ASSOCIATION OF GRACE BAPTIST CHURCHES (SOUTH EAST)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

Charity number 276352

ASSOCIATION OF GRACE BAPTIST CHURCHES (SOUTH EAST)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

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ASSOCIATION OF GRACE BAPTIST CHURCHES (SOUTH EAST)

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31ST DECEMBER 2018

The trustees have pleasure in submitting their report and the audited financial statements for the Association for the year ended 31st December 2018. They have been prepared in the format prescribed by the Statement of Recommended Practice (FRS102) "Accounting and Reporting by Charities" issued by the Charity Commissioners.

Objectives and Activities

Objects
The objects of the Association are to:

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

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

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

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

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

Achievements and Performance
The Association fulfilled its objectives throughout the year.

The Association had 67 member Churches at the end of 2018. There is a wide range of activities within these Churches including weekly public worship services, Sunday schools, prayer meetings, children's and young people's groups, clubs for the elderly and outreach events reaching many diverse communities.

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

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

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

ASSOCIATION OF GRACE BAPTIST CHURCHES (SOUTH EAST)

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31ST DECEMBER 2018
(continued)

The churches gathered at our AGM in October 2018 and we were pleased to welcome several pastors who had been appointed to Churches during the previous year. One new Committee member was appointed.

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

Financial Review and Future Plans
The total funds of the charity decreased to £7,078,347 during 2018, a reduction of 0.5%. This included unrealised losses of £185,226 on the revaluation of investments.

The movement on funds before taking into account all gains on investments was a deficit of £193,547. The deficit on the General Fund was £94,193 which was within the budget set by the Committee.

<u>Income</u>
Total income in 2018 increased by 0.8% (£3,626). This was split between a reduction of £2,724 in unrestricted funds' income and an increase of £6,350 in restricted funds' income.

<u>Expenditure</u>
Total expenditure increased by £105,971

Unrestricted expenditure increased by £20,905 (6%). This was mostly due to a refurbishment of one of the investment properties and an increase in grants paid.

Restricted funds' expenditure increased by £85,066 (47%).This was mostly due to a refurbishment of one of the properties and an increase in grants paid

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

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

Investment policy
The Investment Policy will be reviewed in 2018 with the help of an independent financial adviser.

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

Structure, Governance and Management

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

The Committee

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

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

Connected charities

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

Risk management

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

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

ASSOCIATION OF GRACE BAPTIST CHURCHES (SOUTH EAST)

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31ST DECEMBER 2018
(continued)

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

Arrangements for setting pay and remuneration of key management personnel
The Association's pay policy confirms the arrangements for setting levels of remuneration:

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

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

Powers of the Committee:

The Committee have the following powers in the administration of the Association:-

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

Powers of the Executive:

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

ASSOCIATION OF GRACE BAPTIST CHURCHES (SOUTH EAST)

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31ST DECEMBER 2018
(continued)

Responsibility of duties and delegation continued

Powers delegated to staff:

12.1 Subject to clause 12.3 the Committee shall appoint such employees as are necessary for the satisfactory running of the Association and of the Company including

12.1.1 the following Officers:

12.1.1.1 an Association Secretary who shall be responsible for the day-to-day running of the Association

12.1.1.2 a Finance Officer who shall be responsible for the financial affairs of the Association and of the Company

12.1.2 an employee who shall serve as Company Secretary of the Company

and each of whom shall be accountable to the Committee for the discharge of these responsibilities.

12.2 The Association Secretary, Finance Officer and Company Secretary shall be required, unless indisposed, to attend Committee meetings and Executive meetings.

12.3 The power to fix employees' terms of employment (including salary and job description) shall be delegated and reserved to the Executive.

