

Shirley Baptist Church

REPORT and ACCOUNTS

for the year ended 31 July 2020

SHIRLEY BAPTIST CHURCH
REFERENCE AND ADMINISTRATIVE INFORMATION

for the year ended 31 July 2020

Principal Address	Stratford Road Shirley, Solihull B90 3BD
Status	The church is a Registered Charity No. 1127354 It is a member of the Baptist Union of Great Britain & The Heart of England Baptist Association.
Governing Document	Constitution dated September 2008
Charity Registration Number	1127354 (from 31 December 2008)
Ministry Team	
Senior Minister	Rev Paul Campion
Youth Specialist	Mrs Deanna Johnston
Families & Children Specialists	Mrs Jacquie Knott Mr Martin Knott
Diaconate (trustees)	
Senior Minister	Rev Paul Campion
Church Secretary	Ian McDonald
Church Treasurer	Richard Millington
Trustee	Phil Stewart (until November 2020)
Trustee	Becci Balderson (until November 2019)
Trustee	Ann Carter (until November 2019)
Trustee	Richard Rose (until February 2020)
Trustee	Ian Deaville (until November 2020)
Trustee	Christine Canty
Trustee	Neil Aston
Trustee	Evan Winter
Trustee	Raj Waghmare (from November 2019)
Trustee	Sharon Davidson (from November 2020)
Trustee	Peter Close (from November 2020)
Trustee	David Rose (from November 2020)
Trustee	Johathan Hibbs (from November 2020)
Trustee	Stuart Fisher (from November 2020)
Trustee	Lynne Russell (from November 2020)
Custodian Trustee	The Baptist Union Corporation Ltd
Independent Examiner	Ajay Rajani FCIE Stewardship 1 Lamb's Passage, London EC1Y 8AB
Principal Bankers	CAF Bank Ltd

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Shirley Baptist Church
Report of the Trustees
For the year ended 31 July 2020

The Diaconate has pleasure in presenting the Annual Report for the year ended 31 July 2020

Organisational Structure and Decision making processes

The Church is managed by the Diaconate who are the managing trustees. The Constitution governs the appointment of Deacons who are elected from the Church Membership by ballot of Church Members. They are appointed for a three year term and can serve one further term if elected again. The Church Secretary and Treasurer are eligible to serve for up to three terms if elected. On appointment new Deacons, as part of their induction, are made aware of the responsibilities of a trustee.

In planning the activities the Deacons have had regard to the guidance issued by the Charity Commission on Public benefit. This is clearly demonstrated in the range of activities that we provide for the benefit of various sectors of our immediate community, and the provision of use or hire of our buildings to 12 outside organisations over the reporting year.

All members are encouraged to take an appropriate part in the spiritual and practical tasks in furtherance of the charitable objectives. The members Church Meeting is held regularly and is the discussion and major decision making forum for the Church. Relevant matters are submitted to the Church Meeting by the Diaconate or can be raised by members. Though the Constitution permits decisions to be made by appropriate majorities, the Church seeks to work by consensus wherever possible. The current membership at the end of the reporting year stood at 201.

Objectives and Activities

The Church is evangelical Baptist and exists for the advancement of the Christian faith according to the principles of the Baptist denomination. Our purpose is "To demonstrate through our lives a Passion for God and Compassion for People" and our Vision is to be passionate about the God who loves us beyond our understanding, to be committed to helping people of all backgrounds to discover Jesus and to be committed to growing in faith and serving this community and the wider world.

The Church operates primarily, but not exclusively in Shirley.

In order to fulfil its purpose and vision the Church provides a wide variety of activities both to its membership and to the community generally. The aim is to show the love of Jesus Christ in both word and action and to bring people into closer relationship with Him.

Subject to the paragraph below on the effects of the COVID 19 pandemic on the church's activities, the Sunday services remained as central to our work and witness along with a full programme of toddlers, children, and youth activities throughout the week as well as Boys and Girls Brigades. The pre-school activities involved over 50 families each week, most of whom have no other contact with the church, and the youth programmes attracted approximately 100 young people each week. There is a group which provides activities and companionship to elderly people involving over 50 individuals. All our activities are open to those who are not church members and in many cases the majority of attendees are non-members, thus providing a significant benefit to the public. On an average week over 290 children and adults who are not church members attended one of the activities run on our premises. Home groups meet during the week for the growth of faith and discipleship, as does a well-attended Women's Fellowship.

Whilst there may be small charges for some of these activities, the Church operates a policy throughout its programmes that nobody is excluded through the inability to pay.

The Church incorporates Kairos Coffee which is a coffee shop fronting onto Parkgate and run as part of the service to the local community. It is staffed by 4 paid employees and a large group of willing volunteers and was primarily established to be, and has forged, a very effective link from the church to the community. Kairos generates income to cover its day-to-day operating costs.

In addition many of our members provide practical help in the Family Support Centre where trained advisors are offering compassionate, non-judgemental and confidential support to those in difficulty. Others take part in Crossroads, providing food and clothes for homeless people in the centre of Birmingham. Both of these programmes provide a much needed service to the wider community.

Achievements and Performance

The Church's teaching in the first half of the reporting year began with a series on Psalms then continued the theme of aspects of our Vision Focus: 'Welcome, Love, Challenge, Grow', with sermons on 'Challenge' and 'Grow'. This Vision Focus is being embedded in all our activities to help us grow in discipline and provide focus in our outreach to the community. For the second half of the year we began by introducing a series focussing on the 'Frontlines' of each individual's mission wherever they are, whoever they are, whatever they are. This was followed by the parables of Jesus. The teaching series for the first three months of the COVID 19 lockdown concerned all aspects of God's support whilst living in testing times. The 'Frontline' series resumed for the last two months of the reporting year.

We have largely achieved the plans set out in the 2019 Trustees' Report as the Church remains resilient, vibrant and engaged in the local community and beyond; The achievements in the five areas of the plan are reviewed in turn below.

- The Church continued to implement its key word focus of 'Welcome, Love, Challenge, Grow' that falls out of the church's Vision Statement with the intention of moving the principles of that statement into action throughout all of the church's groups and activities. Group leaders have been encouraged to include the concepts when planning their activities with individual members of the congregation encouraged to adopt the principles in their personal journeys of faith and how they relate to others. The church has also adopted a logo of the word focus which appears on appropriate church literature.

- The maternity leave of two key staff members was successfully managed through the adjustment of the work patterns of other staff members and increased volunteer input stepping up to cover the important areas of children's and youth work. The subsequent resignation of one member of staff following maternity leave was also effectively managed within the existing staff, again through adjustment of employment contracts and the commencement of consideration of an increase in the ministry team which will feature in the 'Future Plans' section below.

- The series on theological reflections on contemporary challenging issues in order to give the church a better understanding of the Bible's teaching made steady progress with discussions in the deaconate and amongst the church community. The onset of COVID19 pandemic brought a temporary halt to the discussions which will now form part of the future plans for 2020/21.

- In Exploring fresh mission initiatives the homegroup based in Dickens Heath continued to work out its local opportunity. A very significant programme was set up during lockdown in cooperation with a local councillor to collect donations of food from the residents of Dickens Heath for the Helping Hands project based at Renewal Church, Solihull. Other plans were carried forward to the coming year. The construction of Solihull Village was delayed during lockdown, but by the end of the reporting year the church had connected with the sales staff with a view to meeting the new resident manager once appointed.

