

**BAPTIST BUILDING FUND**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2018**

**CHARITY NO: 218823**

**BAPTIST BUILDING FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2018**

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## **BAPTIST BUILDING FUND**

### **194TH ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

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The Trustees present their report together with financial statements of the charity for the year ended 31 December 2018. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document (revised by the Subscribers on 9 July 2014), the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland published on 16 July 2014 (as amended by Update Bulletin 1 (published on 2 February 2016)).

#### **Objectives and activities for public benefit**

The main object of this fund is the advancement of the Christian faith by facilitating the mission of Baptist churches in the United Kingdom and Ireland. The Trustees confirm that they have referred to the guidance contained in The Charity Commission general guidance on public benefit when reviewing the Fund's aims and objectives, in planning future activities, and in setting the grant making policy for the year.

The Trust furthers its charitable purposes for the public benefit through its loan and grant-making policies which aim at:

- making loans to Baptist churches with or without interest for the building, purchase, enlargement, repair or removal of debts on places of worship, manses and other halls or buildings belonging to the Churches or the Colleges of the Baptist denomination throughout the United Kingdom and Ireland;
- making grants to other charitable bodies including but not exclusively The Baptist Union of Great Britain or its successor in title and the Grace Baptist Trust Corporation or its successor in title.

Currently loans from the Fund do not exceed £250,000 in any one case and are normally repayable by twenty half-yearly instalments, but the Trustees have power to vary these terms provided that the normal repayment term is not exceeded by more than two further years. Borrowers are invited to make a thank-offering to the Fund on completion of the repayment of their loan.

To achieve the object of the Fund, advertisements are made from time to time in Baptist publicity, by communication with the Regional Baptist Associations and The Baptist Union Corporation Limited, and by taking part in exhibitions at Baptist Assemblies. A website helps to further publicise this Fund, and can be found at [www.baptistbuildingfund.org.uk](http://www.baptistbuildingfund.org.uk).

With the exception of the Administrator, the Trustees all act in an honorary capacity, and generally give at least four days of their time each year in preparing for and attending meetings. In addition, a number of Trustees assist with examining the financial and property aspects of each loan application, and the time taken to examine each one is on average at least two days, provided by the Trustees on a voluntary basis. From time to time, Trustees may visit a church to further examine their loan application, and this may take a whole day per visit, including travelling time.

#### **Grant making policy**

The Fund has established its grant making policy to achieve its objectives for the public benefit. The aim of the Fund is to assist in the advancement of the Christian faith by facilitating the mission of Baptist churches. This grant making policy is reviewed from time to time to ensure that it reflects the charity's objects and thereby advances public benefit.

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### **Achievement and performance**

During the year the Trustees received enquiries from 13 (2017: 40) Baptist churches.

Trustees received loan applications from three churches during the year, requesting loans totalling £530,000. Of these, one church whose application was for £180,000 was approved and paid out; one application amounting to £100,000 was approved to be paid out in 2019 when the loan conditions had been completed; and one application was deferred until 2019. Two applications totalling £500,000 were brought forward from previous years and paid out during 2018, making a total of three loans amounting to £680,000 paid out during the year.

During the year 3 (2017: 4) churches completed their loan repayments.

At 31 December 2018, 42 (2017: 42) loans outstanding amounted to £3,253,978 (2017: £2,984,027).

### **Financial review**

The principal funding sources are thank-offerings from churches following completion of repayment of their loans, legacies and sale proceeds of churches where this Fund is the ultimate beneficiary.

No gifts in kind were received during the year.

Fund expenditure (excluding grants and costs associated with ultimate trusts) is considered to be modest at 0.5% (2017: 0.7%) of total funds, and is incurred in promoting the aims and awareness of the Fund, and dealing with its administration. Where the sale proceeds of a church property are received by this charity under the terms of an ultimate trust whereby the property is to be held or disposed of in such manner as the Trustees shall direct or appoint, Trustees may make grants of up to 25% of the sale proceeds available for use in capital projects. The Fund has also provided assistance to The Baptist Union to help Churches where there is a personal liability on the Church Trustees as a consequence of a debt due to The Baptist Pension Scheme for which the Church has insufficient assets to settle in full.

