

**ASSOCIATION OF  
GRACE BAPTIST CHURCHES  
(SOUTH EAST)**

**FINANCIAL STATEMENTS  
FOR THE  
YEAR ENDED 31 DECEMBER 2019**

**Charity number: 276352**

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**REPORT OF THE TRUSTEES FOR THE  
YEAR ENDED 31 DECEMBER 2019**

The trustees have pleasure in submitting their report and the audited financial statements for the Association for the year ended 31st December 2019. They have been prepared in the format prescribed by the Statement of Recommended Practice (FRS102) 'Accounting and Reporting by Charities' issued by the Charity Commissioners.

**Objectives and Activities**

**Objectives**

The objects of the Association are to:

- 1 uphold and promote the Doctrinal Basis
- 2 promote the unity and prosperity of its Members
- 3 assist the Members in their charitable purposes as recognised in English law
- 4 devise and employ means for the furtherance of the gospel, primarily in the Geographical Area.

**Policies**

The trustees seek to achieve the objects of the Association by encouraging fellowship between churches in prayer, evangelism and practical concern through an Annual Meeting and regular District meetings and activities; initiating the planting and re-planting of churches in spiritually needy areas; providing help with evangelism through appointed staff, seminars etc; production of a prayer bulletin and other e-mail circulars. The trustees also seek to ensure member churches continue to function effectively by keeping them informed regarding legislation and practical matters relating to property, finance, taxation, insurance etc.

The trustees confirm that they have had due regard to the guidance issued by the Charity Commission on public benefit when planning their activities for the year.

**Grant-making Policies**

The charity invites applications for funding from Churches who are affiliated to the Association of Grace Baptist Churches (South East). The applications are reviewed against specific criteria and objectives, which are set by the Committee. All funded projects are monitored and reviewed on an annual basis.

The charity may also make small grants to individual church members and pastors from Churches who are affiliated to the Association of Grace Baptist Churches (South East).

**Achievements and Performance**

The Association fulfilled its objectives throughout the year.

The Association had 66 member Churches at the end of 2019. There is a wide range of activities within these Churches including weekly public worship services, Sunday schools, prayer meetings, children's and young people's groups, clubs for the elderly and outreach events reaching many diverse communities.

Both the Association Secretary and Director of Home Mission preached at many Churches or events during the year. Help and advice was given on a variety of church issues including governance, pastoral practice and evangelism. A weekend 'Saved2Serve' conference for young people interested in Christian service continues to thrive.

The Association continued to be involved in the development of church planting projects, including the Gateway project for West Gravesend and the proposed new garden city of Ebbsfleet. We are also involved in relaunching Churches which had shut down. There are currently two such projects in Greenwich and Walthamstow.

The Association also fostered practical help and support between Churches at local level by encouraging activities in the five geographical districts within the Association. This is reflected in ongoing district prayer meetings, leadership fraternals, joint events and general inter-church fellowship.

The churches gathered at our AGM in October 2019 and we were pleased to welcome several pastors who had been appointed to Churches during the previous year. Two new Committee member were appointed.

Financial help was given to Churches and individuals in the form of grants (benevolent).

**REPORT OF THE TRUSTEES FOR THE  
YEAR ENDED 31 DECEMBER 2019  
(continued)**

**Financial Review and Future plans**

The total funds of the charity increased to £7,376,712 during 2019, an increase of 4.2%. This included unrealised gains of £353,264 on the revaluation of investments.

The movement on funds before taking into account all gains on investments was a deficit of £54,866. The deficit on the General Fund was £73,932 which was within the budget set by the Committee.

**Income**

Total income in 2019 increased by 18.2% (£74,440). This was split between a increase of £58,968 in unrestricted funds' income and an increase of £15,472 in restricted funds' income.

**Expenditure**

Total expenditure decreased by £64,241.

Unrestricted expenditure increased by £38,707. This was mostly due to an increase in staff costs due to a three month overlap period upon retirement of the previous Company Secretary and increase in hours for the new Company Secretary.

Restricted expenditure decreased £102,948. This was mostly due to an increase in grants to a church from a dedicated restricted Fund.

**Financial Review**

A comprehensive financial review takes place each November and policies and budgets for the year ahead are established and refined. Through the year, the budget is compared with actual performance at the Committee meetings following the end of each quarter. This informs the budget for the new calendar year.

**Investment powers**

The trustees have power to invest, subject to the Trustee Act 2000, and seek to avoid investments which are inconsistent with evangelical ethical standards.

**Investment policy**

The Investment Policy was reviewed in 2018 with the help of an independent financial adviser and is regularly discussed with the Investment managers to ensure it remains up to date.

**Reserves policy**

It is the policy of the charity to maintain unrestricted funds, which are free reserves of the charity, at a level that equates to approximately six months' unrestricted expenditure. This provides sufficient funds to cover support costs, management and administration and to respond to emergency applications for grants that may arise from time to time.

**Fundraising**

In recent years, the charity has limited its fund-raising activities to discussion at meetings of Trustees and members around budgets and comparison of actual outturn versus budget. The company does not employ outside or commercial fund-raisers, and does not make appeals for funds beyond its members. The company has not subscribed to any fund-raising regulator.

REPORT OF THE TRUSTEES FOR THE  
YEAR ENDED 31 DECEMBER 2019  
(continued)

**Structure, Governance and Management**

The Association was constituted on 10th March 1871. The Association is registered as a charity under reference number 276352.