- Our desire to maintain the ongoing business of church life to the fullest effective extent, seeking to involve more of the church community in its delivery was, paradoxically, both hindered, due to suspension of group activities, and delivered within the COVID lockdown period through an increasing contribution of the community in the on line services. Further comments on the lockdown period are detailed below.

The on-going activities of the Church have continued this year through support for the community, pastoral visiting and wider mission organisations, albeit adjusted because of the COVID19 pandemic. The week-day activities and clubs, temporary closed due to the pandemic, were almost all over-subscribed with waiting lists, especially the Tuesdays adult group, whilst the Boys and Girls Brigades have also seen growth in numbers. The Youth Mission Week involved community service. All of these activities are run by volunteers who give generously of their time and passion and the further expansion of activities is only limited by the availability of volunteers. We have recognised that some people associated with the Church may be unsure about what they can do or commit to with respect to volunteering and this is being actively managed through highlighting, encouraging and supporting volunteering opportunities and volunteers.

The Church's interest in mission elsewhere in the UK and across the world was sustained throughout the year, with continuing support for Baptist Home Mission, BMS World Mission and for Mercy Mission Welfare Society. The church provided some training for a group of young people on the BMS Action Team programme. The Church continues to provide financial support towards a church member's training and preparation for future ministry with children in Africa and it continues its support for a mission in Latvia with increased financial assistance.

The Church continues to proclaim the good news of Jesus and help everybody with their journey of faith. In addition to the regular Sunday worship services involving a mix of contemporary and traditional styles, there has been a range of more creative and informal gatherings in the church, in Kairos Coffee and in Parkgate which have enabled people to consider the spiritual aspect of life at whatever level they desire and feel comfortable with.

COVID 19 Pandemic

The following section describes the impact on, and the response of, the Church regarding COVID19. Overall, the Church has successfully adapted to the constraints, continued to operate and has not been materially affected.

• Church Activities.

The church closed all its activities in response to the COVID 19 Pandemic and associated control measures following the Sunday service on 15th March. This was in accordance with Government and Baptist Union guidelines. This impacted on the church risk assessment as it was no longer able to provide the regular level of public engagement through the organisations it ran or via Kairos coffee shop. Where possible, however, Individual groups made their own arrangements to maintain in contact with group members outside of meeting on church premises as the church planned and developed its recovery phase. This began almost immediately with its first virtual Sunday service broadcast over the internet, utilising You Tube on 22nd March. A recording of the weekly service on CD and DVD is produced and delivered during the following week to those who do not have access to the internet. A weekly newsletter

updating the church community is distributed on email with paper copies going to those with no internet access. As the period of lockdown continued the church groups made increasing use of the internet for meetings utilising Zoom/Microsoft Teams to maintain contact within groups and continue church business and governance. At an early point in lockdown the church was seeking to offer support to those in the community in need of practical help, and helped to establish 'Shirley Mutual Aid' which developed into an excellent resource with over 100 volunteers from the community and input from several local church leaders and Ward councillors. The church was also aware of the challenge for the care staff working in Trinity Apartments next to the church, and managed to establish a safe way of delivering occasional cakes as an encouragement to the staff. Activity packs were distributed to all families prior to Easter and again in the summer. An online holiday club during the May half term was incredibly successful and a real highlight of the lockdown period.

- Members' giving, financial uncertainty and sustainability and its future as a going concern.

As the church was not meeting for worship together on a Sunday there was concern that the offerings made on a Sunday by cash and cheque would cause a, not insignificant, drop in income. This proved not to be the case as giving by standing orders has increased during the year and a process was developed to allow those who give by cash and cheque to make their donations in another way. The impact therefore on the church's running costs, reserves policy, level of reserves, pension deficit and any designated funds for future commitments have not been adversely impacted during this reporting year. It is considered that the church's financial sustainability is at present sound and its ability to continue as a going concern is not currently in doubt with a reasonable expectation that it has adequate reserves to continue to operate for the foreseeable future.

- Volunteer contributions in assisting the church in managing the changed circumstances.

There was a notable volunteer contribution by those with IT skills in the church community to establish and maintain our on-line presence in respect of Sunday worship services. The weekly Internet services continued to develop with an increasing participation of individuals from the church community in preaching, prayer, readings and worship. The technical contribution by the worship bands in recording the songs as individual pieces and then patching them together is particularly noteworthy.

The church's COVID 19 risk assessment, room user guide, checklist and associated control measures were compiled and maintained by a volunteer member of the church as part of the church's recovery plan to resume some activities within the church buildings. These documents were fully reviewed by the Church Trustees who remained responsible for this challenging aspect of church life.

- Impact of the pandemic on staff, volunteers and church community/congregation and the Implications for the church's operations and activities for the coming year.

The church ministry and administration staff continued to work during the lockdown, the admin staff and senior minister working principally from home. Parts of the church building were used for the production of the Children's and Family's Sunday on line event necessitating the attendance in the church office by the appropriate ministry staff.

Those volunteers who organised some of the group activities at the church prior to lockdown maintained contact with their groups by phone, social media or video conferencing for pastoral reasons and offer help if appropriate.

It was identified that the church community had felt the loss of getting together for worship and social activities. The pastoral efforts of the ministry team and church community volunteers were consequently increased which has been welcomed. Kairos coffee shop closed for part of the lockdown but has now opened again which has greatly helped in re-establishing social contact within the church community and between church and local community.

Whilst noting a desire by members of the church community to return to using the building, the church will maintain its current lockdown; although it will seek to implement a phased return to activities within the building, subject to Government and Baptist Union guidance. An initial, trial meeting of a youth group, subject to guidance and church risk assessment, was successfully held within the building.

- Impact of the virus control measures and their potential duration on future aims and activities of the church.

The church's purpose will remain the same whilst its activities will be adapted to take account of the prevailing virus control measures. A measured and gradual approach will be taken to reopening for some element of Sunday worship at the start of the next reporting year. New opportunities will be sought to advance the purpose of the church amongst the local community within the restrictions of the control measures. Reconstruction of the church's activities and use of the buildings will be part of the trustees business and pastoral discussions in the coming year.

- Impact of the virus control measures on any wider network of which the charity is a part and how that impact will affect the church's operations.

The temporary closure of the building meant that several regular user groups in the wider community were unable to continue their activities. The Family Support Centre was unable to offer an advisory service for several months, but at the end of the reporting year this had just resumed.

Financial Review

This has generally been another encouraging financial year. Our income was £474,000 (note 2), which is £95,000 more than the previous year primarily due to a notified legacy of £100,000 and Covid-19 related grants of £30,600. These grants are sufficient to cover approximately a year's of reduced net income associated with the Covid-related suspension of Sunday services' offerings, mid-week room usage and Kairos opening times. We are extremely grateful for the generosity of members and friends of the Church which has enabled and sustained the work of the Church through its general ministry, the use of the building and the services of Kairos Coffee. The Church continues to raise the funds it needs for its activities from within the membership and congregation and we thank everyone for their support. No wider public appeal for funds was made during the year.

This year the total expenditure was £29,000 less than the previous year at £284,000. This reduction is partly due to a reduction in expenditure following the outbreak of Covid-19 and partly due to savings in staff costs because some staff were on maternity leave.

The Church continues to be heavily dependent on the membership working as volunteers in all aspects of the church activities, many of which run with little or no impact on the expenditure, but nevertheless contribute substantially to the achievement of the objectives.

