

The Baptist Union of Scotland

Annual Report and Financial Statements

For the year ended 31 March 2021



Scottish Charity Number SC049047

A charitable company limited by guarantee registered in Scotland No. SC620266

LEGAL AND ADMINISTRATIVE INFORMATION

Directors	Rev Don Currie Mrs Evelyn Stewart Mr Brian Miller Mr Stephen Hagan Mrs Ruth McLaren Rev Frances Bloomfield Rev Martin Hodson Rev Alistair Purss Mr Alan Milnes Dr Brian Windram
Secretary	Dr Brian Windram (appointed 1 September 2021)
Charity number (Scotland)	SC049047
Company number	SC620266
Registered office	48 Speirs Wharf Glasgow G4 9TH
Auditor	Alexander Sloan Accountants and Business Advisers 180 St Vincent Street Glasgow G2 5SG
Bankers	Bank of Scotland Sauchiehall Street PO Box 17235 Edinburgh EH11 1YH
Solicitors	Diakoneo Legal Services Limited 48 Spiers Wharf Glasgow G4 9TH
Investment advisors	Investec Wealth & Investment 5 George Square Glasgow G2 1DY
Website	www.scottishbaptist.com

The Baptist Union of Scotland

Annual Report and Financial Statements For the year ended 31 March 2021

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The Baptist Union of Scotland

Directors' Report for the year ended 31 March 2021

The Directors present their report and financial statements for the charity's year ended 31 March 2021. The comparative figures represent the charity's first accounting period as a charitable company for the four months ended 31 March 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

Objectives and activities

The Baptist Union of Scotland ("the Union") was originally formed in 1869 as an unincorporated voluntary association ("the Association") governed by its Constitution and was registered as a Scottish Charity with the Office of the Scottish Charity Regulator, No. SC004960.

Following a decision by the Baptist Assembly, The Baptist Union of Scotland Ltd (the charity) was incorporated on 5 February 2019 as a company limited by guarantee (No. SC620266) and is a recognised Scottish Charity (No. SC049047) governed by its Memorandum and Articles of Association. On the winding up of the former Association, all the assets, liabilities and activities of the former Association were transferred to the charity on 1 December 2019. The Charity changed its name to The Baptist Union of Scotland with effect from 23 December 2020.

The Union currently comprises 157 churches with approximately 10,200 members.

The Union's aims and objectives are the advancement of the religion by:

- **FELLOWSHIP:** To strengthen fellowship among Baptists and with all who confess Jesus Christ as Lord by means of local churches, networks, conferences, Assemblies and publications; also by participation in wider Baptist groupings and interdenominational activities.
- **MISSION:** To support and extend Christ's mission both at home and overseas through evangelism, church planting and caring ministries, including the relief of poverty and the benefiting and enhancement of the communities in which churches are situated.
- **SUPPORT:** To offer support in maintaining and developing the work of the churches through accredited and grant-aided ministries, financial assistance with church buildings and expert help in all areas of church life.
- **CO-ORDINATION:** To discover God's will and act together in matters of common concern relating to the life of the Union and the state of the nation.
- **BAPTIST WITNESS:** To bear witness to Baptist principles and maintain records of the Union's life and work through study and research, interchurch dialogue, publications and historical archives.

Achievements and performance

As a Baptist family in Scotland, we seek to live this new life "Under Christ's Rule" as children of King Jesus. Through our words, our acts of compassion and by our very being, we present the gospel of Jesus Christ and a foretaste of his Kingdom.

Our Union's existence, and the continuing financial support we give to one another, is in part evidence of our life together. Grants are made through the Ministry Resource Fund to assist churches to call Pastors and additional workers. New developments are supported through the Mission Initiative fund and loans are made to assist churches maintain and expand their buildings.

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Directors' Report for the year ended 31 March 2021

Whilst the activities of the former Association have, in the main, been continued by the incorporated charity, the previous accounting period, as reported in the comparative figures in the Accounts only covered the first 4 months of activity from 1 December 2019 to 31 March 2020.

Covid-19 continued to be the big story that affected our lives, filled our conversations and impacted our churches. The restrictions imposed by the impact of the pandemic resulted in many activities being hosted by video conferencing or through social media platforms. All our staff continue to be home based and no one has been furloughed.

As a network of churches, the simple reality of being *together* has become more important to us. The National Prayer Livestream, which began on a weekly basis then monthly since September, has continued to gather a large number of people from across the country (typically now around 160 screens). Our new national online gathering in October, *Canopy*, surpassed our expectations, drawing together a far larger number of people than would be found at a physical Assembly. (We estimate that over 3,000 individuals joined some part of the event live, and there have been thousands more views since.) This has been a clear reminder that many of the riches of this network of churches are found when we come together. The BUS team has also been regularly called upon to give advice, particularly in connection with the national Guidance for Places of Worship during the pandemic.

Ali Laing, our Next Generation Coordinator, and Neil Pexton, who is on the team this year for Comms and Young Leader support, have invested significant time in developing our communications with younger generations. The video resource they created for *Canopy* on prayer, peace and presence has been widely used in our churches and they have enabled a good number of younger people to take part in our Advent videos. Our Instagram following continues to increase and a new podcast called *Stories Matter*, put the personal and faith stories of younger people in the foreground.

We recognised that in these changing times there is a particular need to support leaders. Jim Purves, our Mission and Ministry Advisor, developed eight *innovation collectives* last autumn. These were groups of 4 or 5 ministers or young leaders, led by a member of the national team, who came together over a three-month period to support each other in the specific changes and innovations they were seeking to enact.

Our CMD (Continuing Ministry Development) Lead, Andrew Clarke, continued to run CMD workshops on the Zoom platform last year and has published a programme of workshops for the first part of this year. He has helpfully developed closer links with the Scottish Baptist College, meaning that a number of CMD options are now run jointly with the college. The annual pre-accredited ministers' conference took place online in January and, via a useful conference platform called *Gather Town*, Andrew managed to facilitate the informal interactions that happen in the conference room as well as structured teaching sessions.