The monies held by this Fund have been applied in providing loans to churches to enable them to expand, repair and improve their premises, for use by Baptists. The Trustees wish to use the funds available to them in assisting churches rather than making investments. At the end of the financial year, 75% (2017: 74%) of the funds available had been advanced to churches by way of loans, leaving cash reserves of £1,239,805 (2017: £1,094,162) at the end of the year. Of this sum, no amounts (2017: £500,000) had been approved for loans to be made to churches for specific projects to be drawn down by the churches as their funding requires.

During the year, the Fund received £557,433 from the sale proceeds of five closed Churches where this Fund was the beneficiary of the ultimate trust when the Churches closed. Trustees resolved to create a Designated Fund into which 25% of those proceeds (£139,358) was transferred, with the intention that these will be used by way of grant for projects within Baptist Churches. Trustees will consider how best to market the availability of this Designated Fund during 2019. In the meantime, the Funds will be held as Cash at Bank.

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### **Investment policy and performance**

The investment policy of the Fund of using interest bearing accounts with the Fund's bankers is considered to be satisfactory, since the primary objective of this Fund is not to make investment gains but to provide the maximum available funding for making loans.

The main source of increasing the net asset base of the Fund is the closure and sale of Baptist churches where this Fund is the ultimate beneficiary. The timing of funds from this source is outside the control of the Fund Trustees.

### **Risk management**

The Trustees examine the major risks that the Fund faces each financial year. The Fund has developed systems to monitor and control these risks in order to mitigate any impact they may have on the charity in the future.

The principal risk faced by the Fund is the potential for one or more of the churches to whom loans have been advanced being unable to repay their loan in full. In order to minimise this risk, Trustees carry out a review of the finances for each church that makes an application for a loan, in an endeavour to ascertain their ability to make repayments on time. They also seek a commendation from the local Regional Baptist Association, and carry out a review of the work for which the loan is required to satisfy themselves that the relevant professional advisers with adequate professional indemnity insurance have been engaged by the church. The Fund also lodges their interest in the property with The Land Registry, or in some cases, takes a formal charge over the church property.

The Fund has insurance for potential liability arising from actions by the Trustees.

### **Reserves policy**

It is the policy of this charity to maintain the Capital Fund at the maximum level possible, consistent with retaining the General Fund at a level which equates to approximately six months' expenditure on support costs. At 31 December 2018 the General Fund balance amounted to £15,119 of which all were free reserves. The Designated Fund balance amounted to £139,358 and related to monies set aside to be used by way of grants for projects within Baptist Churches. The remaining free reserves of £4,360,009 are held in the Capital Fund. This has been loaned or is available for making loans.

Total funds at 31 December 2018 amounted to £4,514,486. After deducting £3,253,978 committed in the form of concessionary loans, and £139,358 designated to provide for future grants to Churches, free reserves totalled £1,121,150. £15,119 has been retained on the General Fund to meet support costs. This equates to approximately nine months of normal expenditure. Trustees have the discretion to transfer General Funds to or from the Capital Fund as necessary. The remaining free reserves of £1,106,031 are held in the Capital Fund. It is the charity's policy to maintain the Capital Fund at the maximum level possible. There were no loan commitments at the year end (2017: £500,000), and the level of Capital Fund reserves held ensures that the charity can fulfil its main objectives and respond to existing commitments and expected new funding requests on a timely basis.

### **Plans for the future**

Baptist Building Fund is a lasting testimony to the group of London Baptist ministers who were blessed with the vision of setting up the Fund in 1824. It has helped hundreds of Baptist churches with building projects in the 194 years since its inception.

## **BAPTIST BUILDING FUND**

### **194TH ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **Plans for the future (continued)**

The Trustees intend to continue following the policy of making the maximum amount of funds available to Baptist churches and colleges that need assistance with their building projects. In order to facilitate this, Trustees will continue to make known the availability of funding to key personnel within the Baptist Denominations. The maximum loan limit was increased to £250,000 on 24 February 2016. At 31 December 2018, enquiries had been received which, if all progress to being successful loan applications, would utilise all available funds.

Trustees are considering forming a Charitable Incorporated Organisation to limit liability for Trustees in the future.