Following the completion of the building redevelopment project in 2013 there has been no capital expenditure but there was £8,000 of depreciation of existing fixed assets (note 7) to leave a Net Book Value of assets of £2,678,000. Following the adoption of FRS102 which permits buildings to be revalued each year, it has been decided to stop depreciating these buildings and simply charge net revaluation gains/losses to the SOFA. Continued repayments of loans (from HEBA, BUGB and members) for the rebuilding and Kairos Coffee projects have reduced them by £48,000 down to £57,000. Although regular donations to the Building fund have reduced this year they are still sufficient to both maintain the current HEBA loan repayment schedule and pay down the BUGB loan ahead of schedule.

We continue with our Grants Policy to generously support Mission locally, nationally and internationally and our grant giving from unrestricted funds totals £44,000 (note 5) which is consistent with our objective of giving approximately 20% of unrestricted gifts & offerings income and associated gift aid towards broader missions work. In addition, a further £5,000 was given via Restricted Fund donations.

In accordance with the FRS102 accounting standard, the recognition of liabilities associated with the deficit on the closed Baptist Union Pension Scheme stands at £95,000 which is £46,000 less than the previous year reflecting the performance of the overall pension scheme together with the Church's deficit contributions of £5,000. The liability is manageable and fully covered by designated funds transferred from the General Fund during the year.

Kairos Coffee made small monthly surpluses in the first half of the year but closure from March due to COVID19 then cost £12,000. Kairos re-opened in July but only 4 days per week due to volunteer shortages resulting in further net costs of £1,000 per month. However, Kairos qualified for business support and Job Retention Scheme grants totalling £31,000 which will sustain Kairos until 6 day opening can be resumed. The church continues to see Kairos' primary purpose as to provide a Christian based cafe environment for the local community and a point of access to other community, youth and pastoral activities provided by the church; From a financial perspective, it is recognised that the depreciation and replacement of fixed asset may need continuing funding from the church General fund in the coming years if there is no operating surplus. A SOFA, Cashflow and Balance Sheet for Kairos is provided in Note 14.

The detailed financial results, together with a summary of the accounting policies adopted, are set out in the accompanying financial statements.

Reserves

It is policy to maintain unrestricted general funds, which are the free reserves of the Church, at a level which takes into account variable general giving, future repair needs of the church and manses, and also meet the regulatory requirement to be able to fund an orderly closure of a charity. The Diaconate have resolved that the minimum free reserves should be £81,000 and that this figure be reviewed annually. The free reserves at 31 July 2020 amounted to £132,809 with the excess over required reserves primarily driven by an accrued legacy which the deacons have yet to decide how it is to be used.

Risk Management

The Diaconate annually reviews the major strategic, business and operational risks faced by the church. These mainly surround people visiting and using our open premises and to a lesser extent risks relating to employment. It is considered that systems are in place to monitor and manage these risks and to take necessary steps to mitigate them.

The Diaconate consider that the systems for monitoring budgets, approving payments, banking receipts, payroll and taxes provide robust controls. The medium term sources of funds have been reviewed and are considered stable.

Going Concern

Based on our General Fund having a surplus of £22,000 (excluding legacies and before transfers), the negligible impact of COVID19, the projected balanced budget and significant reserves, the deacons are confident that the Church remains a 'going concern' for at least 12 months from the date of this report.

Partnerships

The Church is affiliated to the Baptist Union of Great Britain and paid subscriptions of £936 (2019: £469). The Church has loans from the Baptist Union Corporation and the Heart of England Baptist Association for the buildings redevelopment and Kairos Coffee projects which are detailed in Notes 10 and 11.

Trustees and Related Parties

No trustee expenses were paid. Payments to trustees in the course of their employment are included in Note 6 of the accounts. Donations by trustees and their close families are reported in Note 6.

Future Plans

The Church remains committed to its vision and objectives and the deacons regularly review activities and initiatives to enable the members to achieve their ambition without overstressing our capacity and capability.

- It is clear that the COVID 19 pandemic has had an immense impact on the life of the church, and the primary task of the leadership in the coming year will be to review how church life might continue to thrive in the different circumstances both short term and longer term. It is clear that there will be more digital engagement alongside physical gatherings and there will be a greater focus on nurturing faith through pastoral conversations and small group gatherings.
- The church is thankfully in a position where there is opportunity to increase the ministry team and there are a number of different options which will be explored during the coming year.
- The church will continue its theological reflections on challenging contemporary issues as circumstances allow, both through discussions with the deacons and with the wider congregation.

Diaconate Responsibilities.

The trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing these financial statements, the trustees are required to:

- o Select suitable accounting policies and apply them consistently
- o Observe the methods and principles in the Charities SORP
- o Make judgements and estimates that are reasonable and prudent
- o State whether the applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.
- o Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011 and the Charity (Accounts and Reports) Regulations 2008. 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.

Independent Examiner

The Diaconate intend to ask the existing examiners to undertake the independent examination of the Church in the following year.

Approval

This report was approved by the Diaconate on 4th March 2021 and signed on its behalf by

Ian McDonald, Church Secretary

**INDEPENDENT EXAMINER'S REPORT
TO THE TRUSTEES OF**

**Shirley Baptist Church
(‘the Charity’)**

I report to the charity trustees on my examination of the accounts of the Charity for the year ended 31 July 2020 on pages 9 to 21 following, which have been prepared on the basis of the accounting policies set out on pages 11 and 12.

Responsibilities and basis of report

As the charity trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 (‘the Act’).

I report in respect of my examination of the Charity's accounts carried out under section 145 of the Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

Since the Charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a Fellow of the Association of Charity Independent Examiners, which is one of the listed bodies.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the Charity as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a ‘true and fair’ view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Ajay Rajani FCIE
Fellow of the Association of Charity Independent Examiners

Date 5th March 2021

Stewardship
1 Lamb's Passage
London
EC1Y 8AB

Shirley Baptist Church

Statement of Financial Activities
for the year ended 31 July 2020

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2020 £	Total 2019 £
INCOME AND ENDOWMENTS FROM						
Donations and Legacies		351,233	4,847	47,284	403,364	278,449
Charitable activities		57,793	0	0	57,793	88,080
Other trading activities		12,408	0	73	12,481	12,512
Investments		476	0	0	476	440
Total income	2	421,910	4,847	47,358	474,114	379,481
EXPENDITURE ON						
Charitable Activities:						
Finance Costs	3	0	697	946	1,643	4,245
Church Activities	5	222,548	5,031	0	227,579	246,325
Coffee shop outreach	4	47,212	0	0	47,212	51,925
Depreciation	7	0	4,551	3,366	7,917	10,137
Total expenditure		269,760	10,279	4,313	284,351	312,631
Net income before transfers		152,150	(5,432)	43,045	189,763	66,850
Transfers between funds	12	(4,551)	5,248	(697)	0	0
Net income after transfers		147,599	(184)	42,348	189,763	66,850
Other recognised gains and losses:						
Gains/(losses) on revaluation of fixed assets	7	0	0	0	0	23,000
Actuarial gains / (losses) on defined benefit pension schemes	6	41,602	0	0	41,602	(11,986)
Net movement in funds		189,201	(184)	42,348	231,365	77,864
Funds brought forward at 1 August 2019		649,229	18,030	1,912,589	2,579,848	2,501,985
Funds carried forward at 31 July 2020		838,430	17,846	1,954,937	2,811,213	2,579,848

Movements on reserves and all recognised gains and losses are shown above.
A comparison with the previous year for each fund type is provided in Note 15.
The notes on pages 11 to 21 form part of these accounts.