We continue to work together with others in the Baptist family around the UK and with other denominations in Scotland.

Peter Dick continued to serve as a Director of the Baptist Pension Scheme, until his term expired at the end of December 2020. With a substantial injection of funds through Baptist Union of Great Britain, it is projected to clear the Defined Benefit Scheme deficit by 2026. The impact of this "family solution" has been experienced by many churches which will have noticed a decrease in their debt liability.

We are astounded by the provision of the Lord through his people in the last few years and anticipate greater opportunities in the future to share the hope that we have.

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Directors' Report for the year ended 31 March 2021

Monitoring Achievement

The Directors, as the charity's Trustees, meet at least three times a year - Council has two residential meetings, and we have our annual Assembly. On all of these occasions, we review our past and present activities and discuss future strategies. During this time all meetings have been by video conferencing.

Financial Review

Principal sources of funds

The principal source of funding to the Baptist Union is through giving by churches to the Scottish Baptist Fund (SBF). Assembly through Council agrees each year the per capita figure which is the basis of the giving to SBF. In the year to March 2021, the per capita figure is £42 per member. Efforts continue to be made to maximise contributions to SBF. Other income sources are occasional legacies, sales of property and income from investments.

Results for the year

The Statement of Financial Activities on page 12 reflects Net Income (i.e. a Surplus) for the year of £361,073 and, after a credit relating to the charity's pension scheme, a positive Net Movement in Funds of £423,085. Income for the period also included legacies, funds from dissolved congregations and properties falling to the Union of £182,657. In addition property disposals realised gains of £303,145.

Strong continuing support by our member churches has kept our income at a stable level. The impact of the COVID-19 crisis has reduced some travel and meeting costs. Staff costs have remained at targeted levels as all staff have been working from home and no one has been furloughed.

Reserves Policy

The Directors' policy is to hold Unrestricted General Fund Reserves (as represented by the Scottish Baptist Fund) at a level which equates to around six months costs of Unrestricted expenditure sufficient to maintain the Union's ongoing work. As indicated in Note 22, the Scottish Baptist Fund at 31 March 2021 amounted to £432,331 which was within acceptable levels. Including the net book value of tangible fixed assets, the market value of investments and balances on Restricted Funds, total reserves at 31 March 2021 amounted to £4,197,658 and held as follows:

Restricted Funds	£975,994
Unrestricted Funds	£432,331
Designated Funds	£2,789,333

Investment Policy

The Directors have the power to invest in stocks and shares, investments and property in the UK and engage investment managers to implement this. The policy is to adopt a medium risk investment strategy to provide a good level of income and long-term growth from an ethically invested portfolio. During the period, the charity continued to use the services of Investec as Investment Managers.

Grant Making Policy

Resource Grants are provided from the Union's Ministry Resource Fund. Grant applications from member churches are administered by the Resource Grant Group and reviewed annually. The Mission Initiative Fund supports pioneer moves either by churches in to fresh areas or in the planting of new groups, smaller grants from this fund are agreed by the National Team with larger projects being administered by the Resource Grant Group.

Risk Management

The Directors have formalised the process of evaluating the major risks faced by the charity and have

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Directors' Report for the year ended 31 March 2021

implemented procedures to enable these risks to be mitigated. A comprehensive risk register is in place covering all aspects of Union life and work under five headings; Strategic & Legal, Operational, Property, Employment, and Financial. All National Team and Directors' meetings review the impact of agenda items on the risk register.

Plans for the Future

As the COVID-19 pandemic is still a concern, we continue to monitor any longer term impact on member congregations' ability to maintain support of BUS.

Two Board members, The Ministry and Mission Advisor and the Finance Director, retired at the end of August 2021 and the Convenor will demit office at the 2021 AGM. Planning for these changes has been underway for some time and new restructuring ideas, discussed at the March 2021 Council, were presented and approved in line with the new General Director's vision and the prospect of ongoing home-based working. A new Finance Director was appointed in September 2021 together with two new part-time appointments to the National Team and the expansion and enhancement of two existing posts. These new roles are described on page 5 below. The new National Team was completed with a further appointment of a Future Church Lead in October 2021. We are excited about developing and operationalising our vision and strategy as we move forward into 2022.

Structure, governance and management

Governing document

The Baptist Union of Scotland Ltd (the charity) was incorporated on 5 February 2019 as a company limited by guarantee (No. SC620266) and is a recognised Scottish charity (No. SC049047) governed by its Memorandum and Articles of Association. In addition to a Board of executive and non-executive Directors, the charity has a Council comprising representatives of churches, National Team, representatives of other Baptist related organisations and members co-opted for particular skills.

Assembly is the ultimate debating and decision making forum of the Union, although much of the initial thinking, discussion and decision-making have been delegated by Assembly to the Council which meets at least twice annually. Delegation of appropriate responsibilities is further made to various Task Groups, some of which have ongoing responsibilities whilst others may be appointed for a specific one-off task.

The Directors who served during the year and up to the date of signature of the financial statements were:

Rev Alexander Weddell	(resigned 8 December 2020)
Rev Don Currie	
Mrs Evelyn Stewart	
Mr Brian Miller	
Mr Stephen Hagan	
Mrs Ruth McLaren	
Rev Frances Bloomfield	
Rev Peter Dick	(resigned 31 August 2021)
Rev Martin Hodson	
Rev Alistair Purss	
Rev Dr James Purves	(resigned 31 August 2021)
Mr Alan Milnes	(appointed 29 December 2020)
Dr Brian Windram	(appointed 1 September 2021)

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Directors' Report for the year ended 31 March 2021

The General Director, Convenor, and Finance Director are Office Bearers for the purpose of signing documents. The National Team consists of two executive Directors plus the Development Leads and their responsibilities are as follows:

General Director - Rev Martin Hodson

In addition to the key role of the General Director within the Baptist Union, there are representational responsibilities in the Baptist World Alliance and the European Baptist Federation and to other Christian churches and UK and Scottish Parliaments.

