



FINANCIAL STATEMENTS 2016

BAPTIST UNION OF GREAT BRITAIN

YEAR ENDED 31 DECEMBER 2016



Report and Consolidated Financial Statements

Baptist Union of Great Britain

For the year ended 31 December 2016

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BAPTIST UNION OF GREAT BRITAIN

INTRODUCTION

The Trustees of the Baptist Union of Great Britain present their Annual Report together with the audited financial statements for the year ended 31 December 2016 which comply with the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

The Annual Report and Consolidated Financial Statements are structured as follows:

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The Trustees wish to put on record their thanks to the Churches, Regional Associations and Colleges that make up our Union and to the staff of The Specialist Teams based at Baptist House for all their generosity in enabling our Union to fulfil its mission.

BAPTIST UNION OF GREAT BRITAIN

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

SECTION 1 – OUR OBJECTIVES and ACTIVITIES

1 Our Objectives

The principal object of the Union is the advancement of Christian Faith and its Practice, especially by the means of and in accordance with the principles of the Baptist Denomination.

Our Christian faith understands that we can come to know God in Jesus Christ, who is both human and divine and is the person in whom all that is lost and broken can be redeemed and who inspires his followers to work for a world that is a better place for all.

Our Baptist principles mean that within the covenant relationship of the Union we value the freedom of local church to discern for itself its practices and policies within the broad scope of Baptist belief. We stress the importance of individual response in faith, and we understand that each Christian is to play their part in advancing Christian faith and witness. Because of our emphasis on personal faith and the freedom of the local church we are committed to religious freedom for people of all Christian traditions and other faiths.

The Charity's overriding function is to provide encouragement, advice and support to member churches so that they too may maximise their ability to achieve their own charitable objective of making Jesus Christ known to particular individuals and to society in general.

2 Public Benefit

Having regard to the guidance published by the Charity Commission (PB2), the Charity Trustees continued to provide public benefit by seeking to advance the Christian Faith and Practice in accordance with the principles of the Baptist Denomination. The Union also acts as an umbrella resource body for its member churches, which are all separate charities.

Baptists believe that each Christian has a duty to share their faith with the wider public and recognises that mission is not just evangelism, but also includes promoting justice, social welfare, healing, education and peace in the world.

Throughout 2016 the Union continued to support its member churches, Regional Associations and Colleges in a wide range of activities including:

- Promoting prayer, worship and Christian spirituality
- Promoting the study of Christian religious teachings and practices and scriptures, particularly through our theological colleges
- Equipping and networking churches to engage in community ministry such as Debt advice centres, Foodbanks, ministry with the homeless, elderly, refugees and other vulnerable groups.
- Website providing substantial and freely available support for churches, church leaders in a wide range of areas including public issues, community engagement and mission together with legal, finance, HR and property matters
- Supporting the holistic development of children and young people through church and community based activities for example through Toddler groups, Messy Church, youth clubs, drop in centres, street work, homework clubs, lessons and assemblies in schools.
- Acting as a catalyst for community cohesion especially in urban areas, new housing developments and areas of high social deprivation.
- Grants made to churches to develop strategic mission and ministry where funds are not available locally.
- Providing a forum for reflecting on Social Justice and Public Issues and facilitating Baptist voices to be represented in government, media and public life.
- Support for ecumenical and inter-faith understanding and engagement
- Support of religious office holders in their ministry, e.g. Ministers, Regional Ministers and Chaplains.
- Pastoral support to ministers, Chaplains and Managing Trustees
- Communication, including the provision of an online weekly news update, quarterly magazine (Baptists Together) and regular updates about our shared mission.

Throughout this report further detail and information is to be found about specific initiatives in 2016 and how they relate to the overall Strategy of the Union.

3 Our Strategies to achieve success

Whilst the objects of the Union continue much unchanged from year to year, the work of the Union to achieve these is reviewed periodically to ensure there is effective and appropriate provision and support for Ministers of Religion, other church leaders and the Churches, Regional Associations and Colleges.

The 'Futures Review' undertaken in 2012 outlines the main strategic direction, objectives and values of the Union, this continues to be implemented and the strategy of the Union arises from this. The overall Strategy is encapsulated in the phrase: 'Growing healthy churches in relationship for God's mission'. To do this, we believe that we must intentionally develop a Union that encourages and builds upon our relationships together as more than 1900 member churches, 13 member Regional Associations and 5 member Colleges i.e. Baptists Together.

SECTION 1 – OUR OBJECTIVES and ACTIVITIES - continued

3 Our Strategies to achieve success (continued)

We continue to develop relationships with other Baptist organisations in the UK through the Fellowship of Baptists in Britain and Ireland, with Europe through the European Baptist Federation, and the world through the Baptist World Alliance.

To achieve this vision, The Baptist Union of Great Britain is committed to *intentionally* developing a culture where we...

- **Seek to be a movement of Spirit led communities** - as those who have encountered the living Christ, to intentionally seek his will and purpose for our local churches and every expression of our shared life. (Galatians 5:22-25)
- **Feel like one team** - celebrating diversity; valuing, respecting and trusting each other as we work together in partnerships - making sure everyone feels included and listened to. (1 Corinthians 12:24b-27)
- **Embrace adventure** - being serious about discipleship, willing to take risks, pioneer and move out of the comfort zone of familiar ways of doing things. (Matthew 28:18-20)
- **Inspire others** - with a generosity of spirit, energise and motivate people to be all that God created them to be. (Ephesians 5:1 & 2)
- **Share a hunger for God's coming Kingdom.** – nurturing a "holy discontent" that arises from our desire to give practical expression to our vision of God's purpose for creation - confronting evil, injustice and hypocrisy and challenging worldly attitudes to power, wealth, status and security both within and beyond our Union. (Matthew 6:9 & 10)

We shall seek to deliver this vision through:

- Pioneering and Planting
- Equipping Local Churches for Mission
- Investing in Godly Leadership
- Enabling a Voice in the Public Square

Consistent with this vision, culture and methodology, our strategic goals for 2020 are:

- That our vision for Baptists Together is clearly embraced and understood and our renewed culture has become the norm.
- To have established structures for relating that reflect our governance report and enable relationships of trust to flourish and mission to be enabled as easily as possible.
- To have a clear grasp of the health of our churches and a clear understanding of what needs to be done where to enable mission across Baptists Together
- To have implemented the Ministries Project recommendations
- To navigate well the issues of human sexuality and find a settled place
- To implement the Loaves and Fishes project to identify new income streams
- To ensure that a strategy is developed and implemented to stabilise the Pension scheme
- To complete and implement the review of our safeguarding
- To develop the database to incorporate the needs of Regional Associations and our Union as a whole.
- To further develop our communications strategy.

At each meeting of the Trustee Board, the General Secretary reports to the Trustees on progress against these objectives. Where appropriate, BUGB is planning to create key performance indicators to ensure that objective measurement of achievement against these objectives can be tracked.

4 Grants

Each Baptist church and Association is an autonomous charity, and therefore self-financing; the Home Mission Fund provides additional investment into local churches and Regional Associations to help develop and promote mission innovation and risk taking to achieve our strategic goals. Church grants are assessed annually and emphasis is placed not just on each church's finances but also its plans and achievements in making Jesus known in its locality. Following the 'Futures Review', authority to make and approve grants was delegated to Regional Associations and we are seeing more timely and effective grant funding as a consequence.

5 Volunteers

In the wider context, the Union is substantially dependent for its work on the contribution of volunteers. At church level, the work of stipendiary and paid staff is supported at all levels by volunteers both in terms of governance and management and in the practical delivery. Such is the magnitude of the contribution made by volunteers that it is impossible to quantify. This pattern is reflected in Regional Associations and throughout the Union where many people commit significant time to help with the outworking of the Union's objectives. In the Union itself, volunteers provide valuable support mainly through working groups.

BAPTIST UNION OF GREAT BRITAIN

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

SECTION 2 – OUR STRUCTURE, GOVERNANCE and MANAGEMENT

1 The Union

The Baptist Union of Great Britain (BUGB) is an unincorporated association, consisting of the Baptist churches, Regional Associations of the churches, Colleges, other Baptist organisations and a small number of personal members who affirm the Baptist Union Declaration of Principle and are for the time being in membership with the Union.

As a membership organisation, the Union holds an annual Assembly at which member churches are represented through their delegates, alongside ministers and members of Council. The Union acts by the Assembly through a Council which meets twice a year and is made up of representatives of Regional Associations of the churches, representatives of the Colleges, office holders and persons co-opted for particular skills. There is also representation from partner bodies. Council helps to set the broad strategic direction of the Union.

The Baptist Union of Great Britain charity is administered and managed by a Trustee Board as Charity Trustees. The Baptist Steering Group (BSG) offers collaborative leadership through coordinating the effective development and implementation of the broad strategy discerned by Council.

The Governing Document of the Baptist Union is a Constitution which may be amended by a Resolution of the Assembly approved by not less than two thirds of the Representative Members, as defined in the Constitution, present and voting. The Constitution was last revised in May 2014 and a copy of the Constitution is available on the Union's website.

2 The Trustees

The Trustee Board comprises of a Moderator (Chair) appointed by Council, the General Secretary, the Treasurer and up to nine other persons elected by the Council from a list of suitable nominations of members of Baptist churches in membership with the Union, determined by a sub-group of Council. The General Secretary is appointed by the Assembly and the Honorary Treasurer is appointed annually by the Assembly.

The Trustees, in accordance with law, regulatory requirements and good practice oversee the Baptist Union charity; in particular, the legal, financial and strategic life of the Union and have regard to the public benefit of the charity. The BSG acts as a key location of organisational leadership and coordination, with a major focus on managing implementation, membership of BSG is detailed in section 1 of this report.

The BSG reports to Trustees, and with Council, are instrumental in shaping the strategy of the Union, subject to any directions of the Assembly. Trustees oversee its implementation. To help the Trustee Board with governance of the charity, some sub-committees have been put in place by the Trustees. A Finance & Audit Committee is in place, formed under Terms of Reference approved by the Trustees in September 2013. The committee also monitors investments held by the Union. The Trustees have also established the Baptist Pension Scheme Employers' Group, which represents the participating employer members of the Pension Scheme and of which the Union is the largest participating member. A Remuneration Committee also reports to the Trustees as detailed below.

Our Trustees are unpaid, except one detailed in note 12 to the consolidated financial statements. Details of Trustees expenses are also disclosed in note 12 to the consolidated financial statements.

3 Recruitment and Training of Trustees

Trustees are elected by the Council from a list of suitable nominations and are usually familiar with many aspects of the Union's work prior to appointment. All Trustees receive an induction into the work of the Union by meeting Senior Staff and being advised of the general nature of their work. They receive financial statements and other relevant documentation including a copy of the Charity Commission's publication CC3, The Essential Trustee. Formal training on financial matters is provided as appropriate. A Governance Review is being undertaken by the Union in 2017 and a Handbook for Trustees incorporating the Charity Governance Code will be written and made available to new and serving Trustees.

4 Related Organisations and Companies

The General Secretary and the Specialist Teams of the Union work very closely with the Regional Associations, which are independent Baptist charities supporting and encouraging our Baptist churches and other Baptist projects in particular geographical areas. It is donations and subscriptions from these churches that effectively fund the Union and the Regional Associations. Close working relationships also exist with five Colleges involved in the training and formation of ministers and members within the Union.

Regional Associations and Colleges are separate legal entities and are governed independently.

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REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

SECTION 2 – OUR STRUCTURE, GOVERNANCE and MANAGEMENT - continued

4 Related Organisations and Companies (continued)

The Union is involved in a number of associated companies and bodies as detailed below:

1. Baptist Union Corporation Limited: This is a registered Charity and a Company Limited by Guarantee, 100% "owned" by the Baptist Union of Great Britain. The members of the Baptist Union Corporation Ltd are the persons who also serve as Trustees of the Baptist Union of Great Britain. The organisation's activities include holding as Custodian Trustee, the property and investments of the Union and Baptist churches in trust with the Trust Corporation; together with trust funds in cash which are included in Note 1. Arrangements are in place to segregate assets held in trust from the company's own assets.
2. The Baptist Times Limited: The Baptist Union Corporation Ltd holds 99% of the issued share capital. The sole Director of the Baptist Times Limited is the Treasurer of Baptist Union of Great Britain. The Baptist Times Limited formerly published the weekly Baptist Times Newspaper and retains an online presence on the Baptist Union website. The company ceased to publish the paper in January 2012 and is now a dormant company.
3. The Retired Baptist Ministers' Housing Society: The Society is a charitable Community Benefit Society registered with the Financial Conduct Authority under number 21462R. It is an exempt charity and as such is not yet registered as a charity with the Charity Commission. The members of the Baptist Union of Great Britain Council are the members of the Society, which provides housing for retired Baptist Ministers and their spouses. The Society's accounts are separate from other Union funds owing to the fact that they are ring fenced for the purpose of complying with the conditions under which its money has been received. Although they are separate from the Union finances, for the purpose of preparing Consolidated Accounts, the Society's accounts are accounted for in the nature of a Restricted Fund within the Union's Consolidated Financial Statements.
4. The Baptist Holiday Fellowship Limited: The Baptist Union Corporation Limited (BUC) is the majority shareholder but the Baptist Union of Great Britain holds 1 deferred share of the issued share capital and has the right to appoint up to 5 of the Directors of the charitable company which makes grants available for holidays for Baptist Ministers and their dependants. The Baptist Holiday Fellowship Limited accounts are consolidated with the Union's accounts. The BUC is a custodian of the shares for the Baptist Union.
5. Baptist House Limited: The Baptist Union Corporation Ltd is one of the two members of this Company Limited by Guarantee, which provides conference facilities and office letting facilities for local businesses. The Baptist Union of Great Britain may appoint up to 10 of the 20 Directors of the company. The Union's share of the results for the year to 31 October 2016 are included in the consolidated financial statements.
6. The Joint Venture: This is a vehicle to facilitate joint working between the Baptist Union of Great Britain and BMS World Mission. Each organisation appoints half of the Managing Committee of the Joint Venture which operates Baptist House in Didcot for the Union and BMS World Mission. The Union's share of the results for the year to 31 October 2016 are included in the consolidated financial statements.
7. The Baptist Assembly Limited: This is a charitable Company Limited by Guarantee. The Baptist Union of Great Britain is one of two members and appoints half the directors of this company which manages the holding of an annual Assembly jointly between the Union and BMS World Mission. The Union's share of the results for the year to 31 August 2016 are included in the consolidated financial statements. Since the Baptist Assembly takes place in May each year, the figures would not have been materially different if the year-end had been coterminous with the Union.
8. Baptist Pension Trust Limited: The Directors of this Company Limited by Guarantee are responsible for the management of the company's business which is to administer the Baptist Pension Scheme and manage its investments. The Directors are the only members of the company. The Directors appoint Baptist Union-nominated Directors to the Board of the Company and one-third of the Board are member-nominated Directors as required by law. The company is a separate legal entity from the Baptist Union.

The associated entities of the Union operate according to their own Governing Documents and where required report to the Baptist Union Council or to the Trustee Board. The Trustee Board works in partnership with the relevant officers or Directors of these entities where issues arise that impact upon the wider life of the Union.