**The Committee**

The following extracts are taken from the Constitution and Rules of the Association:

- 7.1 The Committee are charity trustees of the Association and its property and funds.
- 7.2 The Committee when complete consists of
  - 7.2.1 twenty elected members elected in accordance with this clause or such other policies and procedures as may be adopted from time to time.
  - 7.2.2 the District Representatives
  - 7.2.3 the Treasurer
- 7.3 Up to 3 persons, who shall not be trustees or have any voting rights, may be co-opted by and to the committee for the period up to the next AGM.
- 7.4 Election to Committee membership is open to any individual who is a member of a Member church and approved for election by that Member church. Notwithstanding clause 7.1, an employee of the Association may be a member of the Committee with the prior written consent of the Charity Commission.
- 7.5 The election of Committee members is by secret ballot.
- 7.6 No person shall be an elected member unless the number of votes he or she receives equals or exceeds the number which is one third of the Messengers (from Member churches) present at the relevant AGM.
- 7.7 Subject to clause 7.9 the election or appointment of each Committee member (except co-optees) shall be for a term of three years. Committee members shall (if otherwise qualified) be eligible for re-election or re-appointment as from the end of such term.
- 7.8 Every Committee member must sign a declaration of willingness to act as a charity trustee of the Association before he or she is eligible to vote at any meeting of the Committee.
- 7.13 The membership of the Committee shall so far as possible (and consistent with the above provisions) be balanced equally between individuals in full time pastoral or other Christian ministry and individuals from other backgrounds, especially those with experience of property, financial, legal and administrative matters, that is to say individuals who are or have been engaged in a profession, business or trade.

**Connected Charities**

The Association is connected to **Grace Baptist Charities Limited**. This charity holds funds on deposit for the Association.

**Risk management**

The trustees have assessed the principal risks to which the charity is exposed, in particular those related to the operations and finance of the charity and are satisfied that systems are in place to mitigate its exposure to the major risks. A risk register is maintained and reviewed.

Key risks and the steps taken to mitigate these include liquidity (properties and investments can be sold to provide greater liquidity); loss of data and systems (mitigated by contracting with external supplier of I.T. support and off-site backups); and loss of key personnel (processes documented).

**Induction and training of trustees**

An induction letter is sent to new trustees which refers to their key role and liability and lists responsibilities which trustees are charged with fulfilling. Enclosed with the letter is the publication by the Charity Commission entitled "The Essential Trustee: What you need to know". The letter has been updated to indicate that trustees will be informed about training opportunities from time to time. The charity's fund managers, Investec, run a series of training seminars each year.

**Arrangements for setting pay and remuneration of key management personnel**

The Association's pay policy confirms the arrangements for setting levels of remuneration:

- All employees' salaries are reviewed annually as at 1st January of each year.
- The Executive Committee sets the rate of annual increase to be applied for all employees as part of the Financial Review in November. This is reported to the Main Committee.
- Any other changes to salaries or terms and conditions are agreed by the Executive Committee and reported to the Main Committee.

REPORT OF THE TRUSTEES FOR THE  
YEAR ENDED 31 DECEMBER 2019  
(continued)

**Responsibility of duties and delegation.**

The following extracts are taken from the Constitution and Rules of the Association:

**Powers of the Committee:**

- 10.1 to appoint a Treasurer subject to approval by the Member churches in general meeting and other honorary officers.
- 10.2 to delegate any of their functions to sub-committees consisting of three or more persons appointed by them.
- 10.3 to elect an Executive with the composition, function and delegated powers set out in clauses 11 and 12.2.
- 10.4 to make Standing Orders consistent with this Constitution to govern proceedings at General Meetings.
- 10.5 to make Rules consistent with this Constitution about the Committee and sub-committees.
- 10.6 to make Regulations consistent with this Constitution about the running of the Association .

**Powers of the Executive:**

- 11.1 The Executive when complete shall consist of the Chairman, the Treasurer, and six other Committee members elected by the Committee by secret ballot.
- 11.2 Membership of the Executive shall
  - 11.2.1 take effect from the date of the first committee meeting of the calendar year.
  - 11.2.2 be for a period of three years at the end of which members of the Executive shall be eligible for re-election.
- 11.3 Each member of the Executive shall unless disqualified by law serve as a director of the Company (Grace Baptist
- 11.4 The Executive shall formulate, review, and prepare recommendations as to, matters for discussion or decision at meetings of the Committee or at general meetings.
- 11.5 The Executive shall be available for consultation on matters within the Association Secretary's or the Finance Officer's remit and shall have the power to take decisions in matters touching the Association or Member churches on behalf of the Association Secretary or the Committee in cases of emergency where in the reasonable judgment of the Executive the matter cannot await a regular or special Committee meeting.

**Responsibility of duties and delegation continued**

**Powers delegated to staff:**

- 12.1 Subject to clause 12.3 the Committee shall appoint such employees as are necessary for the satisfactory running of the Association and of the Company including
  - 12.1.1 the following Officers
    - 12.1.1.1 an Association Secretary who shall be responsible for the day-to-day running of the Association.
    - 12.1.1.2 a Finance Officer who shall be responsible for the financial affairs of the Association and of the Company.
  - 12.1.2 an employee who shall serve as Company Secretary of the Company and each of whom shall be accountable to the Committee for the discharge of these responsibilities.
- 12.2 The Association Secretary, Finance Officer and Company Secretary shall be required, unless indisposed, to attend Committee meetings and Executive meetings.
- 12.3 The power to fix employees' terms of employment (including salary and job description) shall be delegated and reserved to the Executive.