Reference and Administrative Details

Trustees during the year were:

A A Ottley (Chairman)	R Lindie	J Southcombe
B Bowen	S J Lloyd	A J Wigham
C J Clarkson (Treasurer)	J G Miller	P M Woodley
A Creedy	D J Mortimer	Mrs S Worsley
J C Hannan	Miss M O'Mara	
P Jordan	B A Roberts	
R B King	Mrs M C Roberts	

Key management personnel during the year were:

Association Secretary	Paul Spear
Company Secretary of Grace Baptist Charities Ltd	David Ginns
Director of Home Mission	Nigel Hoad
Finance Officer	Abigail Gardner

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

ASSOCIATION OF GRACE BAPTIST CHURCHES (SOUTH EAST)

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31ST DECEMBER 2018
(continued)

The principal professional advisers to the Association are:

Bankers	CAF Bank Limited P.O. Box 289 West Malling Kent ME19 4TA	
Investment advisers	Investec Wealth and Investment Ltd 2,Gresham Street London EC2 7QP	
Registered Auditors	Jacob Cavenagh & Skeet 5 Robin Hood Lane Sutton SM1 2SW	
Solicitors	Carter Lemon Cameron LLP 10 Aldersgate Street London EC1A 4HJ	Edward Connors Solicitors 39 The Point Market Harborough LE16 7QU

Responsibilities of the trustees

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

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

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FOR AND ON BEHALF OF THE TRUSTEES

Colin Clarkson
Trustee

7 Arlington Way
London EC1R 1XA

8th July 2019

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF

ASSOCIATION OF GRACE BAPTIST CHURCHES (SOUTH EAST)

Opinion
We have audited the financial statements of the Association of Grace Baptist Churches (South East) (the "Charity") for the year ended 31 December 2018 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 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;
- have been prepared in accordance with the requirements of the Charities Act 2011.

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

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

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

Other information
The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF

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

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out on page 6, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities]. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance Part 4 of the charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Jacob. Cavenagh. Skeet

Jacob Cavenagh & Skeet
Statutory Auditor
Chartered Accountants

5 Robin Hood Lane
Sutton
Surrey
SM1 2SW

11th July 2019

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

ASSOCIATION OF GRACE BAPTIST CHURCHES (SOUTH EAST)

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST DECEMBER 2018

	Note	2018 Unrestricted funds £	2018 Restricted funds £	2018 Total funds £	2017* Total funds £
Income from:					
Donations and legacies	2	74,925	147,025	221,950	218,710
Charitable activities	3	53,114	1,970	55,084	50,084
Investments	4	113,169	18,864	132,033	136,647
		241,208	167,859	409,067	405,441
Expenditure on:					
Raising funds	5	40,512	39,017	79,529	25,892
Charitable activities	6	294,889	228,196	523,085	470,751
		335,401	267,213	602,614	496,643
Operating surplus / (deficit)		**(94,193)**	**(99,354)**	**(193,547)**	**(91,202)**
Net gains / (losses) on investments:					
Realised gains /(losses) on investments		(2,001)	(782)	(2,783)	(6,480)
Unrealised gains /(losses) on investments	12	(183,660)	(1,566)	(185,226)	**221,210**
Total net gains /(losses) on investments		**(185,661)**	**(2,348)**	**(188,009)**	214,730
Net income / (expenditure)		**(279,854)**	**(101,702)**	**(381,556)**	**123,528**
Transfers between funds		-	-	-	-
Net movement in funds		**(279,854)**	**(101,702)**	**(381,556)**	**123,528**
Reconciliation of funds:					
Total funds brought forward		6,665,306	794,597	7,459,903	7,336,375
Total funds carried forward	15 & 16	**6,385,452**	**692,895**	**7,078,347**	**7,459,903**

No activities were acquired or discontinued during the year.

* For analysis of unrestricted and restricted financial activities for 2017, see next page.

