



FINANCIAL STATEMENTS 2021

BAPTIST UNION CORPORATION LTD

YEAR ENDED 31 DECEMBER 2021

INTRODUCTION

The Directors of the Baptist Union Corporation Ltd (“The Corporation”) present their Annual Report together with the audited financial statements for the year ended 31 December 2021 which comply with the Companies Act 2006, 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 Financial Statements are structured as follows:

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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021

SECTION 1 – OUR OBJECTIVES AND ACTIVITIES

Our Objectives

The principal object of the Corporation is the advancement of Christian Faith and its Practice, especially by the means of and in accordance with the principles of the Baptist Denomination. Its activity is directed towards helping Baptist churches in their work, not least through encouraging the effective management of their assets and resources.

The Corporation's principal activities are to act as custodian/holding trustee of many Baptist Churches, administering the Baptist Union Loan Fund and operating the Baptist Union Gift Aid Scheme. It also helps churches with guidance on legal, property and charity matters as well as having responsibility for various funds and investments.

The charitable Corporation is part of the family of Baptist organisations serving the needs of many of the Baptist Churches in Great Britain and works especially closely with the Baptist Union of Great Britain.

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.

Throughout 2021 the Corporation continued to support the Baptist Union and its member churches, Regional Associations and Colleges in a wide range of activities including:

- Providing a wide range of support services, including legal and general advice, Gift Aid service and acting as custodian trustees.
- Making Loans to churches for new buildings, for extensions and/or refurbishment of church premises as well as the sale and purchase of church manses.
- Helping churches generate income with a range of interest-bearing deposits.
- Supporting the Baptist denomination through the provision of a £20m loan to support the Family Solution to reduce the deficit in the Baptist Pension Scheme.

Our Strategies to achieve success

The Corporation operates in line with its agreed 5-year strategic plan for 2017 – 2022 which covers the core areas of its work setting objectives, measurable goals and assessing achievements year on year against these. Key features of the strategic plan are

- Delivering high quality legal support to churches
- Supporting churches in property transactions
- Equipping churches and other Baptist bodies through offering loans and deposits that offer market leading rates of interest.
- Managing the Corporation's activities in line with good practice.

The Directors review the strategic plan each year and are planning a refresh in 2022 (previously scheduled for last year). The Corporation monitors the quality of services delivered through church satisfaction surveys to evaluate the quality and effectiveness of the work undertaken.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021

SECTION 2 – STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Corporation is governed by its Memorandum and Articles of Association dated 14th November 1890, as amended by Special Resolutions dated 14th April 1950, 12th March 1963, 22nd November 2001, 15th March 2005, 20th March 2006, 3rd May 2013, 24th June 2014, and 30th June 2016.

Recruitment and Training of Directors

The Corporation is run by a Board of Directors who act as directors of the Corporation, and who met four times in 2021. The Board of Directors consists of:

- Up to two senior staff chosen by the Baptist Union of Great Britain, and the Treasurer for the time being of the Baptist Union of Great Britain; who serve ex-officio.
- The Moderator of the Corporation; appointed by the members in the Annual General Meeting.
- Thirteen Association Directors; one appointed by each of the thirteen Associations designated by the Baptist Union of Great Britain, as set out below.
- Up to five Directors; co-opted by the remaining Directors.

Prospective Directors are asked to confirm they are not disqualified from serving as charity trustees. After appointment they are provided with information about governance and the Corporation's principal activities and processes. Updates on current legal issues are regularly provided to the Directors.

For the purposes of good governance, the Memorandum and Articles of Association of the Corporation had previously been amended by a Special Resolution of the members to provide term limits for the Directors. Directors may be appointed for a maximum of three terms of three years.

The Directors also completed a Skills Survey to identify the specific contribution they could bring to the Board and to enable the Corporation to identify areas where the experience of the Board could be strengthened and recruit to the Board accordingly.

During 2018, the Directors established a governance subcommittee to review the governance of the Corporation against the recommendations of the Charity Governance Code. The subcommittee produced an initial report to Directors in December 2019. The resulting action plan was agreed by the board in 2020 and a number of improvements have been implemented in a number of areas including recruitment of directors, the induction process for new directors and the setting of the agenda for board meetings. Following the refresh of the Charity Governance Code in December 2020 the directors anticipate reviewing whether any further actions are required by the end of 2022.

