Leaflet F03: Guidelines on Charity Accounts with Income over £250,000

This document provides a template for churches who are preparing accruals accounts. It should be read in conjunction with the guidance in [Leaflet F03](https://www.baptist.org.uk/Articles/368818/Leaflet_F03_Guidelines.aspx): Guidelines on Church Accounts with Income over £250,000

**ANYTOWN BAPTIST CHURCH**

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 20xx**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Note** | **Unrestricted** |  | **Designated** |  | **Restricted** |  | **Endowment** |  |  |  **Total****Current** **Year** | **Total****Previous** **Year** |
|  |  | £ |  | £ |  | £ |  | £ |  |  |  £ | £ |
| **Income and endowments from** |  |  |  |  |  |  |  |  |  |  |  |  |
| Donations and legacies | 2 |  |  |  |  |  |  |  |  |  |  |  |
| Investment income | 3 |  |  |  |  |  |  |  |  |  |  |  |
| Charitable activities |  |  |  |  |  |  |  |  |  |  |  |  |
| Other trading activities | 4 |  |  |  |  |  |  |  |  |  |  |  |
| Other | 5 |  |  |  |  |  |  |  |  |  |  |  |
| **Total income** |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Expenditure** |  |  |  |  |  |  |  |  |  |  |  |  |
| Raising Funds | 6 |  |  |  |  |  |  |  |  |  |  |  |
| Charitable Activities | 7 |  |  |  |  |  |  |  |  |  |  |  |
| Other Expenditure | 8 |  |  |  |  |  |  |  |  |  |  |  |
| **Total Expenditure** | 10 |  |  |  |  |  |  |  |  |  |  |  |
| **Net income / (expenditure) before Gains and losses on investments** |  |  |  |  |  |  |  |  |  |  |  |  |
| Net gains/ (losses) on Investments | 13 |  |  |  |  |  |  |  |  |  |  |  |
| **Net Income / (Expenditure) for the year** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Transfers between funds**  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Other recognised gains/(losses)** |  |  |  |  |  |  |  |  |  |  |  |  |
| Net gains/ (losses) on the revaluation of fixed assets |  |  |  |  |  |  |  |  |  |  |  |  |
| Actuarial gains/(losses) on defined benefit pensions schemes | 29 |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net Movement in Funds** |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Reconciliation of Funds:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Total Funds brought forward |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total Funds carried forward** |  |  |  |  |  |  |  |  |  |  |  |  |

Comparative figures for each fund are shown in the notes to the accounts

# Help in completing the Statement of Financial Activities (SoFA)

***Income and Endowments***

* *Donations and Legacies: Should include all gifts of a voluntary nature including Free Will Offering and Loose Collection.*
* *Investments: Bank Interest, Dividends, Rents from investment properties e.g. rented out manse.*
* *Charitable Activities: Grants, Fees, Council grant for Youth work etc. Where there are several distinct activities – show sub headings for each (match with Expenditure)*
* *Other trading activities: Fundraising events, Rents - funds received where there is an implied contract i.e. hire of Halls*
* Other Income: *Gain on sale of tangible fixed assets; exceptional items etc.*

***Expenditure***

* *Raising Funds: Includes direct fundraising costs, investment management fees/professional advice on investments if material.*
* *Charitable Activities: These are the normal charitable activities undertaken and will include Governance costs. Match the sub headings under Income to show the expenditure specific to each activity – this allows the reader to see the surplus/deficit of the activity by comparing specific income with specific expenditure.*
* *Other Expenditure: Use for all other items that are neither related to raising funds or part of its expenditure on charitable activities. It is unlikely this category will be used.*

***Net gains / losses on Investments*** *Changes in value of the assets are to be shown on the SoFA – both realised and unrealised.*

***Transfers***  *To be used, for example, when capital funds are released to an income fund e.g. designated for a specific activity or when unrestricted non-earmarked funds are used to subsidise a loss-making activity. All transfers between funds must net to nil.*

***Net gains / losses on Fixed Assets****If the Church has adopted a policy of carrying fixed assets at valuation, this will reflect any revaluation gains / losses on fixed assets.*

***Where there is a Pension liability (or gain) relating to a defined benefit pension scheme (employers or staff) this will be shown in this section i.e. below the net Income / Expenditure for the year.***

***Reconciliation****The financial results for the year are added/deducted from the Reserves carried forward from the previous year trading – the new figure will agree with the Balance Sheet.*