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REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

SECTION 2 – OUR STRUCTURE, GOVERNANCE and MANAGEMENT - continued

5 Memberships and Associations

The Baptist Union of Great Britain is associated with or a member of the following organisations and bodies:

1. Baptist World Alliance: a fellowship of 235 conventions and unions in 122 countries and territories comprising 40 million members in 177,000 churches.
2. European Baptist Federation: comprising approximately 826,000 Baptists in 54 Unions and Conventions and 5 affiliated churches and networks.
3. Churches Together in England
4. Churches Together in Britain and Ireland
5. Fellowship of Baptists in Britain and Ireland
6. World Council of Churches
7. Joint Public Issues Team (JPIT): The Joint Public Issues Team is a venture of the Baptist Union of Great Britain, the Methodist Church, the United Reformed Church and the Church of Scotland. JPIT helps the four churches work together and coordinate responses to issues of justice and inequality.
8. United Board: The United Navy, Army and Air Force Board of the Baptist Union, United Reformed Church and Congregational Federation is the 'sending church' body for all those engaged in military chaplaincy, in all three services, and including commissioned chaplains and TA chaplains.
9. Churches Legislation Advisory Service

6 Corporate structure and main decision making processes

The Baptist Union of Great Britain comprises of around 2,000 Baptist member churches, Regional Associations and training Colleges. Each of the three Specialist Teams reports to a Team Leader who is in turn line managed by the General Secretary of the Baptist Union. The day-to-day management of the charity is delegated to key management personnel who provide regular reports of their activities to the Baptist Union Trustees and Baptist Steering Group.

The key management personnel of the Baptist Union are:

- The General Secretary – Revd Lynn Green
- Team Leader Faith & Society – Revd Stephen Keyworth
- Team Leader Ministries – Revd Andy Hughes
- Interim Team Leader Support Services – Mr Richard Nicholls (up to 31 December 2016)
- Interim Finance Director – Mr Robert Poole (up to 8 November 2016)
- People Support & Safeguarding Manager – Mrs Rachel Stone
- Team Leader Support Services Mr Richard Wilson (from 1st January 2017)

7 Risk Management

All significant activities undertaken are subject to a risk review. Major risks are identified and ranked in terms of their potential impact and likelihood. Major risks for this purpose are:

- (i) The impact of the Baptist Pension Scheme on the finances of the Union. This risk includes the direct liabilities of the Union to the scheme and the impact on churches in membership with the Union having a detrimental impact on their ability to financially support the work of the Union. The Baptist Ministers' Pension scheme deficit is estimated at £123m at 31 December 2016, of which BUGB's direct share is estimated to be circa £1.9m. The Baptist Union Staff Pension Scheme deficit is estimated at £6.3m at 31st December 2016 of which BUGB's share is £5.1m, including liabilities for Baptist Times Limited, Baptist Holiday Fellowship and the Union's 50% share of Baptist House Limited. It should be noted that because these figures are not calculated in a way compliant with FRS102 and Charity SORP, these estimates are not used as the basis for our accounts; we continue to account for BPS as a defined contribution scheme and BUSPS on the basis of discounted cashflow of the deficit contributions. The triennial Valuation of the Baptist Pension Scheme as at 31st December 2016 and the triennial valuation of the Baptist Union Staff Pension Scheme as at 1st January 2017 are to be carried out during 2017. Both liabilities are fully provided for within the balance sheet of the Union as at 31st December 2016. Regular monitoring and review is in place with the trustees receiving a report at every Trustee board on the current status of the pension fund and its latest deficit position and progress against the plans to address the deficit.

SECTION 2 – OUR STRUCTURE, GOVERNANCE and MANAGEMENT - continued**7 Risk Management (continued)**

- (i) Potential mishandling of sexuality and diversity issues, which could cause a fracturing of the Baptist family due to the strongly held views on this issue. The most significant risks in this area relate to the issue of Same Sex Marriage following the Marriage (Same Sex Couples) Act 2013. Within Baptists Together we have consulted widely, including a half day consultation at Assembly in 2013 and invested considerable time in our Council meetings since then, to debating the issues that arise. As a result, Council have issued a statement regarding the registering of church buildings for same sex marriages, and the Ministerial Recognition Committee have reviewed and updated Ministerial Recognition Rules and produced Ministerial Recognition Guidelines on this issue. We continue to monitor any significant developments in this area, ensuring they are reported to trustees. On wider diversity issues, we have put in place rules which ensure that we have appropriate levels of diversity in the structures of Baptists Together, including BU Council and BUGB trustee board. The Key Roles Nominations Committee is tasked with tracking this and ensuring that new nominations for roles are made with diversity in mind; and
- (ii) Safeguarding of children and adults at risk. In the light of the high public profile of safeguarding, close management focus on this area continues to ensure that the Baptist denomination provides a framework of best-practice for protecting those who attend or come into contact with our churches and other bodies. A three-year plan of work has been identified and progress against this plan is tracked and reported to each meeting of the Trustee Board. A historic safeguarding case review has also been undertaken and is expected to be completed in 2017. Progress is again tracked and reported to every meeting of the Trustee Board. A safeguarding Trustee has also been nominated from within the Trustee Board to provide a linkage between the board and the staff team dealing with these issues and to provide ongoing oversight of this critical area of work.

8 Funds Held as Custodian Trustee on Behalf of Others

The directors of the BUC continued to act as custodian trustees for churches in which both property and cash deposits were held in this capacity. BUC act solely as an Agent and carried no decision-making capacity.

| Type of Assets Held | £'000 | Organisations |
|-------------------------------|--------------|---------------|
| Cash Deposits | 1,267 | 27 |
| County Red Stock | 20 | 2 |
| Equity Fund Units | 176 | 1 |
| Income Units | 1,552 | 44 |
| National Savings Income Bonds | 175 | 15 |
| UK Equities | 670 | 18 |
| Total | 3,860 | |

A full list of the churches on whose behalf assets are held by the charitable company is available if requested from the Finance Manager at the company's Registered Office.

Arrangements are made for the safe custody of deeds and documents, with each set stored in a labelled packet, and included in an index system.

9 Key management personnel remuneration

Day-to-day management of the Union's business is delegated to a group of employed staff and appointed ministers who operate within the frameworks set by the Trustees; Senior Staff are detailed in section 6 of this report.

All staff and appointed ministers of the charity are employed by the Baptist Union of Great Britain and the arrangements for setting the pay and remuneration are the responsibility of the Trustee Board. A Remuneration Committee advises and makes recommendations to the Trustees. In line with the Pay and Reward Policy Statement approved by the Trustees, remuneration is benchmarked against information relevant to the sector and affordability to the Union.

The aggregate amount paid to key management personnel during the year was £144,942 (2015: £146,877).

BAPTIST UNION OF GREAT BRITAIN

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

SECTION 3 – ACHIEVEMENTS AND PERFORMANCE

As we seek to meet our object of the advancement of Christian Faith and its Practice, we engage with the community through 1,948 member churches and contact with over 300,000 people.

Overall BUGB made good progress in the year. Positive steps forward were made on several of our 2020 objectives, whilst in some areas we have not made the progress Trustees would like to see. Key successes in 2016 were:

- The launch of the new Collaborate national database, which has largely addressed the objective of having a single database for Baptists Together.
- The completion of the Fit4Mission survey and the sharing of the resulting analysis, which has given us a clearer picture of the state of the churches in Baptists Together.
- The Launch of new Level 2 and Level 3 Excellence in Safeguarding training programmes and “Train the trainer” sessions for Safeguarding.
- Completion of the Review of Ministerial Recognition rules in the light of legislation on Same Sex Marriage, and the development of a proposal of guidance notes for ministers, which has subsequently been approved in 2017.
- Significant progress in our Communications strategy and engagement through more effective use of social media.
- Formation of the Pension Employers Group and their subsequent work to develop a proposed “Family Solution” to the deficit in the Baptist Pension Scheme, giving us a way forward to address the challenges as we enter the triennial valuation process in 2017.

However there have been areas where we have not made as much progress as we would like, including:

- Development of new income streams, where little progress was made following the Loaves and Fishes report.
- Limited progress around improving our governing structures in Baptists Together and this will be an area of focus in 2017
- Progress on implementing the recommendations from the Ignite report on the future of Ministries, which has been slower than we would like, although progress has been made on developing the Calling Marks of Ministry element of the proposals.

The following paragraphs review the key areas of work of the Union through 2016.

Ministries Team

One of the major areas of work of Baptist Union of Great Britain, in collaboration with the Regional Associations and training colleges is to support churches by supporting the training and development of ministers to work within Baptist churches and other organisations. In 2016, 41 people started ministerial training at our colleges compared with 29 in 2015. The Ministries Team enrolled 36 ministers as Newly Accredited Ministers (2015: 49). 67 ministers progressed from Newly Accredited Minister to the status Fully Accredited Minister (2015: 58).

The Ministerial Recognition Committee has continued to develop our practices so that we can be more flexible and responsive to changing patterns in ministry, including the national recognition of pioneers and enabling those called to chaplaincy to enter this form of ministry straight from college.

The table below shows the numbers of Accredited Ministers at the end of 2016 compared with the previous year.

| Status | As at 31 st December 2016 | As at 31 st December 2015 |
|-----------------------------------|--------------------------------------|--------------------------------------|
| Ministers in Training | 136 | 122 |
| Newly Accredited Ministers | 164 | 195 |
| Fully Accredited Ministers | 1326 | 1360 |
| Retired Ministers | 1007 | 972 |

Alongside this, the BUGB Ministries Team supports the operation of the National Settlement Team (NST), which includes representatives of each Regional Association. NST works to nominate Ministers and final year Ministers in Training seeking a ministerial role to churches seeking ministers. In total 59 (2015: 54) Fully Accredited Ministers and 31 (2015: 45) Newly Accredited Ministers were called by Churches via the settlement process in 2016. 116 (2015: 93) churches that had engaged with the settlement system were settled during 2016, which includes some churches that have appointed ministers from outside of the settlement process.

The Historic Cases Review has completed the first stage of reviewing 4500 files, and has begun implementing the conclusions of independent safeguarding panels, including removing ministers from the Register of Accredited Baptist Ministers. We have updated the Ministerial Recognition Rules in the light of lessons learnt through the review particularly in relation to ongoing safeguarding training for ministers and re-instatement processes.

SECTION 3 – ACHIEVEMENTS AND PERFORMANCE - continued

Ministries Team (continued)

Following the recommendations of the Ignite Report, BUGB has initiated the implementation of using the Marks of Ministry for the selection, formation and ongoing development of ministers. The process of scanning all BUGB ministerial files is now well under way, and 'MIX' (Ministries Information Exchange), a development of SharePoint, has been commissioned to enable BUGB, the Regional Associations and Colleges to work collaboratively in securely sharing information regarding ministerial candidates, ministers in training and ministers.

The Ministries Team also supports the provision of counselling through the Churches' Ministerial Counselling Service (CMCS). In 2016 72 ministers or their family members (2015: 59) received such counselling, which is a record number. We also made 79 new referrals (2015: 69) which suggests that demand is increasing further. We are monitoring this trend to see if there are underlying issues which need to be addressed.

Guidance, oversight and quality assurance are also provided by the BUGB Ministries Team for all processes involved, including safeguarding matters. Conferences are organised to support all stages of ministry and the accreditation of pastors, preachers, evangelists, youth specialists and all forms of sector ministry is supported. A range of training is provided for Ministers in Training, Ministers and staff and this is reflected in the training spend, the biggest element of which is Student Bursaries.

Many others throughout the Regional Associations completed lay training in religious studies and theology, youth and children's work, lay leadership training, Treasurer and Trustee training.

Faith & Society

The Faith & Society Team have continued to support our churches, Regional Associations and colleges with resources and initiatives to enable their mission and ministry. This enables Baptists Together to play its full part in the wider church, offering the distinctive insights that reflect the local nature and impact of our Baptist churches as we seek to resource to and promote engagement with local communities and activity which provides benefit to wider society.

The Faith & Society Team enables Baptists to contribute to the Joint Public Issues team, a Baptist, a Methodist, United Reform Church and Church of Scotland collaboration which provides resources and speaks out on issues of justice, social affairs, peace-making, international affairs and the environment. During 2016 much of the work has focussed on responses to the EU referendum, refugee crisis, welfare reform and national security (Trident). The short film produced by JPIT highlighting the plight of refugees in the UK, 'A Very British Nativity' generated over 3000 Facebook shares and 145K views, and over 15K YouTube views. We also contributed to work on Syria, the UK's involvement in the international arms trade and welfare sanctions during December.

A Resource entitled "Conversation Welcome: Exploring the future of the UK after the EU referendum" has been developed in 2016 and will be made available to our churches and colleges in first quarter 2017.

The Baptists Together website (www.baptist.org.uk) continues to be the hub of our communications strategy, supplemented by monthly Baptists Together Updates and electronic mailings. During 2016 Faith & Society have worked at a front-end upgrade of our website which will support our strategic communication objectives for the foreseeable future, this will be released first quarter 2017. Last year the website had 1.7 million views, a 100% increase compared to 2014.

We have continued to develop and promote our social media profile and we now post to:

- Facebook
- Twitter
- Flickr
- YouTube
- Instagram
- Google+

Facebook provides our biggest audience, closely followed by Twitter. Both platforms saw massive growth last year. Our Facebook audience grew eight-fold from a monthly average of 5,239 at the start of the year to 39,802 at the end. Important to this growth has been increasing use of visual communication to encourage deeper engagement. Individual visual reflections were the biggest posts of the year. In 2015 the biggest post was the joint statement on the situation in Calais with 7,063 people reached, whereas in 2016 the top post concerned the EU referendum which reached 25,985.

Three editions of the Baptists Together Magazine have been produced by the Faith & Society Team in 2016, enabling reflection on faith and practise as Baptists Together. It has a circulation of around 10,000 with 4 copies distributed to every local church in our union.

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REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

SECTION 3 – ACHIEVEMENTS AND PERFORMANCE - continued

Faith & Society (continued)

We are continuing to help churches respond to the refugee crisis and to 'tell their story'. This includes supporting ministers and local congregations involved in advocacy for refugees seeking asylum.

The Faith & Society Team facilitates a number of Working Groups in order to resource local churches, colleges and Regional Associations. These include 3 Justice Groups covering Race, Gender and Disability. During 2016 the groups have been working on developing regional justice hubs to further support and enable local churches.

The Racial Justice Group has developed two new resources for churches, 'Moving Stories', a web based download to enable Christians to develop a biblical response to contemporary people movements and the people affected by them and 'Pentecost People', a resource to enable theological reflection and promote guidelines and good practice in multicultural worship.

The Faith & Society Team has continued to enable the process for reflection on our response to the introduction of the Marriage Act (Same Sex Couples) 2013. This has included facilitating Council and supporting Ministries Team.

We continue the strengthening of Baptist witness throughout the world, and this is reflected in our commitment to ecumenical and international relations. Faith & Society Team enables Baptists Together to contribute to organisations including Churches Together in England, Churches Together in Britain and Ireland, European Baptist Federation, Baptist World Alliance and World Council of Churches.

Support Services

Operating churches and the Regional Associations effectively and properly, and in accordance with legislation, is increasingly demanding, we continue to provide support to these organisations in their work.

In 2016 we produced a set of example employment policies for use by Association teams. In 2017 we plan to develop an online HR Hub for churches as a source of best practice and templates and produce training materials for core HR issues in churches, including recruiting to the team, dealing with team restructuring.

We have also put considerable work into improving the standards of Safeguarding of Children and Vulnerable adults in our churches. In particular, we launched new Level 2 and Level 3 Excellence in Safeguarding training programmes. We also carried out "Train the Trainer" events to increase our capacity to offer regular safeguarding training in all regions and published 3 new guides for church safeguarding officers. In the year ahead, we plan a full review of "Safe To Grow" the safeguarding manual published by BUGB. We will also be participating in an ecumenical project looking at supporting survivors of abuse. Finally, we will be developing online training materials to support the safeguarding training requirements for accredited ministers.

We continue to support the Nominations Committee, whose name changed to the "Key Roles Nominating Group" in 2016, in finding a set of new office holders, trustees and committee members.

To support the Regional Associations, Colleges and BUGB in our work, a new, web-based national Baptist database went live on 15 November 2016. The database provides a common source of information on our member churches and ministers and is accessible to users across BUGB and the Regional Associations. User guides were written and training programmes delivered to enable Specialist Teams at Baptist House and Regional Association teams to use the new database. The system will be rolled out to the Baptist colleges in 2017.

The Finance team manage funds received into the Home Mission fund and provide finance services to the subsidiary organisations, some Regional Associations and the Pension team as well as for BUGB itself.

