; Mission Development; Home Mission; and Justice. In line with the Memorandum and Articles, the majority of the decisions made by the charity as a whole will be made by the Board of Trustees, though on occasions, the other strategy groups or Regional Ministry Team will make decisions and inform the Board of Trustees of these decisions.

Prospective trustees are advised of the qualifications for serving as charity trustees and directors. They are invited to an informal discussion with the Moderator or Regional Minister Team Leader to discuss the appointment. On appointment they are provided with an overview of the governing documents of instruments and activities of the charitable company, along with the Association policies and past trustee meeting minutes. Trustees are invited to the various training session hosted by the Association for its members, including Data Protection, Help I'm a Trustee and Safeguarding.

The Regional Ministry Team are paid a stipend which is in line with the recommended stipend by the Baptist Union plus a percentage depending on their position in the team. Housing allowance and expenses are also paid on a monthly basis. The rest of the staff team are paid a salary, decided by the Board of Trustees, plus any out of pocket expenses. All volunteers within the Association are paid any out of pocket expenses, particularly for travel to and from meetings and events.

Key Management personnel remuneration: the charitable company consider their key management personnel to be the charitable company's board of trustees. The pay and remuneration of the employees of the charitable company is set by the charitable company through the Board and its Finance Group and is based upon the Baptist Home Mission recommended stipend.

The charitable company is a member of the Baptist Union of Great Britain, paying a subscription to this charity. Funds from the Home Mission Fund, which is the principle working fund of the Union, are received by the charitable company and dispersed by its Grants Group, as well as used for the running of the Association. The Association also works in partnership with three other Association within the Baptist Union: West of England Baptist Association, South West Baptist Association and South Wales Baptist Association. The Partnership is mainly for mutual support, inspiration and advice in pursuing the aims and objectives of the Associations.

DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The trustees (who are also directors of The Southern Counties Baptist Association for the purposes of company law) are responsible for preparing this Directors' Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. 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 2015 (FRS 102);
- make judgements 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 charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- each trustee has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This report has been prepared in accordance with the Statement of Recommended Practice: 'Accounting and Reporting by Charities' and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to smaller entities.

This report was approved by the Board on 25 September 2019

Signed
Dr Michael Mortimer, Moderator of the Association



Independent Auditor's Report to the members of Southern Counties Baptist Association

We have audited the financial statements of Southern Counties Baptist Association ('the company') for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 December 2018 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 Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate accounting records; 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 required for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 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 trustees 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

The trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly, we have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

Auditor's responsibilities for the audit of the financial statements– CONTINUED

- 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 charitable company'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 charitable company 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.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the company's members 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 any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Moore Kingston Smith LLP 25/9/19

Andrew Stickland (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Statement of Financial Activities (including income and expenditure account) for the year end 31 December 2018

	Notes	Unrestricted		Restricted	Total	Total
		General Funds	Designated Funds	Funds	2018	2017
		£	£	£	£	£
INCOME						
Donations and legacies	2b	2,000	-	32,870	34,870	35,639
Charitable activities	2c	309,130	-	-	309,130	318,148
Investment income	2d	15,365	75	755	16,195	7,609
Other income	2e	192,593	861	-	193,454	149,266
Total income		519,088	936	33,625	553,649	510,662
EXPENDITURE ON						
Charitable activities	3	475,117	43,186	31,550	549,853	625,012
Total expenditure		475,117	43,186	31,550	549,853	625,012
NET INCOME BEFORE GAINS/(LOSSES) ON INVESTMENTS		43,971	(42,250)	2,075	3,796	(114,350)
NET GAINS/(LOSSES) ON INVESTMENTS		-	(94)	(174)	(268)	6,366
NET INCOME/(EXPENDITURE) BEFORE TRANSFERS		43,971	(42,344)	1,901	3,528	(107,984)
TRANSFERS BETWEEN FUNDS		(14,123)	14,123	-	-	-
NET (EXPENDITURE)/INCOME BEFORE OTHER RECOGNISED GAINS/(LOSSES)		29,848	(28,221)	1,901	3,528	(107,984)
OTHER RECOGNISED GAINS/(LOSSES)						
Actuarial gains/(losses) on defined benefit pension schemes	10	114,901	-	-	114,901	(7,146)
NET MOVEMENT OF FUNDS		144,749	(28,221)	1,901	118,429	(115,130)
RECONCILIATION OF FUNDS						
Total funds brought forward		1,480,345	252,833	106,548	1,839,726	1,954,856
TOTAL FUNDS CARRIED FORWARD		1,625,094	224,612	108,449	1,958,155	1,839,726