**ANYTOWN BAPTIST CHURCH**

**BALANCE SHEET 31 DECEMBER 20xx**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Notes** | **20xx** |  | **20yy** |
|  |  | £ |  | £ |  | £ |  | £ |
| **Fixed Assets** |  |  |  |  |  |  |  |  |
|  Tangible Fixed Assets | 16 |  |  |  |  |  |  |  |
|  Investments | 17 |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Current Assets** |  |  |  |  |  |  |  |  |
|  Stocks | 18 |  |  |  |  |  |  |  |
|  Debtors | 19 |  |  |  |  |  |  |  |
|  Investments | 20 |  |  |  |  |  |  |  |
|  Bank and Cash | 21 |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Current Liabilities** |  |  |  |  |  |  |  |  |
|  Creditors: amounts falling due within one year | 22 |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Net Current Assets** |  |  |  |  |  |  |  |  |
|  Total assets less current liabilities |  |  |  |  |  |  |  |  |
|  Creditors: amounts falling due after more than one year | 23 |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Net Assets excluding pension liability** |  |  |  |  |  |  |  |  |
|  Defined benefit pension scheme |  |  |  |  |  |  |  |  |
|  Asset or liability |  |  |  |  |  |  |  |  |
| Total net assets or liabilities |  |  |  |  |  |  |  |  |
| **Charity Funds** |  |  |  |  |  |  |  |  |
|  Endowment | 24 |  |  |  |  |  |  |  |
|  Restricted | 25 |  |  |  |  |  |  |  |
|  Designated | 26 |  |  |  |  |  |  |  |
|  Unrestricted |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Total unrestricted funds |  |  |  |  |  |  |  |  |
| **Total Charity Funds** |  |  |  |  |  |  |  |  |

The notes on pages [14-27] form an integral part of these accounts These accounts were approved by the Trustees on [insert date] and signed on their behalf by

A Treasurer B Deacon/Minister/Leadership Team

**ANYTOWN BAPTIST CHURCH**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 20xx (mandatory for larger charities)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Notes** | **20xx** |  | **20yy** |
|  |  | £ |  | £ |  | £ |  | £ |
| **Net cash provided by operating Activities** | 29 |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Cash flows from investing Activities** |  |  |  |  |  |  |  |  |
|  Dividend and interest from investments |  |  |  |  |  |  |  |  |
|  Proceeds from sale of property |  |  |  |  |  |  |  |  |
|  Purchase of tangible fixed assets |  |  |  |  |  |  |  |  |
|  Proceeds from the sale of investments |  |  |  |  |  |  |  |  |
|  Purchase of investments |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  Net cash provided by investing activities |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Changes in cash and cash equivalents in the year** |  |  |  |  |  |  |  |  |
|  Cash and cash equivalents brought forward |  |  |  |  |  |  |  |  |
| **Cash and cash equivalents carried forward** |  |  |  |  |  |  |  |  |

**Analysis of cash and cash equivalents**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **01 January 20xx** |  | **Cash Flow** |  | **31 December 20xx** |
|  |  | **£** |  | **£** |  | **£** |
|  Notice deposits |  |  |  |  |  |  |
|  Short-term deposits |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

**Statement of cash flows (mandatory for larger charities)**

*Larger charities (income greater than £500,000) need to prepare a cash flow statement which will explain changes in cash balances during the accounting period. There are 3 mandatory headings:*

*Operating activities*

*These are the items making up the Income and Expenditure sections of the SoFA e.g. donations (Freewill offerings), receipts from investments e.g. bank interest. Expenditure will include outgoings such as salary, tax and national insurance paid, stationery etc. Other “cash” movements under this category that can be either income or expenditure will include grants given or received.*

*Investing activities*

*Cash movements under this category will include income from church investments e.g. dividends, rental income from investment property. Expenditure may include payments to acquire assets and property management costs for investment properties.*

*Financing activities*

*This will include cash movements associated with financing activities e.g. cash received from donations of endowment.*

*The statement of cash flows includes the movement in cash balances of unrestricted funds and restricted funds including endowment funds.*

*A reconciliation to show how net income/expenditure presented in the SoFA has been adjusted to arrive at the cash flows from operating activities.*

**ANYTOWN BAPTIST CHURCH**

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 20xx**

**1 ACCOUNTING POLICIES**

**a Basis of preparation**The accounts are prepared in accordance with the, Charities Statement of Recommended Practice (Charities SORP 2021), FRS102 and with the Charities Act 2011

………..church is a registered charity, no. and meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognized at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

**b Income recognition**All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

**c Donations**Donations are accounted for gross when received. Fixed asset gifts in kind are recognized when receivable and are included at fair value.