Directors' interests

No Director had any beneficial interest in the Corporation or in any contract or arrangement of a material nature with the Corporation during the year under review, although two churches (2020: two) of which a Director is a member, have loans from the Corporation in the ordinary course of their business. Expenses were paid to 15 Directors (2020: 4) amounting to £2,342 (2020: £620).

Related Parties

The members of the Corporation are the members of the Trustee Board of the Baptist Union of Great Britain. The Home Mission Fund is the principal working fund of that Union. The Home Mission Fund provides staff, offices and ancillary support to the Corporation, as well as substantial capital. Details of these costs and interest paid are set out in note 20 of these financial statements.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021

SECTION 2 – STRUCTURE, GOVERNANCE AND MANAGEMENT

Key management personnel remuneration

Key management personnel are considered to be:

- The Board of Directors for the Corporation – as detailed below under the section “Who we are”
- Support Services Team Leader and Company Secretary Mr Richard Wilson
- Baptist Union Corporation Ltd Manager Mrs Caroline Sanderson
- Commercial and Church Support Manager Mr Tim Chowns
- Baptist Union Corporation Ltd Finance Officer Lord Ian Wakeham

All staff of the Corporation are employed by the Baptist Union of Great Britain and the arrangements for setting the pay and remuneration is the responsibility of the Trustee Board of the Baptist Union. There is a management fee in place whereby the Corporation reimburses staff costs to BUGB in proportion to the work done on behalf of the Corporation and the Union.

Risk Management

The Corporation maintains a Risk Management Matrix which is reviewed annually by the Directors and key management personnel as a means of identifying the risks, financial and non-financial that might affect the work and reputation of the Corporation. The aim is to establish and operate appropriate and adequate controls. A full review of the Matrix is presented to the Directors annually, and highlights are also given every meeting.

The key risks identified in the most recent review were:

Risk	Approach to monitoring and management of the risk
A requirement to comply with a new set of banking laws or regulations that is of such high cost as to be a threat to the BUC business model.	Advice has been taken from Leading Counsel on the regulatory environment faced by the Corporation for its financial services. The Corporation’s solicitors actively monitor developments in banking regulation and report to the board annually.
Breach of statutory regulations leading to reputational damage and/or external enforcement action	The Corporation’s solicitors actively monitor relevant legal developments and report to the board annually.
Failure of governance and control of the Corporation.	The Corporation’s solicitors provide regular input to the board to ensure good governance is followed. A Governance review was completed in 2020 to ensure compliance with the Charity Governance Code.
A long term significant economic decline causing a collapse of loan applications with an increased number of loan defaults	Lending policy in place with balance of loans tracked and reviewed. Appropriate level of capital held to absorb borrower defaults.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021

SECTION 2 – STRUCTURE, GOVERNANCE AND MANAGEMENT

Funds and Property Held as Custodian Trustee on Behalf of Others

The charity holds financial assets as Custodian Trustee for 24 Baptist organisations which have objects that are compatible with the charitable objects of the Corporation. The Corporation acts solely as an Agent and carries no decision-making capacity.

Type of Assets Held	£'000	Organisations
Cash Deposits	308	2
Income Units	527	9
National Savings Income Bonds	13	1
UK Equities	2,301	12
Total	3,149	24

The Charity also acts as property trustee for 1032 churches and charity organisations. 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. For all financial accounts a separate account is kept for each beneficial owner and a spreadsheet is maintained of the beneficial owner of each account. A project to scan trust deeds to reduce the risk of loss was completed during 2020.

The names of the churches and other charities for whom the Corporation acts as a Custodian Trustee are available at www.baptist.org.uk/custodianlist2021. The organisations are all Baptist organisations and therefore have objects that are compatible with the charitable objects of the Corporation.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021

SECTION 3 – ACHIEVEMENTS AND PERFORMANCE

The Corporation continued to offer legal and practical information on trusteeship, property and other issues, provide churches with access to funding and offer deposit facilities.