**ASSOCIATION OF GRACE BAPTIST CHURCHES  
(SOUTH EAST)**

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REPORT OF THE TRUSTEES FOR THE  
YEAR ENDED 31 DECEMBER 2019  
(continued)

**Reference and Administrative Details**

Trustees during the year were:

A A Ottley (Chairman)	A M King (appointed Oct 2019)	B A Roberts (resigned Oct 2019)
B Bowen	R B King	Mrs M C Roberts (resigned Oct 2019)
C J Clarkson (Treasurer)	R Lindie	J Southcombe
A Creedy;	S J Lloyd	A J Wigham
P Fuggle (appointed Oct 2019)	J G Miller	D Wilcox (appointed Oct 2019)
J C A Hannan	D J Mortimer	P M Woodley
B O J Jones	Miss M O' Mara	Mrs S Worsley

Key management personnel during the year were:

Association Secretary	Paul Spear
Company Secretary of Grace Baptist Charities Ltd	J Green (From 1st July 2019), D Ginns (Till 30 June 2019)
Director of Home Mission	Nigel Hoad
Finance Officer	A M Gardner

The registered office is at 7 Arlington Way, London, EC1R 1XA

**The principal advisers of the company are as follows:**

Registered Auditors:	Jacob Cavenagh & Skeet, 5 Robin Hood Lane, Sutton, Surrey SM1 2SW
Bankers	CAF Bank Limited, 25 Kingshill Avenue, Kingshill, West Malling, Kent ME19 4JQ
Investment advisers	Investec Wealth and Investment Ltd, 2 Gresham Street, London EC2 7QP
Principal Solicitors	Carter, Lemon Camerons LLP, 10 Aldersgate Street, London, EC1A 4HJ Edward Connor Solicitors, 10 The Point, Market Harborough, LE16 7QU

**Trustees Responsibilities**

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

Law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities in the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP ;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 2011. 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.

**FOR AND ON BEHALF OF THE TRUSTEES**

  
**C. J. Clarkson**  
**Trustee**

7 Arlington Way, London, EC1R 1XA

29th June 2020

REPORT OF THE INDEPENDENT AUDITOR  
TO THE TRUSTEES OF  
ASSOCIATION OF GRACE BAPTIST CHURCHES  
(SOUTH EAST)

**Opinion**

We have audited the financial statements of the Association of Grace Baptist Churches (South East) (the "Charity") for the year ended 31 December 2019 which comprise the Statement of Financial Activities, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- ☐ give a true and fair view of the state of the Charity's affairs as at 31 December 2019 and of its incoming resources and application of resources for the year then ended;
- ☐ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ☐ have been prepared in accordance with the requirements of the Charities Act 2011

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

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

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

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- ☐ the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- ☐ sufficient accounting records have not been kept;
- ☐ the financial statements are not in agreement with the accounting records; or
- ☐ we have not obtained all the information and explanations necessary for the purposes of our audit.

**ASSOCIATION OF GRACE BAPTIST CHURCHES  
(SOUTH EAST)**

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**REPORT OF THE INDEPENDENT AUDITOR  
TO THE TRUSTEES OF  
ASSOCIATION OF GRACE BAPTIST CHURCHES (SOUTH EAST)  
(continued)**

**Responsibilities of the trustees**

As explained more fully in the trustees' responsibilities statement set out on page 3, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

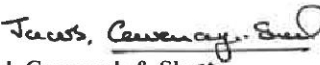
**Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 145 and report in accordance with the Act and relevant regulations made or having effect thereunder.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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 Charity's trustees, as a body, in accordance Part 4 of the charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

  
**Jacob Cavenagh & Skeet,  
Statutory Auditor  
Chartered Accountants**

5 Robin Hood Lane,  
Sutton,  
Surrey  
SM1 2SW

6 AUGUST 2020

*Jacob Cavenagh & Skeet is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.*



**ASSOCIATION OF GRACE BAPTIST CHURCHES  
(SOUTH EAST)**

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**STATEMENT OF FINANCIAL ACTIVITIES  
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)  
YEAR ENDED 31 DECEMBER 2019**

	<i>Note</i>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>2019 Total Funds £</b>	<b>2018* Total Funds £</b>
<b>Income from:</b>					
Donations and legacies	2	126,169	158,105	284,274	221,950
Charitable activities	3	52,603	5,136	57,739	55,084
Investments	4	121,404	20,090	141,494	132,033
		<u>300,176</u>	<u>183,331</u>	<u>483,507</u>	<u>409,067</u>
<b>Expenditure on:</b>					
Raising funds	5	28,561	1,197	29,758	79,529
Charitable activities	6	345,547	163,068	508,615	523,085
<b>Total expenditure</b>		<u>374,108</u>	<u>164,265</u>	<u>538,373</u>	<u>602,614</u>
<b>Operating surplus / (deficit)</b>		<b>(73,932)</b>	<b>19,066</b>	<b>(54,866)</b>	<b>(193,547)</b>
<b>Net gains / (losses) on investments:</b>					
Realised gains/(losses) on investments		(37)	4	(33)	(2,783)
Unrealised gains/(losses) on investments	12	348,283	4,981	353,264	(185,226)
<b>Total net gains/(losses) on investments</b>		<u>348,246</u>	<u>4,985</u>	<u>353,231</u>	<u>(188,009)</u>
<b>Net income / (expenditure)</b>		<b>274,314</b>	<b>24,051</b>	<b>298,365</b>	<b>(381,556)</b>
Transfers between funds		87,597	(87,597)	-	-
<b>Net movement in funds</b>		<u>361,911</u>	<u>(63,546)</u>	<u>298,365</u>	<u>(381,556)</u>
<b>Reconciliation of funds:</b>					
Funds brought forward		6,385,452	692,895	7,078,347	7,459,903
<b>Funds carried forward</b>	15 & 16	<u>6,747,363</u>	<u>629,349</u>	<u>7,376,712</u>	<u>7,078,347</u>