**d Legacies**Legacies are accounted for when probate has been completed, the amount of the legacy can be reliably quantified and the conditions of the legacy are within the control of the church.

**e Investment Income**Investment income is included in the accounts in the year in which it is receivable.

**f Expenditure recognition**All expenditure is accounted for on an accruals basis. Expenditure is recognized where there is a legal or constructive obligation to make payments to third parties, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

**g Costs of raising funds**The Church does not make formal appeals for funds, and expenditure on these items is therefore not material.

**h Grants payable**The Church makes grants to other organisations whose charitable objects complement its work. They are accounted for when the recipient has been notified of the grant and payment is unconditional.

**i Support costs**Support costs are those that assist the work of the church but do not directly represent charitable activities and include office costs and governance cost. Where support costs cannot be directly attributed to particular headings they have been allocated to the cost of raising funds and expenditure on charitable activities on a basis consistent with the use of resources. This represents direct expenditure on the governance of the church. Most of the management is carried out without charge by volunteers. This intangible cost is not included in the Statement of Financial Activities since there is no measurable cost to the volunteers for their service.

**j Fixed Assets**Tangible fixed assets are capitalised if they can be used for more than one year and cost at least £1,000. They are initially recognised at cost, or for donated assets, at a reasonable estimate of their value on receipt.

There is no reliable information available for the cost of the church premises and so on first time adoption of FRS102, the insurance value used previously was adopted as deemed cost.

**k Depreciation**Depreciation is provided on all fixed assets, other than freehold land, to write off the cost on a straight-line basis over their expected useful life, at the following rates:

Freehold land Nil

Buildings 1%

Furniture and fittings 10%
Computers and equipment 33%

*[Or such rates as the church decides.]*

**l Investment Assets**Investments are initially stated at cost. Subsequently they are measured at fair value with changes recognized in the Statement of Financial Activities if the shares are publicly traded or their fair value can otherwise be measured reliably. All other investment assets are shown at cost less impairment.

**m Funds**Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for specific purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for specific purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds represent those assets which must be held permanently by the charity, principally *[insert detail].* Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the fund are charged against the fund.

**n Employee benefits**

The charity operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the charity pays fixed contributions into a separate entity. Once the contributions have been paid the charity has no further payments obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the charity in an independently administered fund.

Prior to 2012 pension provision was made through multi-employer defined benefit pension plans. Where it is not possible for the charity to obtain sufficient information to enable it to account for a plan as a defined benefit plan, it accounts for the plan as a defined contribution plan.

Where the plan is in deficit and where the charity has agreed, with the plan, to participate in a deficit funding arrangement, the charity recognises a liability for this obligation. The amount recognised is the net present value of the contributions payable under the agreement that relate to the deficit. The unwinding of the discount is recognised as a finance cost and any other change in the measurement of this liability is expensed to the Statement of Financial Activities

**2 Donations and Legacies**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Unrestricted** | **Designated** | **Restricted** | **Endowment** | **20xx** | **20yy** |
| **Donations and Legacies** |  |  |  |  |  |  |  |
|  Offerings |  |  |  |  |  |  |  |
|  Tax refunds |  |  |  |  |  |  |  |
|  Grants received |  |  |  |  |  |  |  |
|  Legacies |  |  |  |  |  |  |  |
| **Total *(to agree with SoFA)*** |  |  |  |  |  |  |  |

*In 20yy £xxxxx of the donations and legacies income was attributable to restricted funds, with the remaining £xxxxx being attributable to unrestricted funds.*

*Include in this note any material sources of income of a voluntary nature. The grants received might be from Home Mission or a Local Authority, and the donor should be identified.*

# 3 Investment Income

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Unrestricted** | **Designated** | **Restricted** | **Endowment** | **20xx** | **20yy** |
| **Investment Income** |  |  |  |  |  |  |  |
|  Bank interest |  |  |  |  |  |  |  |
|  Building Society interest |  |  |  |  |  |  |  |
|  Rent received |  |  |  |  |  |  |  |
|  Income from other investments |  |  |  |  |  |  |  |
| **Total *(to agree with SoFA)*** |  |  |  |  |  |  |  |