#### **Structure, governance and management**

The Baptist Building Fund is an unincorporated association which is a registered charity administered under the terms of its Governing Document which was last amended at the Annual Meeting of Subscribers held on 17 June 2009. The activities of the Fund are controlled by the Trustees, details of whom are set out on page 5 of this Report. The Trustees are appointed by the Subscribers at an Annual Meeting held each year, the present Trustees being appointed by the Subscribers on 27 June 2018.

Trustees are usually selected from those with experience in Baptist Church governance, and from a variety of professional and similar backgrounds. It is expected that they will bring to this Fund the benefit of their expertise. As this experience has been gained with similarly minded charities, it is generally considered that additional training is not required on appointment. The Trustees give due regard to changes in laws applicable to charity trustees from time to time.

The Trustees normally meet three times each year. At their meetings the Trustees transact the business of the Fund and in particular scrutinise loan applications to ensure that they conform to the Governing Document and general requirements of the Fund. This includes an assessment of the borrower's ability to repay their loan and the appropriateness and suitability of schemes for which the loans are sought. The Administrator deals with the day to day administration of the Fund and prepares reports for presentation to the Trustees. Each loan application is reviewed for financial viability and property legal compliance by Trustees with expertise in these areas, and their reports are consolidated by the Administrator. Trustees decide, on the information before them, whether or not to make a loan. They may require specific conditions to be met before advancing a loan.

The Fund has working relationships with all Baptist Unions in the United Kingdom and The Grace Baptist Trust Corporation. Where loan applications are made to "Baptist" bodies other than this Fund, the Administrator may exchange information with those other "Baptist" bodies to save duplication of work for the benefit of the applicant.

#### **Key management personnel**

The Trustees consider the board of Trustees including the Administrator as comprising the key management personnel of the charity who are in charge of directing and controlling the charity and running and operating the charity on a day to day basis. All Trustees give of their time freely and no trustee remuneration was paid in the year. Details of trustee expenses and any related party transactions are disclosed in note 8 to the financial statements.

Trustees are required to disclose all relevant interests and, in accordance with the Fund's policy, to withdraw from decisions where a conflict of interest arises.

The remuneration of the Administrator is reviewed annually and normally increased in accordance with the recommended increase in Standard Stipends for Baptist Union of Great Britain ministers.

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### Reference and administrative details

<b>Charity Registration Number</b>	218823
<b>Registered address</b>	Crugybar 66 St Mary's Road KETTERING Northamptonshire NN15 7BW

### Trustees

The Trustees are appointed at the Annual Meeting of Subscribers in each year. All served throughout the year and are Trustees at the date of signing this report, with the exception of those noted below.

Mr Andrew C Burgess MA	Mr John D Levick DipFS ACIB
Mr Peter E Brazier ACIB	Mr Andrew M Lewis BSc DipArb FRICS FCI Arb
Reverend Ian J Bunce	Reverend Canon David B Milner
Reverend Nigel R Coles BA MLitt (retired 10 October 2018)	Reverend Martin R Poole BD
Mr Eric Cousins FCCA	Mr Joseph Rice (died 8 March 2019)
Mr Edward A Duffield ACIB (retired 27 June 2018)	Mr Bryan K H Rogers FCA (retired 19 October 2018)
Mrs Marion D Fiddes CPFA PG Dip	Mr P Michael Smedley FRICS ACI Arb
Reverend Catriona J T Gorton BA BSc MPhil	Reverend Michael J Vidler BTh (retired 6 March 2019)
Mr O Philip Jones LLB	Mr David J Wattis FCA (retired 20 June 2018)
Mrs Jacqueline Keenan (retired 27 June 2018)	Dr Robert A Wordsworth
Mr David M Leverett FCA	

### Administrator

(to whom day to day management of the charity is delegated)

David M Leverett FCA

### Independent Auditor

Smith Hodge and Baxter Audit Services  
Thorpe House  
93 Headlands  
KETTERING  
Northamptonshire NN15 6BL

### Bankers

CAF Bank Limited  
25 Kings Hill Avenue  
Kings Hill  
WEST MALLING, Kent ME19 4JQ

National Westminster Bank plc  
21a Somerset Square  
Nailsea  
BRISTOL  
Avon BS99 5ES

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### Reference and administrative details (continued)