Shirley Baptist Church

Balance Sheet at 31 July 2020

	Notes	Total Funds 2020	Prior Year 2019
FIXED ASSETS		£	£
Tangible fixed assets	7	2,678,040	2,685,957
CURRENT ASSETS			
Debtors	8	118,695	18,865
Bank balances	9	178,480	132,733
Total current assets		297,175	151,598
LIABILITIES			
Creditors: Amounts falling due within one year	10	37,514	43,993
Net current assets		259,661	107,605
Total assets less current liabilities		2,937,701	2,793,563
Creditors: Amounts falling due after more than one year	11	31,588	72,415
Net assets excluding pension liability		2,906,113	2,721,148
Defined benefit pension scheme liability	11	94,900	141,300
TOTAL NET ASSETS		<u>2,811,213</u>	<u>2,579,848</u>
THE FUNDS OF THE CHARITY			
Unrestricted funds			
Designated revaluation reserve		386,200	386,200
Other designated funds		319,421	177,748
General unrestricted funds		132,809	85,282
		838,430	649,230
Restricted funds		17,846	18,030
Endowment funds		1,954,937	1,912,588
	12	<u>2,811,213</u>	<u>2,579,848</u>

A comparison with the previous year for each fund type is provided in Note 15.

Approved by the Diaconate on 4th March 2021

and signed on its behalf by Paul Campion and Ian McDonald

The notes on pages 11 -21 form part of these accounts.

Shirley Baptist Church
Notes to the Accounts
for the year ended 31 July 2020

The charity is a trust registered with the Charity Commission in England & Wales. The charity's registered number and principal address can be found on the Charity Information page.

1. Accounting Policies

These financial statements are prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain assets, which are measured at fair value through the Statement of Financial Activities.

These financial statements have been prepared in accordance with the "Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ("the Charities SORP"), with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102") and with the Charities Act 2011. The charity meets the definition of a public benefit entity as set out in FRS 102.

The Charities (Accounts and Reports) Regulations 2008 (the '2008 Regulations') requires charities to prepare their accounts in accordance with 'Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005' but this accounting standard has since been withdrawn and has been replaced by the Charities SORP mentioned in the preceding paragraph. The charity has prepared these financial statements in accordance with the new Charities SORP; this departure from the 2008 Regulations is believed to be necessary for these financial statements to give a 'true and fair view'.

The principles adopted in the preparation of the financial statements are set out below.

a) Going concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees have considered the charity's forecasts and projections and the possible implications should projected income and / or expenditure vary unexpectedly. The trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue to operate for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

b) Income

Income including investment income is recognised in the period in which the charity becomes entitled to receipt, the amount receivable can be measured with reasonable certainty, and receipt is probable. For the most part, income is generally recognised when it is received. Income is only deferred when the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period.

Income from donations and legacies includes:

- i) Recoverable gift aid. This is recognised when the related donation is received. Gift aid that has not been recovered by the balance sheet date is included as a debtor.
- ii) Donated facilities, services and goods. Goods donated for distribution to beneficiaries are recognised as income when receivable at fair value (being an estimate of the amount it would cost to purchase those items). Goods donated for resale are recognised as income at the point of sale (as the sale proceeds cannot be estimated reliably before the goods are sold). Facilities, services and goods donated for the charity's own use are recognised as income when receivable at their value to the charity.

The charity relies on volunteers to carry out many of its activities, particularly outreach activities. However, in accordance with the SORP, the value of these services has not been included in these financial statements as they cannot be reliably measured.

When donated goods, services and facilities are distributed or consumed, an expense in respect of those items is included in the Statement of Financial Activities. At the year end any goods that have not been distributed or consumed are recognised as stock; donated fixed assets are capitalised.

- iii) Legacies. Income from legacies is recognised when a distribution is received from the estate or, if earlier, when the charity has been notified that a distribution will be made and the amount receivable can be measured reliably.

Income from charitable activities represents income receivable from goods, services and facilities supplied in furtherance of the charity's charitable objects. It includes income from church retreats and other events and courses and Kairos Coffee.

Income from other trading activities represents income receivable from activities undertaken to generate funds for the charity.

Investment income represents income generated by the charity's assets and includes income from bank interest.

Other income comprises gains arising from the disposal of tangible fixed assets / social investments.

c) Expenditure

Expenditure, including irrecoverable VAT, is recognised when it is incurred or, if earlier, when a legal or constructive obligation for a payment arises provided that it is probable that settlement will be required and the amount of the obligation can be measured reliably.

The charity makes grants to other institutions and individuals to further its charitable objectives. Grants payable are recognised as constructive obligations arise, which is generally when the charity expresses a commitment to the recipient that can be measured reliably and then only to the extent that any conditions associated with the grant are outside of the control of the charity.

Shirley Baptist Church

Notes to the Accounts for the year ended 31 July 2020

d) Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity. Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. Restricted funds are donations which are to be used in accordance with specific restrictions imposed by donors; they include donations received from appeals for specific activities or projects. Endowment funds are donations that are retained as capital in accordance with the donor's wishes. The nature of the restriction determines whether the endowments represent permanent endowments or expendable endowments.

Unrestricted General Fund

General Fund - the principal operating fund covering the cost of ministry, support for Christian missions, church activities, buildings and administration, with income mainly coming from regular giving by members of the congregation (plus gift aid where applicable), rental income from the Yoxall Road manse and other one-off donations from users of the rooms.

Unrestricted Designated Funds:

Members Loan Repayment Fund - funds set aside from previous years' general fund surpluses for repayment of members loans if the Kairos and Building funds could not do so. In 2019 the balance was transferred to the designated Building Fund.

Kairos Coffee - This is the operating income (sales) and costs of Kairos Coffee. Any accumulated operating deficit of the coffee shop is transferred to the General Fund.

Designated Building Fund - funds set aside from unrestricted general funds to repay loans should there be a shortfall in related restricted (including endowment) income; Any funds not used to repay loans remain set aside for future major building works

Church Organisations Designated Fund - This is the aggregate of the funds of the church organisations that run much of the outreach to the community. It includes Womens Fellowship, Brigades, pre-school mid-week groups, Tuesdays group and youth clubs.

Manse fund - comprises the cost of the charity's manses (which amount to £265,000) and subsequent revaluations (which amount to £386,200).

Pension Debt - This represents funds set aside to help meet the charity's estimated share of a funding deficit reported by a defined benefit pension scheme operated by the Baptist Pension Scheme.

Restricted Funds:

Kairos Coffee (Set Up) - the coffee shop was established in 2014 using gifts specifically provided for that purpose together with loans from members and the Heart of England Baptist Association (HEBA). In March 2018 the HEBA loan was transferred to the Building (restricted) Fund (as agreed by Building Fund donors) and in May 2019, with the assistance of a fund transfer from the unrestricted general fund, the loans owed to members were repaid fully. At the year end the fund comprises the net book value of the fixed assets used by Kairos Coffee offset by the funds transferred from the general fund (which is shown as an overdrawn bank balance in note 13). Annually transfers are made from the general fund to cover any deficit that the fund would otherwise report.

Building Restricted Fund - This fund was created in March 2018 when donors to the endowed Building Fund gave the charity permission to use some of their donations to repay a loan received from HEBA for Kairos Coffee; in the previous year some of the cash received from these donors was ring fenced for the repayment of this loan. At the year end the fund was represented by this cash and a matching liability for the HEBA loan.

Dickens Heath Fund - set up by a specific gift from the Dickens Heath Community Church prior to its closure in 2019. The fund is to be used for specific mission in Dickens Heath.