Finance Director – Dr Brian Windram

The Finance Director is responsible for the management of the financial affairs of the Baptist Union. Rev Peter Dick retired on 31st August 2021 and Dr Brian Windram was appointed on 1st September 2021.

Mission and Ministry Advisor

As discussed above, under Plans for the Future, Rev Dr James Purves retired on 31 August 2021 and the former Mission and Ministry Advisor role has been reviewed and restructured across the expanded National Team roles detailed below.

Younger Generation Lead & Digital Church Lead – Rev Ali Laing

This post has responsibility for developing the lives of our next generations through training, experience and relationship. A new separate digital church remit has been created to explore the potential for mission, worship and connectedness in the online and digital space.

Leadership Development Lead – Rev Andrew Clarke

This expanded role is focused on equipping accredited ministers, leadership teams and emerging leaders.

Deeper Church Lead – Rev Lisa Holmes

This new post promotes and encourages the transformative habits of prayer, spiritual formation and disciple-making in our network.

Communications Lead – Lyndsay Cameron-Ross

A new dedicated role enabling the central team to engage positively with the churches and initiate new channels of communication for deepening togetherness within our network.

Future Church Lead – Rev Glenn Innes

This new role involves coaching and advising those who are developing new churches and new church plants and supporting missional reshaping and innovation in existing churches.

Appointment and induction of Directors

The Directors of the charitable company are its Trustees for the purpose of charity law and throughout this report are collectively referred to as Directors.

The responsibilities of Directors, in accordance with relevant Charities legislation and good practice, are to oversee the legal, financial, charitable and strategic life of the Union. To enable the Directors to fulfil their responsibilities, all records of meetings of the National Team, Task Groups, and other groups are provided to them.

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Directors' Report for the year ended 31 March 2021

Executive Directors are appointed by Council. Non-executive Directors are appointed by Assembly at the Annual General Meeting, the Board having power to co-opt during the year. Non-executive Directors shall be appointed for an initial period of three years and will thereafter be eligible for re-election for a further three year period. On completion of two consecutive three-year terms of service, a non-executive Director must stand down and will not be eligible for election until at least one year has elapsed from the end of the second three year term of service.

The Directors, by virtue of their appointment, are members of Council and Assembly and the Board of Directors meets at least three times a year.

Prior to their appointment, Directors are usually familiar with many aspects of the Union's work and with its Values and Aims and Objectives. On appointment, they receive an induction programme covering their statutory responsibilities and the general nature of their role. Non-executive Directors serve the charity on a voluntary basis.

New non-executive Directors are appointed for a 3 year term and are eligible for reappointment for one further term.

Key Management Personnel and Remuneration

The Directors consider the Board and the National Team (see Note 11) as the charity's Key Management Personnel with regard to directing, controlling and running the charity's daily activities. The salaries of the Key Management Personnel are based on graded multipliers of the Reference Stipend figure for churches agreed annually by Council.

Auditor

A resolution proposing that Alexander Sloan, Accountants and Business Advisers, be re-appointed as auditor of the charitable company will be put to the Annual General Meeting.

Disclosure of information to auditor

Each of the Directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The Directors' Report was approved by the Board of Directors.

Brian Windram

Dr Brian S Windram
Director

Dated: 27 October 2021

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Directors' Report for the year ended 31 March 2021

Statement of Directors' Responsibilities

The Directors, who are also the Trustees for the purpose of charity law, are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP FRS 102;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006. 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.

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Independent Auditor's Report

To the Members and Trustees of The Baptist Union of Scotland

Opinion

We have audited the financial statements of The Baptist Union of Scotland (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the 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 charitable company's affairs as at 31 March 2021 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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Independent Auditor's Report

To the Members and Trustees of The Baptist Union of Scotland

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' Annual Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Directors' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements within the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Directors 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 Directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect

of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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Independent Auditor's Report

To the Members and Trustees of The Baptist Union of Scotland

Extent to which the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charity through discussions with Directors and other management, and from our wider knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Act 2006, Charities SORP (FRS 102) and the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Audit response to risks identified

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the notes to the financial statements were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- requesting correspondence with HMRC, OSCR and the charity's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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Independent Auditor's Report

To the Members and Trustees of The Baptist Union of Scotland

Use of our report

This report is made solely to the charitable company's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's Trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the Members and 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 charitable company, its Members as a body and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Alan Cunningham

Alan Cunningham BA CA (Senior Statutory Auditor)
For and on behalf of Alexander Sloan

27/10/2021

Accountants and Business Advisers
Statutory Auditor

180 St Vincent Street
Glasgow
G2 5SG

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Statement of Financial Activities

For the year ended 31 March 2021

		<u>Unrestricted</u>				4 months
	Notes	Unrestricted	Designated	Restricted	Total	Total
		funds	funds	funds	2021	2020
		£	£	£	£	£
Income from:						
Donations and legacies	3	419,108	182,593	2,138	603,839	196,434
Income from Charitable Activities	4	24,753	17,820	7,274	49,847	13,823
Investment Income	5	3,519	4,405	-	7,924	8,829
Other income	6	-	104,675	198,470	303,145	3,854,276
Total Income		<u>447,380</u>	<u>309,493</u>	<u>207,882</u>	<u>964,755</u>	<u>4,073,362</u>
Expenditure on:						
Raising funds	7	1,791	2,366	-	4,157	4,069
Cost of Charitable activities	8	425,484	259,004	10,425	694,913	256,926
Total Expenditure		<u>427,275</u>	<u>261,370</u>	<u>10,425</u>	<u>699,070</u>	<u>260,995</u>
Net gains/(losses) on investments	13	41,078	54,310	-	95,388	(41,461)
Net income for the year / period		61,183	102,433	197,457	361,073	3,770,906
Transfers between funds	21	70,000	148,869	(218,869)	-	-
Other recognised gains and losses						
Credit in respect of pension recovery plan	20	-	62,012	-	62,012	3,667
Net movement in funds		<u>131,183</u>	<u>313,314</u>	<u>(21,412)</u>	<u>423,085</u>	<u>3,774,573</u>
Fund balances at 1 April 2020		301,148	2,476,019	997,406	3,774,573	-
Total funds carried forward		<u>432,331</u>	<u>2,789,333</u>	<u>975,994</u>	<u>4,197,658</u>	<u>3,774,573</u>

The statement of financial activities includes all gains and losses recognised in the year/period.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

The notes on pages 15 to 32 form an integral part of these financial statements.