#### Solicitors

Tollers LLP  
2 Exchange Court  
Cottingham Road  
CORBY  
Northamptonshire NN17 1TY

#### Life subscribers

Dr F L Ashworth	1992
Dr M D Bonnington	1991
Mr P E Brazier	2003
Mr P N Clark	1990
Mrs J M Clarke	1986
Reverend Dr M J Collis	1991
Mr M E Digby	1993
Mr E A Duffield	2000
Mrs M D Fiddes	2001
Mr C A Golding	1988
Mr M P Holden	1998
Reverend Dr K G Jones	1991
Mr R F Knight	1998
Mr A J Lawford	1990
Mr D M Leverett	2010
Mr J D Levick	2007
Reverend Dr J Morgan-Wynne	2007
Mr C Peat-Bailey	1998
Reverend M H E Ridgeon	1988
Mr D T Roberts	1993
Mr B K H Rogers	2001
Mr C R Saunders	1991
Miss J M Sawyer	1992
Mr K Shield	1990
Mr F G Sunderland	1995
Mr A K Timmis	1987
Mr D J Wattis	1999



## **BAPTIST BUILDING FUND**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **Trustees' 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 financial position of the charity during the year and of its financial position at the end of the year. In preparing those financial statements, the Trustees should follow best practice and:

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

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Governing Document. They are also responsible for safeguarding the assets of the charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information on the Fund's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ON BEHALF OF THE TRUSTEES

ANDREW C BURGESS  
Chairman

28 March 2019

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE BAPTIST BUILDING FUND

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### Opinion

We have audited the financial statements of the Baptist Building Fund for the year ended 31 December 2018, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow 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 United Kingdom 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 2018, 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 our opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with those 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 trustees' 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

### Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude 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 require 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; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement (set out on page 7), the trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of user taken on the basis of these financial statements.

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

### Auditor's responsibilities for the audit of the financial statements (continued)

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

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

This report is made solely to the charity's trustees, as a body, in accordance with 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 our 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**SMITH HODGE AND BAXTER AUDIT SERVICES**  
**STATUTORY AUDITOR**  
**THORPE HOUSE**  
**93 HEADLANDS**  
**KETTERING**  
**NORTHAMPTONSHIRE**  
**NN15 6BL**

**29 March 2019**

Smith Hodge and Baxter Audit Services is eligible to act as an auditor in terms of Section 1212 of The Companies Act 2006.

**BAPTIST BUILDING FUND**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>Note</b>	<b>General Fund</b>	<b>Designated Fund</b>	<b>Capital Fund</b>	<b>Total 2018</b>	<b>Total 2017</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income and endowments from:</b>						
Donations and legacies	2	14,627	0	0	<b>14,627</b>	22,528
Investments	3	779	0	0	<b>779</b>	534
Other						
- Proceeds of ultimate trusts	4	0	0	557,433	<b>557,433</b>	465,352
<b>Total income</b>		<b>15,406</b>	<b>0</b>	<b>557,433</b>	<b>572,839</b>	<b>488,414</b>
<b>Expenditure on:</b>						
Charitable activities						
Cost of loan and grant making	5	23,026	52,568	0	<b>75,594</b>	340,901
<b>Total expenditure</b>		<b>23,026</b>	<b>52,568</b>	<b>0</b>	<b>75,594</b>	<b>340,901</b>
<b>Net (expenditure)/income</b>		<b>(7,620)</b>	<b>(52,568)</b>	<b>557,433</b>	<b>497,245</b>	<b>147,513</b>
<b>Transfers between Funds</b>		<b>0</b>	<b>139,358</b>	<b>(139,358)</b>	<b>0</b>	<b>0</b>
<b>Net Movement in Funds</b>		<b>(7,620)</b>	<b>86,790</b>	<b>418,075</b>	<b>497,245</b>	<b>147,513</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward	7	22,739	52,568	3,941,934	<b>4,017,241</b>	3,869,728
<b>Total funds carried forward</b>	<b>15</b>	<b>15,119</b>	<b>139,358</b>	<b>4,360,009</b>	<b>4,514,486</b>	<b>4,017,241</b>

All income and expenditure derive from continuing activities, and relate to unrestricted funds.