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities

Balance Sheet As at 31 December 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Fixed Assets	5	451,751	-
Investments	6	12,020	59,902
		<u>463,771</u>	<u>59,902</u>
CURRENT ASSETS			
Debtors	7	260,516	255,098
Cash and cash equivalents	8	1,441,655	1,885,204
		<u>1,702,171</u>	<u>2,140,302</u>
CREDITORS			
Amounts falling due within one year	9	<u>(65,825)</u>	<u>(111,078)</u>
NET CURRENT ASSETS			
		1,636,346	2,029,224
PROVISION FOR LIABILITIES			
Defined benefit pension scheme liability	10	<u>(141,962)</u>	<u>(249,400)</u>
NET ASSETS			
		<u>1,958,155</u>	<u>1,839,726</u>
FUNDS			
Restricted funds	12a	108,449	106,548
Designated funds	12b	224,612	252,833
General funds	12b	1,625,094	1,480,345
TOTAL FUNDS		<u>1,958,155</u>	<u>1,839,726</u>

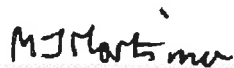
These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved by the Board of Trustees and Directors of the Association on 25 September 2019 and were signed on its behalf by:



Revd Nigel Cox

Director and Treasurer



Dr Michael Mortimer
Director and Moderator

The notes form an integral part of those financial statements

Statement of Cash Flows for the year ended 31 December 2018

	<i>Note</i>	2018 £	2017 £
Cash (used)/provided by operating activities	<i>(i)</i>	(55,608)	528,598
Cash flows from investing activities			
Dividends, interest and rents from investments		16,195	7,609
Purchase of tangible fixed assets		(451,751)	-
Proceeds on sale of investments		47,615	-
Cash provided by investing activities		<u>(387,941)</u>	<u>7,609</u>
(Decrease)/Increase in cash and cash equivalents in the year		(443,549)	536,207
Cash and cash equivalents as at 1 January		<u>1,885,204</u>	<u>1,348,997</u>
Cash and cash equivalents as at 31 December		<u>1,441,655</u>	<u>1,885,204</u>
(i) Reconciliation of net income to cash used in operating activities			
Net income		3,528	(107,984)
Dividends, interest and rents from investments		(16,195)	(7,609)
(Gains)/losses on investment assets		268	(6,366)
(Increase)/decrease in debtors		(5,418)	653,696
Increase/(decrease) in creditors		(45,253)	45,839
Increase/(decrease) in pension deficit		7,462	(48,978)
		<u>(55,608)</u>	<u>528,598</u>

1 ACCOUNTING POLICIES

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

a) General information and basis of preparation

Southern Counties Baptist Association is a company limited by guarantee in the United Kingdom. The address of the registered office is given in the charity information on page 6 of these financial statements. The nature of the charity's operations and principal activities are set out on page 1.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Southern Counties Baptist Association meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements are presented in sterling (£) which is also the functional currency for the charity.

b) Preparation of the accounts on a going concern basis

The charitable company has reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future. It has therefore continued to adopt the going concern basis in preparing its financial statements.

c) Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

- Judgements in applying the entity's accounting policies
- *Multi-employer defined benefit pension schemes*
Certain employees participate in multi-employer defined benefit pension schemes with other organisations. In the judgement of the Trustees, the charity does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore, the schemes are accounted for as defined contribution schemes: see note 4e and 9 for further details.
- Accounting estimates and assumptions
- *Multi-employer defined benefit pension scheme: Baptist Union Staff Pension Scheme*
The charity has an obligation to pay a deficit funding arrangement in respect of the multi-employer defined benefit pension scheme. The present value of the obligation depends on a number of factors including the RPI rate and the discount rate on corporate bonds. Management estimates these factors in determining the new pension obligation in the balance sheet.
- *Recoverability of loan*
The recoverability of loans are assessed annually, and at the balance sheet date provisions for doubtful debts are provided based on prior year experiences.

d) Legal status

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £10.