*Include analysis of comparative by fund type.*

# 4 Other trading activities

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Unrestricted** | **Designated** | **Restricted** | **Endowment** | **20xx** | **20yy** |
| **Income from other trading activities** |  |  |  |  |  |  |  |
|  Trading income |  |  |  |  |  |  |  |
|  Fund-raising events |  |  |  |  |  |  |  |
| **Total *(to agree with SoFA)*** |  |  |  |  |  |  |  |

*Include in this note material sources of income from special events held to specifically raise funds. Include analysis of comparative by fund type.*

# 5 Other income

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Unrestricted** | **Designated** | **Restricted** | **Endowment** | **20xx** | **20yy** |
| **Other income** |  |  |  |  |  |  |  |
| **Total *(to agree with SoFA)*** |  |  |  |  |  |  |  |

*Include in this note any other income not identified above such as gains on disposals of fixed assets used by the charity. Many churches will not have anything under this heading. Include analysis of comparative by fund type.*

# 6 Raising Funds

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Unrestricted** | **Designated** | **Restricted** | **Endowment** | **20xx** | **20yy** |
| **Raising Funds** |  |  |  |  |  |  |  |
| **Total *(to agree with SoFA)*** |  |  |  |  |  |  |  |

*Most churches will have nothing under this heading. Investment management expenses would appear here. There may also be costs relating to a specific appeal for funds, perhaps for a building appeal, or costs relating to specific fund-raising events whose income is shown in note 4. Where this is so, the headings should reflect those aggregated, but check the tax position on trading. The sub headings can be omitted if nil in each year being reported. Include analysis of comparative by fund type.*

# 7 Charitable Activities

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Unrestricted** | **Designated** | **Restricted** | **Endowment** | **20xx** | **20yy** |
| **Charitable Activities** |  |  |  |  |  |  |  |
|  Ministry |  |  |  |  |  |  |  |
|  Mission |  |  |  |  |  |  |  |
|  Establishment |  |  |  |  |  |  |  |
| **Total *(to agree with SoFA)*** |  |  |  |  |  |  |  |

*Most of the church’s expenditure will be shown under these headings. See Section 6 of the narrative of this leaflet. Include analysis by fund type.*

# 8 Other Expenditure

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Unrestricted** | **Designated** | **Restricted** | **Endowment** | **20xx** | **20yy** |
| **Other Expenditure** |  |  |  |  |  |  |  |
| **Total *(to agree with SoFA)*** |  |  |  |  |  |  |  |

*This is a space for anything which has not been allocated to the other expenditure headings. Churches are unlikely to have any costs to show here. Include analysis of comparative by fund type.*

# 9 Support costs

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Unrestricted** | **Designated** | **Restricted** | **Endowment** | **20xx** | **20yy** |
| **Support costs** |  |  |  |  |  |  |  |
|  Finance |  |  |  |  |  |  |  |
|  IT |  |  |  |  |  |  |  |
|  Office costs |  |  |  |  |  |  |  |
| Governance costs: |  |  |  |  |  |  |  |
|  Independent Examinations costs |  |  |  |  |  |  |  |
|  Legal costs |  |  |  |  |  |  |  |
|  Meeting costs |  |  |  |  |  |  |  |
|  Other costs |  |  |  |  |  |  |  |
| **Total *(to agree with note 10)*** |  |  |  |  |  |  |  |

*This is an item in the SORP regulations which may be small in church contexts, as much support will be provided free by volunteers. Support costs, including paid administrative staff, should be allocated across the other headings in note 7 on any logical and consistent basis (e.g. in proportion to expenditure). See section 6 of this leaflet. Include analysis by fund type.*

# 10 Expenditure

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Direct Charitable Expenditure** | **Grants Payable** | **Allocated Support Costs** |
| **Expenditure** |  |  |  |  |
|  Ministry |  |  |  |  |
|  Mission |  |  |  |  |
|  Establishment |  |  |  |  |
|  Cost of Generating Funds |  |  |  |  |
| **Total *(to agree notes 9 & 11)*** |  |  |  |  |

*This note reanalyses all of the costs in the previous notes between direct charitable costs, grants and support costs. The grant funding will agree with note 11 and support costs will agree with note 9.*

# 11 Grants payable

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Unrestricted** | **Designated** | **Restricted** | **Endowment** | **20xx** | **20yy** |
| **Grants payable** |  |  |  |  |  |  |  |
|  BUGB Home Mission |  |  |  |  |  |  |  |
|  BMS World Mission |  |  |  |  |  |  |  |
|  Etc |  |  |  |  |  |  |  |
|  Other Small grants (<£xxx) |  |  |  |  |  |  |  |
| **Total *(to agree with note 10)*** |  |  |  |  |  |  |  |