The formation of the Pension Employers Group and their subsequent work in developing a proposed "Family Solution" to the challenges presented by the deficit in the Baptist Pension Scheme marked a significant step forward in our attempts to deal with this long standing and growing issue. The recommendations have been widely consulted on within Baptists Together and work has begun on implementation, in time to deliver an affordable funding plan under the triennial valuation due in 2017. Unfortunately, as detailed in the financial statements the underlying movements in financial markets have meant that the deficit has actually grown in the year.

BAPTIST UNION OF GREAT BRITAIN

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

SECTION 3 – ACHIEVEMENTS AND PERFORMANCE - continued

Regional Associations

Much of the work of the Baptist family is delivered through the thirteen Regional Associations. These are separately constituted charities, whose operations are largely funded by grants from the Home Mission Fund, which amounted to £1.79m (2015: £1.81m). Each Regional Association has a small team of Regional Ministers and Administrative staff, who support the local churches pastorally, advise on mission and practical matters, and organise training events.

The Regional Associations are also responsible for administering Home Mission Grants to churches and other organisations to support development of Baptist ministry where it would not otherwise be financially viable. This includes church planting, renewing local churches and mission project grants. In 2016, grants totalling £1.70m, compared to £1.69m in 2015.

The funding for both is based on a formula put in place for the period 2015 to 2017

Baptist Union Corporation (BUC)

The BUC continues to provide custodian trusteeship. During the year, the BUC also undertook trust work on an agency basis on behalf of the Yorkshire Baptist Association and East Midland Baptist Trust Company. It also supported the North Western Baptist Association in some of their trust work.

A three-year programme of creating and holding a digital copy of church Trust Deeds held by the Baptist Union Corporation Ltd commenced in November 2016. We are working with an external provider to scan the documents and will create a digital repository which will mitigate risks of documents being lost and make it easier to access documents quickly and share them with churches and other third parties.

The BUC continues to publish leaflets and other information for churches, all of which are available from the Baptist Union of Great Britain website at www.baptist.org.uk.

The BUC continues to provide loans to support churches in their work through purchasing land and property for use by churches and to allow them to pay off pension deficits. In 2016, the BUC made available £4.93m in loans to twenty churches of which £1.56m was lent in connection with manses and £0.06m with paying off pension deficits. Funds were available to allow all qualifying applications to be met. The total loans outstanding increased from £13.89m to £14.79m. The BUC also assisted many churches to buy, sell, let or alter their property. In 2016 property transactions totalling over £19.14m were completed (2015: £11.37m).

A review was undertaken and advice sought from Counsel regarding the lending activities of the Baptist Union Loan Fund and its regulatory position. The BUC continues to support churches and Baptist bodies with loans of over £25,000 and in accordance with Counsel's advice, operates lending activities which are exempt from regulation by the FCA.

The BUC amended its Articles of Association to provide term limits for its Directors who may now serve for a maximum of three terms of three years. To further promote good governance, the Directors completed a Skills Survey and recruitment of new co-opted Directors is targeted to fill skills gaps and strengthen the knowledge and experience of the Board.

The BUC is compiling a 5-year Strategic Plan to commence from April 2017 with regular reporting against the Plan to the BUC Directors.

The Retired Baptist Ministers' Housing Scheme (RBHMS)

The Retired Baptist Ministers' Housing Scheme (RBHMS) has again had sufficient resources to house all 16 (2015: 17) qualifying applicants for assistance in 2016. As at 30th September 2016, RBHMS owned 246 properties (2015:240) and manages a further 9 on behalf of other charities. The number of applicants to the Society remains steady, and the Society continues to have capital funding by means of loans financed from the Baptist Union Loan Fund, the London Baptist Property Board and HSBC Bank plc.

Baptist Holiday Fellowship

The Baptist Holiday Fellowship continued to make grants to other Baptist charities in accordance with its objectives of advancing Christianity and assisting Baptist Ministers in need to have holidays free of charge or at a reduced cost. The company continued to receive rental from Westholme and made grants of £14,000 (2015 £13,350) during the year.

BAPTIST UNION OF GREAT BRITAIN

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

SECTION 3 – ACHIEVEMENTS AND PERFORMANCE - continued

Baptist House

The Joint Venture of the Baptist Union of Great Britain and BMS World Mission continued to run the facilities used by the two organisations at Baptist House in Didcot. Baptist House Limited made a small contribution towards the overall cost of Baptist House by offering meeting accommodation to local groups and businesses. Following a review process completed in 2016, the Baptist Union of Great Britain and BMS World Mission have jointly agreed to proceed with the refurbishment of Baptist House to provide the most cost effective accommodation for our work over the next 20 years. The new space will be a modern and efficient working environment. Because of this work, the offering of meeting accommodation for external organisations has ceased, but over a third of the building will be made available for third party tenants to bring in income. £1m has been set aside in a designated fund to cover our share of the anticipated costs of the redevelopment works which began in December 2016 and are expected to be completed in the first half of 2017.

Baptist Assembly Limited

Baptist Assembly Limited organises The Baptist Assembly, a joint annual event for the Baptist Union of Great Britain and BMS World Mission. The event provides opportunities for training and discussion on a range of local, national and international mission topics as we seek to be inspired and equipped by God to enable us to share the Gospel with our world.

The 2016 Assembly took place at the King's Centre in Oxford, 14 May 2016 and was an opportunity for all ages to explore and be inspired in mission and discipleship. 1000 delegates were in attendance. There were three plenary celebrations and the programme included the Annual General Meetings of the Baptist Union of Great Britain and BMS World Mission. An 'Ideas Exchange' gave a focus to the lunch time fellowship enabling delegates to explore areas of interest. In the afternoon, delegates were encouraged to engage, be inspired and challenged by reflecting on how Baptists are responding to the refugee crisis. Ministers who had been transferred to the fully accredited list and mission personnel departing for overseas assignments were commissioned in the closing session which also included an 'In memoriam' commemorating ministers and mission personnel who had died in the last 12 months.

It has previously been agreed that for the period 2015 – 2017 The Assembly would be a one day event. The initial review of this pattern took place during 2016. An extensive online survey was completed by over 1000 delegates and churches, and the results have been published on the BUGB website. Initial analysis of the survey responses and further reflection by Trustees and officers of BMS and BUGB have revealed a wide variety of expectations and hopes for the on-going development of the Assembly. In the light of this and with the need for further consultation it has been decided that the initial trial period will be extended until 2018.

The 2017 Assembly will take place in Harrogate on 13 May and the 2018 Assembly will take place in Peterborough on 12 May.

BAPTIST UNION OF GREAT BRITAIN

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

SECTION 4 – PLANS FOR FUTURE PERIODS

The Trustees of the Baptist Union of Great Britain have been working with our legal advisors to consider whether it would be appropriate to re-structure so that, amongst other benefits, the Union has its own corporate status. In practice, this would mean establishing a new entity, registered with the Charity Commission, into which the assets and liabilities of the Union would be transferred. During 2016 The Baptist Union of Great Britain has undertaken a consultation process with key stakeholders as to whether to incorporate as a CIO or CLG. During 2017, this consultation is being extended to member churches and bodies. It is not anticipated that the Union will complete the transfer of assets and liabilities to the new corporate entity until the end of 2018 as a new Governing Document for the corporate entity will also need approval from the members of the Union at the 2018 Assembly.

During 2017, both the Baptist Union Staff Pension Scheme and the Baptist Ministers Pension Scheme are subject to a triennial review process. A significant challenge for BUGB will be, as lead employer in the two schemes, progressing negotiations with the Pension Trustee on a deficit funding plan for each scheme that is affordable for all the employers in each scheme.

During 2017, we will be reviewing the Baptists Together funding model. The current formula for distributing Home Mission monies between BUGB and Regional Associations expires at the end of 2017, so a new formula will need to be agreed in 2017 by the Baptist Steering Group. This will be subject to consultation with the Regional Associations and BUGB representatives so that financial resources are distributed in a way that best supports our overall objectives.

Since the end of 2016, a committee has been formed to review the governance procedures of the Baptist Union and to create a handbook to serve as a tool of reference for the BUGB Board of Trustees. The review will be concluded in 2017.

We will continue to implement the recommendations of the Ignite report into the future of Ministry. This will ensure that the way we train, develop and accredit ministers continues to be relevant to the needs of the Baptist movement in the 21st century.

Following the successful completion of the first stage of the Fit4Mission project exploring the health of our churches, Regional Associations and the Baptist Together Mission Forum will be developing strategies to address issues identified through the survey.

We also intend to relaunch our website, www.baptist.org.uk with a modernised look and feel and improved navigation. This will ensure that the website continues to be a key way that we engage with the Baptist movement through the provision of news and comment and supporting churches through guidance leaflets and other content.

BAPTIST UNION OF GREAT BRITAIN

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

SECTION 5 – FINANCIAL REVIEW

Financial Review

The consolidated results of the Union for the year showed net income before gains/(losses) on Investments of £1.93m (2015: £1.48m) and further benefited from an overall increase in the market value of investments of £1.94m (2015: loss of £0.52m). These were offset by losses on our share of the Joint Venture in Baptist House of £0.18m (2015: gain of £0.003m). We had an actuarial gain of £0.86m on our share of the Baptist Union Staff Pension scheme (2015: £1.85m actuarial loss), under our current accounting treatment of the scheme. Overall this left us with an overall surplus of £4.56m (2015: deficit of £0.89m) on a consolidated basis.

The consolidated unrestricted fund had an operating surplus of £220k (2015: Surplus £601k) in the year. After increases in the market value of investments and surpluses on the sale of property, an overall net surplus of £1.38m (2015: £1.35m) is reported on the Unrestricted fund before transfers between funds.

Fundraising and Home Mission

Most of the Union's income is raised from its member churches on a voluntary basis. The Union requests that every member church give at least 5% of its General Fund Income to the Home Mission Appeal, but it is down to each church to agree their level of giving to the work of the Union. In 2016, the Union Trustees set an overall appeal target of £4.11m (2015: £4.11m), whilst the actual amount raised was £3.81m (2015: £3.83m) which was 93% of target. These figures are included within voluntary income in the accounts. The trustees are disappointed that we have been unable to increase income in line with growth in the economy, and are examining ways to improve income in the coming years.

BUGB also requests member churches to pay a subscription to support its work. For 2016 the subscription was set at £4 per church member, compared to £3.74 in 2015, an increase of 7%. The majority of churches paid their subscription and the total subscriptions received were £452k, up from £426k in 2015.

Legacy income into the Home Mission Fund was particularly low in 2016, with only £194k received, compared to £559k in 2015. As a significant proportion of this income stream typically comes from a small number of sizeable legacies, this can be a naturally erratic income stream. The Trustees expect that 2016 will prove to be an unusually low year rather than a trend, but will monitor income from this area closely.

It will be important to explore other sources of income in coming years to support the work of the charity, building on the proposals set out in the Loaves and Fishes report produced in 2015.

SECTION 5 – FINANCIAL REVIEW - continued

Long Term Financial Trends

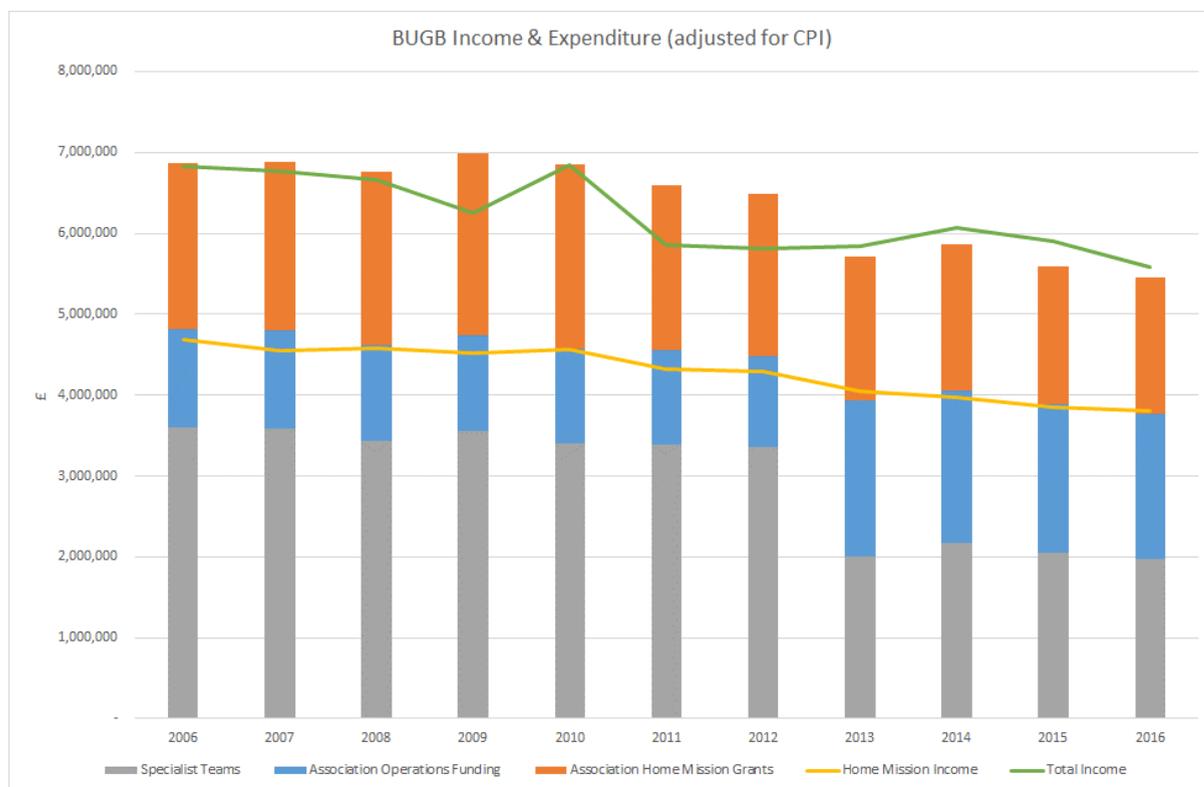


Figure 1 – Long Term Trend in Income and Expenditure

The above chart shows the long-term trend in the income and expenditure of the Union’s General Fund (prior to consolidation), adjusted for Inflation (CPI). This shows that there is a steady downward trend in Home Mission income, with a year on year decline in every year since 2010. We have reduced our expenditure in line with this downward trend, with the most significant step down in 2013 following the completion of the Futures process. However, the ongoing decline in Home Mission income presents an ongoing challenge and the Trustees continue to monitor the situation closely to ensure that we secure the financial sustainability of our work.

Analysis of Operating Contribution by entity (£’000s)

The table below provides the Operating Contribution by entity, prior to gains or losses on investments, profits on sales of fixed assets or gains or losses on pension deficits.

| Entity | Operating Contribution (£ 000s) |
|--|---------------------------------|
| Baptist Union of Great Britain (main charity) | (349) |
| Other consolidated entities: | |
| Baptist Union Corporation | 25 |
| Retired Baptist Ministers Housing Society | 1,039 |
| Baptist Holiday Fellowship | 19 |
| Baptist House (50% share) | 3 |
| Joint Arrangement (50% share) | 43 |
| Baptist Assembly | (6) |

As can be seen the core BUGB charity showed a substantial deficit at an operating contribution level. RBMHS’s Operating Contribution was boosted in the year by an unusually high level of legacies received in the year.

