



Baptist Union  
of Great Britain  
Encouraging Missionary Disciples

# **Annual Report and Consolidated Financial Statements Baptist Union of Great Britain**

For the year ended 31 December 2012

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registered charity number **1125912**



**INTRODUCTION**

The Trustee Board of the Baptist Union of Great Britain presents its Annual Report and Consolidated Accounts for the year ending 31 December 2011.

The Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

The Trustees Report is structured as follows:

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

**SECTION 1 – WHO WE ARE**

The Baptist Union of Great Britain  
Registered Charity Number 1125912  
Baptist House  
129 Broadway  
Didcot  
Oxfordshire  
OX11 8RT

**TRUSTEES**

The Revd Ruth Bottoms (Moderator up to 31 August 2012)  
The Revd Jenny Royal (Moderator appointed from 1 September 2012)  
The Revd Kwame Adzam (up to 31 August 2012)  
Mr Malcolm Broad, MBE (Treasurer)  
The Revd Barbara Carpenter (appointed from 1 September 2012)  
The Revd John Claydon  
The Revd Jonathan Edwards (General Secretary)  
The Revd Dr Stephen Finamore  
Dr David Goodbourn  
Dr Colin Hicks, CB  
The Revd Charmaine Howard  
The Revd Joe Kapolyo (appointed from 1 September 2012)  
Mr John Levick  
The Revd Dr Clare McBeath

**SENIOR MANAGEMENT TEAM**

The following management team was in place until 31 December 2012:

The Revd Jonathan Edwards	-	General Secretary
Mr Richard Nicholls	-	General Manager
Mrs Amanda Allchorn	-	Head of Communications Department
The Revd Ian Bunce	-	Head of Mission Department
The Revd Dr Paul Goodliff	-	Head of Ministry Department
Mr Philip Putman	-	Head of Finance and Administration Department
The Revd Stephen Keyworth	-	Head of Faith and Unity Department

**BANKERS**

HSBC Bank plc  
186 Broadway  
Didcot  
Oxfordshire  
OX11 8RP

**AUDITOR**

Wilkins Kennedy  
Bridge House  
London Bridge  
London  
SE1 9QR

**SOLICITORS**

Anthony Collins Solicitors LLP  
134 Edmund Street  
Birmingham  
B3 2ES

**SURVEYORS**

Biscoe Craig Hall  
5-6 Staple Inn  
Holborn  
London  
WC1V 7QU

**INVESTMENT MANAGERS**

Royal London Asset Management Limited  
55 Gracechurch Street  
London  
EC3V 0UF

Sarasin & Partners LLP  
Juxon House  
100 St Paul's Churchyard  
London  
EC4M 8BU

## **SECTION 2 – HOW WE DO THINGS**

### **1 The Union**

The Baptist Union of Great Britain, which is an unincorporated association, consists of the churches, Associations of churches, Colleges, other Baptist organisations and persons 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 and has a Council made up of representatives of Associations of churches, representatives of the Colleges, office holders and persons co-opted for particular skills. The Union acts by the Assembly through a Council and is administered and managed by a Trustee Board as Charity Trustees. This is detailed in the governing document, the Constitution agreed by Assembly and last revised in May 2009. A copy of the Constitution is printed annually in the Baptist Union Directory.

### **2 The Trustees**

The Trustee Board comprises a Moderator (Chair) appointed by Council, the General Secretary, the Treasurer and nine other persons elected by 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 Trustees are usually familiar with many aspects of the Union's work prior to appointment, but receive an induction into the work of the Union by meeting Senior Staff and being advised of the general nature of their work, as well as receiving financial statements and other relevant documentation. Training is provided to all Trustees in appropriate ways. Trustees are provided with a copy of the Charity Commission publication CC3, The Essential Trustee, and receive regular copies of the publication Governance and formal training on financial matters was delivered in 2010.