Fellowship Fund - a fund originally set up by a specific gift and used at the sole discretion of the Senior Minister to provide small grants to members of the fellowship who have severe and specific financial needs.

Mission Fund - was created from donations received to help support mission activities undertaken by other charities. Generally, the on-going gifts are donated during activities organised by the church including the Harvest Appeal.

Student Fund - The fund supports a Families and Children Specialist or Worker, Internships and students training for mission by covering course fees, travel and sundry expenses claimed, small personal allowances and food and accommodation provided by a hosting member.

Endowment Funds:

Building Endowment Fund - This is the main fund for the redevelopment of the halls in 2013. Over 90% of the fund has been provided by gifts from the congregation, with the balance from charitable trusts and Shirley Advance. All of the capital has been invested in the new buildings for the use of the church and community. Loans from church members and the Baptist Union of Great Britain were taken to complete the project and it is expected that they will be repaid in full by the end of 2021.

- e) Fixed assets are for the use by the church in fulfilling its objects and are capitalised and depreciated. Depreciation is provided at rates considered appropriate to reduce book values to estimated residual values over the useful lives of the assets concerned. As permitted by FRS102, properties are revalued at every balance sheet date to their estimated market value; there is no separate charge for depreciation. Furniture and fittings are depreciated at 10% p.a., Kairos and computer equipment at 33% p.a. and musical instruments at 25% p.a. all on the straight line balance basis. Small items of equipment are written off on purchase.

f) Pension scheme arrangements

The charity operates defined contribution pension schemes for its employees. Obligations for contributions to these schemes are recognised as an expense when the liability arises. The assets of these schemes are held separately from those of the charity in independently administered funds.

The charity is a participating employer in the Baptist Union Pension Scheme which, prior to January 2012, was a multi-employer defined benefit pension scheme. The charity is unable to identify its share of this scheme's assets and liabilities therefore, as permitted by FRS 102, the entire scheme is being treated as if it were a defined contribution scheme. The last actuarial valuation indicated that the obligation to provide defined benefits gives rise to a funding deficit and the charity, along with other participating employers, must make additional contributions to remedy the deficit. The obligation to make deficit reduction contributions in future years has been included as a liability in these financial statements. Further information about this defined benefits scheme, and the charity's obligation to contribute towards its funding deficit, is disclosed elsewhere in the notes to these accounts.

Shirley Baptist Church

Notes to the Accounts for the year ended 31 July 2020

2. Analysis of Income

	Total 2020 £	Total 2019 £
<i>Donations and Legacies</i>		
Gifts & offerings	213,992	215,827
Legacy	105,000	0
Income tax recoverable	47,129	46,012
Mission giving	6,614	16,610
Government grants:		
Local authority business support grant	25,000	0
Job Retention Scheme grants	5,630	0
Other grants	0	0
	<u>403,364</u>	<u>278,449</u>
<i>Charitable Activities</i>		
Room usage voluntary contribution	4,953	9,991
Kairos Coffee	39,565	54,173
Sundry income	1,291	3,068
<i>Self-funding Charitable Activities</i>		
Church Organisations	10,410	15,868
Church Events	1,575	4,980
	<u>57,793</u>	<u>88,080</u>
<i>Other trading activities</i>		
Rental Income Yoxall Road Manse	12,408	12,323
Fund raising events	73	189
	<u>12,481</u>	<u>12,512</u>
<i>Investment Income</i>		
Interest received	476	440
	<u>476</u>	<u>440</u>
Total Income	<u>474,114</u>	<u>379,481</u>

Following the death of a member of the church during the year, the charity was notified that it had been named as a beneficiary of a large legacy. This comprised a pecuniary legacy of £100,000 (which is included in this year's income and has been received since the year-end) and a share in the residue of the estate after all other payments have been made. At the present time the trustees are unable to estimate the value of the residue and so it has not been included in these accounts however the trustees note that it could be substantial (potentially a six figure sum).

3. Analysis of Finance Costs

Building project and Loan Interest	<u>1,643</u>	<u>4,245</u>
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4. Analysis of Coffee Shop Outreach Expenditure

Kairos Coffee		
Kairos employment costs	24,410	21,889
Kairos office costs	1,997	2,042
Cleaning & caretaking	2,560	2,832
Light, heat & water	3,889	5,528
Kairos set up costs	1,478	1,730
Kairos cost of sales	12,800	17,840
Other costs	78	64
Total Kairos	<u>47,212</u>	<u>51,925</u>

Shirley Baptist Church

**Notes to the Accounts
for the year ended 31 July 2020**

5. Analysis of Church Activities Expenditure

	Total 2020 £	Total 2019 £
Ministry		
Stipends	74,518	88,076
Pension & NI contributions	15,263	12,995
Manse costs	3,913	4,451
Other costs of Ministry	5,420	5,814
Intern programme	0	0
Children's/Youth work ministries	3,062	4,474
Mission & evangelism	358	1,062
Worship, pastoral & discipleship	5,454	9,448
	<u>107,988</u>	<u>126,319</u>
Mission - Grants Payable		
Institutions:		
BMS World Mission	17,297	16,985
Baptist Home Mission	15,000	15,000
Mercy Mission Welfare Society	4,768	6,849
Christian Aid	337	1,112
Global Connections	0	530
TEAR Fund	926	0
Agape Iranian Church	600	600
East Anglia Air Ambulance	1,150	0
Mercy Ships	1,150	0
Yardley Wood Food Pantry	1,150	0
The Navigators	1,200	1,200
Solihull Homelessness	0	808
RESTORE	0	775
Other gifts < £1,000 each	2,317	1,783
Individuals:		
Short Term Missions	3,000	0
	<u>48,895</u>	<u>45,642</u>
Support		
Office employment costs	12,345	11,267
Office costs	5,767	6,247
Cleaning & caretaking	6,441	8,676
Light, heat & water	10,971	13,200
Repairs & maintenance	16,933	12,267
Insurance	3,327	3,559
Support for Kairos	0	0
Other costs	809	27
Governance Costs:		
Independent Examination	2,225	3,007
	<u>58,818</u>	<u>58,251</u>
Self-funding Charitable Activities		
Church Organisations	7,783	10,604
Church Events	2,615	5,509
Church Weekend	1,480	0
	<u>11,878</u>	<u>16,113</u>
Total Church Activities Expenditure	<u>227,579</u>	<u>246,325</u>

Shirley Baptist Church

Notes to the Accounts for the year ended 31 July 2020

6. Staff cost and Trustees expenses	2020	2019
	£	£
Salaries	110,015	119,755
Social security costs	4,368	3,795
Pension costs	11,958	10,247
Benefits of Manse utilities	3,054	3,201
	<u>129,396</u>	<u>136,998</u>
BU Pension Debt b/fwd	141,300	134,200
Contributions to BU Pension Debt	(4,798)	(4,886)
(Gains)/Losses in Debt valuation	<u>(41,602)</u>	<u>11,986</u>
BU Pension Debt c/fwd	<u>94,900</u>	<u>141,300</u>

The average number of employees in the year was		
Full time	3	2
Part time	7	9
	<u>10</u>	<u>11</u>

No employee received emoluments in excess of £60,000 during the year (2019: none).

One of the Trustees, Paul Campion, is an employee, and as permitted by the governing document, received emoluments of £35,656 (2019 £34,738) and benefited from pension contributions by the church of £4,598 (2019 £4,070), and lived in housing owned and provided by the church for which the utilities cost £3,054 (2019 £3,201). These emoluments were paid in his capacity as minister, and not as trustee, and are allowed for in the church constitution. He is the only member of staff who is defined as performing a key management role within the charity. One Kairos Coffee staff member was paid £7,205 (2019 £6,498) and is a close relative of a trustee, Neil Aston; the latter did not participate in the appointment or management processes.