SECTION 5 – FINANCIAL REVIEW - continued

Charity stewardship

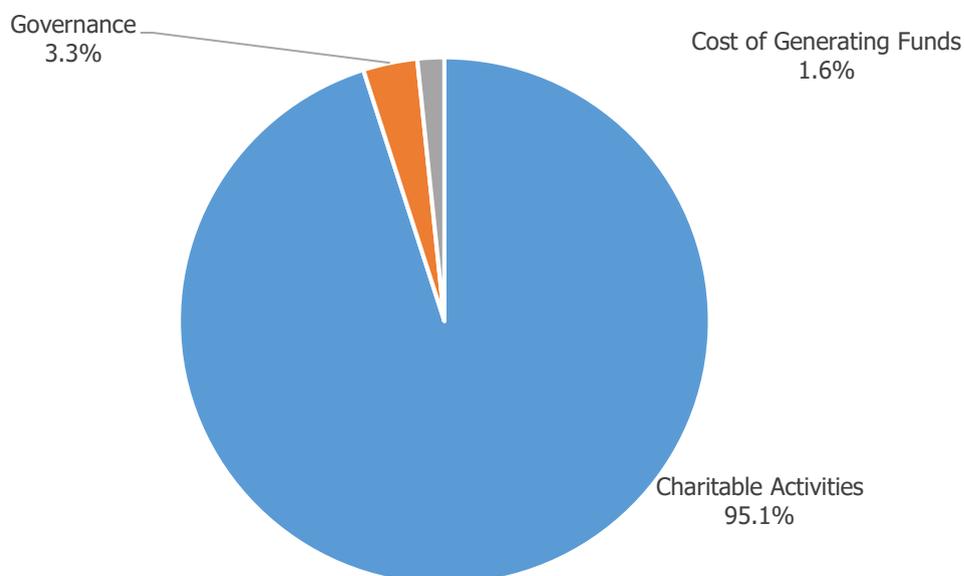


Figure 2 – Expenditure Efficiency

As a charity, the Trustees take a focused view of ensuring that maximum efficiency is achieved for the contributions given by churches and individuals around the Union. In 2016 95.1p in the £ was spent on charitable activities. The figure was an improvement on 94.0p in the £ in 2015, although this is in part due to a change in methodology of allocating costs to governance. The Trustees are encouraged by this improvement, and will continue to seek to ways to improve the efficiency of our governance processes.

Expenditure Review

In 2016, our consolidated expenditure was £7.47m, up from £7.00m in 2015, due largely to one off expenditure on the Collaborate database project and new expenditure from the Pension Reserve to clear closed church debts to the Baptist Pension Scheme. £1.89m was expended in Direct Charitable expenditure, whilst £3.87m was paid in Grants to other organisations to further our charitable objects and £1.71m was expended in Support Costs to enable the direct charitable expenditure. The methodology for allocating these costs between categories was reviewed and substantially revised for 2016, so prior year comparisons of these allocations are not meaningful.

During 2016 £1.98m of Mission Grants were made. These were to support mission activities, mainly to local Baptist Churches for the support of mission focused pastoral ministry whilst other grants are made to support Chaplains, Ecumenical Officers and a wide range of mission-based ministries, and Mission Project Grants are also given to encourage and enable Baptist churches to respond to the mission needs of their community as part of their on-going work and ministry. A further £1.82m was given in grants to the Regional Associations to fund their work in support of churches in their area.

The Ministries Team accounted for £0.59m of direct charitable expenditure to support all forms of recognised ministry amongst Baptist Union churches through all its stages. The Faith and Society Team expended £0.47m of direct charitable expenditure in support of our public communications as well as areas such as Ecumenical and Justice Matters.

Grants of £0.13m were made in support of individuals undertaking Ministerial Training.

£0.09m was paid to the Baptist Pension Scheme to clear the debts of closed churches, to avoid the Pension Trustee from pursuing individual church trustees for payment. This was a new area of expenditure for 2016, and is expected to grow as more church debts are calculated by the Baptist Pension Scheme. Our policy is to continue to clear such debts where they arise from the Pension Reserve.

The Retired Baptist Ministers Housing Society expended £0.41m in direct charitable expenditure and support costs to deliver their work of housing retired Baptist ministers.

The Baptist Union Corporation expended £0.57m in direct charitable expenditure and support costs to support churches with loans, advice and information and legal advice.

SECTION 5 – FINANCIAL REVIEW - continued

Designated and Restricted Reserves

During 2016 a full review was instituted of the Restricted and Designated Reserves held by BUGB. Following this review several changes have been made:

- A new Pastoral Fund has been created within our Designated Funds.
- The Ministers' Benevolent Fund, Widows Benevolent Fund and Spurgeon Trust Fund have all been closed with the funds transferred to the Pastoral Fund. Except for £36,000 in capital, the monies held in the Ministers' Benevolent Fund have been transferred to the Pastoral Fund. As a result of these actions the Pastoral Fund had a balance of £824k at the end of 2016.
- A Baptist House refurbishment fund was established to cover the BUGB's share of the cost of refurbishing Baptist House with a view to the building providing cost-effective accommodation to BUGB's specialist teams for the next 15 years or more and freeing up space for external tenants to provide an income stream. £0.5m was transferred into this fund from Student Training and Newington Court designated funds to cover the budgeted costs plus contingency, of which £133k had been spent by year end.
- In line with the recommendations of the Pension Employers Group, the Student Training and Newington Court designated funds were closed with 50% of each fund being transferred to the pension reserve, and 50% being transferred to Unrestricted reserves
- During 2016 we continued to transfer half of the proceeds received by BUGB as the ultimate trust from closed churches to the Pension Reserve. From 1st January 2017, this policy has been updated to transfer all such proceeds to the Pension Reserve fund in line with the recommendations of the Pension Employers Group.

Following the end of 2016, and again in line with the recommendations of the Pension Employers Group, a review of the Loan Fund Capital held by BUC has been undertaken. As a result of this, the BUC investment portfolio and £800k in cash has been transferred to BUGBs Unrestricted Reserves.

Pension Liabilities

During the year, the charity made significant progress on understanding its liabilities to the two defined benefit pension schemes of which it is a participating employer. Details of the schemes are provided in note 25. However, calculation of scheme liabilities on a basis compliant with FRS102 and charity SORP are not available so we continue to account for the schemes on the same basis as the accounts for 2015. Our liability to BUSPS was recorded on the basis of a discounted cashflow of the agreed deficit recovery plan and no provision was made for BPS due to the difficulties in calculating BUGB's share of the deficit.

During the year, the overall deficit in the BPS increased from £105m to £123m on a Technical Provisions (TP) methodology which assumes ongoing operations of the scheme, and from £142m to £166m on a Buy-Out methodology, based on the cost of transferring the scheme to an insurer. During March 2017, the scheme actuary provided each employer in the scheme with an assessment of their share of the liability to the scheme on a Buy-Out basis as at 28th February 2017, at which point it was estimated that the Buy Out deficit in the whole scheme was approximately £156m, which was £2.41m for BUGB. This implies that at 31st December 2016, BUGB's share of the deficit was approximately £1.91m on a TP basis and £2.56m on a Buy-Out basis.

During the year, the overall deficit in the BUSPS increased from £6.1m to £6.3m on a TP Basis, and from £6.4m to £6.5m on a Buy-Out basis. The actuaries also provided an estimate of BUGB's share of the deficit which was £5.10m on a TP basis and £5.27m on a Buy-out basis

Both schemes suffered from the impact of falling gilt yields, which increases the costs of providing pensions, although this was partly offset by strong investment returns.

Whilst BUGB has the resources to cover its own share of these deficits, we are aware of the strain that the deficit recovery plans are placing upon local Baptist churches who are members of the BPS and liable to pay deficit contributions. This in turn may present a risk to BUGB's own income, the majority of which is derived from the Home Mission Appeal to which churches contribute.

BAPTIST UNION OF GREAT BRITAIN

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

SECTION 5 – FINANCIAL REVIEW - continued

Investments Performance

The governing documents give the Charity Trustees the power to invest in such securities and on such terms as the Charity may deem fit. The investment strategy is to increase the income in line with inflation and deliver a 4% yield while maintaining the long term purchasing power of the capital against inflation.

The investments are managed within ethical guidelines set down by the Council of the Baptist Union of Great Britain. In summary, these specify that we do not take direct investment in companies involved in tobacco production, distilling of alcoholic beverages, gambling, pornography, armaments and high interest rate lending. Companies are screened to ensure that no more than 10% of revenue comes from these sources and pooled funds are screened prior to acquisition and half yearly to ensure that no more than 5% of the assets in the fund are investments in companies that would fail to meet the direct investment criteria. The policy also has a positive screening policy which means investing in companies or sectors which reflect Christian values in areas like environmental protection, supporting sustainable development, health, education, employment, human rights, good corporate social responsibility, good governance, financial transparency, anti-corruption controls, safe working practices, natural justice and sensitivity towards the communities in which their business operates.

The Trustees have delegated the detailed monitoring of the portfolio to the Finance & Audit Committee of the Baptist Union of Great Britain.

Within the investment strategy, Schroders as the appointed investment managers have discretion over investments. Details of the investments are set out in note 14 to the financial statements.

The Finance & Audit Committee has put in place a set of benchmarks for Schroders as follows:

| | <i>SIP A (BUGB)</i> | <i>SIP B (BUGB)</i> | <i>SIP C (BUC)</i> |
|--|---------------------|---------------------|--------------------|
| FTSE All Share Index | 27.5% | 30% | 25% |
| MSCI World ex UK Index | 27.5% | 30% | 25% |
| FTSE Actuaries British Government All Stocks Index | 10% | 10% | 10% |
| IBOXX Sterling (£) Non-Gilt All Maturities index | 25% | 20% | 15% |
| IPD property (UK) index | 10% | 10% | 15% |
| UK Interbank 3M + 3% | | | 10% |
| Total | 100% | 100% | 100% |

The Trustees noted that the market value of quoted investments during the year increased by £1.4m from a value of £13.2m to £14.6m (an increase of 10.6%), whilst also generating an income of £0.56m, giving a total return of 14.9%. Whilst this was a pleasing overall result, the Trustees were disappointed to note that performance lagged the benchmarks set. Details of performance in the year to 31st December 2016 was as set out in the following table:

| | Portfolio | Benchmark | Relative |
|--|------------------|------------------|-----------------|
| General Fund (SIP A) | 15.2% | 16.6% | -1.4% |
| Pension Reserve Fund (SIP A) | 15.1% | 16.6% | -1.5% |
| Newington Court Fund (SIP A) | 15.0% | 16.6% | -1.6% |
| Student Training Fund (SIP A) | 14.8% | 16.6% | -1.8% |
| Endowment Fund (SIP B) | 15.4% | 17.2% | -1.8% |
| Benevolent Fund (SIP B) | 15.4% | 17.2% | -1.8% |
| Baptist Union Corporation Investment Funds | 14.4% | 14.8% | -0.4% |

Regular meetings are held with the Investment Manager to review and challenge performance.

The Trustees continue to have confidence in the management of our investments.

In 2017, following the reorganisation of Designated and Restricted Funds the trustees intend to simplify the management of investments and the investment strategies.

SECTION 5 – FINANCIAL REVIEW – continued

Investments Performance (Continued)

Actual consolidated Asset Allocation as at 31 December 2016 is shown in figure 3 below

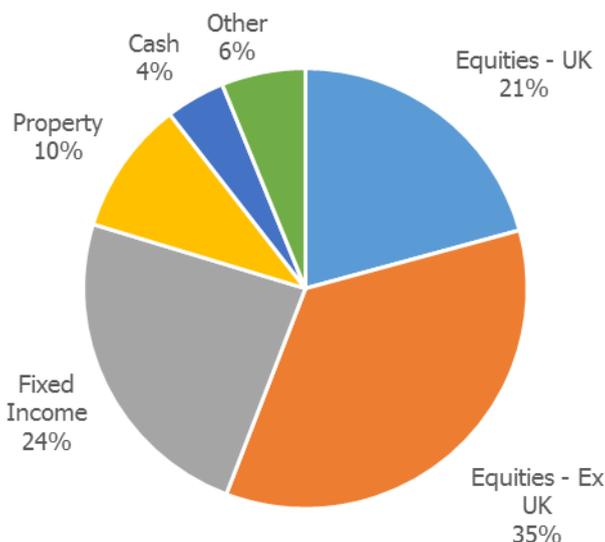


Figure 3 – Baptist Union General Fund Investment Portfolio Asset Allocation at 31 December 2016

Policy on Reserves

During the year, the Trustees reviewed the reserves policy for BUGB (excluding RBMHS which has a separate policy). The policy is to ensure that the Union has sufficient free and available funds to meet at least 6 months of annual budgeted expenditure, which equates to £2,965,000.

Cognisant of the Charities SORP, BUGB holds a number of unrestricted (including Designated) income funds which can be spent at the discretion of the Trustees in furtherance of the charity's objects. Trustees are expected to justify the holding of income as available and details of each fund can be found in Note 21

| <u>BUGB – Funds of Parent Charity</u> | £'000 |
|---------------------------------------|----------------------|
| Endowment Funds | 1,010 |
| Restricted Funds | 207 |
| Designated | 21,845 |
| Unrestricted | 5,354 |
| Total Charity Funds | <u>28,417</u> |

Of the total charity funds of £28,417k, the unrestricted funds including designated and unrestricted funds total £27,199k. After intercompany adjustments, removing the funds held within BUC this figure is reduced to £20,565, which represents the net unrestricted and designated funds at the disposal of BUGB trustees.

The Trustees are satisfied the reserves policy accords to the requirements of the Charities SORP and subject to the deficit share of the Baptist Pension Scheme demonstrates the charity's sustainability and capacity to manage unforeseen financial difficulties. During 2017 the Trustees will keep the policy under review.

There are three sub divisions of these reserves:

- Program related – where reserves have been set aside to provide for future anticipated expenditure
- Fixed Assets – where properties and other assets have been acquired to facilitate ongoing BUGB activities
- Free funds available.

BAPTIST UNION OF GREAT BRITAIN**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016****SECTION 5 – FINANCIAL REVIEW – continued**

Reconciliation of Unrestricted Funds

| | Free Funds | Fixed Assets | Programme Related Investments | Total Funds |
|--|-------------------|---------------------|--------------------------------------|--------------------|
| | £'000 | £'000 | £'000 | £'000 |
| General Funds | 4,531 | - | - | 4,431 |
| Fixed Asset Reserve | - | 5,366 | - | 5,366 |
| Baptist House JV Investment | - | - | 2,233 | 2,233 |
| Baptist House Refurbishment | - | - | 867 | 867 |
| Baptist Strategy Building Scheme | - | - | 196 | 196 |
| Pensions Reserve | - | - | 6,207 | 6,207 |
| One-off Projects Reserve | 136 | - | - | 136 |
| Pastoral Funds | - | - | 824 | 824 |
| Ministry Review | 100 | - | - | 100 |
| Mission Support | 105 | - | - | 105 |
| Sub Total | 4,872 | 5,366 | 10,327 | 20,565 |
| Add back current pension provision | 4,192 | | | |
| Deduct estimated pension liabilities | (7,010) | | | |
| Net available reserves after provision for pension schemes | 2,054 | | | |
| Less Reserves Needed | (2,965) | | | |
| Free Funds Available / (Shortfall) | (911) | | | |

Overall, we are currently showing a shortfall against the reserves policy of £911k. The trustees are examining ways of boosting the unrestricted reserves. In particular, a return of capital from BUC has been made after the year end to address the shortfall.