The Trustees oversee the legal, financial, charitable and strategic life of the Union advised by consultation with Council. To help the Board with governance of the charity, in 2012 the following Committees existed with specific Terms of Reference and functions; Finance Committee, Investments Committee, Staffing Committee and the Grants Committee. Council decides the general policy of the Union, subject to any directions of the Assembly. Council appoints two Executive Committees to support this process, who in turn operate with a system of Sub-Committees or Working Groups, as most appropriate.

Following the Futures review it has been agreed that in 2013 a number of the committees and sub committees will cease. To support the work of the Board of Trustees terms of reference are being agreed for a new Finance & Audit Committee which will help support the Board in their governance responsibilities.

Our Trustees are unpaid, except one detailed in note 10, and details of Trustees expenses are disclosed in note 10 to the consolidated financial statements.

Day-to-day management of the Union's business is delegated to staff who operate within the frameworks set by the Trustees.

### **3 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;
- 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 1993, the Charity (Accounts and Reports) Regulations 2008 and trust deed. 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; and
- 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.

**SECTION 2 – HOW WE DO THINGS (continued)**

**4 Related Organisations and Companies**

The national resource of the Union works very closely with the regional Associations, which are independent Baptist charities with specific responsibility for Baptist churches in particular geographical areas. Most Baptist churches are members of both the Union and their local Association, and it is donations from these churches that effectively fund the Union and the Associations. Close working relationships also exist with seven Colleges involved in the training and formation of ministers and members within the Union and these are also governed independently.

The Union is involved in a number of subsidiary companies and societies as detailed below. Details of how these have been dealt with in the consolidated financial statements are given in note 12.

- 1 The Baptist Times Limited: The Baptist Union of Great Britain holds 100% of the issued share capital and appoints a majority of the directors of the Baptist Times Limited, which publishes the weekly Baptist Times newspaper. The company ceased to publish the paper in January 2012 because of continuing losses and is now a dormant company.
- 2 The Retired Baptist Ministers’ Housing Society: This is a Society registered under the Industrial and Provident Societies Act 1965 and the Friendly and Industrial and Provident Societies Act 1968 which is an exempt charity. The Baptist Union of Great Britain appoints the directors of this Society, which provides housing for retired Baptist Ministers and their spouses.
- 3 The Baptist Holiday Fellowship Limited: The Baptist Union of Great Britain holds 96% of the issued share capital and appoints the directors of this charitable company which makes grants available for holidays for Baptists.
- 4 Baptist Leading Edge Limited: This was a charitable company limited by guarantee with the Baptist Union of Great Britain as its member. Until 2010 the company operated a holiday Bible week. The Directors agreed that the company should be struck off as no further events would be planned and this was done on 5 February 2013.
- 5 The Joint Venture: The Baptist Union of Great Britain appoints half of the Committee of the Joint Venture, which is a partnership with BMS World Mission which operates Baptist House Didcot for the Union and BMS World Mission.
- 6 Baptist House Limited: The Baptist Union of Great Britain is one of two members of this company Limited by Guarantee, which provides conference facilities and office letting facilities for local businesses.
- 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 that manages the holding of an Annual Assembly jointly between the Union and BMS World Mission. The Unions share of the results for the year to 31 August 2011 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.

**5 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: the inability of the Union to fund current expenditure; the inability of the Union to meet pension liabilities; the protection of children and vulnerable adults and adverse publicity due to criminal charges; the loss of denominational identity and unanticipated decrease in income. The Trustees review these risks on an on- going basis and satisfy themselves that adequate systems and procedures are in place to manage the risk identified.

## **SECTION 3 – WHAT WE SET OUT TO DO**

### **1 Objects**

The principal object of the Union is the advancement of Christian Faith and 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 the 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, 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.