ASSOCIATION OF GRACE BAPTIST CHURCHES (SOUTH EAST)

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST DECEMBER 2018

Analysis of financial activities for previous year:	***2017***		
	Unrestricted funds £	***Restricted funds £***	***Total funds £***
Income from:			
Donations and legacies	78,567	140,143	218,710
Charitable activities	47,541	2,543	50,084
Investments	117,824	18,823	136,647
	243,932	161,509	405,441
Expenditure on:			
Raising funds	19,566	6,326	25,892
Charitable activities	294,930	175,821	470,751
	314,496	182,147	496,643
Operating surplus / (deficit)	**(70,564)**	**(20,638)**	**(91,202)**
Net gains / (losses) on investments:			
Realised gains /(losses) on investments	(6,067)	(413)	(6,480)
Unrealised gains /(losses) on investments	191,899	29,311	221,210
Total net gains /(losses) on investments	185,832	28,898	214,730
Net income / (expenditure)	**115,268**	**8,260**	**123,528**
Transfers between funds	(3,500)	3,500	-
Net movement in funds	**111,768**	**11,760**	**123,528**
Reconciliation of funds:			
Total funds brought forward	6,553,538	782,837	7,336,375
Total funds carried forward	**6,665,306**	**794,597**	**7,459,903**

ASSOCIATION OF GRACE BAPTIST CHURCHES (SOUTH EAST)

BALANCE SHEET
AS AT 31ST DECEMBER 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets:					
Tangible assets	11		2,857,456		2,858,357
Investments	12		3,908,554		4,297,150
			6,766,010		7,155,507
Current assets:					
Loans	13	32,480		49,155	
Debtors	14	24,811		19,752	
Cash deposited with Grace Baptist Charities Ltd		282,658		245,179	
Cash in hand		264		277	
		340,213		314,363	
Liabilities:					
Creditors: Amounts falling due within one year:					
Other creditors		27,876		9,967	
		27,876		9,967	
Net current assets / (liabilities)			312,337		304,396
Total assets less current liabilities			7,078,347		7,459,903
Creditors: Amounts falling due after more than one year			-		-
Total net assets	17		7,078,347		7,459,903
The funds of the charity:					
Unrestricted funds	15		5,507,643		5,743,160
Revaluation reserve (unrestricted)			877,809		922,146
Total unrestricted funds			6,385,452		6,665,306
Restricted funds	16		521,088		623,811
Revaluation reserve (restricted)			171,807		170,786
Total restricted funds			692,895		794,597
Total funds			7,078,347		7,459,903

The financial statements were approved by the trustees on 8th July 2019 and signed on their behalf by:

Colin Clarkson
Trustee

ASSOCIATION OF GRACE BAPTIST CHURCHES (SOUTH EAST)

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

Statement of cash flows:	Table	2018 Total Funds £	2017 Total Funds £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	(213,623)	(153,086)
Cash flows from investing activities:			
Dividends, interest and net rent from investments		50,502	105,102
Purchase of property and equipment		-	(546)
	-		
Proceeds from sale of other investments		508,774	182,824
Purchase of investments		(308,187)	(170,563)
Net cash provided by (used in) investing activities		251,089	116,817
Cash flows from financing activities:			
Repayments of borrowing			
		-	-
Change in cash and cash equivalents in the reporting period		37,466	(36,269)
Cash and cash equivalents at the beginning of the reporting period		245,456	281,725
Cash and cash equivalents at the end of the reporting period	B	282,922	245,456

Table A - Reconciliation of net income / (expenditure) to net cash flow from operating activities:	2018 £	2017 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(381,556)	123,528
Depreciation charges	901	2,070
Equipment reclassified as expenditure	-	-
(Gains) / losses on investments	188,009	(214,730)
Dividends, interest and net rent from investments	(50,502)	(105,102)
Donation of fixed asset	-	-
(Increase) / decrease in debtors	11,616	45,955
Increase / (decrease) in creditors	17,909	(4,807)
Net cash provided by (used in) operating activities	(213,623)	(153,086)

Table B - Analysis of cash and cash equivalents:	2018 £	2017 £
Cash in hand	264	277
Cash in hand with Grace Baptist Charities Ltd	282,658	245,179
Total cash and cash equivalents	282,922	245,456

ASSOCIATION OF GRACE BAPTIST CHURCHES (SOUTH EAST)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2018

1 ACCOUNTING POLICIES

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

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

The Association of Grace Baptist Churches (South East) meets the definition of a public benefit entity under FRS 102.