BAPTIST UNION OF GREAT BRITAIN

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

SECTION 6 - WHO WE ARE

The Baptist Union of Great Britain, Registered Charity Number 1125912

Registered and Principal Office

Baptist House, 129 Broadway, Didcot, Oxfordshire OX11 8RT

TRUSTEES

The Revd Rich Webb Moderator
Mr Malcolm Broad MBE (Treasurer, resigned as a trustee 14 May 2016)
The Revd Barbara Carpenter
The Revd Graham Ensor
Mrs Marion Fiddes
The Revd Lynn Green (General Secretary)
Mr Rupert Hill (up to 31 August 2016)
Mrs Linda Hopkins
The Revd Joe Kapolyo
Mr John Levick (became Treasurer from 14 May 2016)
The Revd Dr Claire McBeath (up to 31 August 2016)

CUSTODIAN TRUSTEES

The Baptist Union Corporation Limited
Registered Charity Number 249635
Company Registration Number 32743
Registered office: Baptist House, 129 Broadway, Didcot, Oxfordshire OX11 8RT

BAPTIST STEERING GROUP

The Revd Alex Afriyie (up to 30 June 2016)
The Revd John Claydon
The Revd Phil Barnard
The Revd Stuart Davison
The Revd David Ellis (up to 31 December 2016)
The Revd Dr Rob Ellis
Mrs Marion Fiddes (Trustee Board)
The Revd Lynn Green (General Secretary)
The Revd Andy Hughes
The Revd Stephen Keyworth
The Revd Richard Lewis
Mr Richard Nicholls
The Revd Grenville Overton
Mr Robert Poole (up to 8 November 2016)
The Revd Dianne Tidball (up to 31 December 2016)

SENIOR STAFF

The Revd Lynn Green (General Secretary)
The Revd Andy Hughes (Team Leader Ministries)
The Revd Stephen Keyworth (Team Leader Faith & Society)
Mr Richard Nicholls (Interim Team Leader Support Services up to 31 December 2016)
Mr Robert Poole (Interim Finance Director up to 8 November 2016)
Mr Rachel Stone (People Support & Safeguarding Manager)
Mr Richard Wilson (Team Leader Support Services from 1st January 2017)

BANKERS

HSBC, 186 Broadway, Didcot, Oxfordshire OX11 8RP

AUDITORS

Wilkins Kennedy LLP, Bridge House, London Bridge, London SE1 9QR

SOLICITORS

Anthony Collins Solicitors LLP, 134 Edmund Street, Birmingham, B3 2ES

SURVEYORS

Rapleys LLP, 51 Great Marlborough Street, London W1F 7JT

INVESTMENT MANAGERS

Schroders Investment Management Limited, 12 Moorgate, London EC2R 6DA

BAPTIST UNION OF GREAT BRITAIN

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

TRUSTEES' RESPONSIBILITIES

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

The law applicable to charities in England & Wales/Northern Ireland requires the Trustees 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 of the charity for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 2015 (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. 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.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware;
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the board



The Revd Rich Webb

Moderator

BAPTIST UNION OF GREAT BRITAIN

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE BAPTIST UNION OF GREAT BRITAIN

We have audited the financial statements of the Baptist Union of Great Britain for the year ended 31 December 2016 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charity Balance Sheets, the Consolidated Cash Flow Statement 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 (United Kingdom Generally Accepted Accounting Practice) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charity's Trustees as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under that Act. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Accounting and Reporting Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

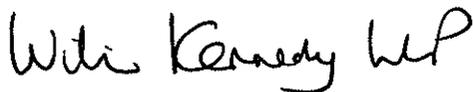
- give a true and fair view of the state of the group's and the charity's affairs as at 31 December 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

In light of our knowledge and understanding of the charitable group and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report of the Trustees, incorporating the Strategic Report.

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you, if, in our opinion, In our opinion:

- the information given in the trustees' report is inconsistent with the financial statements; or
- the parent charity has not kept sufficient accounting records; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Wilkins Kennedy LLP
Statutory Auditor
Chartered Accountants
Bridge House
London Bridge
London SE1 9QR

5th May 2017

BAPTIST UNION OF GREAT BRITAIN

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 DECEMBER 2016

| | Notes | Unrestricted Funds £ | Designated Funds £ | Restricted Funds £ | Endowment Funds £ | Total 2016 £ | Total 2015 £ |
|---|-------|----------------------------|--------------------------|--------------------------|-------------------------|--------------------|--------------------|
| INCOME | | | | | | | |
| Donations and legacies | 2 | 4,462,025 | - | 1,081,064 | - | 5,543,089 | 5,279,493 |
| Charitable activities | 3 | 1,374,543 | 1,200 | 546,752 | - | 1,922,495 | 2,107,104 |
| Investment income | 4 | 526,163 | 327,814 | 5,457 | 28,403 | 887,837 | 924,610 |
| Other income | 5 | 195,217 | - | 1,009,376 | - | 1,204,593 | 344,680 |
| Less share of gross incoming resources from Joint Venture | | (29,415) | - | - | - | (29,415) | (28,944) |
| | | 6,528,533 | 329,014 | 2,642,649 | 28,403 | 9,528,599 | 8,626,943 |
| EXPENDITURE | | | | | | | |
| Raising funds | 6 | 63,839 | 53,249 | 911 | 5,969 | 123,968 | 125,117 |
| Charitable activities | 7 | 6,244,413 | 805,852 | 415,872 | - | 7,466,137 | 6,998,676 |
| Other expenditure | 8 | - | - | 9,482 | - | 9,482 | 23,560 |
| | 9 | 6,308,252 | 859,101 | 426,265 | 5,969 | 7,599,587 | 7,147,353 |
| NET INCOME / (EXPENDITURE) BEFORE GAINS/(LOSSES) ON INVESTMENT | | | | | | | |
| | | 220,281 | (530,087) | 2,216,384 | 22,434 | 1,929,012 | 1,479,590 |
| Net interest in the results of the year for the joint venture | | (176,281) | - | - | - | (176,281) | 2,506 |
| Net gains/(losses) on investments | 14 | 817,103 | 1,007,845 | 21,880 | 94,193 | 1,941,021 | (517,450) |
| NET INCOME BEFORE TRANSFERS | | | | | | | |
| | | 861,103 | 477,758 | 2,238,264 | 116,627 | 3,693,752 | 964,646 |
| Transfers between funds | | 2,624,153 | (2,292,732) | (303,018) | (28,403) | - | - |
| Net income before other recognised losses | | 3,485,256 | (1,814,974) | 1,935,246 | 88,224 | 3,693,752 | 964,646 |
| Actuarial gains/(losses) on defined benefit pension schemes | 18 | 862,414 | - | - | - | 862,414 | (1,851,896) |
| Net movement in funds | | 4,347,670 | (1,814,974) | 1,935,246 | 88,224 | 4,556,166 | (887,250) |
| RECONCILIATION OF FUNDS | | | | | | | |
| Total funds brought forward | | 11,287,205 | 17,026,131 | 27,556,898 | 921,624 | 56,791,858 | 57,679,108 |
| TOTAL FUNDS CARRIED FORWARD | | £15,634,875 | £15,211,157 | £29,492,144 | £1,009,848 | £61,348,024 | £56,791,858 |

There were no recognised gains or losses other than those shown in the Statement of Financial Activities. There were no acquisitions or discontinued operations during either of the above two financial years.

The notes on pages 28 to 49 form an integral part of these financial statements.

BAPTIST UNION OF GREAT BRITAIN

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2016

| | Notes | 2016 | | 2015 | |
|--|-------|------------|--------------------|------------|--------------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 13 | 38,899,509 | | 36,036,981 | |
| Investments | 14 | 18,667,321 | | 17,040,160 | |
| | | | 57,566,830 | | 53,077,141 |
| CURRENT ASSETS | | | | | |
| Stocks | | - | | 9,533 | |
| Debtors | 15 | 16,265,562 | | 15,421,951 | |
| Cash and Bank | 16 | 24,859,150 | | 24,016,017 | |
| | | 41,124,712 | | 39,447,501 | |
| CURRENT LIABILITIES | | | | | |
| Creditors: | | | | | |
| Amounts falling due within one year | 17 | 33,002,333 | | 29,937,141 | |
| | | | 8,122,379 | | 9,510,360 |
| NET CURRENT ASSETS | | | | | |
| | | | 65,689,209 | | 62,587,501 |
| PROVISION FOR LIABILITIES | | | | | |
| Defined Benefit pension scheme liability | 18 | | (4,341,185) | | (5,795,643) |
| NET ASSETS | | | £61,348,024 | | £56,791,858 |
| THE FUNDS OF THE CHARITY | | | | | |
| Endowment funds | 19 | | 1,009,848 | | 921,624 |
| Restricted income funds | 20 | | 29,492,144 | | 27,556,898 |
| Designated funds | 21 | | 15,211,157 | | 17,026,131 |
| Unrestricted income funds | | | 15,634,875 | | 11,287,205 |
| TOTAL CHARITY FUNDS | | | £61,348,024 | | £56,791,858 |

The financial statements were approved by the Trustees on 4th May 2017 and signed on their behalf by



The Revd Rich Webb - Moderator



John Levick – Treasurer

The notes on pages 28 to 49 form an integral part of these financial statements

BAPTIST UNION OF GREAT BRITAIN
BALANCE SHEET AT 31 DECEMBER 2016

| | Notes | 2016 | | 2015 | |
|--|-------|------------|--------------------|------------|--------------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 13 | 4,595,522 | | 3,519,942 | |
| Investments | 14 | 23,480,334 | | 21,681,450 | |
| | | | 28,075,856 | | 25,201,392 |
| CURRENT ASSETS | | | | | |
| Stocks | | - | | 9,533 | |
| Debtors | 15 | 1,717,384 | | 1,133,725 | |
| Cash and Bank | 16 | 3,116,794 | | 5,368,022 | |
| | | 4,834,178 | | 6,511,280 | |
| CURRENT LIABILITIES | | | | | |
| Creditors: | | | | | |
| Amounts falling due within one year | 17 | 300,598 | | 229,730 | |
| NET CURRENT ASSETS | | | 4,533,580 | | 6,281,550 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 32,609,436 | | 31,482,942 |
| PROVISION FOR LIABILITIES | | | | | |
| Defined Benefit pension scheme liability | 18 | | (4,192,440) | | (5,215,815) |
| NET ASSETS | | | £28,416,996 | | £26,267,127 |
| THE FUNDS OF THE CHARITY | | | | | |
| Endowment funds | 19 | | 1,009,848 | | 921,624 |
| Restricted income funds | 20 | | 207,364 | | 312,702 |
| Designated funds | 21 | | 21,845,396 | | 23,404,103 |
| Unrestricted income funds | | | 5,354,388 | | 1,628,698 |
| TOTAL CHARITY FUNDS | | | £28,416,996 | | £26,267,127 |

The financial statements were approved by the Trustees on 4th May 2017 and signed on their behalf by



The Revd Rich Webb - Moderator



John Levick – Treasurer

The notes on pages 28 to 49 form an integral part of these financial statements.

BAPTIST UNION OF GREAT BRITAIN**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016**

| | | 2016 | 2015 |
|--|--------------|---------------------------|---------------------------|
| | | £ | £ |
| | Notes | £ | £ |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 25 | 1,527,247 | 644,941 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Dividends and interest from investments | | 887,837 | 924,610 |
| Proceeds from sale of property | | 2,627,721 | 1,643,259 |
| Purchase of tangible fixed assets | | (4,337,251) | (2,595,039) |
| Proceeds from sale of investments | | 3,984,147 | 1,403,569 |
| Purchase of investments | | <u>(3,846,568)</u> | <u>(2,214,150)</u> |
| Net cash used in investing activities | | <u>(684,114)</u> | <u>(837,751)</u> |
| CHANGES IN CASH AND CASH EQUIVALENTS IN THE YEAR | | 843,133 | (192,810) |
| Cash and cash equivalents brought forward | | <u>24,016,017</u> | <u>24,208,827</u> |
| CASH AND CASH EQUIVALENTS CARRIED FORWARD | 26 | <u>£24,859,150</u> | <u>£24,016,017</u> |

The notes on pages 28 to 49 form an integral part of these financial statements.

1. ACCOUNTING POLICIES

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

(a) Basis of Accounting

The financial statements have been prepared in accordance with the Charities Statement of Recommended Practice (Charities SORP (FRS 102)), Financial Reporting Standard 102 and the Charities Act 2011.

Baptist Union of Great Britain is a registered charity, no. 1125912, and meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

(b) Basis of Consolidation

Where control is exercised by the parent charity over another entity, those entities are consolidated as subsidiaries on a line by line basis in accordance with FRS 102 – section 9 and the Charities SORP (FRS102).

Details of these entities are given in note 14 to the financial statements.

The charity's interest in a joint venture and a joint arrangement are accounted for in accordance with FRS 102.

Details of these interests are given in note 14 to the financial statements.

Where an entity's reporting period end differs from that of the parent, the consolidated financial statements include the financial statements of the subsidiary as of its last reporting date before the parent's reporting date, as adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements.

Details on an entity by entity basis are given in note 14 to the financial statements.

(c) Preparation of the financial statements on a going concern basis

The charity has a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future. It has therefore continued to adopt the going concern basis in preparing its financial statements.

(d) Funds Accounting

Unrestricted Funds

General unrestricted funds represent funds which are expendable at the discretion of the Union in the furtherance of the objects of the charity and which have not been designated for other purposes. These funds are known as the Home Mission Fund. Such funds may be held to finance both working and capital investment.

Designated Funds

These represent amounts set aside by the Union for specific purposes as set out in note 21. They may be returned to General Funds at the discretion of the Union.

Restricted Funds

These represent amounts which have been restricted by the donors for use for specific purposes as set out in note 20.

Endowment Funds

These represent amounts which are restricted for specific purposes but where the capital is not expendable as set out in note 19.

1 ACCOUNTING POLICIES (continued)

(e) Income

Income is recognised in the Statement of Financial Activities when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that income will be received and the amount can be measured reliably.

- Donations are accounted for gross when received.
- Legacies are accounted for at the earlier of the Estate accounts being finalised and notified, and cash received.
- Subscription income is accounted for gross when received.
- Rental income is accounted for on an accruals basis.
- Funds received under Ultimate Trusts are accounted for when received.
- Interest receivable from loans is accounted for on an accruals basis.
- Expenses receivable on trusts are included during the period in which they are received.
- The gift aid scheme is administered as agent on behalf of churches and other Baptist organisations, and the charity's fee is recognised on an accruals basis.
- Accommodation fees are recognised on an accruals basis, taking into account the 6-month grace period on drawdown.
- Trading income is accounted for in the period in which the associated event takes place.

(f) Expenditure

Expenditure is recognised in the Statement of Financial Activities once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

- Costs of raising funds represents publicity material and promotion of the Union and the Home Mission Fund, and investment management fees.
- Charitable activities represent expenditure in the furtherance of the object of the Union.
- Grants payable are agreed on an annual basis and accounted for in the year in which they are committed.
- Support costs represent central finance and computer facilities, fixed asset depreciation, storage, insurance and stationery, together with an appropriate allowance for salaries and other office costs.

Support and Governance costs are allocated to charitable activities in proportion to the direct charitable expenditure on that activity, where the charity considers that support costs are incurred as part of the delivery of that activity.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

(g) Tangible fixed assets

No depreciation is charged on freehold properties, in accordance with section 17 of FRS 102, as in the opinion of the trustees any charge would be immaterial.

Where there is an indication of impairment, annual reviews are undertaken by the Trustees at each balance sheet date. These reviews involve assessing current property market conditions and their impact on the estimated market values of the Union's properties. Any material deficit between the anticipated recoverable amount of freehold property and its cost is recognised in the statement of financial activities.

Depreciation on other fixed assets is calculated to write off the cost on a straight-line basis over their expected useful life, at the following rates:

| | |
|-------------------------|-------------|
| Furniture and fittings | 10% and 20% |
| Computers and equipment | 25% and 33% |
| Software project | 20% |

1 ACCOUNTING POLICIES (continued)

(h) Fixed asset investments

Quoted investments are held for their income generation and investment potential and are valued at market value at the reporting date. Any surplus or deficit arising is included in the Statement of Financial Activities. Investments in subsidiaries are measured at cost less impairment.

The investment in Baptist House Limited is treated as a joint venture within the consolidated financial statements and is accounted for using the gross equity method.

(i) Stocks

Stocks of publications are included at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

(j) Debtors

Accrued income is recognised in the period to which it relates.

Loans are considered concessionary loans made as they are made by the charity to further its purposes. Loans are initially measured at the amount paid, with the carrying amount adjusted subsequently to reflect repayments and any interest receivable. Where any loan made is considered to be irrecoverable an impairment loss is recognised. Prepayments and other debtors are recognised at the settlement amount due. Debtors are measured at their recoverable amount.