*Show here material grants made to other charities to provide the reader with a reasonable understanding of the nature of the activities or projects that are being funded. Most grants will be allocated to the Mission heading in notes 7 and 10 above. We recommend including a total of small grants so that the totals agree to note 10. Include analysis of comparative by fund type.*

# 12 Net income for the year

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **20xx** | **20yy** |
| **Net income for the year** |  |  |  |
| Net income for the year is stated after charging/(crediting) |  |  |  |
|  Auditors/independent examiners’ remuneration: |  |  |  |
|  Audit/independent examination |  |  |  |
|  Taxation work |  |  |  |
|  Other services |  |  |  |
|  Loss on sale of fixed assets |  |  |  |

# 13 Gains and losses on revaluations and disposals of investment assets

*Where a church holds stock exchange investments or buildings used for income purposes rather than the furtherance of the church’s objectives, gains and losses will be shown here. These assets should be shown at market value on each balance sheet date, and so there will be a gain or loss each year.*

# 14 Transfers between funds

*Where income held on a restricted or designated basis can properly be set against expenditure included in the unrestricted expenditure, transfers can be included in this line. The deduction from one fund is matched by an addition to the other, so the total will always be nil. It is not normal to show a note against this item, since explanations can be given under the funds analysis below.*

# 15 Staff costs and Trustees expenses

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | **20xx** | **20yy** |
| **Staff costs and Trustees expenses** |  |  |  |  |
|  Salaries | Gross salary |  |  |  |
|  Social security costs | Employers national insurance |  |  |  |
|  Pension costs | Employers pension contributions |  |  |  |
|  Other costs | Council tax, water, telephone *(not motor)* |  |  |  |
| **Total** |  |  |  |  |

The average number of employees during the year was \_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_

No employee received total emoluments in excess of £60,000 during the year.

The Minister acts as one of the church's trustees in accordance with e.g. the Trust deed and received remuneration of £xxxxx and other benefits in respect of his/her services as Minister, including the provision of manse accommodation [*select one of the following alternatives*]

*owned by the church.
OR rented by the church
OR rented by the church from the Minister (and his/her spouse)
OR part owned by the church and rented in part from the Minister (and his/her spouse)*

*{The wording will need to be adapted if there is more than one minister trustee}*

£xxxx in total was reimbursed to the Trustees in respect of expenses incurred as Trustees (20yy £xxxx).

The Church pays pension contributions for its Minister to the Baptist Ministers Pension Trust Limited, which is a final salary defined benefit scheme, which is not contracted out of the State second pension. The scheme is a multi-employer scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the church. Therefore, in accordance with FRS102 Section 28, the scheme is accounted for as a defined contribution scheme.

Total aggregate remuneration paid to key management personnel during the year was £xx,xxx (20yy £xx,xxx*)*

*The statement of average number of employees and the statement that none earned in excess of £60,000 need to be made to comply with the regulations. If an employee did earn more than £60,000 then further details need to be given. The total reimbursed to Trustees for their work as Trustee needs to be stated: this might be travelling expenses, but in practice is likely to be none.*

*Note that under charity law Trustees cannot be paid for their services as trustees, without the permission of the Charity Commission, with the exception of the Minister(s) for whom special arrangements are made or deemed to exist.*

# 16 Tangible Fixed Assets

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Church Premises** | **Manses** | **Furniture and fittings** | **Computers and equipment** | **Total** |
| **Tangible Fixed Assets** |  |  |  |  |  |  |
|  **Cost** |  |  |  |  |  |  |
|  01 January 20xx |  |  |  |  |  |  |
|  Additions  |  |  |  |  |  |  |
|  Disposal |  |  |  |  |  |  |
|  31 December 20xx |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  **Depreciation** |  |  |  |  |  |  |
|  01 January 20xx |  |  |  |  |  |  |
|  Charge for the year |  |  |  |  |  |  |
|  On disposals |  |  |  |  |  |  |
|  31 December 20xx |  |  |  |  |  |  |
|   |  |  |  |  |  |  |
|  **Net book value** |  |  |  |  |  |  |
|  1 January 20xx |  |  |  |  |  |  |
|  31 December 20xx |  |  |  |  |  |  |

All of the fixed assets are used for direct charitable purposes.