1 ACCOUNTING POLICIES - continued

e) Fund accounting

Unrestricted funds - represent those funds which can be used in accordance with the Association's charitable objects at the discretion of the Trustees.

Designated funds – represent those funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects

Restricted funds – can only be used for a particular restricted purpose within the charitable objects. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

f) Income

Income is recognised in the Statement of Financial Activities when the Charitable Company has entitlement to the funds; any performance conditions attached to the item(s) of income have been met; it is probable that the income will be received; and that the amount can be measured reliably.

- Donations are accounted for gross when received.
- Grants receivable are accounted for in the year in which they are receivable.
- Investment income is included in the financial statements in the year in which it is receivable.
- Event and Conference fees are accounted for in the period the event was held.

g) Expenditure and irrecoverable VAT:

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

- Expenditure on charitable activities represents expenditure in the furtherance of the object of the Association.
- Grants payable are agreed on an annual basis and accounted for in the year in which they are committed.

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

Expenditure under £1000 on office furniture and computer equipment is written off as incurred. Expenditure over £1000 on a single item will be written off over 4 years.

h) Allocation of support and governance costs

Support costs are those that assist the work of the association but do not directly represent the charitable activities and include governance costs.

Governance costs comprise all costs involving the public accountability of the association and its compliance with regulation and good practice. These costs include costs relating to the statutory audit.

Support and Governance costs have been 100% allocated to the charitable activity.

i) Fixed assets

Depreciation is provided on fixed assets to write them down to their net releasable value over their estimated useful lives as follows:

Freehold Land - nil
Freehold Buildings – over 30 years

No depreciation is provided in the year of acquisition.

1 ACCOUNTING POLICIES - continued

j) Fixed asset investments

Investments are held for their income generation and investment potential and are valued at market value at the reporting date where available. Where no market value is available they are held at historic cost.

Any surplus or deficit arising is included in the Statement of Financial Activities.

k) Debtors

Loans are considered concessionary loans as they are made by the charity to further its purposes. Loans are initially measured at the amount paid, with the carrying amount adjusted subsequently to reflect repayments. There is no interest charged on the loan amounts. Where any loan made is considered to be irrecoverable an impairment loss is recognised.

Other debtors are recognised at the settlement amount due.

l) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

m) Creditors

Creditors are recognised where the association 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.

Accruals and other creditors are recognised at their settlement amount due.

n) Provisions for liabilities

A liability for the agreed pension scheme deficit plan has been included, in accordance with the Baptist Union Staff Pension Scheme Schedule of Contributions dated 16 December 2018.

o) Financial instruments

The charity only has financial assets and 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.

p) Employee benefits

- *Multi-employer pension plan*

The association is a member of a multi-employer plan. Where it is not possible for the association to obtain sufficient information to enable it to account for the plans as a defined benefit plan, it accounts for the plan as a defined contribution plan.

Where the plan is in deficit and where the association has agreed, with the plan, to participate in a deficit funding arrangement the association recognises a liability for this obligation. The amount recognised is the net present value of the contributions payable under the agreement that relate to the deficit. The amount is expensed in profit or loss. The unwinding of the discount is recognised as a finance cost.

A liability for the agreed pension scheme deficit plan has been included, in accordance with the Baptist Union Staff Pension Scheme Schedule of Contributions dated 31 March 2015.