(k) Cash at bank and in hand

Cash at bank and in hand includes notice deposits and short-term deposits.

(l) Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

Accruals and other creditors are recognised at their settlement amount due.

Trust accounts and loan fund deposits are recognised where held at the amount received and the carrying amount is adjusted to reflect any interest payable.

Loans are considered concessionary loans received as they are made to the charity to further its purposes and any interest charged is below the prevailing market rates.

(m) Financial instruments

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

(n) Assets held as custodian trustee

These financial statements do not include any assets held by the Charity as Custodian Trustee with the exception of assets held on Miscellaneous Trust Accounts and Covenant Trust Accounts shown in note 17.

| | 2016 | 2015 |
|---------------------------------------|--------------|--------------|
| | £ | £ |
| Miscellaneous Trust Account Assets | 15,193,426 | 14,100,147 |
| Covenant Trust Account Assets | 12,765 | 10,881 |
| Miscellaneous Trust Account Creditors | (15,193,426) | (14,100,147) |
| Covenant Trust Account Creditors | (12,765) | (10,881) |
| | £ - | £ - |

1 ACCOUNTING POLICIES (continued)

(o) 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 payment 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 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. This amount is expensed in the Statement of Financial Activities. The unwinding of the discount is recognised as a finance cost.

A liability for the agreed pension scheme deficit plan of the Baptist Union Staff Pension Scheme has been included, in accordance with the Baptist Union Staff Pension Scheme Schedule of Contributions dated 30 March 2012 and 31 March 2015.

(p) Taxation

Included within the consolidation are charitable companies that are considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore meet the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(q) Judgement and Key Sources of Estimations Uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Judgements in applying the entity's accounting policies

(i) Freehold land and buildings

No depreciation is charged on freehold properties, in accordance with section 17 of FRS 102, as in the opinion of the trustees any charge would be immaterial.

(i) Multi-employer defined benefit pension schemes

Certain employees participate in multi-employer defined benefit pension schemes with other organisations. In the judgement of the Trustees, the charity does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore, the schemes are accounted for as defined contribution schemes: see note 24 for further details.

1 ACCOUNTING POLICIES (continued)

(b) Accounting estimated and assumptions

(ii) Multi-employer defined benefit pension scheme: Baptist Union Staff Pension Scheme

The charity has an obligation to pay a deficit funding arrangement in respect of the multi-employer defined benefit pension scheme. The present value of the obligation depends on a number of factors including the RPI rate and the discount rate on corporate bonds. Management estimates these factors in determining the new pension obligation in the balance sheet.

(iii) Useful economic lives of tangible assets

The annual depreciation charge of tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the fixed assets, and note 1(g) for the useful economic lives for each class of assets.

(iv) Bad Debt provisions

The recoverability of loans are assessed annually, and at the balance sheet date provisions for doubtful debts are provided based on prior year experiences.

2 DONATIONS AND LEGACIES

| | Unrestricted Funds | Designated Funds | Restricted Funds | Endowment Funds | Total 2016 | Total 2015 |
|--|-------------------------------|-----------------------------|-----------------------------|----------------------------|-----------------------|-----------------------|
| | £ | £ | £ | £ | £ | £ |
| Donations | 3,815,899 | - | 19,821 | - | 3,835,720 | 3,877,381 |
| Legacies | 194,134 | - | 902,840 | - | 1,096,974 | 966,031 |
| Subscriptions | 451,992 | - | - | - | 451,992 | 426,081 |
| Gifts from other Baptist Constituents | - | - | 158,403 | - | 158,403 | 10,000 |
| | £4,462,025 | £ - | £1,081,064 | £ - | £5,543,089 | £5,279,493 |

In 2015, £452,600 of the donations and legacies income was attributable to restricted funds, with the remaining £4,826,893 being attributable to unrestricted funds.

3 CHARITABLE ACTIVITIES

| | Unrestricted Funds | Designated Funds | Restricted Funds | Endowment Funds | Total 2016 | Total 2015 |
|--|-------------------------------|-----------------------------|-----------------------------|----------------------------|-----------------------|-----------------------|
| | £ | £ | £ | £ | £ | £ |
| Accountancy services | (299) | - | - | - | (299) | 40,751 |
| Publication sales | 14,448 | - | - | - | 14,448 | 16,752 |
| Rent | 400,432 | - | 546,752 | - | 947,184 | 914,044 |
| Funds received under Ultimate Trusts | 315,101 | - | - | - | 315,101 | 410,061 |
| Interest receivable from loans | 511,036 | - | - | - | 511,036 | 463,730 |
| Expenses receivable on trusts | 102,547 | - | - | - | 102,547 | 74,792 |
| Fee for operating gift aid scheme | 7,501 | - | - | - | 7,501 | 3,654 |
| Accommodation fees | 10,686 | - | - | - | 10,686 | 12,196 |
| Trading income | 13,091 | - | - | - | 13,091 | 13,413 |
| Bad debts recovered – Baptist Strategy Building Scheme | - | 1,200 | - | - | 1,200 | 157,711 |
| | £1,374,543 | £1,200 | £546,752 | £ - | £1,922,495 | £2,107,104 |

In 2015, £503,881 of the charitable activities income was attributable to restricted funds, £410,061 was attributable to designated funds, and the remaining £1,193,162 was attributable to unrestricted funds.

4 INVESTMENT INCOME

| | Total 2016 | Total 2015 |
|----------------------------|-----------------------|-----------------------|
| | £ | £ |
| <u>Quoted Investments:</u> | | |
| UK listed Bonds | 144,759 | 149,341 |
| UK listed Equities | 118,851 | 175,629 |
| Overseas listed Equities | 174,666 | 158,264 |
| Overseas listed Bonds | 25,748 | - |
| UK Property Unit Trusts | 92,265 | 84,049 |
| <u>Other:</u> | | |
| Interest on Cash Deposits | 305,259 | 357,327 |
| Other | 26,289 | - |
| | £887,837 | £924,610 |

In 2016 £526,163 (2015: £549,322) of the investment income was attributable to unrestricted income funds, £327,814 (2015: £318,018) was attributable to designated income funds, £5,457 (2015: £28,538) was attributable to restricted income funds, and the remaining £28,403 (2015: £28,732) was attributable to endowment funds.

BAPTIST UNION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

5 OTHER INCOME

| | Unrestricted Funds £ | Designated Funds £ | Restricted Funds £ | Endowment Funds £ | Total 2016 £ | Total 2015 £ |
|--------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Profit on sale of fixed assets | 189,242 | - | 1,009,376 | - | 1,198,618 | 344,680 |
| Other income | 5,975 | - | - | - | 5,975 | - |
| | £195,217 | £ - | £1,009,376 | £ - | £1,204,593 | £344,680 |

In 2015, £188,567 of other income was attributable to restricted funds, and the remaining £156,113 was attributable to unrestricted funds.

6 RAISING FUNDS

| | Unrestricted Funds £ | Designated Funds £ | Restricted Funds £ | Endowment Funds £ | Total 2016 £ | Total 2015 £ |
|--------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Investment management expenses | 45,858 | 53,249 | 911 | 5,969 | 105,987 | 99,665 |
| Publication expenses | 17,981 | - | - | - | 17,981 | 25,452 |
| | £63,839 | £53,249 | £911 | £5,969 | £123,968 | £125,117 |

In 2015, £4,980 of costs in relation to raising funds was attributable to endowment funds, £4,421 was attributable to restricted funds, £52,400 was attributable to designated funds, and the remaining £63,316 was attributable to unrestricted funds.

7 CHARITABLE ACTIVITIES

| | Unrestricted Funds £ | Designated Funds £ | Restricted Funds £ | Endowment Funds £ | Total 2016 £ | Total 2015 Restated £ |
|------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|----------------------------------|-----------------------------|--|
| Mission Grants | 1,760,346 | 220,208 | - | - | 1,980,554 | 2,206,818 |
| Ecumenical | 86,776 | 3,163 | - | - | 89,939 | 150,425 |
| Regional Associations | 1,818,828 | - | - | - | 1,818,828 | 2,131,932 |
| Ministry | 922,457 | 236,056 | - | - | 1,158,513 | 530,570 |
| Faith and Society | 843,553 | 72,572 | - | - | 916,125 | 534,195 |
| Advice and Information | 51,315 | 4,264 | - | - | 55,579 | 82,910 |
| Ministerial Training | 102,690 | 148,236 | - | - | 250,926 | 154,896 |
| Pension Deficit Cessation | 75,874 | 109,527 | - | - | 185,401 | 176,730 |
| Benevolent Funds | - | 11,826 | 5,215 | - | 17,041 | 19,163 |
| Retirement Housing | - | - | 410,657 | - | 410,657 | 352,297 |
| Holiday | 7,603 | - | - | - | 7,603 | 22,868 |
| Baptist Union Corporation expenses | 574,971 | - | - | - | 574,971 | 635,872 |
| | £6,244,413 | £805,852 | £415,872 | £ - | £7,466,137 | £6,998,676 |

In 2015, £350 of costs in relation to charitable activities was attributable to endowment funds, £433,201 was attributable to restricted funds, £352,832 was attributable to designated funds, and the remaining £6,211,662 was attributable to unrestricted funds.

Pension Deficit Cessation represents the use of resources from the Pension Reserve fund to clear employer debts to the Baptist Pension Fund relating to closed churches that had no other assets available to cover the debt so ensuring that the Pension Trustee did not have to pursue individual Trustees of such churches for payments.

BAPTIST UNION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

8 OTHER EXPENDITURE

| | Unrestricted Funds £ | Designated Funds £ | Restricted Funds £ | Endowment Funds £ | Total 2016 £ | Total 2015 £ |
|------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Loss on sale of fixed assets | - | - | 9,482 | - | 9,482 | 23,560 |
| | £- | £- | £9,482 | £- | £9,482 | £23,560 |

9 EXPENDITURE ON CHARITABLE ACTIVITIES

| | Direct Charitable £ | Grants (note 23) £ | Support Costs (note 10) £ | Total 2016 £ | Total 2015 Restated £ |
|------------------------------------|------------------------------------|-----------------------------------|--|-------------------------|--------------------------------------|
| Mission Grants | - | 1,980,554 | - | 1,980,554 | 2,206,818 |
| Ecumenical | 20,434 | 50,000 | 19,505 | 89,939 | 150,425 |
| Regional Associations | - | 1,818,828 | - | 1,818,828 | 2,131,932 |
| Ministry | 592,626 | - | 565,887 | 1,158,513 | 530,570 |
| Faith and Society | 468,635 | - | 447,490 | 916,125 | 534,195 |
| Advice and Information | 17,084 | - | 38,495 | 55,579 | 82,910 |
| Ministerial Training | 128,359 | - | 122,567 | 250,926 | 154,896 |
| Pension Deficit Cessation (note 7) | 94,840 | - | 90,561 | 185,401 | 176,730 |
| Benevolent Funds | - | 17,041 | - | 17,041 | 19,163 |
| Retirement Housing | 402,342 | - | 8,315 | 410,657 | 352,297 |
| Holiday | 5,000 | - | 2,603 | 7,603 | 22,868 |
| Baptist Union Corporation expenses | 156,545 | - | 418,426 | 574,971 | 635,872 |
| | 1,885,865 | 3,866,423 | 1,713,849 | 7,466,137 | 6,998,676 |
| Cost of raising funds | | | | 123,968 | 125,117 |
| Loss on sale of fixed assets | | | | 9,482 | 23,560 |
| Total | | | | £7,599,587 | £7,147,353 |

10 SUPPORT COSTS

| | Unrestricted Funds £ | Designated Funds £ | Restricted Funds £ | Endowment Funds £ | Total 2016 £ | Total 2015 Restated £ |
|-------------------------------------|----------------------------|--------------------------|--------------------------|-------------------------|--------------------|-----------------------------|
| Staff | 394,773 | - | - | - | 394,773 | 148,292 |
| Depreciation | 36,138 | - | - | - | 36,138 | 32,745 |
| Property | 431,233 | - | - | - | 431,233 | 287,058 |
| Insurance | 9,400 | - | - | - | 9,400 | 8,860 |
| Printing and postage | 34,223 | - | - | - | 34,223 | 34,358 |
| Other support costs | 32,407 | - | - | - | 32,407 | 39,720 |
| IT | 15,849 | 206,335 | - | - | 222,184 | 50,862 |
| Bank charges | 9,726 | - | - | - | 9,726 | 8,998 |
| Management charges | 212,114 | - | - | - | 212,114 | 275,096 |
| Office facilities | 49,500 | - | - | - | 49,500 | 48,070 |
| Computer expenses | 31,000 | - | - | - | 31,000 | 27,295 |
| | 1,256,363 | 206,335 | - | - | 1,462,698 | 961,354 |
| Governance costs | | | | | | |
| Annual Assembly | (1,056) | - | - | - | (1,056) | 404 |
| Council | 21,589 | - | - | - | 21,589 | 21,834 |
| Committees | 41,199 | - | 1,325 | - | 42,524 | 46,163 |
| Auditors' remuneration (note 11) | 69,893 | - | 6,990 | - | 76,883 | 86,361 |
| Legal and professional fees | 96,648 | - | - | - | 96,648 | 125,845 |
| Trustee Insurance | 14,563 | - | - | - | 14,563 | 19,019 |
| Salaries | - | - | - | - | - | 1,834 |
| Total Governance | 242,836 | - | 8,315 | - | 251,151 | 301,460 |
| Total Support costs | £1,499,198 | £206,335 | £8,315 | £ - | £1,713,849 | £1,262,814 |

Due to a change in apportionment of costs in 2016, some comparative figures have been re-stated.

In 2015, £12,733 of support costs were attributable to restricted funds, and the remaining £1,250,081 was attributable to unrestricted funds.

11 NET INCOME FOR THE YEAR

| | Consolidated | | Charity | |
|---|---------------------|-------------|----------------|-------------|
| | 2016 | 2015 | 2016 | 2015 |
| | £ | £ | £ | £ |
| This is stated after charging/(crediting): | | | | |
| Depreciation | 36,138 | 32,745 | 26,465 | 23,841 |
| Auditors' remuneration: | | | | |
| Audit work | 62,872 | 63,900 | 27,600 | 27,000 |
| Non-audit work | 3,960 | 22,461 | 2,400 | 15,305 |
| Non-audit work – under accrual in respect of prior year | 10,051 | - | 3,193 | - |
| Profit on sale of fixed assets | (1,198,618) | (344,680) | (189,242) | (156,113) |
| Loss on sale of fixed assets | 9,482 | 23,560 | - | - |

12 EMPLOYEES AND TRUSTEES

| | Consolidated | | Charity | |
|--|---------------------|-------------------|-------------------|-------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | £ | £ | £ | £ |
| Staff and appointed minister costs | | | | |
| Salaries and stipends | 1,182,468 | 1,026,434 | 1,182,468 | 982,385 |
| Social security costs | 109,356 | 92,881 | 109,356 | 89,550 |
| Pension costs (note 24) | 137,797 | 272,259 | 137,797 | 263,044 |
| Other costs | 67,743 | 80,233 | 67,743 | 78,341 |
| | 1,497,364 | 1,471,807 | 1,497,364 | 1,413,320 |
| Less: Attributable to other Baptist entities | 225,958 | 193,210 | 476,720 | 347,124 |
| | £1,271,406 | £1,278,597 | £1,020,644 | £1,066,196 |

The average number of employees and appointed ministers during the year was:

| | | | | |
|--|----|----|----|----|
| | 39 | 42 | 30 | 33 |
|--|----|----|----|----|

No employee received emoluments in excess of £60,000 during the year (2015: £nil).

Trustee emoluments, including pension contributions of £8,182, were paid for one trustee (2015: 1), Rev. Lynn Green, amounting to £39,779 (2015: £40,606). Her appointment as trustee is in accordance with the Union's constitution.

No emoluments were paid to any of the other trustees for their work as Trustees.