The comparative statement of financial activities for the year ended 31 December 2017 is set out in note 7 on page 19.

The accompanying notes on pages 14 to 23 form part of these financial statements.

# BAPTIST BUILDING FUND

## BALANCE SHEET AS AT 31 DECEMBER 2018

	Note	2018		2017	
		£	£	£	£
<b>Fixed Assets</b>					
Investments	9		3,253,978		2,984,027
<b>Current Assets</b>					
Debtors	10	31,747		6,470	
Cash at bank and in hand		1,239,805		1,094,162	
		1,271,552		1,100,632	
<b>Creditors: Amounts falling due within one year</b>	11	11,044		67,418	
<b>Net Current Assets</b>			1,260,508		1,033,214
<b>Total Assets less Current Liabilities being Net Assets</b>			4,514,486		4,017,241
<b>Charity Funds</b>					
<b>Unrestricted funds</b>					
General Fund	12	15,119		22,739	
Designated Fund	13	139,358		52,568	
Capital Fund	14	4,360,009		3,941,934	
			4,514,486		4,017,241

The financial statements were approved and authorised for issue by the Trustees on 28 March 2019.

Signed on behalf of the Board of Trustees:

A C Burgess  
Chairman

D M Leverett  
Administrator

The accompanying notes on pages 14 to 23 form part of these financial statements.

# BAPTIST BUILDING FUND

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
<b>Reconciliation of net movement in funds to net cash flow from operating activities</b>		
Net movement in funds	497,245	147,513
<b>Adjustments for:</b>		
Interest received	(779)	(534)
Movements in loans to Churches		
Loans made	(680,000)	(1,001,300)
Loans repaid	410,049	397,686
Grants		0
Decrease/(increase) in debtors	(25,277)	547,737
(Decrease)/increase in creditors	(56,374)	(77,569)
<b>Net cash provided by (used in) operating activities</b>	<b>144,864</b>	<b>13,533</b>
<b>Cash flow from investing activities</b>		
Interest received	779	534
<b>Net cash flow from investing activities</b>	<b>779</b>	<b>534</b>
<b>Change in cash and cash equivalents in the reporting period</b>	<b>145,643</b>	<b>14,067</b>
<b>Cash and cash equivalents at 1 January 2018</b>	<b>1,094,162</b>	<b>1,080,095</b>
<b>Cash and cash equivalents at 31 December 2018</b>	<b>1,239,805</b>	<b>1,094,162</b>
<b>Cash and cash equivalents consists of:</b>		
Cash at bank and in hand	1,239,805	1,094,162
<b>Cash and cash equivalents at 31 December 2018</b>	<b>1,239,805</b>	<b>1,094,162</b>

## **BAPTIST BUILDING FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **GENERAL INFORMATION AND BASIS OF PREPARATION**

The Baptist Building Fund is an unincorporated association which is a registered charity administered under the terms of its Governing Document in England. The address of the registered office is given in the charity information on page 5 of these financial statements. The nature of the charity's operations and principal activities are assisting Baptist Churches with building projects, and with aiding Regional Baptist Associations to expand their funds for capital projects within their area.

The charity constitutes a public benefit entity as defined by FRS102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) issued on 16 July 2014 (as amended through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS102), the Charities Act 2011 and UK Generally Accepted Accountancy Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention to include certain items at a fair value. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £1. The charity's financial statements present information about it as an individual undertaking.

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. In applying the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities. Although actual results may differ from estimates of this type, in the opinion of the trustees, this is unlikely to result in material adjustments to the carrying value of assets and liabilities.

The financial statements have been prepared to give a "true and fair" view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a "true and fair view". This departure has involved following Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 (as amended by Update Bulletin 1 published on 2 February 2016) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

##### **INCOME RECOGNITION**

###### **Donations and gifts**

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

All monetary donations and gifts are included in full in the statement of financial activities when receivable, provided there are no donor-imposed restrictions as to the timing of the related expenditure, in which case recognition is deferred until the pre-condition has been met.



## **BAPTIST BUILDING FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **INCOME RECOGNITION (continued)**

###### **Donations and gifts (continued)**

Life subscriptions are included in full in the year of receipt.