Through 2012 the Union continued to support its member churches and the regional Associations in a wide range of activities including:

- communication, including the provision of religious material via the Union's website: [www.baptist.org.uk](http://www.baptist.org.uk);
- promoting the study of religious teachings and practices and scriptures
- support of religious office holders for acting as such, e.g. Regional Ministers
- promoting prayer, praise and study
- support for ecumenical and inter-faith charities
- pastoral support to ministers
- contributing to the spiritual and moral education of children
- grants made to churches and special ministries who cannot afford full-time ministry themselves

Throughout this report further detail and information is to be found about specific initiatives in 2011 and how they relate to the overall Strategy of the Union.

### **3 Strategy**

Much of the work of the Union continues unchanged from year to year as, for example, procedures for the calling, training and support of Ministers of Religion and for the giving of grants to such churches as are in need, which are needed all the time. However, during 2008, following wide consultation, the Union Trustees adopted a Strategy which sets out the particular ways in which the work of the Union is to be focused in the next few years. The overall Strategy is encapsulated in the phrase 'Encouraging Missionary Disciples', and emerges from trying to fulfil our objects by setting clear aims as to the changes or differences we seek to make through our activities.

The principles of the Strategy were:

- to encourage people of all ages to follow Jesus and to pray and to work for the coming of the Kingdom in every part of society
- to equip people to understand the Bible and Christian Faith and to engage with it in their personal lives, their churches and within society
- to enable people to share the love of Jesus in word and action in a way that engages prophetically with our society.



## **SECTION 3 – WHAT WE SET OUT TO DO (continued)**

### **3 Strategy (continued)**

In the light of these principles strategic goals were identified in 2008 for a five year period and these are summarised below:

- to produce resources which encourage life-long discipleship, enrich worship and enhance corporate prayer
- to refocus the Union on the challenges of evangelism and to develop resources and tools which encourage and enable effective mission
- to develop and implement diversity strategies which ensure that everyone has a respected and valued place within the life of the Union, irrespective of age, disability, gender or race
- to develop and provide resources to churches which encourage a deeper understanding of other religions within our society
- to develop clear theological principles to support environmental concern and advice, and resource churches in responding practically
- develop resources on what it means to be a Baptist church
- to undertake a detailed mapping exercise identifying places of Baptist presence and gaps, which has been completed
- to envision children and young people in their discipleship
- to review processes for the protection of children and vulnerable adults
- to develop a comprehensive framework for understanding and promoting the practice of ministry
- to develop the communication and promotion of the Union's work, which is known as the Home Mission Fund
- to develop and strengthen communication channels between the main offices of the Union at Didcot, which is known as the National Resource, the Associations, Colleges and local churches.

Following the Futures review in 2012 a new strategy is now being developed.

### **4 Grants**

Each Baptist church is an autonomous charity, and therefore self-financing. However, through a large part of the Home Mission Fund, grants are made available to local churches and Associations to enable them to have appropriately paid and trained Ministry. These grants are assessed annually, and emphasis is placed not just on each church's finances but also its plans and achievement in making Jesus known in its locality. Details are given in note 21 to the consolidated financial statements. In 2012 Grants are made against a budget approved by the Trustees and received by the Council and managed by the Finance and Administration Department. From 2013 a new system is being implemented whereby the authority to make and approve grants has been delegated to Associations, through Association Partnerships

### **5 Subsidiary Companies**

The subsidiary companies of the Union operate according to their constitutions and/or company memorandum and articles and report to the Baptist Union Council accordingly. The Trustee Board works in partnership with the relevant directors of these companies where issues arise that impact upon the wider life of the Union.

### **6 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 Associations and at the National Resource where many people commit significant time to help with the outworking of the Union's objectives.

## **SECTION 4 – WHAT WE HAVE DONE SO FAR**

As we seek to meet our objects of the advancement of Christian religion, we engage with the community through our 2,084 churches, which have approximately 135,000 members and regular congregations or contact with approximately 1/3 million people. There were 32 (2011: 33) new grants to churches approved in 2012 and approximately 48 (2011: 55) ministers completed training in our colleges.