(b) **Going Concern**
There are no material uncertainties about the charity's ability to continue its operations for the foreseeable future.

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

Investment income is recognised on an accruals basis.

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

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

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

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

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

ASSOCIATION OF GRACE BAPTIST CHURCHES (SOUTH EAST)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2018
(continued)

1 ACCOUNTING POLICIES continued

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

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

(h) **Debtors**
Loans to churches and other debtors are included at the settlement amount due. Prepayments are valued at the amount prepaid.

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

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

(k) **Pensions**
The charity operates a defined contribution pension scheme. Contributions payable are charged in the Statement of Financial Activities.

2 INCOME FROM DONATIONS & LEGACIES

	2018			*2017*
	Unrestricted funds	*Restricted funds*	*Total*	*Total*
	£	£	£	£
Donations from churches	30,629	22,483	53,112	65,216
Other donations	902	13,021	13,923	11,638
Grant from Grace Baptist Charities Ltd	43,394	-	43,394	44,287
Other grants received	-	111,521	111,521	95,569
Legacies	-	-	-	2,000
	74,925	147,025	221,950	218,710

3 INCOME FROM CHARITABLE ACTIVITIES

	2018			*2017*
	Unrestricted funds	*Restricted funds*	*Total*	*Total*
	£	£	£	£
Rents received from tangible assets	36,668	-	36,668	34,883
Income from other charitable activities	16,446	1,970	18,416	15,201
	53,114	1,970	55,084	50,084

ASSOCIATION OF GRACE BAPTIST CHURCHES (SOUTH EAST)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2018
(continued)

4 INCOME FROM INVESTMENTS

	2018			2017
	Unrestricted funds	*Restricted funds*	*Total*	*Total*
	£	£	£	£
Investments listed on recognised stock exchange	87,538	5,174	92,712	93,399
Investment properties – regular income	24,860	10,500	35,360	40,103
Deposit interest	771	3,190	3,961	3,145
	113,169	18,864	132,033	136,647

5 EXPENDITURE ON RAISING FUNDS

	2018			2017
	Unrestricted funds	*Restricted funds*	*Total*	*Total*
	£	£	£	£
Investment property expenditure	29,322	38,178	67,500	12,526
Investment management	11,190	839	12,029	13,366
	40,512	39,017	79,529	25,892

6 EXPENDITURE ON CHARITABLE ACTIVITIES

		2018			2017
		Unrestricted funds	*Restricted funds*	*Total*	*Total*
		£	£	£	£
Staff costs	Note 7	149,783	89,093	238,876	245,120
Property expenditure		71,731	25,098	96,829	93,776
Grants payable:	Note 9				
Churches and institutions		31,996	89,256	121,252	76,453
Individuals		17,245	10,400	27,645	14,636
Home Mission costs excl. personnel		-	11,110	11,110	15,053
Office and stationery costs		9,907	943	10,850	12,484
Photocopier costs including rentals		2,059	-	2,059	2,158
Depreciation		901	-	901	2,070
Website & publications		411	-	411	837
Management charge		17	804	821	880
Trustees' indemnity insurance		863	-	863	925
Bank charges and interest		124	385	509	174
Legal Fees		3,650	-	3,650	125
Auditors' fees	Note 10	2,964	-	2,964	2,960
Costs of meetings		3,238	1,107	4,345	3,100
		294,889	228,196	523,085	470,751

ASSOCIATION OF GRACE BAPTIST CHURCHES (SOUTH EAST)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2018
(continued)

7 STAFF COSTS

	2018	***2017***
	£	**£**
Total staff emoluments for the year were as follows:		
Salary costs	199,536	201,767
National Insurance costs	15,334	16,191
Employer's pension contributions	9,068	9,524
Benefits in kind - season tickets	8,859	10,374
Other staff travel etc.	5,396	5,787
Staff training & conferences	683	1,477
	238,876	245,120

There were no pension contributions outstanding at the year end. (2017: nil)

No employee received remuneration amounting to more than £60,000 in the current year or previous year.