No activities were acquired or discontinued during the year.

\* For analysis of unrestricted and restricted financial activities for 2018, see next page.

**ASSOCIATION OF GRACE BAPTIST CHURCHES  
(SOUTH EAST)**

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**STATEMENT OF FINANCIAL ACTIVITIES  
YEAR ENDED 31 DECEMBER 2019**

*\*Analysis of financial activities for previous year :*

	<b>2018</b>		
	<i>Unrestricted Funds</i>	<i>Restricted Funds</i>	<i>2018 Total funds</i>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income and endowments from:</b>			
Donations and legacies	74,925	147,025	221,950
Charitable activities	53,114	1,970	55,084
Investments	113,169	18,864	132,033
<b>Total income and endowments</b>	<b>241,208</b>	<b>167,859</b>	<b>409,067</b>
<b>Expenditure on:</b>			
Raising funds	40,512	39,017	79,529
Charitable activities	294,889	228,196	523,085
<b>Total expenditure</b>	<b>335,401</b>	<b>267,213</b>	<b>602,614</b>
<b>Operating surplus / (deficit)</b>	<b>(94,193)</b>	<b>(99,354)</b>	<b>(193,547)</b>
<b>Net gains / (losses) on investments</b>			
Realised (losses) on investments	(2,001)	(782)	(2,783)
Unrealised (losses) on investment assets	(183,660)	(1,566)	(185,226)
<b>Total net (losses) on investments</b>	<b>(185,661)</b>	<b>(2,348)</b>	<b>(188,009)</b>
<b>Net income / (expenditure) and net movement in funds</b>	<b>(279,854)</b>	<b>(101,702)</b>	<b>(381,556)</b>
<b>Reconciliation of funds:</b>			
Funds brought forward	6,665,306	794,597	7,459,903
<b>Funds carried forward</b>	<b>6,385,452</b>	<b>692,895</b>	<b>7,078,347</b>

**ASSOCIATION OF GRACE BAPTIST CHURCHES  
(SOUTH EAST)**

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**BALANCE SHEET  
AT 31ST DECEMBER 2019**

	<i>Note</i>	<b>£</b>	<b>2019 £</b>	<b>£</b>	<b>2018 £</b>
<b>Fixed assets</b>					
Tangible assets	11		2,880,500		2,857,456
Investments	12		<u>4,053,428</u>		<u>3,908,554</u>
			6,933,928		6,766,010
<b>Current assets</b>					
Loans	13	16,785		32,480	
Debtors	14	35,635		24,811	
Cash deposited with Grace Baptist Charities Ltd		438,018		282,658	
Cash in hand		<u>364</u>		<u>264</u>	
<i>Total Current assets</i>		490,802		340,213	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year:					
Other creditors		<u>48,018</u>		<u>27,876</u>	
		48,018		27,876	
<b>Net current assets</b>			<u>442,784</u>		<u>312,337</u>
<b>Total net assets</b>	17		<u><u>7,376,712</u></u>		<u><u>7,078,347</u></u>
<b>The funds of the charity:</b>					
Unrestricted funds	15		6,007,363		5,507,643
Revaluation Reserve (unrestricted)			<u>740,000</u>		<u>877,809</u>
Total Unrestricted Funds			6,747,363		6,385,452
Restricted funds	16		462,285		521,088
Revaluation reserve (restricted)			<u>167,064</u>		<u>171,807</u>
Total restricted funds			629,349		692,895
Total funds	17		<u><u>7,376,712</u></u>		<u><u>7,078,347</u></u>

These financial statements were approved by the trustees on 29th June 2020 and signed on their behalf by:

  
**C. J Clarkson**  
Trustee

**ASSOCIATION OF GRACE BAPTIST CHURCHES  
(SOUTH EAST)**

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**STATEMENT OF CASH FLOWS  
YEAR ENDED 31 DECEMBER 2019**

<b>Statement of cash flows:</b>		<b>2019 Total Funds £</b>	<b>2018 Total Funds £</b>
<b>Cash flows from operating activities:</b>	<b>Table</b>		
Net cash provided by (used in) operating activities	A	<u>(142,935)</u>	<u>(213,623)</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rent from investments		116,275	50,502
Purchase of property and equipment		(26,237)	-
Proceeds from sale of other investments		200,000	-
Proceeds from sale of investments		197,277	508,774
Purchase of investments		<u>(188,920)</u>	<u>(308,187)</u>
Net cash provided by (used in) investing activities		<u>298,395</u>	<u>251,089</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>155,460</b>	<b>37,466</b>
Cash and cash equivalents at the beginning of the reporting period		<u>282,922</u>	<u>245,456</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>B</b>	<b><u>438,382</u></b>	<b><u>282,922</u></b>