The Baptist Union of Great Britain plays its full part in the wider church, offering the distinctive insights that reflect our Baptist way of being church and continuing the strengthening of Baptist witness throughout the world, and this is reflected in the spend on ecumenical matters. The call of the gospel is to work for freedom, peace and justice, and we believe that this is part of what it means to be a missionary people today. So, working collaboratively with ecumenical partners and agencies, we enable Baptists to be active, involved in creating a movement for change in our world.

Most of the Union's income is raised from its member churches on a voluntary basis. However, the Union has set a goal in this respect and that is that every church gives at least 5% of its General Income to the Home Mission Appeal. This compares to the current level of giving of around 3%. In 2012, the Union Trustees set an Appeal figure of (2011: £4,400,000) to which they asked member churches to contribute. The actual amount raised, and included within voluntary income, was £4,089,159 (2011: £4,013,229) which was over nearly 91% of target, and which the Trustees considered was a good response in the national financial climate during the year.

The thirteen Regional Associations account for £1.80m (2011: £1.76m) of Union expenditure. Each Regional Association has a small team of Regional Ministers and Administrative staff, who support the local church pastorally, advise on mission and practical matters, and organise training events. At the request of Council, the Trustees established a group to review the formula for the Funding of Associations, as laid down in the Union Bye-Laws, and it was expected that this would report during 2011. However, the discussions were deferred in the light of new discussions concerning the overall financing of the Union.

Representatives of each Association are part of the National Settlement Team which helps churches looking for Ministers to be put in touch with Ministers and final year student Ministers seeking settlement. Guidance, oversight and quality assurance are provided by the Ministry Department for all processes involved, including child protection matters. Training is provided for Mentors and Appraisal Guides, 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. The Department also operates the National Settlement Team.

Operating churches effectively and properly, and in accordance with legislation, is increasingly demanding, and providing the support they need in the most helpful way and through the best media is an ongoing challenge. We aspire to developing Christ-centered, core-value focused and creative communications that will enable the mission and the purposes of the Union to be communicated effectively, internally and externally.

A range of training is provided for students, Ministers and staff and this is reflected in the training spend, the biggest element of which is Student Bursaries.

The Retired Baptist Ministers' Housing Society has again had sufficient resources to house all 15 (2011: 11) qualifying applicants for assistance in 2012. The number of applicants to the Society shows little sign of decreasing, and the Society continues to have capital funding by means of loans financed from the Baptist Union Loan Fund and the London Baptist Property Board.

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 reduced cost.

The Joint Venture of the Baptist Union of Great Britain and BMS World Mission continued to run the facilities at Baptist House used by the two organisations. During the year, a full structural review of the building was completed, and an ongoing programme of maintenance continued. Financed by further capital from the Union and BMS World Mission, Solar panels were installed on the roof of Baptist House during the year. It is anticipated that this will produce a good return on investment in future years.

The Baptist Assembly Limited organised the Baptist Assembly in London in May 2012 with the theme 'Beyond 400'. The 2013 Assembly will be in Blackpool.

Baptist House Limited continued to make a small contribution towards the overall costs of Baptist House by offering meeting accommodation to local groups and businesses.

## **BAPTIST UNION OF GREAT BRITAIN**

### **SECTION 4 – WHAT WE HAVE DONE SO FAR (continued)**

The contribution made to our society by the Charitable Sector is crucial, and the Baptist Union of Great Britain seeks to serve society in the ways described to fully share in that responsibility.

During 2012 we continued to work with other churches on the development of Get in the Picture and the Big Welcome. We ran a major conference on being church for the boomer generation and one for children and youth workers. We continued our work on encouraging young people to be disciples and also working with the inter faith agenda.

Networks for Association Youth Officers, Youth and Children's and family workers and Pastors of Larger Churches are continued to develop.