Legacies to which the charity is entitled are included in the statement of financial activities where the value has been ascertained with a reasonable degree of certainty.

Gifts in kind are accounted for at the trustees' estimate of their value to the charity.

No amount of volunteer time is included in the financial statements but further detail is given in the Trustees' Annual Report.

Donations under gift aid together with the associated income tax recoveries are credited as income when the donations are received.

###### **Proceeds from ultimate trusts**

Proceeds from ultimate trusts are recognised in the accounts when the charity is notified of entitlement to the funds, there is sufficient certainty of receipt (usually when the relevant property has been sold), and the amount can be reliably measured.

###### **Investment income**

Investment income, including associated income tax recoveries, is recognised when receivable.

##### **EXPENDITURE RECOGNITION**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings: -

- Costs of raising funds;
- Expenditure on charitable activities;
- Other expenditure

##### **IRRECOVERABLE VAT**

Irrecoverable VAT is charged against the expenditure heading for which it was incurred,

##### **ALLOCATION OF SUPPORT AND GOVERNANCE COSTS**

Support costs have been differentiated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulations and good practice. These costs include costs related to trustees' meetings' audit and legal fees. The basis on which support costs have been allocated is set out in note 5.

## **BAPTIST BUILDING FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **CHARITABLE ACTIVITIES**

Cost of charitable activities including grants made, support costs and governance costs are shown in note 5.

##### **FUND ACCOUNTING**

Unrestricted funds are donations, and other incoming resources received or generated for expenditure on the general objectives of the charity.

Designated funds are unrestricted funds which have been designated for specific purposes by the trustees.

The Capital Fund is maintained at the maximum possible level. Transfers are made from the General Fund to the Capital Fund from time to time, to retain within the General Fund an amount that equates to approximately six months' expenditure.

##### **INVESTMENTS**

Social investments are programme related investments which are those held to further our charitable activities. They include concessionary loans.

##### **CONCESSIONARY LOANS**

Loans are initially recognised and measured at the amount paid, with the carrying amount adjusted in subsequent years to reflect repayments and adjusted if necessary for any amounts deemed to be irrecoverable.

##### **DEBTORS AND CREDITORS RECEIVABLE/PAYABLE WITHIN ONE YEAR**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

# BAPTIST BUILDING FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

<b>2 INCOME FROM DONATIONS AND LEGACIES</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Thank-offerings from Churches (see below)	<b>14,200</b>	21,500
Church Donations	<b>15</b>	479
Personal Subscriptions and Donations	<b>412</b>	549
	<b>14,627</b>	<b>22,528</b>
<b>Thank-offerings from Churches</b>	<b>£</b>	<b>£</b>
Birmingham, Small Heath	<b>0</b>	2,500
Dartmouth	<b>4,200</b>	0
Glasgow, Cathcart	<b>4,000</b>	0
Glasgow, Cathcart	<b>6,000</b>	0
Heaton	<b>0</b>	9,000
Mills Hill, Chadderton	<b>0</b>	3,000
Montrose	<b>0</b>	2,000
Norwich, Witard Road	<b>0</b>	5,000
	<b>14,200</b>	<b>21,500</b>
<b>3 INCOME FROM INVESTMENTS</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Bank Interest	<b>779</b>	534
	<b>779</b>	<b>534</b>
<b>4 PROCEEDS OF ULTIMATE TRUSTS</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Deal, Victoria Park	<b>0</b>	4,745
Egglesburn	<b>0</b>	30,879
Litchborough	<b>256,908</b>	0
Pentre	<b>18,311</b>	0
Redhill	<b>0</b>	429,728
Swansea, Memorial	<b>144,316</b>	0
Temple Grafton	<b>94,788</b>	0
Waunarlwydd, Bethany	<b>43,110</b>	0
	<b>557,433</b>	<b>465,352</b>

# BAPTIST BUILDING FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 5 CHARITABLE ACTIVITIES

	2018 £	2017 £
<b>General Fund</b>		
<b>Support costs:</b>		
Administrator's fees	10,620	10,500
Travel costs	1,482	2,332
Printing, stationery, postage and telephone	424	850
Bank charges	153	148
Insurance	636	575
General publicity	20	2,700
Website	70	57
Governance costs (see note 6)	9,621	13,614
	<b>23,026</b>	<b>30,776</b>
<b>Designated Funds</b>		
Baptist Union Pension Emergency Appeal	0	86,355
North Western Baptist Association	52,568	0
	<b>52,568</b>	<b>86,355</b>
<b>Capital Fund grants</b>		
Gospel Standard Trust	0	171,891
Grace Baptist Trust Corporation	0	50,693
South Eastern Baptist Association	0	1,186
	<b>0</b>	<b>223,770</b>
<b>Total cost of loan and grant making</b>	<b>75,594</b>	<b>340,901</b>

Support costs are all attributable to the charity's loan and grant making activity.