**Table A - Reconciliation of net income / (expenditure) to net cash flow from operating activities:**

	<b>2019 £</b>	<b>2018 £</b>
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	298,365	(381,556)
Depreciation charges	3,032	901
Equipment reclassified as expenditure	161	-
(Gains) / losses on investments	(353,231)	188,009
Dividends, interest and rent from investments	(116,275)	(50,502)
(Increase) / decrease in debtors	4,871	11,616
Increase / (decrease) in creditors	<u>20,142</u>	<u>17,909</u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>(142,935)</u></b>	<b><u>(213,623)</u></b>

**Table B - Analysis of cash and cash equivalents:**

Cash in hand	364	264
Cash in hand with Grace Baptist Charities Ltd	<u>438,018</u>	<u>282,658</u>
<b>Total cash and cash equivalents</b>	<b><u>438,382</u></b>	<b><u>282,922</u></b>

NOTES TO THE ACCOUNTS  
YEAR ENDED 31 DECEMBER 2019

**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) Accounting convention**

The financial statements have been prepared under the Charities Act 2011 and in accordance with the Charities Statement of Recommended Practice (Charities SORP (FRS 102)) and Financial Reporting Standard 102 (FRS 102). The financial statements are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments. The financial statements are prepared in pounds sterling rounded to the nearest pound.

The Association of Grace Baptist Churches (South East) meets the definition of a public benefit entity under FRS 102. It is an unincorporated charitable trust with registered address of 7 Arlington Way, London, EC1R 1XA.

**(b) Going concern**

There are no material uncertainties about the charity's ability to continue its operations for the foreseeable future.

**(c) Income**

Voluntary income including legacies is accounted for once the charity has entitlement to the income, it is probable the income will be received and the amount of income receivable can be reliably measured.

Investment income is recognised on an accruals basis.

**(d) Expenditure**

All expenditure is included on an accruals basis. Charitable expenditure comprises all expenditure directly related to the objects of the charity. This includes governance costs which represent the cost of compliance with constitutional and statutory requirements.

**(e) Fixed assets**

Fixed assets held for charity use are stated at cost. Where freehold properties are maintained to such a standard that their estimated residual value is in excess of their net book value at any time and depreciation is immaterial, no depreciation is charged.

**(f) Depreciation**

Where properties are maintained to such a standard that their estimated residual value is in excess of their net book value at any time and depreciation is immaterial, no depreciation is charged.

Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost or valuation of each asset over its expected useful life as follows:

Fixtures and fittings	-	Between 10% and 20% on cost
Computer equipment	-	Between 10% and 33% on cost

**(g) Investments**

Investments and investment properties are stated at market value. The trustees review the value of investment properties annually and re-value the properties at market value every five years.

Realised and unrealised gains and losses arising on the disposal or revaluation of investments and investment properties are included in the Statement of Financial Activities.

**(h) Debtors**

Loans to churches and other debtors are included at the settlement amount due. Prepayments are valued at the amount prepaid.

**(i) Cash deposited with Grace Baptist Charities Ltd**

Cash deposited with Grace Baptist Charities Ltd is a short term highly liquid investment with a short maturity of three months or less from the date of opening of the deposit.

NOTES TO THE ACCOUNTS  
YEAR ENDED 31 DECEMBER 2019  
(Continued)

**(j) Creditors**

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

**(k) Pensions**

The charity operates a defined contribution pension scheme. Contributions payable are charged in the Statement of Financial Activities.

**2 INCOME FROM DONATIONS & LEGACIES**

	2019 Unrestricted £	2019 Restricted £	2019 Total £	2018 Total £
Donations from churches	29,029	22,629	51,658	53,112
Other donations	182	23,718	23,900	13,923
Grant from Grace Baptist Charities Ltd	46,407	-	46,407	43,394
Other grants received	50,533	111,758	162,291	111,521
Legacies	18	-	18	-
	<u>126,169</u>	<u>158,105</u>	<u>284,274</u>	<u>221,950</u>

**3 INCOME FROM CHARITABLE ACTIVITIES**

Rent received from tangible assets	16,286	5,136	21,422	18,416
Income from other charitable activities	<u>36,317</u>	<u>-</u>	<u>36,317</u>	<u>36,668</u>
	<u>52,603</u>	<u>5,136</u>	<u>57,739</u>	<u>55,084</u>

**4 INCOME FROM INVESTMENTS**

	2019 Unrestricted £	2019 Restricted £	2019 Total £	2018 Total £
Investments listed on recognised stock exchange	94,141	2,880	97,021	92,712
Investments properties - regular income	24,928	12,600	37,528	35,360
Deposit interest	<u>2,335</u>	<u>4,610</u>	<u>6,945</u>	<u>3,961</u>
	<u>121,404</u>	<u>20,090</u>	<u>141,494</u>	<u>132,033</u>

**5 EXPENDITURE ON RAISING FUNDS**

	2019 Unrestricted £	2019 Restricted £	2019 Total £	2018 Total £
Investment property expenditure	16,944	523	17,467	67,500
Investment management	<u>11,617</u>	<u>674</u>	<u>12,291</u>	<u>12,029</u>
	<u>28,561</u>	<u>1,197</u>	<u>29,758</u>	<u>79,529</u>