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

	2018 Head count Ave. No.	***2018 Fte Ave. No.***	***2017 Head count Ave. No.***	***2017 Fte Ave. No.***
Association office staff	6.0	3.5	5.5	4.0
Home Mission staff	3.0	2.4	3.0	2.4
Total staff	9.0	5.9	8.5	6.4

8 KEY MANAGEMENT PERSONNEL

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

	2018	***2017***
	£	**£**
Salary costs	107,721	114,584
National Insurance costs	10,547	11,676
Employer's pension contributions	5,386	5,735
Benefits in kind	2,720	4,276
	126,374	136,271

ASSOCIATION OF GRACE BAPTIST CHURCHES (SOUTH EAST)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2018
(continued)

9 GRANTS PAYABLE

Grants payable to churches and institutions:

	2018			2017
	Unrestricted expenditure	*Restricted expenditure*	*Total*	*Total*
	£	£	£	£
Affinity	4,996	-	4,996	3,500
Gadebridge Baptist Church, Hemel Hempstead	-	-	-	2,500
Hayes Lane Baptist Church, Bromley	-	14,249	14,249	13,048
Hope Baptist Church, Gravesend	-	-	-	2,967
St. John's Wood Road Baptist Church	-	75,007	75,007	19,770
Grace Church, Walthamstow (Training Grant)	18,000	-	18,000	14,700
Grace Church, Walthamstow (Manse Fund)	-	-	-	5,280
Grace Church, Walthamstow (CAF)	6,000	-	6,000	-
Ealing Road Baptist Church, Brentford	-	-	-	5,000
Erith Park Reformed Baptist Tabernacle	-	-	-	4,688
Pantiles Baptist Church, Tunbridge Wells	-	-	-	5,000
High Road Baptist Church, Finchley	3,000	-	3,000	-
	31,996	89,256	121,252	76,453

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

Grants payable to individuals:

	2018	2017
	£	£
Training Fund - unrestricted (4 grants)	17,245	5,666
Benevolent Fund – restricted (3 grants)	1,100	1,500
Pastors' Retiring & Widows' Fund - restricted (9 beneficiaries)	9,300	7,470
	27,645	14,636

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

During 2017, one grant of £830 was made to a trustee of the Association as an eligible beneficiary of the fund concerned. The recipient was not involved in the decision to make the grant, and their suitability as a recipient was assessed on the same basis as other beneficiaries. The beneficiary is no longer a Trustee in 2018.

ASSOCIATION OF GRACE BAPTIST CHURCHES
(SOUTH EAST)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2018
(continued)

10 AUDIT, INDEPENDENT EXAMINATION AND OTHER FINANCIAL SERVICES FEES

The charity's auditors made the following charges:

	2018 £	*2017* £
Fee for audit of accounts	2,940	2,940
Fee for other services	24	20
	2,964	2,960

11 TANGIBLE ASSETS

Held in furtherance of the charity's objects:

	Freehold property £	*Leasehold property* £	*Fixtures, fittings and equipment* £	*Total* £
Market Value / Cost				
At 1st January 2018	2,538,428	315,600	19,764	2,873,792
Disposals	-	-	-	-
Additions	-	-	-	-
At 31st December 2018	2,538,428	315,600	19,764	2,873,792
Depreciation				
At 1st January 2018	-	-	15,435	15,435
Disposals	-	-	-	-
Charge for the year	-	-	901	901
At 31st December 2018	-	-	16,336	16,336
Net book value				
At 31st December 2018	2,538,428	315,600	3,428	2,857,456
At 31st December 2017	2,538,428	315,600	4,329	2,858,357

ASSOCIATION OF GRACE BAPTIST CHURCHES (SOUTH EAST)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2018
(continued)