1 ACCOUNTING POLICIES - continued

• *Defined contribution pension plans*

The association operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the association pays fixed contributions into a separate entity. Once the contributions have been paid the association has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the association in independently administered fund.

q) Taxation

The charitable company is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2 INCOMING RESOURCES

a) Fees received

Fees received by the members of the Regional Team for preaching engagements are used towards meeting their expenses.

b) Income from donations and legacies

	Unrestricted Funds £	2018 Designated Funds £	Restricted Funds £	Total £	2017 Total £
Church of the Year gifts	-	-	2,570	2,570	5,749
Confidential Fund donations	-	-	300	300	880
Rural Ministry grant	-	-	30,000	30,000	22,500
Loan Termination Gifts (SCBA Loan Fund)	2,000	-	-	2,000	6,510
	<u>2,000</u>	<u>-</u>	<u>32,870</u>	<u>34,870</u>	<u>35,639</u>

In 2017, £29,129 income from donations was attributable to restricted funds.

c) Income from charitable activities

	Unrestricted Funds £	2018 Designated Funds £	Restricted Funds £	Total £	2017 Total £
Baptist Union Grant for Operational Activities	309,130	-	-	309,130	191,545
Baptist Union Home Mission Grants to Churches	-	-	-	-	126,603
	<u>309,130</u>	<u>-</u>	<u>-</u>	<u>309,130</u>	<u>318,148</u>

In 2017, £295,454 of income from charitable activities was attributable to the unrestricted fund, and £22,694 was attributable to the designated funds.

Notes to the financial statements for the year ended 31 December 2018

2 INCOMING RESOURCES - continued

d) Income from Investments

	2018			2017	
	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total £	Total £
Loan and General Funds on Deposit with BU	14,964	-	-	14,964	4,522
COIF Deposit for SCBA Loan Fund (OEGBA)	-	-	-	-	35
Alden Memorial Fund	-	-	183	183	99
Baptist Insurance Co Ltd - Dividends	401	-	-	401	1,602
Abraham Trust - Confidential Fund	-	75	-	75	330
Fairford Trust - Educational Assistance	-	-	341	341	786
De La Mare Fund	-	-	231	231	235
Total Income	15,365	75	755	16,195	7,609

In 2017, £6,159 was attributable to the unrestricted fund, £330 was attributable to the designated fund, and the remaining £1,120 was attributable to the restricted fund.

Allocation

These allocations are in accordance with the decisions made by the Trustees/Directors in November 2007 and are designed to proportionately supplement the previous usage of earmarked funds of the Oxford and East Gloucestershire Association and make parallel resources available throughout the Southern Counties area.

Allocation of investment income from loan and general funds on deposit with BUGB

	£
SCBA Loan Fund (23.5%)	3,610
General Fund (76.5%)	11,354
Total	14,964

e) Income from Other Sources

	2018			2017	
	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total £	Total £
Preaching and other fees	3,821	861	-	4,682	4,199
Leaders' Days & SCBA Event fees	10,802	-	-	10,802	6,542
SCBA Ministers' Conference fees	17,875	-	-	17,875	17,120
BU HM Grant for Youth and Children's Work	-	-	-	-	95
Other Income	4,164	-	-	4,164	259
Closure of Redundant Churches	155,931	-	-	155,931	121,051
Total	192,593	861	-	193,454	149,266

In 2017, £25,571 was attributable to designated funds and £123,695 was attributable to the unrestricted fund.

Notes to the financial statements for the year ended 31 December 2018

3 RESOURCES EXPENDED

a) Total Resources Expended

	Staff Costs (note 4) £	Direct Costs (note 3b) £	Support Costs (note 3c) £	Total Costs 2018 £	Total Costs 2017 £
Charitable Expenditure					
Support of Churches within the Association	271,939	143,319	53,395	468,653	498,409
Home Mission Grant	-	81,200	-	81,200	126,603
	<u>271,939</u>	<u>224,519</u>	<u>53,395</u>	<u>549,853</u>	<u>625,012</u>

In 2017, £174,823 of the total costs related to staff costs, £401,120 to direct costs and the remaining £49,069 to support costs.