One trustee, who is also an appointed minister, lived in housing leased by the Union, on the same terms and conditions as other staff for whom housing may be made available.

A total of £6,531 was paid to 31 Trustees in reimbursement of travelling and subsistence expenses as Trustees (2015: £8,305 to 32 Trustees).

Total aggregate remuneration paid to key management personnel during the year was £144,942 (2015: £146,877).

13 TANGIBLE FIXED ASSETS

| Consolidated | Freehold Properties £ | Computer Equipment £ | Furniture and Fittings £ | Total £ |
|---------------------|--------------------------------------|-------------------------------------|---|--------------------|
| Cost | | | | |
| 1 January 2016 | 35,908,938 | 470,899 | 265,977 | 36,645,814 |
| Additions | 4,324,308 | 12,943 | - | 4,337,251 |
| Disposals | (1,438,585) | - | - | (1,438,585) |
| 31 December 2016 | 38,794,661 | 483,842 | 265,977 | 39,544,480 |
| Depreciation | | | | |
| 1 January 2016 | - | 342,856 | 265,977 | 608,833 |
| Charge for the year | - | 36,138 | - | 36,138 |
| 31 December 2016 | - | 378,994 | 265,977 | 644,971 |
| Net Book Value | | | | |
| 31 December 2016 | £38,794,661 | £104,848 | - | £38,899,509 |
| 31 December 2015 | £35,908,938 | £128,043 | £ - | £36,036,981 |
| Charity | Freehold Properties £ | Computer Equipment £ | Furniture and Fittings £ | Total £ |
| Cost | | | | |
| 1 January 2016 | 3,453,921 | 199,090 | 265,977 | 3,918,988 |
| Additions | 1,511,510 | 12,943 | - | 1,524,453 |
| Disposals | (422,408) | - | - | (422,408) |
| 31 December 2016 | 4,543,023 | 212,033 | 265,977 | 5,021,033 |
| Depreciation | | | | |
| 1 January 2016 | - | 133,069 | 265,977 | 399,046 |
| Charge for the year | - | 26,465 | - | 26,465 |
| 31 December 2016 | - | 159,534 | 265,977 | 425,511 |
| Net Book Value | | | | |
| 31 December 2016 | £4,543,023 | £52,499 | £- | £4,595,522 |
| 31 December 2015 | £3,453,921 | £66,021 | £ - | £3,519,942 |

Most of the fixed assets are used for direct charitable purposes. Some of the computers, office equipment and furniture and fittings are used both for direct charitable expenditure and for management and administration.

No depreciation is provided on freehold properties owned by the Union for the furtherance of its objects.

14 FIXED ASSET INVESTMENTS

| Consolidated | Quoted at market value | Total 2016 | Total 2015 Restated |
|---|---------------------------|--------------------|------------------------|
| | £ | £ | £ |
| Balance at 1 January | 17,049,374 | 17,049,374 | 16,756,244 |
| Additions | 3,846,568 | 3,846,568 | 2,214,150 |
| Disposals | (3,984,147) | (3,984,147) | (1,403,569) |
| Realised and unrealised gains/(losses) | 1,941,021 | 1,941,021 | (517,450) |
| Balance at 31 December | £18,852,816 | £18,852,816 | £17,049,375 |
| Investment in Joint Venture: | | | |
| Share of net liabilities in Joint Venture | | (185,495) | (9,215) |
| | | £18,667,321 | £17,040,160 |
| | | 2016 | 2015 |
| | | £ | £ |
| Historical cost of listed investments | | £18,454,880 | £19,507,932 |

The item noted above as Investment in Joint Venture represents a 50% holding in Baptist House Limited.

| Charity | Unquoted at cost | Quoted at market value | Investment in Baptist Union Corporation Limited | Total 2016 | Total 2015 |
|--|---------------------|---------------------------|--|--------------------|--------------------|
| | £ | £ | £ | £ | £ |
| Balance at 1 January | 2,116,687 | 13,186,791 | 6,377,972 | 21,681,450 | 21,587,042 |
| Additions | 132,983 | 2,294,822 | - | 2,427,805 | 1,720,820 |
| Disposals | - | (2,411,287) | - | (2,411,287) | (795,521) |
| Realised and unrealised gains/(losses) | - | 1,526,101 | 256,265 | 1,782,366 | (30,891) |
| Impairment | - | - | - | - | (800,000) |
| Balance at 31 December | £2,249,670 | £14,596,427 | £6,634,237 | £23,480,334 | £21,681,450 |
| | | | | 2016 | 2015 |
| | | | | £ | £ |
| Historical cost of investments | | | | 14,735,987 | £15,770,820 |
| The following investments exceeded 5% of the total portfolio: | | | | 2016 | 2015 |
| | | | | £ | £ |
| Royal London Ethical Charities Property Fund | | | | 2,553,677 | 2,893,056 |
| | | | | 1,122,374 | 1,111,131 |
| Unquoted investments at cost | | | | 2016 | 2015 |
| | | | | £ | £ |
| Baptist Holiday Fellowship Limited | | | | 16,687 | 16,687 |
| Joint Arrangement – between the Baptist Missionary Society and the Baptist Union of Great Britain | | | | 2,232,983 | 2,100,000 |
| | | | | £2,249,670 | £2,116,687 |

14 FIXED ASSET INVESTMENTS (continued)

The unquoted investments represent 83.435% of the issued share capital of the Baptist Holiday Fellowship Limited which provides holidays, and 50% of the Joint Arrangement between the Baptist Missionary Society and the Baptist Union of Great Britain which owns and runs the premises at Baptist House.

The following entities have been consolidated because of the control exercised by the parent charity:

Baptist Union Corporation Limited is a company limited by guarantee, registered number 00032743, and a registered charity, number 249635. It has been consolidated on a line by line basis. During the year ended 31 December 2016 Baptist Union Corporation Limited made a surplus of £438,551 (2015: deficit of £24,263) based on a turnover of £968,662 (2015: £938,768). The company had capital and reserves of £9,893,325 (2015: £9,454,774).

Retired Baptist Ministers' Housing Society Limited is a Co-operative and Community Benefit Society registered in England. It has been consolidated on a line by line basis. During the year ended 30 September 2016 Retired Baptist Ministers' Housing Society Limited made a surplus of £2,050,066 (2015: £792,619), and the Company had accumulated capital and reserves of £28,829,267 (2015: £26,779,201).

The Baptist Union of Great Britain appoints a majority of the Directors of Baptist Holiday Fellowship Limited, registered number 00133395, and registered charity number 270618. It has been consolidated on a line by line basis. During the year ended 30 November 2016 Baptist Holiday Fellowship Limited made a loss of £4,226 (2015: £61,029) based on a turnover of £40,884 (2015: £41,087) and the company had accumulated reserves of £214,133 (2015: £218,359).

The Baptist Union of Great Britain appoints half of the committee of the Joint Arrangement with BMS World Mission which operates Baptist House Didcot for the Union and BMS World Mission. The Union's share of the Joint Arrangement has been accounted for as a branch. During the year ended 31 October 2016 the Joint Arrangement made a surplus of £85,908 (2015: £71,341) based on a turnover of £810,331 (2015: £807,342) and the Joint Arrangement had an accumulated deficit on reserves of £243,593 (2015: £157,685). During 2015, and following an impairment review, the trustees felt it appropriate to recognise an impairment of £800,000 against the charity's investment in the Joint Arrangement.

The Baptist Union of Great Britain appoints half of the Directors of The Baptist Assembly, which is a company limited by guarantee, registered number 06782754 and registered charity, number 1128440. The Union's share of the results for the year to 31 August 2016 are included in the consolidated financial statements. While the year end is 31 August, the figures would not have been materially different if the year-end had been coterminous with the Union. During the year ended 31 August 2016 the Baptist Assembly made a deficit of £11,250 (2015: deficit £4,051) based on a turnover of £26,248 (2015: £26,825). The company had capital and reserves of £39,301 (2015: £50,551).

Baptist House Limited is a company limited by guarantee, registered number 02366122. The Union's share has been consolidated as a joint venture. During the year ended 31 October 2016 Baptist House Limited made a surplus of £5,009 (2015: deficit of £40,875) based on a turnover of £58,830 (2015: £57,887) and the Company had an accumulated deficit on reserves of £46,622 (2015: £18,430). The Union has offered support to allow the company to trade in 2017.

BAPTIST UNION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

| 15 DEBTORS | Consolidated | | Charity | |
|---|---------------------|--------------------|-------------------|-------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | £ | £ | £ | £ |
| Accrued income | 876,984 | 913,391 | 1,356,926 | 706,925 |
| Prepayments and other debtors | 364,686 | 242,741 | 125,344 | 49,843 |
| Loans to staff | 39,114 | 41,249 | 39,114 | 41,249 |
| | 1,280,784 | 1,197,381 | 1,521,384 | 798,017 |
| Baptist Strategy Building Scheme (BSBS) loans | 196,000 | 335,708 | 196,000 | 335,708 |
| Baptist Union Corporation (BUC) Loans: | | | | |
| - Manses | 4,346,383 | 4,885,436 | - | - |
| - Churches | 10,345,893 | 8,898,574 | - | - |
| - Pensions | 96,502 | 104,852 | - | - |
| | 14,788,778 | 13,888,862 | - | - |
| | £16,265,562 | £15,421,951 | £1,717,384 | £1,133,725 |

In respect of the outstanding BSBS loans of £196,000, £12,200 is due to be repaid within 12 months, £17,200 is due to be repaid between two and five years, and £166,600 is due to be repaid in more than five years.

In respect of the outstanding BUC loans of £14,788,778 (2015: £13,888,862), £947,400 (2015: £1,943,848) is due to be repaid within 12 months, £2,413,133 (£1,294,949) is due to be paid within two years, £5,187,240 (2015: £3,208,694) is due to be repaid between three and five years, and £6,241,005 (2015: £7,441,371) is due to be repaid in more than five years.

Loans totalling £3,754,574 (2015: £4,638,047) have been approved but not taken up as at 31 December 2016.

| 16 CASH AND BANK BALANCES | Consolidated | | Charity | |
|----------------------------------|---------------------|--------------------|-------------------|-------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | £ | £ | £ | £ |
| Notice Deposits | 9,625,177 | 21,066,320 | 2,116,794 | 4,368,022 |
| Short-term deposits | 15,233,973 | 2,949,697 | 1,000,000 | 1,000,000 |
| | £24,859,150 | £24,016,017 | £3,116,794 | £5,368,022 |

Notice deposits are available in less than three months; short-term deposits are available in more than three months but less than 12 months.

| 17 CREDITORS | Consolidated | | Charity | |
|--------------------------------------|---------------------|--------------------|-----------------|-----------------|
| | 2016 | 2015 | 2016 | 2015 |
| | £ | £ | £ | £ |
| Amounts falling due within one year: | | | | |
| Accruals and other creditors | 399,743 | 408,603 | 300,598 | 229,730 |
| Miscellaneous Trust Account assets | 15,193,426 | 14,100,147 | - | - |
| Covenant Trust Account assets | 12,765 | 10,881 | - | - |
| Loan fund deposits | 14,220,171 | 12,564,793 | - | - |
| Loans | 3,176,228 | 2,852,717 | - | - |
| | £33,002,333 | £29,937,141 | £300,598 | £229,730 |

Included with the Loans balance is £1,759,437 (2015: £1,655,926) of interest free loans which represent contributions received towards the cost of properties which are to be repaid when the tenancy is terminated. These are shown as current liabilities as the dates of repayment cannot be determined.

Also, included within the loan balance is a HSBC loan of £1,416,791 (2015: £1,196,791) which is secured on 16 properties. Interest is payable monthly at 1.8% over the base rate. There are no set repayments, but the charity can make lump sum repayments when cash flow permits.

18 PROVISION FOR LIABILITIES – Consolidated and Charity

| | Consolidated | | Charity | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | £ | £ | £ | £ |
| Defined Benefit pension scheme liability | £4,341,185 | £5,795,643 | £4,192,440 | £5,215,815 |
| Balance at 1 January 2016 | 5,795,643 | | 5,215,815 | |
| Contributions paid in the year | (592,044) | | (495,708) | |
| Movement in the period | (862,414) | | (527,667) | |
| Balance at 31 December 2016 | 4,341,185 | | 4,192,440 | |

A further liability of £324,369 arose in Baptist House Limited on the Baptist Union Staff Pension Scheme, which was eliminated on consolidation.

19 ENDOWMENT FUNDS – Consolidated and Charity

| | 1 January | Income | Expenditure | Gains and Losses | Transfers | 31 December |
|-------------------|-----------------|----------------|-----------------|--------------------|-----------------------|-------------------|
| | 2016 | | | | | |
| | £ | £ | £ | £ | £ | £ |
| Sustentation Fund | £921,624 | £28,403 | (£5,969) | £94,193 | (£28,403) | £1,009,848 |
| | | | | Investments | Current Assets | Total |
| | | | | £ | £ | £ |
| Sustentation Fund | | | | £877,138 | £132,710 | £1,009,848 |

The Sustentation Fund income is available for provision of Ministry and the income was transferred to unrestricted income to support grants for ministry in accordance with the Trust Deed.

20 RESTRICTED FUNDS

| | 1 January 2016 £ | Income £ | Expenditure £ | Gains and Losses £ | Transfers £ | 31 December 2016 £ |
|---|------------------------|-------------------|-------------------|--------------------------|-------------------|--------------------------|
| Deaconesses' Benevolent Fund | 12,461 | - | - | - | - | 12,461 |
| Ministers' Benevolent Fund | 61,189 | 1,014 | (1,018) | 4,516 | (65,701) | - |
| Pension Reserve | - | 158,903 | - | - | - | 158,903 |
| Retired Ministers' Benevolent Fund | 228,418 | 23,537 | (1,708) | 15,745 | (229,992) | 36,000 |
| Widows' Benevolent Fund | 10,634 | 91 | (3,400) | - | (7,325) | - |
| Total Charity | 312,702 | 183,545 | (6,126) | 20,261 | (303,018) | 207,364 |
| Retired Baptist Ministers Housing Society | 26,779,201 | 2,459,104 | (410,657) | 1,619 | - | 28,829,267 |
| Baptist Union Corporation | 464,995 | - | (9,482) | - | - | 455,513 |
| Total Consolidated | £27,556,898 | £2,642,649 | (£426,265) | £21,880 | (£303,018) | £29,492,144 |

| | Fixed Assets £ | Investments £ | Current Assets £ | Total £ |
|---|--------------------|------------------|---------------------|--------------------|
| (a) Deaconesses' Benevolent Fund | - | - | 12,461 | 12,461 |
| (b) Ministers' Benevolent Fund | - | - | - | - |
| (c) Pension Reserve | - | - | 158,903 | 158,903 |
| (d) Retired Ministers' Benevolent Fund | - | - | 36,000 | 36,000 |
| (e) Widows' Benevolent Fund | - | - | - | - |
| Total Charity | - | - | 207,364 | 207,364 |
| (f) Retired Baptist Ministers Housing Society | 31,091,309 | 37,623 | (2,299,665) | 28,829,267 |
| (g) Baptist Union Corporation | 313,498 | - | 142,015 | 455,513 |
| Total Consolidated | £31,404,807 | £37,623 | (£1,950,286) | £29,492,144 |

- (a) The Deaconesses' Benevolent Fund assists former members of the Deaconesses' Order.
- (b) The Ministers' Benevolent Fund assists ministers on the accredited list. During the year, an analysis of the fund was completed and as a result the fund was closed and the balance transferred to the Pastoral Fund.
- (c) The Pension Reserve has been established following the receipt of a legacy to support the Baptist denomination in addressing the issues relating to the deficit in the Baptist Pension Scheme. Funds are intended to be used to (1) clear the debts to the scheme of closed churches where no other funds are available, in order to avoid the Pension Trustees having to pursue individual church trustees for repayment, and (2) provide funds to reduce the overall deficit in the Baptist Pension Scheme.
- (d) The Retired Ministers' Benevolent Fund assists retired ministers on the accredited list. During the year, an analysis of the fund was completed and except for £36,000 that was identified as legally restricted due to the source of the funds, the balance was transferred to the Pastoral Fund.
- (e) The Widows' Benevolent Fund assists widows of ministers who were on the accredited list. During the year, an analysis of the fund was completed and as a result the fund was closed and the balance transferred to the Pastoral Fund.
- (f) Retired Baptist Ministers Housing Society provides housing for retired Baptist ministers and their spouses.
- (g) Baptist Union Corporation holds freehold properties for direct charitable purposes and are for the housing of retired Baptist ministers, missionaries and their widows/widowers.