In response to the COVID-19 pandemic the staff team developed and regularly updated specific guidance for churches around legal issues including advice on how to operate Baptist church governance within the constraints of the government restrictions and on property matters, such as tenancies and informal hiring of premises. This was primarily in the form of a new guidance leaflet, L18 published on our website, but the team also supported numerous churches with individual queries.

The Corporation made available £5,751k (2020 £5,907k) in loans to 16 churches (2020: 8 churches), of which £4,203k (2020: £5,665k) was to support church acquisition and development of church property, £1,103k (2020: £242k) was in connection with manses and £14k (2020: £nil) for paying off pension deficits. All qualifying applications were met as required. The total loans outstanding increased from £38.47m (2020) to £41.98m.

The Corporation also continued to offer support to churches through the Baptist Together Coronavirus Financial Support Scheme. This included offering loan repayment holidays, reduced payments and interest free periods. 6 churches took advantage of this scheme and £45k were deferred. Three churches still require support as we move into 2022.

The Gift Aid Scheme continued to act on behalf of the churches and £61k (2020 £83k) in tax was reclaimed for churches.

The Corporation assisted many churches to buy, sell, let or alter their property. In 2021 property transactions totalling over £13.15m (2020: £5.79m) were completed.

The directors were able to make from the Corporation's surplus a donation of £198k (2020: £197k) to the Baptist Home Mission Fund and £550k (2020: £550k) to the Baptist Union Pension Reserve.

The Corporation 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. An expanded programme of webinars was delivered to support churches with practical and technical matters.

Two members of staff of the Baptist Union hold Practising Certificates from the Solicitors Regulation Authority to undertake reserved activity legal work on behalf of the Corporation.

During the year the Corporation undertook trust work on an agency basis on behalf of the East Midland Baptist Trust Company.

The Directors continued to oversee the Baptist Union Listed Building Advisory Committee which deals with consent for alterations to Baptist listed buildings under the ecclesiastical exemption scheme.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021

SECTION 4 – PLANS FOR FUTURE PERIODS

The Corporation intends to continue to respond to the needs of Baptist churches and to offer guidance to them on legislative and other statutory developments affecting churches. The Corporation will continue to maintain and develop its suite of guidance leaflets available to churches and will offer training, including webinars, to support churches on various topics of interest.

The Corporation continues to develop its offering of loans and deposits for churches and plans to grow both its portfolio loans and deposits in the coming year.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021

SECTION 6 – WHO WE ARE

2021 was another challenging year for the Corporation due to the Coronavirus pandemic impacting upon borrowers and some projects supported by loans from the Corporation facing financial difficulties. The Directors were pleased that in spite of this it was able to significantly contribute funds to the Baptist family through a gift of £198k (2020: £197k) to the Home Mission fund, £550k (2020: £550k) to the Baptist Union Pension Reserve and £290k (2020: £355k) in interest paid to depositors. The Corporation was also pleased to continue their participation of financial support measures for churches during the Coronavirus pandemic by offering interest free periods and repayment deferrals.

Review of Financial Results

Overall deposits (excluding from the Baptist Union of Great Britain) grew during the year from £54.9m to £60.8m, an increase of £5.9m, (11%), demonstrating the continued value of the deposit offering to Baptist organisations. However, total interest paid to Baptist depositors decreased from £355k to £290k, a decrease of 18% due to the continued low Bank of England base rates.

Excluding the loans to the Retired Baptist Minister’s Housing Organisation (RBMHO, charity no. 1177649), loans decreased from £20.0m to £19.7m, a decrease of £0.3m (1.5%). The balance on the RBMHO loans remained unchanged at £22.0m (2020: £22.0m). Following a review, the Directors felt it prudent maintain a provision of £800k relating to one loan to a church that may not be recoverable.

Support Costs decreased slightly from £385k to £375k, an increase of 2.7%.

Overall, the operating result (income less expenditure other than gifts to the Baptist Union of Great Britain as disclosed in note 7) was a surplus of £0.8m compared to a deficit of £0.13m in 2020, an increase of £0.93m. This was primarily due to no further bad debt loan provision being needed (2020: £877k), reduced income from interest on loans and deposits with financial institutions due to reduced interest rates which was not fully offset by reduced interest paid to depositors.