b) Direct charitable expenditure

	2018			2017	
	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total £	Total £
Home Mission Grant	81,200	-	-	81,200	126,603
Sabbatical and Educational Grants	-	-	-	-	250
Travel	25,028	-	-	25,028	16,397
Leaders Days and SCBA Event Costs	14,474	-	-	14,474	11,923
SCBA Ministers Conference	24,190	-	-	24,190	22,230
Community Learning Tutor	185	-	-	185	4,000
Churches Together Grants	2,700	-	-	2,700	3,378
Church of the Year Grant	-	-	-	-	4,150
Confidential Fund	-	-	950	950	2,410
CYF National Round Table	-	-	-	-	1,095
CYF Working Group	2,006	-	-	2,006	6,034
Fairford Trust	-	-	1,350	1,350	1,150
Education & Sabbatical Grants	-	2,309	-	2,309	2,903
Loan Fund	-	-	-	-	500
Orphan Pension Debts	-	-	-	-	131,060
Pioneer Mission Fund	-	40,877	-	40,877	47,474
Rural Ministry Fund	-	-	29,250	29,250	19,563
	<u>149,783</u>	<u>43,186</u>	<u>31,550</u>	<u>224,519</u>	<u>401,120</u>

In 2017, £191,315 direct charitable expenditure related to the unrestricted fund, £182,532 to designated funds and £27,273 to restricted funds.

Notes to the financial statements for the year ended 31 December 2018

3 RESOURCES EXPENDED – continued

c) Support costs

	2018			2017	
	Unrestricted Funds	Designated Funds	Restricted Funds	Total	Total
	£	£	£	£	£
Support costs					
Printing, Postage & Telephone	2,349	-	-	2,349	2,356
Publications and Equipment	(165)	-	-	(165)	1,998
Volunteer Expenses and Fees	2,781	-	-	2,781	4,121
Staff Book and Study Allowance	3,965	-	-	3,965	820
Insurance	3,383	-	-	3,383	2,627
Building Hire	3,500	-	-	3,500	2,334
Office Equipment and Phone Rental	4,754	-	-	4,754	1,387
Baptist Union Subscription	843	-	-	843	839
Professional fees	4,872	-	-	4,872	7,378
Property repairs	1,602	-	-	1,602	-
Other Expenditure	14,010	-	-	14,010	14,400
Bank Charges	32	-	-	32	106
Interest on Pension Deficit	5,375	-	-	5,375	6,453
Governance:					
Auditors' remuneration – audit fees	6,094	-	-	6,094	4,250
	53,395	-	-	53,395	49,069

In 2017, all of the £49,069 of support costs were attributable to the unrestricted fund.

4 STAFF COSTS

a) All Staff Costs

	2018	2017
	£	£
Salaries including housing costs where applicable	235,745	152,066
Social security costs	18,523	7,998
Employer's contribution to pension schemes	17,671	14,759
	271,939	174,823

No employees receive employee benefits (excluding employer pension costs) of more than £60,000 in either the current or prior year.

The key management of the association comprise of the Trustees only.

b) Staff numbers

	2018	2017
Full time Regional Ministers	3	3
Part time Regional Ministers	2	2
Part time Administrator	1	1
Part time Support Staff (Admin Assistants)	2	1
Dorset Missional Listener (From May 2017)	1	1
Pioneer Missioner (From Dec 2018)	1	
	10	8

Notes to the financial statements for the year ended 31 December 2018

4 STAFF COSTS – continued

c) Trustees' remuneration and benefits

The Revd. Colin Norris, who is a trustee and Director of the association, received remuneration for employment with the charity for their work as Regional Ministers.

None of the other trustees have been paid any remuneration or received any other benefits from an employment within the association.

	2018	2017
	£	£
Trustee remuneration – non-trustee work		
Trustee remuneration	34,121	37,500
Employer's contribution to pension schemes	8,305	8,200
	<u>42,426</u>	<u>45,700</u>

Trustees' expenses	2018	No of trustees	2017	No of trustees
	£		£	
Director's Expenses	6,874	1	16,613	1
Volunteer Director Expenses	2,872	5	3,816	6
	<u>9,746</u>	<u>6</u>	<u>20,429</u>	<u>7</u>

Trustees' expenses relate to the following: travel, accommodation and subsistence.

d) Trustee Indemnity Insurance

The Association paid for trustee indemnity insurance at a cost of £617 (2017: £550)

e) Pension Costs

The Association is an employer participating in two pension schemes: the Baptist Pension Scheme ("the BPS"), and the Baptist Union Staff Pension Scheme ("the BUSPS"). The BPS and BUSPS are separate legal entities which are both administered by the Pension Trustee (Baptist Pension Trust Limited).