### 6 GOVERNANCE COSTS

	2018 £	2017 £
Trustees' Meetings	4,447	4,624
Audit	3,540	6,036
Legal fees	1,634	2,954
	<b>9,621</b>	<b>13,614</b>

# BAPTIST BUILDING FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 7 COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2017

	General Fund	Designated Fund	Capital Fund	Total 2017
	£	£	£	£
<b>Income and endowments from:</b>				
Donations and legacies	22,528	0	0	<b>22,528</b>
Investments	534	0	0	<b>534</b>
Other				
- Proceeds of ultimate trusts	0	0	465,352	<b>465,352</b>
<b>Total income and endowments</b>	<b>23,062</b>	<b>0</b>	<b>465,352</b>	<b>488,414</b>
<b>Expenditure on:</b>				
Charitable activities	30,776	86,355	223,770	<b>340,901</b>
<b>Total expenditure</b>	<b>30,776</b>	<b>86,355</b>	<b>223,770</b>	<b>340,901</b>
<b>Net income</b>	<b>(7,714)</b>	<b>(86,355)</b>	<b>241,582</b>	<b>147,513</b>
<b>Transfers between Funds</b>	<b>15,000</b>	<b>1,186</b>	<b>(16,186)</b>	<b>0</b>
<b>Net Movement in Funds</b>	<b>7,286</b>	<b>(85,169)</b>	<b>225,396</b>	<b>147,513</b>
<b>Reconciliation of funds:</b>				
Total funds brought forward	15,453	137,737	3,716,538	<b>3,869,728</b>
<b>Total funds carried forward</b>	<b>22,739</b>	<b>52,568</b>	<b>3,941,934</b>	<b>4,017,241</b>

### 8 PAYMENTS TO TRUSTEES AND CONNECTED PERSONS

#### a) Payments to Trustees

Other than the Administrator (Mr David Leverett), no trustee or person with a family or business connection with a trustee received any remuneration or benefits in the year, directly or indirectly from the charity. Mr Leverett is remunerated for his work in administering the fund. His remuneration is agreed by the trustees.

Expenses reimbursements paid to 16 (2017: 16) trustees (excluding the administrator during the year amounted to £3,583 (2017: £4,171) in respect of travelling and other expenses incurred on behalf of the charity.

#### b) Payments to Administrator

During the year, the Administrator received fees of £10,620 (2017: £10,500) and was reimbursed for travelling expenses, postage, stationery, telephone and website costs amounting to £2,978 (2017: £3,026).

No employee received £60,000 per annum or more in the current or preceding accounting period.

# BAPTIST BUILDING FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 9 FIXED ASSET INVESTMENTS

#### SOCIAL INVESTMENTS LOANS TO CHURCHES

	Programme related investments	
	2018	2017
	£	£
Cost		
At 1 January 2018	2,984,027	2,380,413
Loans made (see below)	680,000	1,001,300
Loans repaid	(410,049)	(397,686)
At 31 December 2018	<b>3,253,978</b>	<b>2,984,027</b>

No interest is charged on the loans, which are usually secured by registering this Fund's interest with The Land Registry, or by a formal legal charge on the property. Loans are repayable over ten years. Loans amounting to £439,073 (2017: £383,050) are due within one year, and £2,814,905 (2017: £2,600,977) are due after more than one year.

#### Concessionary Loan Commitments

At the end of the year, the Trustees had not agreed to make any finance available as loans to churches as no completed applications had been received (2017: £500,000). The advancement of any agreed loan may be affected by the availability of liquid funds of this charity and the progress of the projects for which churches had requested for payment of the loan.