No sums were reimbursed to the Trustees for their work as Trustees (2019 none). Trustees and close family members donated £19,973 (2019: £27,986) to the Church.

Pension Schemes

The Church is an employer participating in a pension scheme known as the Baptist Pension Scheme ("the Scheme"). The Scheme is a separate legal entity which is administered by the Pension Trustee (Baptist Pension Trust Limited).

Since January 2012, pension provision has been made through the Defined Contribution (DC) Plan within the Scheme. In general, members pay 8% of their Pensionable Income and employers pay 6% of members' Pensionable Income into individual pension accounts. In addition, the employer pays a further 4% of Pensionable Income (or 3% if the employer is in the segregated DC section) 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.

The Minister(s) and some members of the church staff are eligible to join the Scheme.

Benefits in respect of service prior to 1 January 2012 are provided through the Defined Benefit (DB) Plan within the Scheme. The main benefits for pre-2012 service were a defined benefit pension of one eightieth of Final Minimum Pensionable Income for each year of Pensionable Service, together with additional pension in respect of premiums paid on Pensionable Income in excess of Minimum Pensionable Income. The Scheme, previously known as the Baptist Ministers' Pension Fund, started in 1925, but was closed to future accrual of defined benefits on 31 December 2011.

Actuarial valuation as at 31 December 2019

A formal valuation of the Defined Benefit (DB) Plan was performed at 31 December 2019 by a professionally qualified Actuary using the Projected Unit Method. The market value of the DB Plan assets at the valuation date was £298m.

The valuation of the DB Plan revealed a deficit of assets compared with the value of liabilities of £18 million (equivalent to a past service funding level of 94%). As a result of the valuation, in addition to the contributions to the DC Plan set out above, it was agreed that the standard rate of deficiency contributions from churches and other employers involved in the DB Plan will remain at previously agreed levels, increasing each year in line with increases in the Minimum Pensionable Income. The deficiency contributions are broadly based on 12% of Pensionable Income / Minimum Pensionable Income, reflecting each employer's contributions in March 2015. Some employers that were involved in the DB Plan for a short period pay lower contributions. The Trustee and the Council agreed a 50% reduction for all deficiency contributions payable between 1 July 2020 to 31 December 2020. In addition, the Baptist Union of Great Britain agreed to contribute a lump sum of £0.5m by 31 December 2020. The current Recovery Plan dated 30 September 2020 envisages deficiency contributions continuing until 30 June 2026.

The key financial assumptions underlying the valuation were as follows:

RPI price inflation assumption	3.20%
CPI price inflation assumption	2.70%
Minimum Pensionable Income increases	3.20%
Assumed investment returns - pre retirement	2.95%
Assumed investment returns - post retirement	1.70%
Deferred pension increases - Pre April 2009	3.20%
Deferred pension increases - Post April 2009	2.50%
Pension increases:	2.70%

Shirley Baptist Church

Notes to the Accounts for the year ended 31 July 2020

Consequent upon the departure of the Minister from the church in 1986 and 1989, the Church had cessation events under Section 75 of the Pensions Act 1995. This makes the Church liable for the proportion of the overall deficit (assessed by reference to the cost of securing benefits by the purchase of annuities) applicable to its previous Ministers who were members of the Scheme. It is not possible to quantify this debt without an actuarial calculation. In order to avoid the cost of such a calculation and because the church may not be able to continue its charitable activities following payment of the employer debt which arises upon a cessation event, the Pension Scheme Trustee (after consulting the Pensions Regulator) is not currently pursuing the employer debt, but is instead permitting the church to pay the ongoing deficiency contributions outlined above. However, the Pension Scheme Trustee has the right to quantify and seek payment of the debt at any time at its discretion.

The next actuarial valuation of the DB Plan within the Scheme is due as at 31 December 2022.

As there is a large number of contributing employers participating in the Scheme, the Church is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, due to the nature of the Scheme, the profit and loss charge for the period represents the employer contributions payable.

The pension liability included in these accounts is based on an estimate of the amount that the charity would be required to pay should the charity decide to settle the debt immediately; the Baptist Pension Scheme (the 'BPS') have provided this estimate. The BPS is collecting deficit contributions monthly however these deficit contributions have not been calculated by reference to the charity's share of the pension deficit and, based on the current schedule of contributions, it is possible that the sum of all future annual deficit contributions will be significantly less than the liability included in these accounts. The charity does not foresee any circumstances that could result in immediate payment of the whole debt however the trustees believe that the BPS may ask the church to increase its contributions towards the deficit and therefore, to be prudent, they have chosen to recognise a liability for the employer debt in these accounts.

Total pension contributions consist of:	2020 £	2019 £
Contributions to Baptist Pension Scheme DC plan	10,894	9,200
Contributions to other defined contribution schemes (which comply with pensions auto-enrolment legislation)	1,064	1,047
	11,958	10,247
Contributions to Baptist Pension Scheme DB plan deficit	4,798	4,886
Total pension contributions paid in year	16,756	15,133

7. Tangible Fixed Assets	Church Premises	Manses	Furniture & Fittings	Musical/Sound Equipment	Computers & Equipment	Total
<i>Cost or valuation</i>	£	£	£	£	£	£
at 1st August 2019	2,122,420	695,112	213,934	30,875	17,532	3,079,873
Revaluations	0	0	0	0	0	0
Additions during the year	0	0	0	0	0	0
Disposals during the year	0	0	0	0	0	0
at 31st July 2020	2,122,420	695,112	213,934	30,875	17,532	3,079,873
<i>Accumulated Depreciation</i>						
at 1st August 2019	122,420	43,912	179,177	30,875	17,532	393,916
Charge for the year	0	0	7,917	0	0	7,917
Accumulated depreciation on disposals	0	0	0	0	0	0
at 31st July 2020	122,420	43,912	187,094	30,875	17,532	401,833
<i>Net Book Value</i>						
at 31st July 2020	2,000,000	651,200	26,840	0	0	2,678,040
at 31st July 2019	2,000,000	651,200	34,757	0	0	2,685,957
Original cost		265,000				
Revaluation Reserve		386,200				

The church's properties were valued on 30th July 2019 by the trustees at their estimated market value; the trustees considered the values of similar nearby properties as at August 2020 and found no material change to support a revaluation.

There is no competitive market for the church building and its valuation of £2million reflects the quality of the building balanced by the uncertainty of what it may fetch on the open market dependent upon willing buyers at that time; this value is the same as the 2019 valuation.

During the year no capital expenditure was incurred, although maintenance and repair costs increased with the increasing age of some equipment.

At 31 July 2020 there were no outstanding capital commitments (2019 £Nil).

An insurance valuation exercise took place in 2018 which resulted in a replacement insurance valuation of £5,161,489 for the church premises.