Policy on Reserves

One of the principal ways of meeting its charitable objective is for the Corporation to operate the Baptist Union Loan Fund. The Corporation needs to ensure it has sufficient capital available in the form of reserves in order to be in a position to absorb bad debts on loans without damaging its ability to repay depositors.

Due to the loan provision being made in 2020, additional capital was needed to maintain the necessary capital requirements set by the Board. At the end of September 2021, £1m was injected by the Baptist Union of Great Britain to provide capital to support the ongoing operation and growth of the Loan Fund. This has been treated as an Expendable Endowment within the BUC accounts.

At the end of the year, the total Reserves amounted to £4.39m (2020: £3.39m). This compares to an estimate of minimum required reserves of £3.2m (see analysis below). The current level of reserves is considered adequate by the directors but they would like to increase the reserves in future to enhance the level of prudence and provide capacity to support growth in loans in future.

Estimate of Minimum Required Reserves Level

Area	£'000	Basis for reserves
6 months’ operating expenses	195	<i>Based on budgeted operating expenditure (excl gifts to BUGB)</i>
Winding up costs	100	<i>Redundancy costs plus other</i>
Deposit risk	670	<i>11% of risk-weighted deposits with financial institutions</i>
Lending Risk	2,212	<i>11% of risk-weighted loans</i>
Estimated Reserves Required	3,176	
Actual Reserves Available	4,387	

BAPTIST UNION CORPORATION LTD

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021

SECTION 6 – WHO WE ARE

The Baptist Union Corporation Ltd

Company Number	00032743	
Charity Registration No	249635	
Registered and Principal Office	Baptist House, 129 Broadway, Didcot, OX11 8RT	
Directors		
Moderator and Director	Ms K Martindale	
Ex-officio	Mr J Levick Mr R Wilson	Treasurer Team Leader Support Services
Appointed by Associations	Mr P Walls Mr R English Mr J Ponsford Mr S Powney The Revd A Chesworth <i>Vacancy</i> Rev J Lennox Rev C Lewis <i>Vacancy</i> Mr O Obidipe Dr C Hanning Mr M Southcombe Mr A Hawksworth	Central Baptist Association West of England Baptist Association Southern Counties Baptist Association Eastern Baptist Association Yorkshire Baptist Association South West Baptist Association Northern Baptist Association South Wales Baptist Association Heart of England Baptist Association London Baptist Association East Midlands Baptist Association South Eastern Baptist Association North West Baptist Association
Co-opted	Mr S Welch Mr G Ward	
Key Management Personnel		
Secretary	Mr R Wilson	
Manager	Mrs C Sanderson	
Finance Officer	Lord I D Wakeham	
Auditor	Moore Kingston Smith LLP, Devonshire House, 60 Goswell Road, London, EC1M 7AD	
Bankers	HSBC, 186 Broadway, Didcot, OX11 8RP	
Solicitors	Anthony Collins Solicitors LLP, 134 Edmund Street, Birmingham, B2 2EF	
Surveyors	Savills, Exchange House, Petworth. GU28 0BF	

DIRECTORS' RESPONSIBILITIES

The Directors of the Baptist Union Corporation Limited are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales/Northern Ireland requires the Directors as 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 Directors as 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 Directors as 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 Directors as Trustees are aware:

- There is no relevant audit information of which the Corporation's auditor is unaware;
- The Directors as 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



Ms Karen Martindale

Moderator

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BAPTIST UNION CORPORATION LTD

Opinion

We have audited the financial statements of The Baptist Union Corporation Limited ('the Corporation') for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Corporation's affairs as at 31 December 2021 and of its 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 Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BAPTIST UNION CORPORATION LTD

Matters on which we are required to report by exception

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:

- the information given in the Directors' Annual Report is inconsistent in any material respect with the financial statements; or
- the company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we required for our audit.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' annual report has been prepared in accordance with applicable legal requirements.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BAPTIST UNION CORPORATION LTD