12 INVESTMENTS

	2018		
	Investment properties	*Quoted investments*	*Total*
	£	£	£
At market value			
Market value at 1st January 2018	1,720,057	2,577,093	4,297,150
Additions	-	308,187	308,187
Disposals	-	(511,557)	(511,557)
Unrealised gains (losses)	(43,316)	(141,910)	(185,226)
Market value at 31st December 2018	1,676,741	2,231,813	3,908,554
At cost			
As at 31st December 2018	627,125	394,285	1,021,410
As at 31st December 2017	627,125	394,285	1,021,410

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

The quoted investments are listed and dealt with on a recognised stock exchange in the UK and include the following material investments:

% of Portfolio		*Market value* 2018 £	*Market value* 2017 £
4.75%	Royal Dutch Shell 'B' Ord €0.07	102,894	110,374
4.18%	HSBC Holdings Ord US$0.50	90,559	92,028
3.60%	Charities Property Fund	78,072	72,021
3.54%	INT Public Partner Ord £0.0001	76,700	78,350

13 LOANS

	2018	*2017*
	£	£
Loans (to 7 Churches)	32,480	49,155

Loans are interest free and repayable within ten years. Included within loans is approximately £26,990 repayable after more than one year.

ASSOCIATION OF GRACE BAPTIST CHURCHES
(SOUTH EAST)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2018
(continued)

14 DEBTORS

	2018	*2017*
	£	£
Debtors	21,826	18,529
Prepayments	2,985	1,223
	24,811	19,752

15 UNRESTRICTED FUNDS

2018	*Income 2018*	*Expenditure 2018*	*Transfers 2018*	*Other Gains / (losses)*	*Brought Forward 01.01.18*	*Carried Forward 31.12.18*
	£	£	£	£	£	£
General Fund	241,158	(290,314)	-	(185,661)	6,090,260	5,855,443
Churches Aid Fund	-	(9,000)	-	-	33,112	24,112
Training Fund	-	(35,245)	-	-	76,800	41,555
Walthamstow Manse	50	(842)	-	-	465,134	464,342
	241,208	(335,401)	-	(185,661)	6,665,306	6,385,452

Figures for previous year for comparison

2017	*Income 2017*	*Expenditure 2017*	*Transfers 2017*	*Other Gains / (losses)*	*Brought Forward 01.01.17*	*Carried Forward 31.12.17*
	£	£	£	£	£	£
General Fund	243,862	(271,143)	(3,500)	185,832	5,935,209	6,090,260
Churches Aid Fund	-	(14,688)	-	-	47,800	33,112
Training Fund	-	(20,366)	-	-	97,166	76,800
Walthamstow Manse	70	(8,299)	-	-	473,363	465,134
	243,932	(314,496)	(3,500)	185,832	6,553,538	6,665,306

Churches Aid Fund
This designated fund was established in 1979 to set aside funds at the discretion of the trustees for the purpose of making grants and loans to Churches within the Association. The fund was increased in 2015.

Training Fund
This designated fund was established in 2015 to set aside funds at the discretion of the trustees for the purpose of making grants to Churches and trainees to support people in training for ministry.

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

ASSOCIATION OF GRACE BAPTIST CHURCHES
(SOUTH EAST)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2018
(continued)

16 RESTRICTED FUNDS

2018	*Incoming Resources* **2018** £	*Resources expended* **2018** £	*Net incoming resources* **2018** £	*Transfer* **2018** £	*Other Gains/ (losses)* **2018** £	*Balance Brought Forward* **01.01.18** £	*Balance Carried Forward* **31.12.18** £
Hawthorn Family	3,809	(76,023)	(72,214)	-	1,839	210,501	140,126
Home Mission	102,473	(102,473)	-	-	-	-	-
Gateway Fund	44,764	(39,176)	5,588	-	-	345	5,933
Benevolent Fund	2,394	(1,100)	1,294	-	-	47,083	48,377
Loan Fund	959	-	959	-	-	102,121	103,080
Pastors' Retiring and Widows' Fund	2,960	(9,666)	(6,706)	-	(5,208)	91,695	79,781
Sinclair Fund	10,500	(38,775)	(28,275)	-	1,021	342,852	315,598
	167,859	(267,213)	(99,354)	-	(2,348)	794,597	692,895