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Balance Sheet as at 31 March 2021

		2021	2020
		£	£
	Note		
Fixed Assets			
Tangible Fixed Assets	14	1,777,787	1,977,644
Investments	15	<u>503,466</u>	<u>404,497</u>
		2,281,252	2,382,141
Current Assets			
Debtors	17	227,021	282,046
Cash and Bank balances		<u>1,798,774</u>	<u>1,293,968</u>
		2,025,795	1,576,014
Creditors: amounts falling due within one year	18	<u>15,874</u>	<u>31,147</u>
Net Current Assets		2,009,921	1,544,867
Total assets less current liabilities		<u>4,291,173</u>	<u>3,927,008</u>
Provision for Liabilities	19	(93,515)	(152,435)
Net assets		<u><u>4,197,658</u></u>	<u><u>3,774,573</u></u>
Income funds			
Restricted Funds	22	975,994	997,406
Unrestricted Funds	22		
Designated funds		2,789,333	2,476,019
General unrestricted funds		<u>432,331</u>	<u>301,148</u>
		3,221,664	2,777,167
		<u><u>4,197,658</u></u>	<u><u>3,774,573</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Directors on 27 October 2021.

Brian Windram

Dr Brian S Windram
Director

Company Registration No. SC620266

The notes on pages 15 to 32 form an integral part of these financial statements

The Baptist Union of Scotland

Statement of Cash Flows

For the year ended 31 March 2021

		2021		4 months 2020
	£	£	£	£
Cash flows from operating activities				
Cash generated from / (absorbed by) operations	25	32,930		1,255,021
Investing activities				
Proceeds from sale of tangible fixed assets	463,952			
Repayment of investment loans and receivables	-		30,118	
Dividends/Interest received	<u>7,924</u>		<u>8,829</u>	
Net cash generated from/(used in) investing activities:		471,876		38,947
Net cash used in financing activities		-		-
Net increase in cash and cash equivalents		<u>504,806</u>		<u>1,293,968</u>
Cash and cash equivalents at the beginning of the year		1,293,968		-
Cash and cash equivalents at the end of the year		<u><u>1,798,774</u></u>		<u><u>1,293,968</u></u>

The notes on pages 15 to 32 form an integral part of these financial statements

The Baptist Union of Scotland

Notes to the Financial Statements for the year ended 31 March 2021

1 Accounting policies

Charity information

The Baptist Union of Scotland is a private company limited by guarantee incorporated in Scotland. The registered office is 48 Speirs Wharf, Glasgow, G4 9TH.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's Memorandum and Articles of Association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Directors in furtherance of their charitable objectives.

Designated funds comprise funds which have been set aside at the discretion of the Directors for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid is recognised at the time of the donation.

Legacy gifts must be recognised when it is probable that it will be received. This is normally following the granting of confirmation, when the administrator/executor of the estate has communicated in writing both the amount and settlement date and any conditions attached to the legacy are either within the control of the charity or have been met. In the event that the gift is in the form of an

The Baptist Union of Scotland

Notes to the Financial Statements

for the year ended 31 March 2021

asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

Income from Charitable Activities

Income from charitable activities includes income earned both from the supply of goods or services. Such income is recognised or earned as the related goods or services are provided.

Investment income

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised when the shareholder's right to receive payment is established, measured at the fair value receivable. Generally this is upon notification by the investment advisor once the dividend has been declared.

Other income

Other income represents income that cannot be reported under the other analysis headings provided within the Statement of Financial Activities and is recognised when the charity is entitled to the income, it is probable that it will be received and the amount can be measured reliably by the charity.

1.5 Expenditure

Liabilities are recognised Income is recognised as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured or estimated reliably.

Liabilities are measured on recognition at historical cost and then subsequently measured at the best estimate of the amount required to settle the obligation at the reporting date. The exception is that certain financial instruments must be adjusted to their present value; these include financial liabilities where settlement is deferred for more than 12 months after the reporting date.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings.

Raising Funds

Raising funds represents the fees charged for managing the charity's investment portfolio.

Charitable activities

Expenditure on charitable activities includes all costs incurred by the charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities. The costs of charitable activities presented in the Statement of Financial Activities includes the costs of both direct service provision and the payments of grant awards if applicable.

Governance costs

Governance costs (which are included as a component of support costs in accordance with SORP) comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include those related to constitutional and statutory requirements, external scrutiny (audit or independent examination), strategic management, and other legal and professional fees.

Taxation and Irrecoverable VAT

The Baptist Union of Scotland is recognised as a charity by HM Revenue & Customs and is not liable for corporation tax on any surplus made on its charitable activities. No provision for corporation tax

The Baptist Union of Scotland

Notes to the Financial Statements

for the year ended 31 March 2021

is made in the financial statements. The charity is not registered for VAT and expenditure therefore includes irrecoverable input VAT.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Property	over 50 years straight line method
Fixtures and equipment	25% on a straight line basis

For the first accounting period to 31 March 2020, depreciation was only applied to the charity's office property at Speirs Wharf, Glasgow. From 1 April 2020, depreciation has been applied to all categories of Property including retirement houses, church buildings, manses and a holiday house.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the period.

1.7 Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market value. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the period. Fair value is deemed to be market value.