# 17 Fixed Asset Investments

This note refers to properties and stock exchange and other securities deliberately held on a long-term basis, not simply the prudent investment of short-term surplus funds.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **20xx** |  | **20yy** |
| **Investments** |  |  |  |  |
| 01 January  |  |  |  |  |
|  Additions |  |  |  |  |
|  Disposal |  |  |  |  |
|  Gains and losses on investments |  |  |  |  |
| 31 December |  |  |  |  |

The fair value of listed investments is determined by reference to the quote bid price on the relevant stock exchange on the balance sheet date.

Investments at fair value comprise securities £xxxxx (20yy: £xxxxx) and cash within the investment portfolio £xxxxx (20yy: £xxxxx)

# 18 Stocks

*Most churches will not have material stocks of goods. There may however be material stocks within a church bookstall, or in a coffee shop or lunch club.*

# 19 Debtors

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **20xx** |  | **20yy** |
|  Accrued income |  |  |  |  |
|  Prepayment and other debtors |  |  |  |  |
| 31 December |  |  |  |  |

*Most churches will have few debtors. The main one will likely be the Inland Revenue for Gift Aid refunds. Debtors should not be included until receipt is probable, any conditions have been met and can be fully quantified, but under Gift Aid that is easier than under Covenants. Tax due on all offerings to the Balance Sheet date should properly be included in the income in the SoFA and where not yet received, here in debtors.*

# 20 Current Asset Investments

*These represent short-term listed investments and short-term deposits.*

# 21 Bank and cash balances

*The total amounts held with each bank may be shown separately, although there is no obligation to do this. e.g.*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **20xx** |  | **20yy** |
|  Anytown Bank plc |  |  |  |  |
|  COIF |  |  |  |  |
|  Baptist Union Corporation |  |  |  |  |
|  Anytown Building Society |  |  |  |  |
| Total |  |  |  |  |

# 22 Creditors: amounts falling due within one year

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **20xx** |  | **20yy** |
|  Loans and overdrafts |  |  |  |  |
|  Other creditors |  |  |  |  |
|  Accruals |  |  |  |  |
| Total |  |  |  |  |

*Where there is an overdraft, the whole of it should be shown as an amount due within one year. Where there are loans with set repayments over several years, the next year’s repayments should be shown here with the balance in the note below. Where loans from church members have no defined date for repayment, they should be shown as due within one year, even if they are not expected to be repaid in that period.*

# 23 Creditors: amounts falling due after more than one year

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **20xx** |  | **20yy** |
| **Creditors: amounts falling due after more than one year** |  |  |  |  |
|  Loans |  |  |  |  |
|  Baptist Union Loan Fund |  |  |  |  |
|  Baptist Strategy Building Scheme |  |  |  |  |
|  Bank |  |  |  |  |
| Total |  |  |  |  |

*Note that the next year’s repayment should be in note 22 above, with the balances due after the next year included here. It is not a requirement, but probably helpful, to indicate here the date by which the loan should be repaid.*

# 24 Endowment Funds

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **01 January 20xx** | **Incoming Resources** | **Resources expended** | **Gains and loses** | **Transfers** | **31 Dec 20xx** |
| **Endowment Funds** |  |  |  |  |  |  |  |
|  Church building reserve |  |  |  |  |  |  |  |
|  The XYZ charitable fund |  |  |  |  |  |  |  |
| **Total** |  |  |  |  |  |  |  |

*Each endowment fund should be shown separately. The totals of all the Funds should reflect the amounts shown in the Endowment column of the SoFA. The total of the funds at the balance sheet date should equal the endowment fund total on the balance sheet. A brief narrative should be given of the purpose of each Fund, e.g. “The Building Reserve Fund represents the funds originally applied to the building of the church*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Fixed Assets** | **Investments** | **Net Current Assets** | **Total** |
| **Endowment Funds** |  |  |  |  |  |
|  Church building reserve |  |  |  |  |  |
|  The XYZ charitable fund |  |  |  |  |  |
| **Total** |  |  |  |  |  |

Each endowment fund should also be analysed to show where the assets making up the fund are represented in the balance sheet.