From January 2012, pension provision for both Ministers and Lay Staff is being made through the Defined Contribution (DC) Plan within the Baptist Pension 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 Aviva. Members of the Basic Section of the BPS pay reduced contributions of 5% of Pensionable Income, and their employers also pay a total of 5%.

Benefits in respect of service prior to 1 January 2012 are provided through the Defined Benefit (DB) Plan within the BPS, or through the BUSPS. The main benefits were:

- In the BPS, a defined benefit pension of one eightieth of Final Minimum Pensionable Income for each year of Pensionable Income in excess of Minimum Pensionable Income; and
- In the BUSPS, a pension of one seventieth of a member's average salary over the last three years of pensionable service.

The BPS, previously known as the Baptist Ministers' Pension Fund, started in 1925, and the BUSPS started in 1969. Both schemes were closed to future accrual of defined benefits on 31 December 2011.

Notes to the financial statements for the year ended 31 December 2018

e) Pension Costs – continued

Neither scheme is contracted out of the State Second Pension.

The table below summarises the main results of the most recent actuarial valuations of the BUSPS and the Defined Benefit (DB) Plan in the BPS. These valuations were performed by a professionally qualified Actuary using the Projected Unit Method.

	BPS DB Plan	BUSPS
Date of valuation	31 December 2016	1 January 2017
Date of next valuation	31 December 2019	n/a – Scheme is in wind-up
Market value of scheme assets (A)	£219m	£10.3m
Technical provisions (B)	£312m	£16.2m
Deficit [(B) – (A)]	£93m	£5.9m
Funding level [(A)/(B)]	70%	64%

As a result of the valuations, in addition to the contributions to the DC Plan set out above, the following deficiency contributions were agreed:

- For the BPS, to continue the standard rate of deficiency contributions payable by churches and other employers involved in the DB Plan at a rate of 12% of Pensionable Income/ Minimum Pensionable Income. A new recovery plan was agreed on 16 December 2018. The Recovery Plan envisages deficiency contributions continuing until December 2028. In addition, BUGB has committed to make additional contributions on behalf of the Baptist denomination to reduce the deficit in the scheme of £30m in 2018, £2.5m by end 2022 and £1m by end 2023.
- For the BUSPS, to continue the previous deficiency contributions plan until March 2018, with an additional contribution of £2.6m shared between the participating employers by the end of March 2018 and a final contribution of £2.6m shared between the participating employers by the end of December 2021. All the contributions with the exception of the final payment due in December 2021 have now been made.

The key financial assumptions underlying the valuations were as follows:

Type of assumption	BPS % pa	BUSPS % pa
RPI price inflation assumption	3.50	3.45
CPI price inflation assumption	2.75	2.70
Minimum Pensionable Income increases (BPS only)	3.50	n/a
Pensionable Salary increases (BUSPS only)	n/a	3.70
Assumed investment returns		
- Pre-retirement	3.50	3.50
- Post-retirement	2.25	2.25
Deferred pension increases		
- Pre April 2009	3.50	3.45
- Post April 2009	2.50	2.50
Pension increases		
- Pre April 2006	2.70	3.25
- Post April 2006	2.00	2.15

As there are numbers of contributing employers participating in both the BPS and the BUSPS, the Association is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, due to the nature of the schemes, the profit and loss charge for the period represents the employer contributions payable.

The total pension cost for the Association is shown in the table below, with last year's figures also shown for comparison.

Notes to the financial statements for the year ended 31 December 2018

e) Pension Costs – continued

In June 2018 a contract was signed by the Trustees of the BUSPS with Aviva to take on responsibility for paying the benefits due under the BUSPS. Individual policies with Aviva were subsequently issued to all scheme beneficiaries in the first quarter of 2019, meaning that the BUSPS had fulfilled its obligations to beneficiaries. The BUSPS was formally closed on 18th September 2019 and the Association has no further liabilities in relation to this scheme.