Figures for previous year for comparison

2017	*Incoming Resources* **2017** £	*Resources expended* **2017** £	*Net incoming resources* **2017** £	*Transfer* **2017** £	*Other Gains/ (losses)* **2017** £	*Balance Brought Forward* **01.01.17** £	*Balance Carried Forward* **31.12.17** £
Hawthorn Family	7,025	(21,479)	(14,454)	-	13,073	211,882	210,501
Home Mission	100,471	(103,971)	(3,500)	3,500	-	-	-
Gateway Fund	40,118	(39,773)	345	-	-	-	345
Benevolent Fund	1,759	(1,500)	259	-	-	46,824	47,083
Loan Fund	1,444	-	1,444	-	-	100,677	102,121
Pastors' Retiring and Widows' Fund	2,999	(7,842)	(4,843)	-	5,539	90,999	91,695
Sinclair Fund	7,693	(7,582)	111	-	10,286	332,455	342,852
	161,509	(182,147)	(20,638)	3,500	28,898	782,837	794,597

Hawthorn Family Charitable Fund

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

ASSOCIATION OF GRACE BAPTIST CHURCHES
(SOUTH EAST)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2018
(continued)

16 RESTRICTED FUNDS (Cont)

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

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

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

Loan Fund
Declaration of Trust dated 27th October 1891 governs this fund. Interest free loans are made to Churches for purchase, extension and maintenance of Chapels, Manses and other Church premises.

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

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

17 ANALYSIS OF NET ASSETS

The balances carried forward on the various funds are held as follows:

	2018 *Investments* £	2018 *Tangible assets* £	2018 *Net current assets/(liabilities)* £	2018 *Total* £	2017 *Total* £
Unrestricted funds	3,500,690	2,857,456	27,306	6,385,452	6,665,306
Restricted funds	407,864	-	285,031	692,895	794,597
	3,908,554	2,857,456	312,337	7,078,347	7,459,903

Figures for previous year for comparison

	2017 *Investments* £	2017 *Tangible assets* £	2017 *Net current assets/(liabilities)* £	2017 *Total* £	2016 *Total* £
Unrestricted funds	3,697,651	2,858,357	109,298	6,665,306	6,553,538
Restricted funds	599,499	-	195,098	794,597	782,837
	4,297,150	2,858,357	304,396	7,459,903	7,336,375

ASSOCIATION OF GRACE BAPTIST CHURCHES (SOUTH EAST)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2018
(continued)

18 COMMITMENTS

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

	2018	***2017***
	£	**£**
Within 1 year	1,181	1,181
Between 2 and 5 years	295	1,476
	1,476	2,657

19 TRUSTEES' REMUNERATION

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

20 TRUSTEES' EXPENSES

	2018	***2017***
	£	**£**
Expenses incurred by trustees and reimbursed, amounted to:	111	149

2 trustees made a total of 6 expenses claims for the cost of travel to meetings and other events.

21 RELATED PARTIES

The following trustees are also directors of Grace Baptist Charities Limited and as such had an interest in transactions between the two organisations: C J Clarkson, A Creedy, J Miller, P Jordan, A A Ottley, Miss M O'Mara, D J Mortimer, A Hannan and P M Woodley. Details of the transactions and balances are disclosed in the notes to the accounts.

During the year, Tabitha Spear was employed by the Association as an intern to assist with an archiving project. She received remuneration of £1,103 for this work. Tabitha is the daughter of Paul Spear, Association Secretary. Caleb Gardner was employed as an intern to assist with a finance project. He received remuneration of £150. Caleb is the son of Abigail Gardner, Finance Officer.

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

Annual Grant approved by the Committee	£4,996
Conference and accommodation fees	£ 230