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Baptist Union of Scotland

Notes to the Financial Statements for the year ended 31 March 2021

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.11 Employee benefits

Employees of The Baptist Union of Scotland are members of the Baptist Pension Scheme in either the Ministers' section or the Staff section. From January 2012, these are both Defined Contribution Schemes, comply with the requirements of Auto Enrolment and contributions are charged to the Scottish Baptist Fund. Prior to January 2012, these Schemes were Defined Benefit Schemes. The Staff DB Scheme was subject to a buyout and closed in 2019. The Ministers' Scheme still has a deficit liability with agreed deficit contributions being made and charged to the Pension Reserve Fund. Note 20 provides further information about pension obligations.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected until credit method and is based on actuarial advice.

The Baptist Union of Scotland

Notes to the Financial Statements for the year ended 31 March 2021

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The Baptist Union of Scotland

Notes to the financial statements for the year ended 31 March 2021

	Unrestricted		Restricted Funds £	Total 2021 £	4 months Total 2020 £
	General Funds £	Designated Funds £			
3. Donations and legacies					
Contributions from Churches	417,832	-	-	417,832	183,641
Donations	1,212	-	275	1,487	1,343
Legacies receivable	64	-	-	64	150
Dissolutions	-	182,593	-	182,593	10,787
Church & Manse loan fund	-	-	1,863	1,863	513
	<u>419,108</u>	<u>182,593</u>	<u>2,138</u>	<u>603,839</u>	<u>196,434</u>
4. Income from Charitable Activities					
Literature sales	-	-	-	-	138
Church & manse loan interest	-	-	1,409	1,409	586
Training & development	2,808	-	-	2,808	1,434
Assembly income	12,820	-	-	12,820	415
Rental income	8,767	17,820	5,865	32,452	9,747
Sundry income	358	-	-	358	1,503
	<u>24,753</u>	<u>17,820</u>	<u>7,274</u>	<u>49,847</u>	<u>13,823</u>
5. Investment income					
Income from listed investments	3,331	4,405	-	7,736	1,349
Income from unlisted investments	-	-	-	-	5,162
Interest receivable	188	-	-	188	2,318
	<u>3,519</u>	<u>4,405</u>	<u>-</u>	<u>7,924</u>	<u>8,829</u>
6. Other Income					
Gain on sale of property assets	-	104,675	198,470	303,145	-
Transfer of Net Assets from former Association at 1 December 2019	-	-	-	-	3,854,276
	<u>-</u>	<u>104,675</u>	<u>198,470</u>	<u>303,145</u>	<u>3,854,276</u>
				964,755	

The Baptist Union of Scotland

Notes to the financial statements for the year ended 31 March 2021

	Unrestricted			Total 2021 £	4 months Total 2020 £
	General Funds £	Designated Funds £	Restricted Funds £		
7. Raising funds					
Investment Management costs	1,791	2,366	-	4,157	4,069
	<u>1,791</u>	<u>2,366</u>	<u>-</u>	<u>4,157</u>	<u>4,069</u>
8. Cost of charitable activities					
Staff costs	319,222	11,984	-	331,206	80,034
Depreciation	5,580	29,187	4,291	39,058	7,922
Premises costs	32,777	15,108	5,434	53,319	18,406
Running costs	25,045	-	-	25,045	41,497
Legal & Professional fees	3,636	-	-	3,636	14,687
Interest and finance charges	-	3,092	-	3,092	3,247
Governance costs	11,114	-	-	11,114	14,669
Assembly and committee costs	11,900	-	-	11,900	30,652
Affiliation & representation costs	8,518	-	-	8,518	-
CMD, conferences and training	635	-	-	635	-
Convenor's expenses	2,160	-	-	2,160	-
Grant funding (Note 9)	4,897	199,633	700	205,230	45,812
	<u>425,484</u>	<u>259,004</u>	<u>10,425</u>	<u>694,913</u>	<u>256,926</u>
9. Grants					
Ministry Resource grants - churches	-	75,503	-	75,503	34,909
Ministry Initiative grants - churches	-	27,000	-	27,000	5,667
Other grants - churches etc	4,897	-	300	5,197	1,880
Other grants - ministers	-	-	400	400	3,356
Other financial support	-	97,130	-	97,130	-
	<u>4,897</u>	<u>199,633</u>	<u>700</u>	<u>205,230</u>	<u>45,812</u>
				Total 2021 £	2020
Ministry Resource Grants to churches					
Hillview/Kintore		15,000		15,000	5,000
Peebles		-		-	167
Stirling		8,500		8,500	2,833
Adelaide		-		-	2,125
Motherwell		4,167		4,167	417
Carnoustie		-		-	833
Dennistoun		9,917		9,917	5,667
Dumfries		4,250		4,250	2,833
Coastline		8,500		8,500	2,833
Calderwood		7,500		7,500	2,500
Collydean		4,667		4,667	3,333
Tillycultry		5,500		5,500	2,200
Sheddocksley		-		-	1,667
Portlethan		7,502		7,502	2,501
		<u>75,503</u>		<u>75,503</u>	<u>34,909</u>

The Baptist Union of Scotland

Notes to the financial statements for the year ended 31 March 2021

10. Statement of Financial Activities for the first period ended 31 March 2020

	Unrestricted		Restricted Funds £	2020 £
	General Funds £	Designated Funds £		
Income from:				
Donations and legacies	195,691	-	743	196,434
Income from Charitable Activities	5,618	6,089	2,116	13,823
Investments	3,667	5,162	-	8,829
Other Income				
Transfer of Net Assets from former Association at 1 December 2019	283,735	2,570,489	1,000,052	3,854,276
Total Income	<u>488,711</u>	<u>2,581,740</u>	<u>1,002,911</u>	<u>4,073,362</u>
Expenditure on:				
Raising funds				
Investment Management costs	843	3,226	-	4,069
Cost of charitable activities	180,061	71,360	5,505	256,926
Total expenditure	<u>180,904</u>	<u>74,586</u>	<u>5,505</u>	<u>260,995</u>
Net gains/(losses) on investments	(6,659)	(34,802)	-	(41,461)
Net income for the period	<u>301,148</u>	<u>2,472,352</u>	<u>997,406</u>	<u>3,770,906</u>
Other recognised gains and losses				
Credit in respect of pension recovery plan	-	3,667	-	3,667
Net movement in funds	<u>301,148</u>	<u>2,476,019</u>	<u>997,406</u>	<u>3,774,573</u>

The statement of financial activities includes all gains and losses recognised in the period.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

The Baptist Union of Scotland

Notes to the financial statements for the year ended 31 March 2021

11. Employees

	2021 No.	2020 No.
Management	<u>10</u>	<u>10</u>
This represents a Full Time Equivalent of 7 staff.		
Employment costs	2021	2020
	£	£
Salaries	276,210	70,194
Social Security Costs	18,281	7,052
Pension Costs	36,715	2,788
	<u>331,206</u>	<u>80,034</u>

There were no employees who received remuneration over £60,000 in the period.