# 25 Restricted Funds

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **01 January 20xx** | **Incoming Resources** | **Resources expended** | **Gains and loses** | **Transfers** | **31 Dec 20xx** |
| **Restricted Funds** |  |  |  |  |  |  |  |
|  Manse Fund |  |  |  |  |  |  |  |
|  Organ Fund |  |  |  |  |  |  |  |
| **Total** |  |  |  |  |  |  |  |

*Each restricted fund should be shown separately. The totals of all the Funds should reflect the amounts shown in the Restricted column of the SoFA. The total of the funds at the balance sheet date should equal the restricted fund total on the balance sheet. A brief narrative should be given of the purpose of each Fund, e.g. “The Manse Fund is for the purchase of a Manse for a second Minister.” For each fund, narrative should be provided to explain any transfer.*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Fixed Assets** | **Investments** | **Net Current Assets** | **Total** |
| **Restricted Funds** |  |  |  |  |  |
| Manse Fund |  |  |  |  |  |
| Organ Fund |  |  |  |  |  |
| **Total** |  |  |  |  |  |

*Each restricted fund should also be analysed to show where the assets making up the fund are represented in the balance sheet.*

# 26 Designated Funds

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **01 January 20xx** | **Incoming Resources** | **Resources expended** | **Gains and loses** | **Transfers** | **31 Dec 20xx** |
| **Designated Funds** |  |  |  |  |  |  |  |
|  Projector Fund |  |  |  |  |  |  |  |
|  Flower Fund |  |  |  |  |  |  |  |
|  Repairs Fund |  |  |  |  |  |  |  |
| **Total** |  |  |  |  |  |  |  |

*Each designated fund should be shown separately. The totals of all the Funds should reflect the amounts shown in the Designated column of the SoFA. The total of the funds at the balance sheet date should equal the designated fund total on the balance sheet. A brief narrative should be given of the purpose of each Fund. e.g. “The Repairs Fund is for the repairs to the church building.” For each fund narrative should be provided to explain any transfer.*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Fixed Assets** | **Investments** | **Net Current Assets** | **Total** |
| **Designated Funds** |  |  |  |  |  |
|  Projector Fund |  |  |  |  |  |
|  Flower Fund |  |  |  |  |  |
|  Repairs Fund |  |  |  |  |  |
| **Total** |  |  |  |  |  |

# 27 Analysis of net assets

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Fixed Assets** | **Investments** | **Net Current Assets** | **Total** |
| **Analysis of net assets** |  |  |  |  |
| Endowment Funds per note 24 |  |  |  |  |
| Restricted Funds per note 25 |  |  |  |  |
| Designated Funds per note 26 |  |  |  |  |
| Unrestricted Funds |  |  |  |  |
| **Total** |  |  |  |  |

*Totals to agree with the Balance Sheet*

# 28 Pensions

The Church is a participating employer the Baptist Pension Scheme (“the Scheme”), which is a separate legal entity administered by the Pension Trustee (Baptist Pension Trust Limited). The assets of the Scheme are held separately from those of the Employer and the other participating employers.

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. Prior to this date the main benefit provided through the Defined Benefit (DB) Plan was a 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.

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 Broadstone Corporate Benefits Ltd. In addition, the employer pays a further 4% of Pensionable Income to cover Death in Service Benefits, administration costs, and an associated insurance policy which provides income protection for Scheme members if 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 Limited. [Members of the Basic Section pay reduced contributions of 5% of Pensionable Income, and their employers also pay a total of 5%.]

The Scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. Because it is not possible to attribute the Scheme’s assets and liabilities to specific employers, the scheme is accounted for as if the Scheme were a defined contribution scheme.

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

**Actuarial valuation as at 31 December 2019**

A formal valuation of the DB Plan as at 31 December 2019 was carried out by a professionally qualified Actuary using the Projected Unit Method. At the valuation date the market value of the DB Plan assets was £298 million, whilst the level of assets needed to pay benefits was £316m, giving a deficit of £18m (equivalent to a past service funding level of 94%). The Church and the other participating employers in the DB Plan are collectively responsible for funding this deficit.

The key financial assumptions underlying the valuation were as follows

|  |  |
| --- | --- |
| **Type of assumption** | **% p.a.** |
| RPI price inflation assumption  | 3.20 |
| CPI price inflation assumption | 2.70 |
| Minimum Pensionable Income Increase Adjustment (above CPI) | 0.50 |
| Pre-retirement assumed investment returns (gilt yield plus 1.75% pa) | 2.95 |
| Post retirement assumed investment returns (including benefits matched by the insurance policy) (gilt yield plus 0.5% pa) | 1.70 |
| Minimum Pensionable Income increases (CPI plus 0.5%) | 3.20 |
| Deferred pension increases (based on RPI) |  |
|  Pre April 2009 | 3.20 |
|  Post April 2009 | 2.50 |
| Pension increases |  |
|  Based on CPI with an annual floor of 0% and annual cap of 5% | 2.70 |

Mortality is assumed in accordance with 80% of the S3NA standard mortality table. Future improvements projected from 2013 in line with the “CMI 2019” projection with a long-term rate of improvement of 1.75% p.a. for males and 1.5% p.a. for femaleswith 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.