Shirley Baptist Church

**Notes to the Accounts
for the year ended 31 July 2020**

8. Debtors and Prepayments	2020	2019
	£	£
Tax recoverable	13,746	14,202
Legacy	100,000	
Other debtors & prepayments	4,949	4,663
	<u>118,695</u>	<u>18,865</u>
9. Cash at Bank & in Hand	2020	2019
	£	£
Current accounts	67,438	122,436
Cash/Bank (Church Organisations and Kairos Cash Float)	10,671	10,297
Deposit Accounts	100,371	0
	<u>178,481</u>	<u>132,733</u>
10. Creditors: amounts falling due within one year	2020	2019
	£	£
Sundry creditors and accruals	8,189	4,049
Independent examination	2,160	2,160
PAYE & NIC	1,333	4,684
Short Term Loans from members - Building Fund & Kairos*	16,000	16,000
HEBA loan for Kairos**	6,300	6,300
Baptist Union Corporation loan for Building Redevelopment***	3,532	10,800
	<u>37,514</u>	<u>43,993</u>
11. Creditors: falling due after more than one year	2020	2019
	£	£
HEBA loan for Kairos**	14,693	20,296
Long Term Loans from members - Building Fund & Kairos*	8,000	24,000
Baptist Union Corporation loan for Building Redevelopment***	8,895	28,118
	<u>31,588</u>	<u>72,415</u>
Baptist Union Pension Scheme	94,900	141,300

*These loans are unsecured, interest free and have fixed quarterly repayments and are therefore repayments due within one year or beyond one year are reported accordingly.

** This loan is repayable over 10 years (by February 2024) and interest is charged at 3.4% on 75% of the loan and nil% on the remaining 25%. The loan facility was for £75,000 but only £55,000 was drawn down and the balance is unlikely to be taken up.

*** This loan is repayable over 10 years (by September 2023) and interest is charged at 3.6% variable. The loan facility was for £475,000 but only £463,000 was drawn down and the balance is unlikely to be taken up.

Shirley Baptist Church

**Notes to the Accounts
for the year ended 31 July 2020**

12. Summary Statement of Funds

	2019	Transfers	Income	Expenditure	Gains and (Losses)	2020
	£	£	£	£	£	£
<i>Unrestricted Funds</i>						
Kairos Cafe	1	(22,983)	70,195	47,212	0	0
Building Fund	44,000	0	0	0	0	44,000
General Fund	85,282	(79,843)	341,305	213,935	0	132,809
Church Organisations	10,047	(1,423)	10,410	8,613	0	10,421
Pension Debt Fund	(141,300)	99,698	0	0	41,602	0
Manse Fund	651,200	0	0	0	0	651,200
	649,230	(4,551)	421,910	269,760	41,602	838,430
<i>Restricted Funds</i>						
Kairos Cafe*	0	4,551	0	4,551	0	0
Building Fund	0	697	0	697	0	0
Dickens Heath Fund	10,000	0	0	31	0	9,969
Fellowship Fund	716	0	0	153	0	563
Mission Fund	0	0	3,847	3,847	0	0
Student	7,314	0	1,000	1,000	0	7,314
	18,030	5,248	4,847	10,279	0	17,846
<i>Endowment Funds</i>						
Building Fund	1,912,588	(697)	47,358	4,313	0	1,954,937
Total Funds	2,579,848	0	474,115	284,352	41,602	2,811,213

Comparative data in the form of the equivalent table for the previous year is found in Note 15.

*The Kairos (Restricted) fund will have a tendency to be in deficit in years due to fixed asset depreciation and therefore a transfer from the General Fund is made to cover the deficit. Where this occurs sufficient funds will be transferred from the General Fund to cover the deficit. The transfer this year was £4,551 (2019: £4,523).

A transfer of £697 (2019: £611) was made from the Endowment Building Fund to the Restricted Building Fund to cover interest paid on the HEBA loan.

Other Kairos related fund transfers included £22,983 (2019: £2,248) to the General Fund from the designated Kairos (operating) Fund to repay some of the accumulated operating deficits from previous years, which now stands at £6,331.

Church Organisations transferred £1,423 (2019: £1,823) to the General fund as contributions towards heating and lighting and support of youth, children and family ministries. The General fund also made a transfer of £4,798 (2019: £4,886) to the Pension Debt fund to cover contributions made during the year and a further transfer of £94,900 in order to eliminate the deficit on this fund and cover the pension debt liability.

13. Analysis of Net Assets Between Funds

	Tangible Fixed Assets £	Bank Balances £	Debtors Balances £	Short Term Liabilities £	Long Term Liabilities £	Total 2020 £
<i>Unrestricted Funds</i>						
Kairos	0	(1,013)	2,067	(1,054)	0	0
Building Fund	0	44,000	0	0	0	44,000
General Fund	0	29,971	113,431	(10,593)	0	132,809
Church Organisations Fund	0	10,421	0	0	0	10,421
Pension Debt Fund	0	94,900	0	0	(94,900)	0
Manse Fund	651,200	0	0	0	0	651,200
	651,200	178,279	115,498	(11,647)	(94,900)	838,430
<i>Restricted Funds</i>						
Kairos Cafe	16,740	(16,740)	(0)	0	0	(0)
Building Fund	0	20,993	0	(6,300)	(14,693)	0
Dickens Heath Fund	0	9,969	0	0	0	9,969
Fellowship Fund	0	563	0	0	0	563
Mission Giving	0	35	0	(35)	0	0
Student	0	7,314	0	0	0	7,314
	16,740	22,134	(0)	(6,335)	(14,693)	17,846
<i>Endowment Funds</i>						
Building Fund	2,010,100	(21,933)	3,197	(19,532)	(16,895)	1,954,937
Total Funds	2,678,040	178,480	118,695	(37,514)	(126,488)	2,811,213
	note 7	note 9	note 8	note 10	note 11	

Comparative data in the form of the equivalent table for the previous year is found in Note 15.

Shirley Baptist Church

Notes to the Accounts for the year ended 31 July 2020

14 Kairos Coffee

Kairos Coffee - the coffee shop was established in 2014 using £30,150 of gifts specifically provided (Restricted) for that purpose together with loans from members (£68,000) and the Heart of England Baptist Association (HEBA) (£55,000). The initial funds were placed in a Restricted fund and used to fit out and equip the coffee shop (£120,161 fixed assets), cover set up expenses (£8,883) and provide working capital (£24,106).

The intention was that all of the operating surplus of the coffee shop is designated to use to repay the HEBA and members loans over 10 years and provide for the replacement of furniture and equipment. Any surplus after these expenses have been met may be used for general purposes. The reality was that there was insufficient operating cashflow could not cover HEBA and members' loans repayments. Therefore, in April 2018, the HEBA loan balance £34,385 was transferred to the restricted Building fund (with the permission of donors to the Building fund) and, in May 2019, the Kairos restricted fund received a transfer from the unrestricted general fund (shown as an overdrawn bank balance in note 13) so that it could repay members' loans.

The Church policy is to clear deficits on the Kairos designated (operations) and restricted (set-up) funds by transfers from the General Fund. Transfers of £22,983 operating surplus to the General Fund and £4,551 deficit on the Set-up fund from General Fund were made in 2020 bringing cumulative funding to £42,190.

The medium term (to 2023) financial objective is for an operating surplus sufficient to finance the replacement of ageing assets (c.£50,000) whilst the General Fund will continue to make transfers to cover the residual depreciation charges in the Set-Up fund (£16,740).