21 DESIGNATED FUNDS

| | 1 January 2016 £ | Income £ | Expenditure £ | Gains and Losses £ | Transfers £ | 31 December 2016 £ |
|--|------------------------|-----------------|-------------------|--------------------------|---------------------|--------------------------|
| Newington Court | 3,872,083 | 130,200 | (151,239) | 379,860 | (4,230,904) | - |
| Student Training capital | 4,765,519 | 149,174 | (154,401) | 488,052 | (5,248,344) | - |
| Loan fund capital | 6,377,972 | - | - | 256,267 | - | 6,634,239 |
| Baptist Strategy Building Scheme | 335,708 | 1,200 | (88,708) | - | (52,200) | 196,000 |
| Pension Reserve | 1,795,708 | 27,857 | (99,005) | 79,944 | 4,402,174 | 6,206,678 |
| Baptist House JV | 2,100,000 | - | - | - | 132,983 | 2,232,983 |
| Baptist House | - | - | - | - | 867,107 | 867,107 |
| Fixed Asset Reserve | 3,182,456 | - | - | - | 1,360,567 | 4,543,023 |
| One off Projects Reserve | 209,063 | - | (260,618) | - | 187,867 | 136,312 |
| Pastoral Fund | 455,594 | 20,583 | (15,130) | 59,989 | 303,018 | 824,054 |
| Ministry Review Fund | 100,000 | - | - | - | - | 100,000 |
| Mission Support Fund | 210,000 | - | (90,000) | - | (15,000) | 105,000 |
| Total Charity | 23,404,103 | 329,014 | (859,101) | 1,264,112 | (2,292,732) | 21,845,396 |
| Loan fund capital – removed on consolidation | (6,377,972) | - | - | (256,267) | - | (6,634,239) |
| Total Consolidated | £17,026,131 | £329,014 | (£859,101) | £1,007,845 | (£2,292,732) | £15,211,157 |

| | Fixed £ | Investment £ | Current £ | Total £ |
|--------------------------------------|-------------------|-------------------|-------------------|--------------------|
| (a) Newington Court | - | - | - | - |
| (b) Student Training capital | - | - | - | - |
| (c) Loan fund capital | - | - | - | - |
| (d) Baptist Strategy Building Scheme | - | - | 196,000 | 196,000 |
| (e) Pension Reserve | - | 4,364,572 | 1,842,106 | 6,206,678 |
| (f) Baptist House JV Investment | - | 2,232,983 | - | 2,232,983 |
| (g) Baptist House | - | - | 867,107 | 867,107 |
| (h) Fixed Asset Reserve | 4,543,023 | - | - | 4,543,023 |
| (i) One-off Projects Reserve | - | - | 136,312 | 136,312 |
| (j) Pastoral Fund | - | 754,774 | 69,280 | 824,054 |
| (k) Ministry Review Fund | - | - | 100,000 | 100,000 |
| (l) Mission Support Fund | - | - | 105,000 | 105,000 |
| | £4,543,023 | £7,352,329 | £3,315,805 | £15,211,157 |

- (a) The Newington Court fund was a designated fund with income and capital to be allocated by the Trustees for mission purposes. Following a review of designated funds during the year, £0.5m was transferred to the Baptist House refurbishment fund and of the remainder, half was transferred to the Pension Reserve designated fund and half to Unrestricted funds to support continuation of the work within the Unrestricted fund expenditure.
- (b) The Student Training Capital Fund was used to supplement grants to students in colleges. Following a review of designated funds during the year, £0.5m was transferred to the Baptist House refurbishment fund and of the remainder, half was transferred to the Pension Reserve designated fund and half to Unrestricted funds to support continuation of this work within the Unrestricted fund expenditure.
- (c) The Loan Fund Capital is the investment in Baptist Union Corporation which provides capital to the Baptist Union Loan Fund. The loan fund primarily assists churches with finance for new buildings, for extensions and/or refurbishment of church premises, for the purchase of church manses and loans to enable churches to pay off their pension deficits – this is removed on consolidation.
- (d) The Baptist Strategy Building Scheme provided loan finance to churches in strategic places. The fund represents balances outstanding and is no longer open to new applications. As loans are repaid, funds are transferred to Unrestricted funds.

21 DESIGNATED FUNDS (continued)

- (e) The Pension Reserve has been established by the Baptist Union of Great Britain to support the Baptist denomination in addressing the issues relating to the deficit in the Baptist Pension Scheme. Funds are intended to be used to (1) clear the debts to the scheme of closed churches where no other funds are available, in order to avoid the Pension Trustees having to pursue individual church trustees for repayment, and (2) provide funds to reduce the overall deficit in the Baptist Pension Scheme.
- (f) The Baptist House Joint Arrangement Investment recognises the investment in Baptist House that is used for operational purposes to provide office accommodation for the Specialist Teams and is not readily a liquid asset. Following a review of the most cost-effective way of meeting BUGB's future office requirements, it was agreed to refurbish Baptist House as our long-term office location for the foreseeable future. During 2016, an additional £132,983 was invested in Baptist House due to the ongoing refurbishment.
- (g) The Baptist House Refurbishment Fund represents the funds set aside for the Unions share of the costs of refurbishing Baptist House, including work on the fabric and plant of the building and furniture and equipment to support the users of the building by BUGB. This process commenced during the year and is expected to complete in the first half of 2017.
- (h) The Fixed Asset Reserve holds fixed assets used to support the ongoing operations of BUGB. This reserve includes essential housing provided for Association and other Union staff as well as furniture, fittings, computers, software and other assets. This is not a readily liquid asset.
- (i) The One-off Projects Reserve was set up in 2015 to facilitate one-off strategic mission projects. It is envisaged that the fund will be fully spent by the end of 2018.
- (j) The Pastoral Fund was created in 2015 from the former JA Spurgeon Memorial Fund and exists for the relief of need, hardship or distress. During the year, funds were transferred into the Pastoral Fund from a number of other Restricted funds with overlapping or similar objectives. See note 20 for more details.
- (k) The Ministry Review Fund was set up in 2015, to provide assistance in completing the ministry review in a timely manner and facilitating extraordinary expenditure deemed necessary by BUGB and support to key strategic projects. It is envisaged that the fund will be fully spent by the end of 2018.
- (l) The Mission Support Fund was set up in 2015, to provide assistance in developing mission throughout Great Britain, payments from the fund being assessed on the basis of perceived need as determined by the BUGB Baptist Steering Group.

22 ANALYSIS OF NET ASSETS - Consolidated

| | Fixed Assets | Investments | Current Assets | Provisions | Total |
|--------------------|---------------------|--------------------|-----------------------|---------------------|--------------------|
| | £ | £ | £ | £ | £ |
| Endowment Funds | - | 877,138 | 132,710 | - | 1,009,848 |
| Restricted Funds | 31,404,807 | 7,352,329 | (9,264,992) | - | 29,492,144 |
| Designated Funds | 4,543,023 | 3,762,630 | 6,905,504 | - | 15,211,157 |
| Unrestricted Funds | 2,951,679 | 6,675,224 | 10,349,157 | (4,341,185) | 15,634,875 |
| | £38,899,509 | £18,667,321 | £8,122,379 | £(4,341,185) | £61,348,024 |

BAPTIST UNION OF GREAT BRITAIN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

23 GRANTS

The Baptist Union of Great Britain makes grants to some of its member churches for the provision of ministers and to other Baptist and ecumenical organisations in the furtherance of the Union's objects as set out in the trustees' report.

The largest grants made during the year were as follows:

| | 2016 | 2015 |
|---|-------------------|-------------------|
| | £ | £ |
| Operational Funding Grants to Regional Associations | 1,818,828 | 2,121,932 |
| General Grants for Baptist Organisations | 54,950 | 59,450 |
| European Baptist Federation | - | 8,200 |
| | £1,873,778 | £2,189,582 |

Ecumenical Grants

| | | |
|--|----------------|-----------------|
| Education Help for European Baptists | - | 60,000 |
| Churches Together in England | 24,000 | 20,000 |
| Cytun | 7,000 | 7,000 |
| Churches Together in Britain and Ireland | 7,000 | 7,000 |
| World Council of Churches | 5,100 | 5,000 |
| Free Churches Council | 1,500 | 1,500 |
| Other grants | 5,400 | 8,306 |
| | £50,000 | £108,806 |

Summary

| | | |
|---|-------------------|-------------------|
| Operational Funding Grants to Regional Associations | 1,818,828 | 2,121,932 |
| General Grants for Baptist Organisations | 54,950 | 67,650 |
| Ecumenical grants | 50,000 | 108,806 |
| Mission grants | 1,698,396 | 1,848,845 |
| Other grants | 244,249 | 19,163 |
| | £3,866,423 | £4,166,396 |

24 PENSIONS

The Union is an employer participating in two pension schemes: the Baptist Pension Scheme ("the BPS") and the Baptist Union Staff Pension Scheme ("the BUSPS"). The BPS and BUSPS are separate legal entities which are both administered by the Pension Trustee (Baptist Pension Trust Limited).

From January 2012, pension provision for the Ministers and members of staff is being made through the Defined Contribution (DC) Plan within the BPS. 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 to cover Death in Service Benefits, administration costs, and an associated insurance policy which provides income protection for BPS 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 Unum Limited. Members of the Basic Section of BPS 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 BPS, or through the BUSPS. The main benefits were:

- In the BPS, 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.
- In the BUSPS, a pension of one seventieth of a member's average salary over the last three years of pensionable service.
- The BPS, previously known as the Baptist Ministers' Pension Fund, started in 1925, and the BUSPS started in 1969. Both schemes were closed to future accrual of defined benefits on 31 December 2011. Neither scheme is contracted out of the State Second Pension.

24 PENSIONS (continued)

The table below summarises the main results of the most recent actuarial valuations of the BUSPS and the Defined Benefit (DB) Plan in the BPS. These valuations were performed by a professionally qualified Actuary using the Projected Unit Method.

| | BPS DB Plan | BUSPS |
|-----------------------------------|------------------|----------------|
| Date of valuation | 31 December 2013 | 1 January 2014 |
| Date next valuation due | 31 December 2016 | 1 January 2017 |
| Market value of scheme assets (A) | £162m | £7.3m |
| Technical provisions (B) | £246m | £12.4m |
| Deficit [(B) – (A)] | £84m | £5.1m |
| Funding level [(A) / (B)] | 66% | 59% |

As a result of the valuations, in addition to the contributions to the DC Plan set out above, it was agreed:

- For the BPS, to increase the standard rate of deficiency contributions payable by churches and other employers involved in the DB Plan from 11% of Pensionable Income/ Minimum Pensionable Income to be based on a 12% rate from 1 January 2016. The contributions are based on each church's or other employer's position at March 2015. Some churches or other employers that were only involved in the DB Plan for a short period pay less than 12%. The Recovery Plan envisages deficiency contributions continuing until 30 June 2035.
- For the BUSPS, to increase deficiency contributions from their current levels to an aggregate between the employers of £759,000 pa from 1 January 2016. Under the schedule and contributions this amount increases each January in line with RPI inflation until 31 December 2023, and is split between the BUSPS sponsoring employers in line with their estimated share of the BUSPS liabilities. The Baptist Union of Great Britain's current share is approximately £575k (charity only) including an amount of £58k relating to Baptist Times Limited and £633k (consolidated). The Recovery Plan that sets out these contributions envisages deficiency contributions being required for some 10 years.

24 PENSIONS (continued)

The financial assumptions underlying the valuations were as follows:

| Type of assumption | % pa |
|---|------|
| RPI price inflation assumption | 3.60 |
| CPI price inflation assumption | 2.85 |
| Minimum Pensionable Income increases (BPS only) | 3.85 |
| Pensionable Salary increases (BUSPS only) | 3.85 |
| Assumed investment returns | |
| Pre-retirement | 5.10 |
| Post retirement | 3.95 |
| Deferred pension increases | |
| Pre April 2009 | 3.60 |
| Post April 2009 | 2.50 |
| Pension increases (BPS main scheme pension and BUSPS pension) | |
| Pre April 2006 | 3.40 |
| Post April 2006 | 2.30 |

As there is a large number of contributing employers participating in the BPS and the BUSPS, the Union does not have sufficient information to identify its share of the underlying assets and liabilities of the schemes. Accordingly, due to their nature, the schemes are accounted for as if they were defined contribution schemes.

The total pension cost recognised in the Statement of Financial Activities is:

| | 2016 | 2015 |
|--|--------------------------|--------------------------|
| Defined contribution plan: | | |
| - current period contributions | 104,529 | 83,101 |
| Multi-employer defined benefit plans: | | |
| BPS - deficiency contributions in respect of prior service periods | 33,268 | 29,955 |
| | <u>137,797</u> | <u>113,056</u> |
| BUSPS - additional funding (credit)/charge | (862,414) | 1,851,896 |
| | <u>£(724,617)</u> | <u>£1,964,952</u> |

A liability of £4,341,185 (2015: £5,795,643) (Charity only: £4,192,440 (2015: £5,215,815)) has been recognised in respect of the agreed deficit payment plan of the BUSPS, representing the present value of future deficiency contributions payable under the terms of its agreement with the BUSPS, with the resulting credit/charge of £862,414 (2015: £1,851,896) recognised in the Statement of Financial Activities.

It is not possible to reliably measure or accurately estimate the Union's share of the liability arising on the agreed deficit payment plan of the BPS, therefore no similar provision has been included at 31 December 2015 or 31 December 2016.

An Actuarial valuation of the Ministers' fund DB Plan will take place not later than 31 December 2016 and an actuarial valuation of the Staff Scheme DB Plan will also take place on 1 January 2017. The results of these valuations are expected to be available by the end of 2017.

25 RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES

| | 2016 | 2015 |
|---|-------------------|-----------------|
| | £ | £ |
| Net income for the reporting period | 3,693,752 | 964,646 |
| Adjustments for: | | |
| - Net gains/(losses) on investments | (1,941,021) | 517,450 |
| - Net interest in results for joint venture | 176,281 | (2,506) |
| | <hr/> | <hr/> |
| Net income before gains on investment | 1,929,012 | 1,479,590 |
| Adjustments for: | | |
| - Depreciation | 36,138 | 32,745 |
| - Dividends and interest from investments | (887,837) | (924,610) |
| - Net gains on sale of fixed assets | (1,189,136) | (321,120) |
| - Decrease in stocks | 9,533 | 4,239 |
| - (Increase) in debtors | (843,611) | (2,055,963) |
| - Increase in creditors and provisions | 2,473,148 | 2,430,060 |
| | <hr/> | <hr/> |
| Net cash provided by operating activities | £1,527,247 | £644,941 |

26 ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 1 Jan 2016 | Cash Flow | 31 Dec 2016 |
|---------------------|--------------------|------------------|--------------------|
| | £ | £ | £ |
| Notice deposits | 21,066,320 | (11,441,143) | 9,625,177 |
| Short-term deposits | 2,949,697 | 12,284,276 | 15,233,973 |
| | <hr/> | <hr/> | <hr/> |
| | £24,016,017 | £843,133 | £24,859,150 |

Included within the total cash balance is £132,710 (2015: £134,572) attributable to the endowment fund, and therefore this amount is not available to use to further the activities of the charity.

27 RELATED PARTY TRANSACTIONS

There are no related party transactions that require disclosure in the financial statements.