Key Management Remuneration

In their roles as National Team members and therefore as key management personnel, Revs Peter Dick, Martin Hodson, James Purves, Andrew Clark and Ali Laing received total remuneration during the year of £183,314 (£54,236 for 4 months to 31 March 2020).

12. Net income/(expenditure) for the year / period

	2021 £	2020 £
Net income/(expenditure) for the year / period is stated after charging:		
Auditor's fees for the audit of the statutory financial statements	11,114	16,044
Depreciation of owned tangible fixed assets	39,059	7,922
	<u> </u>	<u> </u>

13. Net gains/(losses) on investments

	Unrestricted funds		Total 2021 £	2020 £
	General £	Designated £		
Realised gains on investment disposals	3,810	5,038	8,848	-
Unrealised movement in value of investments	37,268	49,272	86,540	(41,461)
	<u>41,078</u>	<u>54,310</u>	<u>95,388</u>	<u>(41,461)</u>

The Baptist Union of Scotland

Notes to the financial statements for the year ended 31 March 2021

14. Tangible Fixed Assets

	Properties £	Fixtures & Equipment £	Total £
Cost			
At 31 March 2020	1,974,134	11,432	1,985,566
Additions	-	-	-
Disposals	(160,807)	-	(160,807)
At 31 March 2021	<u>1,813,327</u>	<u>11,432</u>	<u>1,824,759</u>
Depreciation and impairment			
At 31 March 2020	5,064	2,858	7,922
Depreciation charged in the year	33,479	5,571	39,050
At 31 March 2021	<u>38,543</u>	<u>8,429</u>	<u>46,972</u>
Carrying amount			
At 31 March 2021	<u>1,774,784</u>	<u>3,003</u>	<u>1,777,787</u>
At 31 March 2020	<u>1,969,070</u>	<u>8,574</u>	<u>1,977,644</u>

Cost/Valuations comprise the following:

The carrying value of properties includes the church property at Carbrain, Cumbernauld (£100,000) which is due to be conveyed to the local congregation at £nil value once certain legal matters have been resolved.

15. Fixed asset investments

	Listed Investments £	Investment property £	Total £
Fair value (market value)			
At 1 April 2020	296,209	108,288	404,497
Additions	60,896	-	60,896
Valuation changes	95,389	-	95,389
Disposals and fees	(57,317)	-	(57,317)
At 31 March 2021	<u>395,177</u>	<u>108,288</u>	<u>503,465</u>
Carrying amount			
At 31 March 2021	<u>395,177</u>	<u>108,288</u>	<u>503,465</u>
Property			
77 Brisbane Road, Largs		<u>108,288</u>	
Total Investments			
			<u>503,465</u>

The Baptist Union of Scotland

Notes to the financial statements for the year ended 31 March 2021

20. Pensions obligations (FRS102 disclosure)

The charity is an employer participating in a pension scheme known as the Baptist Pension Scheme ("the Scheme"), which is administered by the Pension Trustee (Baptist Pension Trust Limited). The Scheme is a separate legal entity and the assets of the Scheme are held separately from those of the Employer and the other participating employers.

For any month, each participating employer in the Scheme pays contributions as set out in the Schedule of Contributions in force at the time.

The Scheme is considered to be a multi-employer scheme as described in Section 28 of FRS102. This is because it is not possible to attribute the Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficiency contributions (see below).

From January 2012, pension provision is being made through the Defined Contribution (DC) Plan within the Scheme. In general, Members pay 8% of their Pensionable Income and employers pay 6% of members' Pensionable Income into individual pension accounts, which are operated and managed on behalf of the Pension Trustee by Legal and General Life Assurance Society Limited. In addition, the employer pays a further 4% of Pensionable Income (or 3% if the employer is in the segregated DC section) to cover Death in Service Benefits, administration costs, and an associated insurance policy which provides income protection for Scheme members in the event that they are unable to work due to long-term incapacity. This income protection policy has been insured by the Baptist Union of Great Britain with Aviva. Members of the Basic Section pay reduced contributions of 5% of Pensionable Income, and their employers also pay a total of 5%.

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

Actuarial valuation as at 31 December 2019

A formal valuation of the Defined Benefit (DB) Plan was performed at 31 December 2019 by a professionally qualified Actuary using the Projected Unit Method. The market value of the DB Plan assets at the valuation date was £298 million. The valuation of the DB Plan revealed a deficit of assets compared with the value of liabilities of £18 million (equivalent to a past service funding level of 94%). The charity and the other employers supporting the DB Plan are collectively responsible for funding this deficit.

The key assumptions underlying the valuation were as follows:

Type of financial assumption	%pa
RPI price inflation assumption	3.20
CPI price inflation assumption	2.70
Minimum Pensionable Income increases (CPI plus 0.75%pa)	3.20
Assumed investment returns	
- Pre-retirement	2.95
- Post-retirement	1.70
Deferred pension increases	
- Pre April 2009	3.20
- Post April 2009	2.50
Pension increases	2.70

Post-retirement mortality in accordance with 80% of the S3NFA and S3NMA tables, with allowance for future improvements in mortality rates from 2013 in line with the CMI 2019 core projections, with a long term annual rate of improvement of 1.75% for males and 1.5% for females, with the core smoothing parameter and with additional initial mortality improvement factor A=0.5%

The next actuarial valuation of the DB Plan within the Scheme is due to take place not later than as at 31 December 2022.