The movement in the balance sheet liability is set out in the following table:

	TOTAL		BPS		BUSPS	
	2018	2017	2018	2017	2018	2017
Balance sheet liability at 1 st January	249,400	264,535	249,400	260,220	-	4,335
Deficiency contributions paid	(12,036)	(17,431)	(12,036)	(13,096)	-	(4,335)
Interest cost (recognised in sofa)	5,375	6,563	5,375	6,453	-	110
Loss/(gain) on change of funding plan	(100,777)	(4,267)	(100,777)	(4,157)	-	(110)
Balance sheet liability at 31st December	141,962	249,400	141,962	249,400	-	-

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:

	31 Dec 2018	31 Dec 2017	31 Dec 2016
Discount Rate	2.4%	2.2%	2.4%
Future increases to Minimum Pensionable Income	3.3%	3.1%	3.3%

5 FIXED ASSETS

	Freehold Property £
Additions during the year	451,751
Cost at 31 December 2018	451,751

The depreciation policy is not to depreciate in the year of acquisition. Depreciation is then charged on the amount relating to buildings only, which is estimated to be around 50% of the carrying value, with a 30-year anticipated useful life of each property, such that the residual value will remain at two thirds of the original cost.

6 INVESTMENTS

	Brought forward £	Additions £	Disposals £	Investment Gain/(Loss) £	Carried forward £
Investments held by BU Corporation	47,882	-	(47,614)	(268)	-
Baptist Insurance Co	12,020	-	-	-	12,020
	59,902	-	(47,614)	(268)	12,020

There are no investments held outside the UK.

The equity investment relates to 2,404 ordinary £5 shares held in Baptist Insurance Company Plc (registered company number 00083597), a public company limited by shares. As these shares are not actively traded through Stock Markets, no Market Value can be obtained, resulting in the shares being valued at original cost.

Notes to the financial statements for the year ended 31 December 2018

7 DEBTORS

	2018	2017
	£	£
Debtors: Amounts falling due within one year		
Loans to churches	40,450	30,000
Other debtors	5,066	3,148
	<u>45,516</u>	<u>33,148</u>
 Debtors: Amounts falling due after more than one year		
Loans to churches	215,000	221,950
	<u>260,516</u>	<u>255,098</u>

Loans totalling £40,000 (2017: £29,000) were made to churches during the year and £36,500 (2017: £100,000) were repaid during the year.

Financial instruments included in the above debtor balances are £255,450 (2017- 253,256).

8 CASH & CASH EQUIVALENTS

	2018	2017
	£	£
Cash held for SCBA deposited with BUC	115,339	274,520
SCBA Funds held in BU Deposit Fund	1,261,084	1,396,681
SCBA COIF Deposit Account	-	14,899
CAF Account	-	-
HSBC	65,232	199,104
	<u>1,441,655</u>	<u>1,885,204</u>

9 CREDITORS

	2018	2017
	£	£
Amounts falling due within one year		
Accruals and deferred income	13,611	62,361
Prepaid income	2,805	3,425
Taxation and social security	5,476	5,442
Other creditors	43,933	39,850
	<u>65,825</u>	<u>111,078</u>

Financial instruments included in the above creditor balances are £57,545 (2018- £102,211)

10 PROVISION FOR LIABILITIES

	2018	2017
	£	£
Defined Benefit pension scheme liability	<u>141,962</u>	<u>249,400</u>
Balance at 1 January 2018	249,400	291,232
Contributions paid in the year	(12,036)	(55,431)
Net interest expense	5,375	6,453
Loss/(gain) on change of funding plan	(100,777)	-
Actuarial movement in the year	-	7,146
Balance at 31 December 2018	<u>141,962</u>	<u>249,400</u>

11 RELATED PARTIES

The Association is a member of the Baptist Union of Great Britain.