**6 EXPENDITURE ON CHARITABLE EXPENSES**

	Note	2019 Unrestricted £	2019 Restricted £	2019 Total £	2018 Total £
Staff Costs	7	174,836	89,133	263,969	238,876
Property expenditure		89,779	25,502	115,281	96,829
Grants payable	9				
Churches and institutions		16,338	18,694	35,032	121,252
Individuals		38,601	11,240	49,841	27,645
Home Mission costs exc. Personnel		-	13,769	13,769	11,110
Office and stationery costs		13,518	131	13,649	10,850
Photocopier costs including rentals		2,180	-	2,180	2,059
Depreciation		3,032	-	3,032	901
Website & publications		431	-	431	411
Management charge		13	30	43	821
Trustee's indemnity insurance		863	-	863	863
Bank charges & interest		160	309	469	509
Legal and professional fees		225	-	225	3,650
Auditors' fees	10	3,150	-	3,150	2,964
Costs of meetings		<u>2,421</u>	<u>4,260</u>	<u>6,681</u>	<u>4,345</u>
		<u>345,547</u>	<u>163,068</u>	<u>508,615</u>	<u>523,085</u>

NOTES TO THE ACCOUNTS  
YEAR ENDED 31 DECEMBER 2019

(Continued)

**7 STAFF COSTS**

Total staff emoluments for the year were as follows:

	2019 £	2018 £
Salary Costs	225,577	199,536
National Insurance costs	11,120	15,334
Employer's pension contributions	16,111	9,068
Benefits in kind - season tickets	5,435	8,859
Other staff travel etc.	4,533	5,396
Staff training & conferences	1,193	683
	<u>263,969</u>	<u>238,876</u>

There were no pension contributions outstanding at year end. (2018 :nil). No employee received remuneration amounting to more than £60,000 in the current year or previous year

The average number of staff by head count and full-time equivalent during the year was:

	2019 Head Count Ave. No	2019 Fte Ave. No	2018 Head Count Ave. No	2018 Fte Ave. No
Association office staff	8.0	4.6	6.0	3.5
Home Mission staff	3.0	2.4	3.0	2.4
Total staff	<u>11.0</u>	<u>7.0</u>	<u>9.0</u>	<u>5.9</u>

**8 KEY MANAGEMENT PERSONNEL**

The key management personnel for the Association are Association Secretary; Director of Home Mission; Company Secretary and Finance Officer. The total employee benefits received by these personnel were:

	2019 £	2018 £
Salary costs	130,393	107,721
National Insurance costs	13,075	10,547
Employer's pension contribution	12,062	5,386
Benefits in kind	816	2,720
	<u>156,346</u>	<u>126,374</u>

**9 GRANTS PAYABLE**

	2019 Unrestricted £	2019 Restricted £	2019 Total £	2018 Total £
<b>Grants payable to churches and institutions:</b>				
Affinity	5,000	-	5,000	4,996
Hayes Lane Baptist Church, Bromley	-	14,231	14,231	14,249
St. John's Wood Road Baptist Church	-	4,463	4,463	75,007
Grace Church, Walthamstow (Training Grant)	-	-	-	18,000
Grace Church, Walthamstow (CAF)	-	-	-	6,000
Small Training Grants ( CAF - Churches)	838	-	838	-
Grace Baptist Church, Bexleyheath	6,000	-	6,000	-
Grace Baptist Church, Tottenham	4,500	-	4,500	-
High Road Baptist Church, Finchley	-	-	-	3,000
	<u>16,338</u>	<u>18,694</u>	<u>35,032</u>	<u>121,252</u>

All grants to churches and institutions are either approved by the trustees or are reported to the trustees, if being made in accordance with the terms of a restricted fund.

**Grants payable to individuals:**

	2019 £	2018 £
Training Fund - unrestricted (7 grants)	38,351	17,245
Churches Aid Fund - unrestricted (1 grant)	250	-
Benevolent Fund - restricted (9 grants)	2,690	1,100
Pastors' Retiring & Widows' Fund - restricted (9 beneficiaries)	8,550	9,300
	<u>49,841</u>	<u>27,645</u>

All grants to individuals are approved by the trustees with the exception of grants from the Benevolent Fund which, for reasons of confidentiality, are proposed by the Association Secretary, authorised by the Honorary Treasurer and paid by the Finance Officer

NOTES TO THE ACCOUNTS  
YEAR ENDED 31 DECEMBER 2019  
(Continued)

**10 AUDIT, INDEPENDENT EXAMINATION AND OTHER FINANCIAL SERVICES FEES**

The company's auditors made the following charges:

	2019 £	2018 £
Fee for audit of accounts	3,120	2,940
Fee for other services	30	24
	<u>3,150</u>	<u>2,964</u>

**11 TANGIBLE ASSETS**

Held in furtherance of the charity's objects:

	Freehold property £	Leasehold property £	Fixtures, fittings and equipment £	Total £
<b>Market Value / Cost</b>				
At 1st January 2019	2,538,428	315,600	19,764	2,873,792
Disposals			(8,186)	(8,186)
Additions			26,237	26,237
At 31st December 2019	<u>2,538,428</u>	<u>315,600</u>	<u>37,815</u>	<u>2,891,843</u>
<b>Depreciation</b>				
At 1st January 2019	-	-	16,336	16,336
Disposals	-	-	(8,025)	(8,025)
Additions	-	-	3,032	3,032
At 31st December 2019	<u>-</u>	<u>-</u>	<u>11,343</u>	<u>11,343</u>
<b>Net book value</b>				
At 31st December 2019	<u>2,538,428</u>	<u>315,600</u>	<u>26,472</u>	<u>2,880,500</u>
At 31st December 2018	<u>2,538,428</u>	<u>315,600</u>	<u>3,428</u>	<u>2,857,456</u>