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, UK financial reporting standards as issued by the Financial Reporting Council and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

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

Use of our report

This report is made solely to the company's directors, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

Date 28 March 2022

Moore Kingston Smith LLP

Devonshire House, 60 Goswell Road, London, EC1M 7AD

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

BAPTIST UNION CORPORATION LTD

STATEMENT OF FINANCIAL ACTIVITIES YEAR (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Unrestricted 2021	Endowment 2021	TOTAL 2021	TOTAL 2020 (Unrestricted)
		£	£	£	£
Income					
Donations and legacies	2	-	1,000,000	1,000,000	-
Charitable activities	3	1,406,198	-	1,406,198	1,342,916
Investment income	4	58,382	-	58,382	149,051
Other income	5	-	-	-	-
Total Income		1,464,580	1,000,000	2,464,580	1,491,967
Expenditure					
Raising funds	6	-	-	-	4,077
Charitable activities	7	1,464,580	-	1,464,580	2,365,202
Other expenditure	9	-	-	-	-
Total Expenditure		1,464,580	-	1,464,580	2,369,279
Net movement in funds		-	1,000,000	1,000,000	(877,312)
RECONCILIATION OF FUNDS					
Total funds brought forward		3,386,678	-	3,386,678	4,263,990
Total funds Carried forward		3,386,677	1,000,000	4,386,677	3,386,678

The notes on pages 17 to 23 form an integral part of these financial statements

BAPTIST UNION CORPORATION LTD

BALANCE SHEET AT 31 DECEMBER 2021

	Notes	2021 £	2020 £
Current assets			
Debtors	12	41,013,152	41,405,147
Cash and Bank	13	24,243,738	18,094,198
		65,256,890	59,499,345
Current liabilities			
Creditors:			
Amounts falling due within one year	14	60,870,213	56,112,668
		4,386,677	3,386,677
Net assets			
FUNDS OF THE CHARITY			
Unrestricted funds		3,386,677	3,386,677
Expendable Endowment funds	16	1,000,000	-
		4,386,677	3,386,677

The financial statements were approved by the Directors on 22th March 2022 and signed on their behalf by



Karen Martindale
Moderator

The notes on pages 17 to 23 form an integral part of these financial statements

BAPTIST UNION CORPORATION LTD**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
Net income for the reporting period		1,000,000	(877,312)
Adjustments for:			
Dividends and interest from investments	4	(58,382)	(149,051)
(Increase)/decrease in debtors		391,995	(2,652,400)
Increase in creditors and provisions		4,757,545	1,208,899
Net cash provided by operating activities		6,091,158	(2,469,865)
Cash flows from investing activities			
Dividends and interest from investments	4	58,382	149,051
Net cash used in investing activities		58,382	149,051
Changes in cash and cash equivalents in the year		6,149,540	(2,320,814)
Cash and cash equivalents brought forward		18,094,198	20,415,012
Cash and cash equivalents carried forward		24,243,738	18,094,198

The notes on pages 17 to 23 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

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, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Baptist Union Corporation Limited is a registered charity, no. 249635, 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) Preparation of the financial statements on a going concern basis

The financial statements are prepared on a going concern basis which assumes that the Corporation will continue in operational existence for the foreseeable future. As detailed more fully in the Report of Directors, in response to the pandemic the Corporation has provided a range of support to churches including loan repayment holidays, reduced payments and interest free periods. The directors as trustees have concluded that there is no material uncertainty as to the Corporation's ability to meet its liabilities as they fall due. Accordingly the directors as trustees continue to adopt the going concern basis in the preparation of the financial statements.

(c) Funds Accounting

Unrestricted Funds: General unrestricted funds represent funds which are expendable at the discretion of the Corporation in the furtherance of the objects of the charity and which have not been designated for other purposes.