The Baptist Union of Scotland

Notes to the financial statements for the year ended 31 March 2021

20. Pensions obligations (FRS102 disclosure), continued

Recovery Plan

In addition to the contributions to the DC Plan set out above, where a valuation of the DB Plan reveals a deficit the Trustee and the BUGB Council agree to a rate of deficiency contributions from employers in the DB Plan. Under the current Recovery Plan dated 30 September 2020, deficiency contributions are payable until 30 June 2026. These contributions are broadly based on the employer's membership at 31 December 2014 and increases annually in line with increases to Minimum Pensionable Income as defined in the Rules. However, the Trustee and the Council agreed a 50% reduction for all deficiency contributions payable between 1 July 2020 and 31 December 2020.

Movement in Balance Sheet liability

Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

<i>Accounting date</i>	31 March 2021	31 March 2020
Balance Sheet liability at year start	£152,435	£157,091
Minus deficiency contributions paid	(£12,378)	(£4,087)
Interest cost (recognised in SoFA)	£3,092	£3,098
Remaining change to balance sheet liability* (recognised in SoFA)	(£49,634)	(£3,667)
Balance Sheet liability at year end	£93,515	£152,435

* comprises any change in agreed deficit recovery plan and change in assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

<i>Accounting date</i>	31 March 2021	31 March 2020
Discount rate	0.90%	1.70%
Future increases to Minimum Pensionable Income	3.50%	2.20%

The Baptist Union of Scotland

Notes to the financial statements for the year ended 31 March 2021

21. Transfers between funds

		Unrestricted funds £	Designated funds £	Restricted funds £	Total funds £
Transfer from Colonsay disposal	1.	70,000	7,160	(218,869)	(141,709)
Largo church disposal	2.		(81,887)		(81,887)
			81,887		81,887
Retirement Housing	3.		(65,407)		(65,407)
			65,407		65,407
			(270,000)		(270,000)
Development reserve	4.		411,709		411,709
		<u>70,000</u>	<u>148,869</u>	<u>(218,869)</u>	<u>-</u>

1. SBF reimbursed for previous refurbishment subsidy and clearing outstanding current account deficit.
2. Proceeds of sale transferred to pension reserve.
3. Transfer of gains from disposals from capital to revenue account. Surplus funds from revenue transferred to Development reserve.
4. Other capital receipts transferred to Development reserve.

There were no transfers during the charity's first accounting period to 31 March 2020

The Baptist Union of Scotland

Notes to the financial statements for the year ended 31 March 2021

22. Funds Summary

	Opening Balance £	Movements in Funds Income £	Expenditure £	Transfers £	Revaluations, gains & losses £	Balance at 31 March 2021 £
Unrestricted Funds						
Scottish Baptist fund	301,148	447,380	(427,275)	70,000	41,078	432,331
Designated Funds (Revenue)						
Ministry Resources fund	191,671	783	(75,924)	-	9,656	126,186
Ministry Initiative fund	138,806	1,566	(27,841)	-	19,310	131,841
Outreach Projects	4,906	-	-	-	-	4,906
Corunna House	1,198	-	-	-	-	1,198
Response	9,075	-	-	-	-	9,075
Retirement Housing - Revenue	157,285	116,097	(13,015)	(204,593)	6,035	61,809
Scotbuild Training	903	-	-	-	-	903
Pension Reserve	134,561	86,883	(113,047)	81,887	81,321	271,605
Development Reserve	-	97,277	-	411,709	-	508,986
Colonsay	(4,804)	-	(2,356)	7,160	-	-
	633,601	302,606	(232,183)	296,163	116,322	1,116,509
Designated Funds (Property)						
BUS Offices - Speirs Wharf	212,672	-	(5,064)	-	-	207,608
Partick Church	350,000	-	(3,500)	-	-	346,500
Carbrain church	100,000	-	(2,000)	-	-	98,000
Largo Church	75,000	6,887	-	(81,887)	-	-
Retirement Housing - Capital	917,740	-	(14,883)	(65,407)	-	837,450
Ministry Resource fund	187,006	-	(3,740)	-	-	183,266
	1,842,418	6,887	(29,187)	(147,294)	-	1,672,824
Restricted funds (Revenue)						
Church & Manse Loan - revenue	748,767	201,742	-	(198,469)	-	752,040
Holiday Housing - Revenue	9,834	5,865	(5,434)	-	-	10,265
Other Restricted - Ministry Advisor	3,866	275	(700)	-	-	3,441
	762,467	207,882	(6,134)	(198,469)	-	765,746
Restricted funds (Property)						
Church & Manse Loan - property	187,212	-	(3,336)	(20,400)	-	163,476
Holiday Housing - property	47,727	-	(955)	-	-	46,772
	234,939	-	(4,291)	(20,400)	-	210,248
Unrestricted funds	301,148	447,380	(427,275)	70,000	41,078	432,331
Designated funds	2,476,019	309,493	(261,370)	148,869	116,322	2,789,333
Restricted funds	997,406	207,882	(10,425)	(218,869)	-	975,994
Total Funds	3,774,573	964,755	(699,070)	-	157,400	4,197,658

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Notes to the financial statements for the year ended 31 March 2021