**12 INVESTMENTS**

	2019 Investment properties £	2019 Quoted investments £	2019 Total £
Market value at 1st January 2019	1,676,741	2,231,813	3,908,554
Additions	-	188,920	188,920
Disposals	(200,000)	(197,310)	(397,310)
Unrealised gains/(losses)	49,823	303,441	353,264
Market value at 31st December 2019	<u>1,526,564</u>	<u>2,526,864</u>	<u>4,053,428</u>
<b>At Cost</b>			
As at 31st December 2019	<u>482,125</u>	<u>394,285</u>	<u>876,410</u>
As at 31st December 2018	<u>627,125</u>	<u>394,285</u>	<u>1,021,410</u>

The trustees obtained professional valuations for all the investment properties in December 2016. A professional valuation was obtained for one investment property in December 2017, as it is to be marketed for sale due to vacant possession. A further professional valuation was obtained for another investment property in December 2019. All other properties have been indexed in line with local property indexation.



**ASSOCIATION OF GRACE BAPTIST CHURCHES  
(SOUTH EAST)**

(16)

NOTES TO THE ACCOUNTS  
YEAR ENDED 31 DECEMBER 2019  
(Continued)

**13 LOANS**

Loans (to 3 Churches)	16,785	32,480
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Loans are interest free and repayable within ten years. Included within loans is approximately £15,275 repayable after more than one year.

**14 DEBTORS**

	2019 £	2018 £
Debtors	30,590	21,826
Prepayments	5,045	2,985
	<u>35,635</u>	<u>24,811</u>

NOTES TO THE ACCOUNTS  
YEAR ENDED 31 DECEMBER 2019  
(continued)

	Income 2019 £	Expenditure 2019 £	Transfers 2019 £	Other Gains / (Losses) £	Brought forward 1/1/2019 £	Carried forward 31/12/2019 £
<b>15 UNRESTRICTED FUNDS</b>						
General Fund	250,144	(321,564)	-	348,246	5,855,443	6,132,269
Churches Aid Fund	-	(11,588)	87,597	-	24,112	100,121
Training Fund	50,000	(38,351)	-	-	41,555	53,204
Walthamstow Manse	32	(2,605)	-	-	464,342	461,769
	<u>300,176</u>	<u>(374,108)</u>	<u>87,597</u>	<u>348,246</u>	<u>6,385,452</u>	<u>6,747,363</u>

*Figures for previous year for comparison*

	Income 2018 £	Expenditure 2018 £	Transfers 2018 £	Other Gains / (Losses) £	Brought forward 1/1/2018 £	Carried forward 31/12/2018 £
<b>2018</b>						
General Fund	241,158	(290,314)	-	(185,661)	6,090,260	5,855,443
Churches Aid Fund	-	(9,000)	-	-	33,112	24,112
Training Fund	-	(35,245)	-	-	76,800	41,555
Walthamstow Manse	50	(842)	-	-	465,134	464,342
	<u>241,208</u>	<u>(335,401)</u>	<u>-</u>	<u>(185,661)</u>	<u>6,665,306</u>	<u>6,385,452</u>

**Churches Aid Fund**

This designated fund was established in 1979 to set aside funds at the discretion of the trustees for the purpose of making grants and loans to Churches within the Association. The fund was increased in 2015. The surplus Funds from the Loan Fund have been transferred into the Churches Aid Fund.

**Training Fund**

This designated fund was established in 2015 to set aside funds at the discretion of the trustees for the purpose of making grants to Churches and trainees to support people in training for ministry. An additional £50,000 was granted to the Fund from Trust Funds managed by Grace Baptist Charities Ltd

**Walthamstow Manse**

This designated fund was established in 2015 as a result of the closure of Church Hill Baptist Church, Walthamstow. Under the 1944 conveyance and declaration of trust, the Association stands possessed of the Church manse. A project to re-plant a Church is in progress.

**ASSOCIATION OF GRACE BAPTIST CHURCHES  
(SOUTH EAST)**

(17)

NOTES TO THE ACCOUNTS  
YEAR ENDED 31 DECEMBER 2019  
(Continued)

<b>16 RESTRICTED FUNDS</b>	<b>Income 2019 £</b>	<b>Expenditure 2019 £</b>	<b>Transfers 2019 £</b>	<b>Other Gains / (Losses) £</b>	<b>Brought forward 1/1/2019 £</b>	<b>Carried forward 31/12/2019 £</b>
Hawthorne Family	2,161	(4,493)	-	-	140,126	137,794
Home Mission	106,620	(106,620)	-	-	-	-
Gateway Fund	54,886	(40,407)	-	-	5,933	20,412
Benevolent Fund	2,713	(2,690)	-	-	48,377	48,400
Loan Fund	1,302	-	(87,597)	-	103,080	16,785
Pastors' Retiring and Widows' Fund	3,049	(8,909)	-	9,728	79,781	83,649
Sinclair Fund	12,600	(1,146)	-	(4,743)	315,598	322,309
	<u>183,331</u>	<u>(164,265)</u>	<u>(87,597)</u>	<u>4,985</u>	<u>692,895</u>	<u>629,349</u>