(d) Income

Income is recognised in the Statement of Financial Activities when the Corporation 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.
- Interest receivable from loans is accounted for on an accruals basis.
- Expenses received 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 receipt of HMRC's tax rebate for remittance to the church.
- Investment income is accounted for on an accruals basis where the amount can be measured reliably.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

(e) 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 in 2020 comparatives represents investment management fees.
- Charitable activities represent expenditure in the furtherance of the object of the Corporation, and includes interest payable on deposits, supporting the Baptist Home Mission Fund, interest payable to the Baptist Union of Great Britain, management charges payable to Baptist Union of Great Britain and general support costs
- Support costs represent governance, central finance and computer facilities, together with an appropriate allowance for salaries and other office costs.

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

(f) 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.

(h) Debtors

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

Loans are considered concessionary loans made as they are made by the Corporation 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.

(i) Cash at bank and in hand

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

(j) Creditors

Creditors are recognised where the Corporation 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 Corporation to further its purposes and any interest charged is below the prevailing market rates.

(k) Financial instruments

The Corporation 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.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

(l) 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 below.

	2021	2020
	£	£
Miscellaneous Trust Account Assets	1,769,686	1,603,994
Covenant Trust Account Assets	323	544
Miscellaneous Trust Account Creditors	(1,769,686)	(1,603,994)
Covenant Trust Account Creditors	(323)	(544)
Total	-	-

(m) Taxation

The Corporation is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore meet the definition of a Corporation 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.

(n) Legal status of the Corporation

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding-up is limited to £0.25p

(o) 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.

They key estimates in the process of applying the accounting policies are

- The recoverability of loans. At the balance sheet date, one provision for unrecoverable loans totalling £800,000 were required in the opinion of the directors (2020: £877,323; 2 provisions).

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

2. DONATIONS AND LEGACIES

	Unrestricted 2021 £	Endowment 2021 £	TOTAL 2021 £	TOTAL 2020 £
Donations	-	1,000,000	1,000,000	-
Legacies	-	-	-	-
	-	1,000,000	1,000,000	-

3. CHARITABLE ACTIVITIES

	Unrestricted 2021 £	TOTAL 2021 £	TOTAL 2020 £
Interest receivable from loans	1,304,597	1,304,597	1,267,390
Expenses receivable on trusts	89,004	89,004	64,482
Fee for operating gift aid scheme	2,107	2,107	3,193
Accommodation fees	6,000	6,000	6,000
Other Income	4,490	4,490	1,851
	1,406,198	1,406,198	1,342,916

4. INVESTMENT INCOME

	Unrestricted 2021 £	TOTAL 2021 £	TOTAL 2020 £
Interest on Cash	58,382	58,382	149,051
	58,382	58,382	149,051

5. OTHER INCOME

There was no other income in 2021 or 2020

6. RAISING FUNDS

	Unrestricted 2021 £	TOTAL 2021 £	TOTAL 2020 £
Investment Management Expenses	-	-	4,077
	-	-	4,077

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

7. CHARITABLE ACTIVITIES

	Unrestricted 2021 £	Total 2021 £	Total 2020 £
Interest Paid: Deposits and Trust accounts	290,446	290,446	355,336
Charge for Bad Debt & Doubtful Debts	50,715	50,715	877,313
Gift to Baptist Union Home Mission Fund	198,452	198,452	197,481
Gift to Baptist Union Pension Reserve	550,000	550,000	550,000
Support Costs (note 8)	374,546	374,546	385,072
Total	1,464,580	1,464,580	2,365,202

8. SUPPORT COSTS

	Unrestricted 2021 £	Total 2021 £	Total 2020 £
Costs			
Management charges	219,597	219,597	223,182
Office facilities	51,000	51,000	49,500
Computer expenses	13,585	13,585	17,304
Other support costs	17,024	17,024	20,641
Total	300,785	300,785	310,627
Governance Costs			
Auditors Remuneration (note 10)	29,362	29,362	23,416
Legal & Professional	34,487	34,487	44,729
Trustee Insurance	9,911	9,911	6,300
Total Governance	73,760	73,760	74,445
Total Support Costs	374,545	374,545	385,072

9. OTHER EXPENDITURE

There was no other expenditure in 2021 or 2020

10. NET INCOME FOR THE YEAR

	2021 £	2020 £
This is stated after		
Auditors' remuneration:		
Audit work	29,362	23,416

11. EMPLOYEES AND DIRECTORS

No director as trustee received any emoluments from the Corporation during the year (2020: £nil).