22. Funds Summary, continued

Funds summary for the period ended 31 March 2020

	Transferred from former Association £	Movements in Funds Income £	Expenditure £	Transfers £	Revaluations, gains & losses £	Balance at 31 March 2020 £
Unrestricted Funds						
Scottish Baptist fund	283,735	204,976	(180,904)	-	(6,659)	301,148
Designated Funds (Revenue)						
Ministry Initiative fund	162,608	2,848	(7,447)	-	(19,203)	138,806
Retirement Housing - Revenue	158,317	6,089	(7,121)	-	-	157,285
Colonsay	(3,107)	-	(1,697)	-	-	(4,804)
Corunna House	1,198	-	-	-	-	1,198
Outreach Projects	4,906	-	-	-	-	4,906
Pension Reserve	147,796	-	(16,902)	-	3,667	134,561
Response	9,075	-	-	-	-	9,075
Scotbuild Training	903	-	-	-	-	903
Ministry Resources - revenue	241,311	2,314	(36,355)	-	(15,599)	191,671
	723,007	11,251	(69,522)	-	(31,135)	633,601
Designated Funds (Property)						
Ministry Resource fund	187,006	-	-	-	-	187,006
Retirement Housing - Capital	917,740	-	-	-	-	917,740
BUS Offices	217,736	-	(5,064)	-	-	212,672
Partick Church	350,000	-	-	-	-	350,000
Carbrain church	100,000	-	-	-	-	100,000
Largo Church	75,000	-	-	-	-	75,000
	1,847,482	-	(5,064)	-	-	1,842,418
Restricted funds						
Church & Manse Loan - revenue	747,668	1,099	-	-	-	748,767
Holiday Housing - Revenue	9,465	1,540	(1,171)	-	-	9,834
Other Restricted - Ministry Advisor	7,980	220	(4,334)	-	-	3,866
Church & Manse Loan - property	187,212	-	-	-	-	187,212
Holiday Housing - property	47,727	-	-	-	-	47,727
	1,000,052	2,859	(5,505)	-	-	997,406
Unrestricted funds	283,735	204,976	(180,904)	-	(6,659)	301,148
Designated funds	2,570,489	11,251	(74,586)	-	(31,135)	2,476,019
Restricted funds	1,000,052	2,859	(5,505)	-	-	997,406
Total Funds	3,854,276	219,086	(260,995)	-	(37,794)	3,774,573

23. Purposes of Funds

Purposes of Designated Funds

The income funds of the charity include funds which have been set aside out of unrestricted funds by the Directors for specific purposes.

Mission Initiative fund

Provides grants for new initiatives in mission.

Retirement Housing - Revenue

Receives rental income and meets the costs of maintaining the retirement property portfolio.

Colonsay

Receives rental income and meets the costs of maintaining the former Colonsay Church Manse.

Corunna House

Funds from the sale of a property in Corunna Street used for the support of the needy.

Outreach Projects

Provides grants to churches for new evangelistic projects.

Pension Reserve

To provide support for the settlement of Minister's Pension Scheme employer debts in special circumstances.

Response

Enables the General Director to respond at their discretion to special needs.

Scotbuild Training

To finance the purchase of resources relating to the Christian Worker certificate.

Ministry Resources - revenue

Provides grants to support churches engaging pastors or additional workers.

Designated Property funds

Represents the net book value of properties held by Unrestricted funds.

Development Reserve

Holds proceeds from capital assets and other excess funds for future developments.

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Notes to the financial statements for the year ended 31 March 2021

23. Purposes of Funds

Purposes of Restricted Funds

The income funds of the charity include restricted funds comprising the unexpended balances of donations and grants held on trust for specific purposes.

Church & Manse Loan fund

Provides loans assistance to churches constructing, buying or improving church buildings.

Holiday Housing

Established by the gift of a property to the Union for the purposes of providing subsidised holiday accommodation for Scottish Baptist ministers and their families.

Ministry Advisor's Fund

This is a fund by which the Ministry Advisor may, at their discretion, give financial support to Ministers.

24. Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Fund balances at 31 March 2021 are represented by:				
Tangible assets	-	1,567,539	210,248	1,777,787
Investments	395,177	108,288	-	503,465
Current assets/(liabilities)	130,668	1,113,507	765,746	2,009,921
Pension provision	(93,515)	-	-	(93,515)
	<u>432,330</u>	<u>2,789,333</u>	<u>975,994</u>	<u>4,197,657</u>

Fund balances at 31 March 2020 were represented by:

Tangible assets	-	1,742,705	234,939	1,977,644
Investments	296,209	108,288	-	404,497
Current assets/(liabilities)	157,374	625,026	762,467	1,544,867
Pension provision	(152,435)	-	-	(152,435)
	<u>301,148</u>	<u>2,476,019</u>	<u>997,406</u>	<u>3,774,573</u>

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Notes to the financial statements for the year ended 31 March 2021

25. Cash generated from operations

	2021 £	4 months 2020 £
Net income for the year / period	423,085	3,774,573
Adjustments for:		
Non-cash assets acquired from Association on incorporation	-	(2,568,318)
Investment income recognised in Statement of Financial Activities	(7,924)	(8,829)
Fair value gains and losses on investments (excl dep'n)	(402,121)	41,461
Depreciation and impairment of tangible fixed assets	39,058	7,922
Difference between pension charge and cash contributions	-	(3,667)
Movements in working capital:		
(Increase) in debtors	55,025	(14,482)
Increase in creditors	(74,193)	26,361
Cash generated from/ (absorbed by) operations	32,930	1,255,021

26. Directors

None of the Directors (or any persons connected with them) received any remuneration or benefits in their capacity as Directors from the charity during the year (£133 for travel expenses to 3 Directors during the period to 31 March 2020). See Note 27.

27. Related Party Transactions

In their role as National Team members, Directors, Rev Peter Dick, Rev Martin Hodson and Rev Dr James Purves received total remuneration of £112,190 during the year ended 31 March 2021 (£33,011 for the four months ended 31 March 2020).

During the year ended 31 March 2021, Rev Frances Bloomfield, Director, received (1) an Honorarium of £1,500 in her role as Board Convenor and (2) £2,006 for consultancy services related to reviewing and advising on the charity's Data Protection policies.

Three non-executive Directors are leaders in churches who receive support from the Union by way of grant or loan. No non-executive Director is part of the review and award process for grants or loans.

There were no other related party transactions.

28. Commitments

On 3 April 2021, the Union advanced a £100,000 interest free loan to Dennistoun Baptist Church SCIO to assist the Church's purchase of a new building. Loan repayments are to commence by 28 April 2022 with the final repayment by 28 March 2033.