*Figures for previous year for comparison*

<b>2018</b>	<b>Income 2018 £</b>	<b>Expenditure 2018 £</b>	<b>Transfers 2018 £</b>	<b>Other Gains / (Losses) £</b>	<b>Brought forward 1/1/2018 £</b>	<b>Carried forward 31/12/2018 £</b>
Hawthorne Family	3,809	(76,023)	-	1,839	210,501	140,126
Home Mission	102,473	(102,473)	-	-	-	-
Gateway Fund	44,764	(39,176)	-	-	345	5,933
Benevolent Fund	2,394	(1,100)	-	-	47,083	48,377
Loan Fund	959	-	-	-	102,121	103,080
Pastors' Retiring and Widows' Fund	2,960	(9,666)	-	(5,208)	91,695	79,781
Sinclair Fund	10,500	(38,775)	-	1,021	342,852	315,598
	<u>167,859</u>	<u>(267,213)</u>	<u>-</u>	<u>(2,348)</u>	<u>794,597</u>	<u>692,895</u>

**Hawthorn Family Charitable Fund**

This fund is governed by a Deed dated 16th February 1999. Grants are to be made to nominated benefiting Churches. The fund was established by a donation, including tax benefit, of £70,000.

**Home Mission**

This fund exists to promote evangelism in the Association Churches through education, training, advice, full-time and short-term workers and projects. The majority of the funding is through donations from Churches and grant income.

**Gateway Fund**

This is a special Home Mission Fund to promote evangelism through a new church plant for the planned new Gateway community in Ebbsfleet, Kent.

**Benevolent Fund**

This fund has no governing instrument. Grants are made to Christians in needy circumstances.

**Loan Fund**

Declaration of Trust dated 27th October 1891 governed this fund. Interest free loans were made to Churches for purchase, extension and maintenance of Chapels, Manses and other Church premises. At the end of the year, the Loan Fund was closed to new applicants as bureaucratic complications made it difficult to continue to make interest free loans. It was decided that the money would be made available to the churches by way of grants rather than loans in the future and therefore the remaining free Funds were transferred to the Churches Aid Fund. Historically, the Churches Aid Fund and Loan Fund were run together and it is only in the past few years that the two were separated.

**Pastors' Retiring and Widows' Fund**

Declaration of Trust dated 2nd November 1900 governs this fund. Grants are made to retired pastors, and their widows, who have previously contributed to the fund and are without adequate means of support.

**Sinclair Fund**

This fund was established by a will dated 11 September 2001. The church at Gadebridge, Hemel Hempstead, has first call on any fund arising from the legacy.

NOTES TO THE ACCOUNTS  
YEAR ENDED 31 DECEMBER 2019  
(Continued)

	2019	2019	2019	2019	2018
	<i>Investments</i>	<i>Tangible assets</i>	<i>Net current assets</i>	<i>Total</i>	<i>Total</i>
<i>Current year</i>	£		£	£	£
Unrestricted Funds	3,640,928	2,880,500	225,935	6,747,363	6,385,452
Restricted Funds	412,500	-	216,849	629,349	692,895
	<u>4,053,428</u>	<u>2,880,500</u>	<u>442,784</u>	<u>7,376,712</u>	<u>7,078,347</u>
	2018	2018	2018	2018	2017
	<i>Investments</i>	<i>Tangible assets</i>	<i>Net current assets</i>	<i>Total</i>	<i>Total</i>
<i>Figures for previous year for comparison</i>	£		£	£	£
Unrestricted Funds	3,500,690	2,857,456	27,306	6,385,452	6,665,306
Restricted Funds	407,864	-	285,031	692,895	794,597
	<u>3,908,554</u>	<u>2,857,456</u>	<u>312,337</u>	<u>7,078,347</u>	<u>7,459,903</u>

**18 COMMITMENTS**

The Association has commitments to make payments, in respect of land and buildings and office equipment, in the following years under operating leases that expire as follows:

	2019	2018
	£	£
Within 1 Year	295	1,181
Between 2 and 5 years	-	295
	<u>295</u>	<u>1,476</u>

**19 TRUSTEES' REMUNERATION**

No remuneration or benefits were paid to any of the trustees during the year for their services as trustees. Also, there were no trustees' costs paid direct to third parties.

	2019	2018
	£	£
<b>20 TRUSTEES' EXPENSES</b>		
Expenses incurred by trustees and reimbursed, amounted to:	440	111

5 trustees made a total of 15 expenses claims for the cost of travel to meetings and other events.

**21 RELATED PARTIES**

The following trustees are also directors of Grace Baptist Charities Limited and, as such, have an interest in transactions carried out on behalf of trusts and churches administered by the company and the charity: A A Ottley, C J Clarkson (Treasurer), A Creedy, J C A Hannan, J G Miller, D J Mortimer, Miss M O' Mara and P M Woodley. Details of the transactions and balances are disclosed in the notes to the accounts.

During the year, Tabitha Spear was employed by the Association to assist with an archiving project. She received remuneration of £617 for this work. Tabitha is the daughter of Paul Spear, Association Secretary.

The following payments were made to Affinity of which Paul Spear, Association Secretary is a trustee.

Annual Grant approved by the Committee	£5,000
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