12 ACCUMULATED FUNDS

a) Restricted

	Year Start	Income	Transfers	Spending	Capital Gain/(Loss)	Year End
	£	£	£	£	£	£
Alden Memorial (Loans Repairs/Extensions)	40,308	183	-	-	-	40,491
De la Mare	20,688	231	-	-	8	20,927
Confidential Fund	3,114	300	-	(950)	-	2,464
Fairford Trust (Education Grants)	36,122	341	-	(1,350)	(182)	34,931
Church of the Year	2,365	2,570	-	-	-	4,935
DFES Funds for Youth Work	1,014	-	-	-	-	1,014
Rural Ministry	2,937	30,000	-	(29,250)	-	3,687
	106,548	33,625	-	(31,550)	(174)	108,449

These are funds given or raised for a specific purpose or are defined by Trust Deeds.

Robert Alden Memorial Fund is to be used for Capital Loans and Grants Interest Free of up to £10,000 to churches which were part of the former Oxford and East Gloucestershire Baptist Association (OEGBA).

The De La Mare Fund income to be used for the furtherance of Mission and where necessary to meet costs of book allowances for Regional Team.

Confidential Fund (Abraham Trust) is to be used to support those in need in churches which were part of the former OEGBA.

Church of the Year Fund is to receive and distribute gifts received from churches for the annually nominated Church of the Year within the association.

DFES Grants is to be used for the training of Youth Workers. (Residual Monies given by DFES between 2005 and 2008).

b) General and Designated Funds

	Restate Year Start	Income	Transfers	Spending	Gain/(Loss)	Year End
	£	£	£	£	£	£
GENERAL FUNDS						
Investment in Baptist Insurance Company	12,020	-	-	-	-	12,020
General Fund	911,345	513,478	(14,123)	(475,117)	114,901	1,050,484
Loan Funds (excluding Alden Memorial)	556,980	5,610	-	-	-	562,590
	1,480,345	519,088	(14,123)	(475,117)	114,901	1,625,094
DESIGNATED FUNDS						
Education and Sabbatical Grants	7,021	-	-	(2,309)	-	4,712
Abraham Trust (Confidential)	9,063	75	-	-	(94)	9,044
Pension Fund Debt Reserve	83,894	-	14,123	-	-	98,017
Pioneer Mission Fund	152,855	861	-	(40,877)	-	112,839
	252,833	936	14,123	(43,186)	(94)	224,612
TOTAL OF ALL FUNDS	1,839,726	553,649	-	(549,853)	114,633	1,958,155

12 ACCUMULATED FUNDS – continued

General Funds are held to support ongoing activities of the company.

Loan Funds are held to enable loans to be made to member churches to support projects, typically building projects.

Educational and Sabbatical Grants Fund represents amounts set aside to support individuals from member churches through sabbaticals and participation in other educational opportunities relating to Christian service or ministry. The balance for 2009 for this and the Abraham Trust have been restated as designated funds, as the trustees do not feel that any restrictions were placed on the original gifts.

Pioneer Mission is a fund designated to support new and exciting ways of mission across the association. In conjunction with the appointment of a regional minister.

13 HOME MISSION GIVING

The arrangements for making Home Mission Gifts from churches to the Baptist Union were changed during 2005. A new joint account, SCBA/Baptist Union, was set up so that churches and the SCBA can transfer their gifts to this account, but only the Baptist Union has authority to withdraw funds. As the SCBA is not beneficially entitled to retain any of the monies given by churches for Home Mission, these gifts are transferred directly to the Baptist Union and do not need to be included in the SCBA's Statement of Financial Activities.

Giving to Home Mission by churches and groups within the SCBA Area was as follows:

	2018 £	2017 £
Gifts via SCBA	402,715	411,339
Gifts given direct to the BU	-	-
Total gifts to Home Mission	<u>402,715</u>	<u>411,339</u>

14 ALLOCATION OF CHARITY NET ASSETS

The net assets of the Charity are held for the various funds as follows:

	Fixed Assets £	Current Assets £	Current Liabilities £	Long Term Liabilities	Total 2018 £
Restricted	-	108,449	-	-	108,449
Unrestricted	463,771	1,593,722	(65,825)	(141,962)	1,849,706
TOTAL	<u>463,771</u>	<u>1,702,171</u>	<u>(65,825)</u>	<u>(141,962)</u>	<u>1,958,155</u>