<u>Kairos Cafe Funds</u>	2020 Operations Unrestricted SOFA £	2020 Set-Up Restricted SOFA £	31 July 2020 Cafe funds Balance Sheet £	Cumulative Support from Church to Kairos £
Sales	39,565	0		
Covid-19 related grants	30,630	0		
Cost of Sales	(47,212)	0		
Operating Surplus	22,983	0		
Fixed Assets			16,740	
Creditors			(1,054)	
Debtors			2,067	
Depreciation		(4,551)		
Voluntary donations		0		
Deficit	22,983	(4,551)		
Net cashflow before loan repayment				Transferred
				Net Assets
Members' Loan			0	49,000
HEBA Loan			0	34,385
Cash at Bank (Kairos account)			23,441	
Cash at Bank (Church account)			(41,195)	(41,195)
b/fwd Kairos Cafe funds	0	0		
Kairos Cafe funds (before Support)	22,983	(4,551)		
			Net Assets tf'd	42,190
Support from Church General Fund				Transferred
for Kairos operating losses (D)	(22,983)	0		Funds
for Kairos Set Up losses (R)	0	4,551		(19,025)
				61,215
Total Support provided to Kairos	(22,983)	4,551		42,190
Transfer to bal. restricted fund				
c/fwd Cafe Fund (after Support)	0	0	Note 12	(1)

Shirley Baptist Church

**Notes to the Accounts
for the year ended 31 July 2020**

15 Comparative Year Analysis

The comparison of the SOFA by fund types between this year and the previous year is shown below.

SOFA	Unrestricted Funds 2020 £	<i>Unrestricted Funds 2019 £</i>	Restricted Funds 2020 £	<i>Restricted Funds 2019 £</i>	Endowment Funds 2020 £	<i>Endowment Funds 2019 £</i>
INCOME AND ENDOWMENTS FROM						
Donations and Legacies	351,233	211,119	4,847	14,853	47,284	52,477
Charitable activities	57,793	88,080	0	0	0	0
Other trading activities	12,408	12,323	0	0	73	189
Investments	476	440	0	0	0	0
Other	0	0	0	0	0	0
Total income	421,910	311,963	4,847	14,853	47,358	52,666
EXPENDITURE ON Charitable Activities						
Finance Costs	0	0	697	611	946	3,634
Church Activities	222,548	241,586	5,031	4,739	0	0
Coffee shop outreach	47,212	51,925	0	0	0	0
Depreciation	0	0	4,551	4,637	3,366	5,500
Total expenditure	269,760	293,511	10,279	9,987	4,313	9,133
Net income before transfers	152,150	18,451	(5,432)	4,866	43,045	43,532
Transfers between funds	(4,551)	(4,693)	5,248	5,304	(697)	(611)
Net income after transfers	147,599	13,758	(184)	10,170	42,348	42,921
Gains/(losses) on revaluation of fixed	0	23,000				
Gains/(losses) DB pension schemes	41,602	(11,986)				
Net movement in funds	189,201	24,772	(184)	10,170	42,348	42,921
Funds brought forward at 1 August	649,229	624,457	18,030	7,860	1,912,589	1,869,668
Funds carried forward at 31 July	838,430	649,229	17,846	18,030	1,954,937	1,912,589
BALANCE SHEET						
	Unrestricted Funds 2020 £	<i>Unrestricted Funds 2019 £</i>	Restricted Funds 2020 £	<i>Restricted Funds 2019 £</i>	Endowment Funds 2020 £	<i>Endowment Funds 2019 £</i>
FIXED ASSETS						
Tangible fixed assets	651,200	651,200	16,740	21,292	2,010,100	2,013,466
CURRENT ASSETS						
Debtors	115,498	13,323	(0)	2,895	3,197	2,647
Bank balances	178,279	133,001	22,134	24,337	(21,933)	(24,605)
Total current assets	293,777	146,324	22,134	27,232	(18,736)	(21,958)
LIABILITIES						
Creditors: Amts falling due within 1 yr	11,647	6,995	6,335	10,198	19,532	26,800
Net current assets	282,130	139,329	15,799	17,034	(38,268)	(48,758)
Total assets less current liabilities	933,330	790,529	32,539	38,326	1,971,832	1,964,708
Creditors: Amts falling due after 1 yr	0	0	14,693	20,296	16,895	52,119
Defined benefit pension scheme liability	94,900	141,300				
NET ASSETS	838,430	649,229	17,846	18,030	1,954,937	1,912,589
THE FUNDS OF THE CHURCH						
Unrestricted funds	838,430	649,229				
Restricted funds			17,846	18,030		
Endowment funds					1,954,937	1,912,589
	838,430	649,229	17,846	18,030	1,954,937	1,912,589

Shirley Baptist Church

**Notes to the Accounts
for the year ended 31 July 2020**

Copy from previous year provided for comparison purposes of Note 12

Summary Statement of Funds	2018	Transfers	Income	Expenditure	Gains and (Losses)	2019
	£	£	£	£	£	£
Unrestricted Funds						
Members Loan Repayment Fund	44,000	(44,000)	0	0	0	0
Kairos Cafe	1	(2,248)	54,173	51,925	0	0
Building Fund	0	44,000	0	0	0	44,000
General Fund	78,751	(5,508)	241,921	229,882	0	85,282
Church Organisations	7,706	(1,823)	15,868	11,704	0	10,047
Pension Debt Fund	(134,200)	4,886	0	0	(11,986)	(141,300)
Manse Fund	628,200	0	0	0	23,000	651,200
	<u>624,458</u>	<u>(4,693)</u>	<u>311,962</u>	<u>293,511</u>	<u>11,014</u>	<u>649,229</u>
Restricted Funds						
Kairos Cafe*	0	4,523	114	4,637	0	0
Building Fund	0	611	0	611	0	0
Dickens Heath Fund	0	0	10,000	0	0	10,000
Fellowship Fund	716	0	0	0	0	716
Mission Fund	0	0	4,739	4,739	0	0
Student	7,144	170	0	0	0	7,314
	<u>7,860</u>	<u>5,304</u>	<u>14,853</u>	<u>9,987</u>	<u>0</u>	<u>18,030</u>
Endowment Funds						
Building Fund	1,869,667	(611)	52,665	9,133	0	1,912,589
Total Funds	<u>2,501,985</u>	<u>0</u>	<u>379,480</u>	<u>312,631</u>	<u>11,014</u>	<u>2,579,848</u>

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Analysis of Net Assets Between Funds

	Tangible Fixed Assets £	Bank Balances £	Debtors Balances £	Short Term Liabilities £	Long Term Liabilities £	Total 2019 £
Unrestricted Funds						
Members Loan Repayment Fund	0	0	0	0	0	0
Kairos	0	0	0	0	0	0
Building Fund	0	44,000	0	0	0	44,000
General Fund	0	78,954	13,323	(6,995)	0	85,282
Church Organisations Fund	0	10,047	0	0	0	10,047
Pension Debt Fund	0	0	0	0	(141,300)	(141,300)
Manse Fund	651,200	0	0	0	0	651,200
	<u>651,200</u>	<u>133,001</u>	<u>13,323</u>	<u>(6,995)</u>	<u>(141,300)</u>	<u>649,229</u>
Restricted Funds						
Kairos Cafe	21,292	(20,358)	2,895	(3,829)	0	(0)
Building Fund	0	26,596	0	(6,300)	(20,296)	0
Dickens Heath Fund	0	10,000	0	0	0	10,000
Fellowship Fund	0	716	0	0	0	716
Mission Giving	0	69	0	(69)	0	0
Student	0	7,314	0	0	0	7,314
	<u>21,292</u>	<u>24,337</u>	<u>2,895</u>	<u>(10,198)</u>	<u>(20,296)</u>	<u>18,030</u>
Endowment Funds						
Building Fund	2,013,466	(24,605)	2,647	(26,800)	(52,119)	1,912,589
Total Funds	<u>2,685,958</u>	<u>132,733</u>	<u>18,865</u>	<u>(43,993)</u>	<u>(213,715)</u>	<u>2,579,848</u>