**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 Council agree to a rate of deficiency contributions from churches and other employers involved in the DB Plan. Following the 2019 valuation a Recovery Plan was signed in September 2020 under which deficiency contributions are payable until June 2026. These contributions were broadly based on each employer's membership at 31 December 2014 and increase annually in line with increases to Minimum Pensionable Income as defined in the Rules.

On 30th June 2022 the Baptist Pension Scheme signed an agreement with the insurance company Just Group (“Just”) to secure DB Plan members’ pension benefits. Just are now providing financial backing for all pensions provided through the Scheme’s DB Plan and following this transaction, the Scheme no longer has a shortfall. An updated Recovery plan was then signed in August 2022 under which recovery contributions from each participating employer in the DB Plan reduced to £1 per month from August 2022.

**[Movement in Balance Sheet liability – not applicable the pension liability has been written off**

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **20xx** |  | **20yy** |
|  |  | **£** |  | **£** |
| Balance sheet liability at year start |  |  |  |  |
| Minus deficiency contributions paid |  |  |  |  |
| Interest cost (recognised in SoFA) |  |  |  |  |
| Remaining change to balance sheet liability\* (recognised in SoFA) |  |  |  |  |
| Balance sheet liability at year end |  |  |  |  |

*[This table can be populated using the FRS102 calculator spreadsheet available at]*

\* 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:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **31 Dec 20xx** |  | **31 Dec 20yy** |  | **31 Dec 20zz** |
| Discount rate |  |  |  |  |  |  |
| Future increases to Minimum Pensionable Income |  |  |  |  |  |  |

The Church has been advised that the cost for the church to buyout their Pension Scheme liabilities at 31 December 20xx was approximately £xxxxx. ]

**Cessation Event [if applicable]**

[Consequent upon [the departure of the Minister from the Church in [year]], the Church had a cessation event under Section 75 of the Pensions Act 1995. This makes the Church liable for the proportion of the overall deficit (assessed by reference to the cost of securing benefits by the purchase of annuities) applicable to its previous Ministers who were members of the Scheme. At present the Church is paying the ongoing deficiency contributions outlined above, and the balance sheet liability below is based on those deficiency contributions. However, the Pension Scheme Trustee has the right to quantify and seek payment of the debt at any time.]

# 29 Reconciliation of net cash provided by operating activities

*NB – this is only needed for larger charities obliged to provide a cashflow statement*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **20xx** |  | **20yy** |
| **Net income (expenditure)** |  |  |  |  |
|  Adjustments for: |  |  |  |  |
| - Depreciation |  |  |  |  |
| - Dividends and interest from investments |  |  |  |  |
| - Net gains on sale of fixed assets |  |  |  |  |
| - Decrease in stocks |  |  |  |  |
| - Increase in debtors |  |  |  |  |
| - Increase in creditors |  |  |  |  |
| Net cash provided by operating activities |  |  |  |  |

# 30 Related Charities

The custodian Trustee of the church is the Baptist Union Corporation Limited which is charity number 249635, and which is controlled by the Baptist Union Council. The church is also a member of the Baptist Union of Great Britain, and the (state) Baptist Association.

The church is in receipt of a loan from the Baptist Union Corporation as set out in note 23.

The church received a grant from the Baptist Union Home Mission Scheme as set out in note 2. The church made a donation to the Baptist Union Home Mission Scheme as set out in note 7.

or

There were no transactions between the church and its related charities during the year.

*The relevant details need to be given. The church may be in trust with one of the other Baptist Trust Corporations and not the Baptist Union Corporation or may have private trustees*

This is one of a series of Guidelinesthat are offered as a resource for Baptist ministers and churches. They have been prepared by the Baptist Union of Great Britain and are, of necessity, intended only to give very general advice in relation to the topics covered. These guidelines should not be relied upon as a substitute for obtaining specific and more detailed advice in relation to a particular matter.

The staff at the Baptist Union of Great Britain at Baptist House will be very pleased to answer your queries and help in any way possible.

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