A total of £2,342 (2020: £620) was paid to 15 Directors as trustees (2020: 4) in reimbursement of travelling and subsistence expenses as Directors.

There are no direct employees of the Corporation.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

12. DEBTORS

	2021 £	2020 £
Loans:		
Manse	4,589,163	4,049,456
Churches	12,731,999	13,423,962
Pensions	393,957	511,665
RBMHO	21,976,969	21,990,350
Other	1,985,870	2,003,229
Total Loans	41,677,958	41,978,662
Provision for doubtful debts	(800,000)	(877,313)
Prepayments and other debtors	11,645	10,017
Interest due but unpaid	31,265	42,912
Amounts due from closed churches	92,284	250,869
Baptist Union of Great Britain	-	-
Total Debtors	41,013,152	41,405,147

In respect of the outstanding loans of £41,667,958 (2020: £41,978,662), £1,901,563 (2020: £4,104,445) is due to be repaid within 12 months, £2,519,698 (2020: £1,872,512) is due to be paid between 12 & 24 months, £3,547,182 (2020: £5,056,373) is due to be repaid between three and five years, and £33,709,515 (2020: £30,945,332) is due to be repaid in more than five years.

Loans totalling £2,253,288 (2020: £3,311,574) have been approved but not taken up as at 31 December 2021.

13. CASH AND BANK BALANCES

	2021 £	2020 £
Notice Deposits	10,173,688	18,094,198
Short-term deposits	14,070,050	-
Total	24,243,738	18,094,198

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

14. CREDITORS

	2021 £	2020 £
Loan fund deposits		
General Deposits	47,651,314	41,617,297
Deposits from Trust Accounts	13,108,956	13,272,652
Baptist Union of Great Britain	883	1,103,251
Total Deposits	60,761,153	55,993,200
Amounts falling due within one year:		
Accruals and other creditors	108,738	118,924
Covenant Trust Account assets	322	544
Total Creditors	60,870,213	56,112,668

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

15. ANALYSIS OF CASH AND CASH EQUIVALENTS

	1 Jan 2021 £	Cash Flow £	31 Dec 2021 £
Notice deposits	18,094,198	(7,920,510)	10,173,688
Short-term deposits	-	14,070,050	14,070,050
	18,094,198	6,149,540	24,243,738

16. ENDOWMENT

	1 Jan 2021 £	Income £	Expenditure £	Gains and (Losses) £	Transfers £	31 Dec 2021 £
Loan Capital Fund	-	1,000,000	-	-	-	1,000,000
			Fixed Assets £	Investment £	Current Assets £	Total £
Loan Capital Fund			-	-	1,000,000	1,000,000

The Loan Capital Fund is an expendable endowment fund provided by the Baptist Union of Great Britain to support the ongoing operation and growth of the Loan Fund.

17. RELATED PARTY TRANSACTIONS

The members of the Corporation are the Trustees of Baptist Union of Great Britain; therefore the Baptist Union of Great Britain is a related party to the Corporation and its Ultimate Controlling Party.

- a) During the year ended 31 December 2021, the Corporation:
 - a. Incurred management charges and office and ancillary costs totalling £284,182 (2020: £289,141) from the Baptist Home Mission Fund
 - b. Gifted £550,000 (2020: £550,000) to the Baptist Union Pension Reserve.
 - c. Allocated the total year's Unrestricted surplus of £198,8452 (2020: £197,481) for the Baptist Union Home Mission Fund
- b) At 31 December 2021 the Corporation owed the Baptist Union of Great Britain £883 (2020: £1,103,251) in connection with these transactions.
- c) In December 2018, a long-term loan was provided to RBMHO, who have a common controlling party in Baptist Union of Great Britain, of £20m and secured on properties held within their property portfolio as a fixed charge. This loan formed part of the assets and liabilities transferred to RBMHO on 31 December 2018. This loan is interest only so the balance remains at £20m. RBMHO also has a working capital loan with an outstanding balance of £1,976,969 and a deposit account with a balance of £955,268 at 31 December 2021.