Some of the agreed loans may not be taken up by the churches during the next twelve months.

#### LOANS ADVANCED TO CHURCHES

The following loans were advanced during the year: -

	2018	2017
	£	£
Andover	250,000	0
Cardiff, Ararat	0	98,000
Chippenham	180,000	0
Dumfries	0	250,000
Gillingham	250,000	0
Glasgow, Queen's Park.	0	250,000
Hattersley	0	30,000
Ipswich, Rushmere	0	100,000
Mitcham	0	63,300
Sheffield, The Well	0	100,000
Tring, Akeman Street	0	50,000
Yarcombe	0	60,000
	<b>680,000</b>	<b>1,001,300</b>

## BAPTIST BUILDING FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

<b>10 DEBTORS</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Other debtors	<b>31,025</b>	5,889
Prepayments	<b>722</b>	581
	<b>31,747</b>	<b>6,470</b>

Debtors amounting to £31,018 (2017: £5,784) may not be recoverable within one year.

### **11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Accruals for grants payable	<b>0</b>	60,288
Trade creditors	<b>7,494</b>	3,552
Accruals and deferred income	<b>3,550</b>	3,578
	<b>11,044</b>	<b>67,418</b>

### **12 GENERAL FUND**

The purpose of the General Fund is to meet all administrative and fund raising costs incurred during the period. At the absolute discretion of the Trustees, transfers may be made to or from the Capital Fund.

### **13 DESIGNATED FUND**

During the year, Trustees set up a new Designated Fund into which 25% of the net sale proceeds of closed churches are being transferred. Consideration is being given to making grants for missional work on application from Baptist Churches on a basis yet to be determined.

The previous Designated Fund to assist The Baptist Union with Churches which were in deficit with The Baptist Pension Scheme was paid out during this year.

### **14 CAPITAL FUND**

The Capital Fund is primarily used for granting of loans in accordance with the objects of the Fund.

# BAPTIST BUILDING FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 15 ANALYSIS OF CHARITABLE FUNDS

#### Analysis of fund movements 2018

	Balance brought forward £	Income £	Expenditure £	Transfers £	Balance carried forward £
<b>Unrestricted funds</b>					
General Fund	22,739	15,406	23,026	0	15,119
Designated Fund	52,568	0	52,568	139,358	139,358
Capital Fund	3,941,934	557,433	0	(139,358)	4,360,009
	<b>4,017,241</b>	<b>572,839</b>	<b>75,594</b>	<b>0</b>	<b>4,514,486</b>

#### Analysis of fund movements 2017

	Balance brought forward £	Income £	Expenditure £	Transfers £	Balance carried forward £
<b>Unrestricted funds</b>					
General Fund	15,453	23,062	30,776	15,000	22,739
Designated Fund	137,737	0	86,355	1,186	52,568
Capital Fund	3,716,538	465,352	223,770	(16,186)	3,941,934
	<b>3,869,728</b>	<b>488,414</b>	<b>340,901</b>	<b>0</b>	<b>4,017,241</b>

#### Analysis of net assets between funds 2018

	General fund £	Designated fund £	Capital Fund £	Total £
Investments	0	0	3,253,978	3,253,978
Current assets	26,163	139,358	1,106,031	1,271,552
	<b>26,163</b>	<b>139,358</b>	<b>4,360,009</b>	<b>4,525,530</b>
Current liabilities	11,044	0	0	11,044
	<b>15,119</b>	<b>139,358</b>	<b>4,360,009</b>	<b>4,514,486</b>

The purpose of each fund is described in notes 12 to 14, and appropriate transfers have been made between them to fulfil the criteria.



## BAPTIST BUILDING FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 15 ANALYSIS OF CHARITABLE FUNDS (continued)

##### Analysis of net assets between funds 2017

	General fund £	Designated fund £	Capital Fund £	Total £
Investments	0	0	2,984,027	2,984,027
Current assets	82,437	52,568	965,627	1,100,632
	82,437	52,568	3,949,654	4,084,659
Current liabilities	67,418	0	0	67,418
	15,019	52,568	3,949,654	4,017,241

The purpose of each fund is described in notes 12 to 14, and appropriate transfers have been made between them to fulfil the criteria.