**SECTION 5 – ABOUT OUR FINANCES**

The consolidated results of the Union for the year showed net incoming resources of £620,786 (2011 £172,076) and benefited from an overall increase in the market value of investments of £1,013,861 (2011 decrease £134,465). The main charity had an operating deficit in its unrestricted fund known as the Home Mission Fund of £638,156 (2011 Deficit £685,503) in the year. After increases in the market value of investments and surpluses on the sale of property, an overall net surplus of £948,550 (2011 £1,017,507) was reported in note 24.

The Statement of Financial Activities shows that 93.45% (2011 91.9%) of the expenditure was directly on the furtherance of the Charity's objects, with comparatively small amounts expended on both fundraising and governance. In 2012, Governance costs were higher than usual due to the cost of legal advice relating to various personnel matters.

The Union has an ethical investment policy which means that it does not invest in stocks which are predominantly based in alcohol, tobacco, gambling, pornography or armaments. There are two firms of Investment Managers: Sarasin and Partners LLP, who are responsible for equity and property investments and tactical changes in Asset Allocation, and Royal London Asset Management, who manage a bond portfolio. Both Managers are satisfied that in the medium-term the funds are not significantly disadvantaged by the operation of the ethical policy.

The performance of all investments in 2012 was very encouraging. The aim is to out-perform the benchmark by 1% net of fees. The Equities and Property portfolio continued to be managed by Sarasin and Partners LLP and the Bond portfolio remained with Royal London Asset Managers Limited. The equity and property portfolio managed by Sarasin & Partners increased by 8.4% gross of fees, compared with the benchmark of 8.0%. The Bond portfolio increased by 15.8% net of fees, compared to its benchmark of 13.1%. The Investment Managers report regularly to the Union's Investment Committee, which in turn reports to the Finance Committee and the Trustee Board.

The consolidated financial statements show how the Direct Charitable Expenditure is divided into various categories and a brief explanation of these is given below.

Over £2m (2011 £2m) was expended in direct grants to churches. Most of these grants are made to churches for the support of mission focused pastoral ministry. Other grants are made to support Chaplains, Ecumenical Officers and a wide range of mission-based ministries. 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.

Around £318k (2011 294k) was expended on providing mission support to churches. The Mission function undertakes and co-ordinates research and the development and sharing of best practice, develops and makes available a range of mission resources, encourages and enables new and risky mission, and seeks to inspire young Baptists.

The Ministry function accounts for about £510k (2011 £496k) of the expenditure and supports all forms of recognised ministry amongst Baptist Union churches through all its stages.

Communication with and providing advice and information to our churches is complex and of great importance, and this accounts for ££987k (2011 £1.239k) of expenditure.

**Policy on Reserves**

The Charity has a Reserves Policy which provides for reserves of £10,712,543 (2011 £12,105,878) to fund all the expenditure for twelve months and grants expenditure to churches for a further six months. This is because the pattern of income is such that there is a very significant amount received at the end of the financial year, making it impossible to be certain until after the financial year end of the success or otherwise of the Home Mission Appeal. In addition, most Baptist Ministers work under Terms of Appointment, which specify either six or nine months' notice must be given before termination of post, and continuing grants for a further six months should allow this to be done in as orderly a way as possible. The Trustees are aware that in view of the results for the last two years, the level of reserves at £10,317,542 (2011 £9,665,766) is a little lower than the Policy suggests is appropriate, but the day to day operations are not in any significant difficulty, although the cash flow is tightening. Revised and balanced budgets for 2013 onwards have reduced the amounts required to be held on reserves.

During 2013 the Trustees will continue to review the level of reserves required to meet future commitments.

**SECTION 6 – WHAT WE PLAN TO DO NEXT**

On 12 - 14 November 2012 the Baptist Union Council, the governing body of the Baptist Union of Great Britain, agreed major reforms of the denomination's structures to strengthen the support it gives to local churches.

The reforms arise out of a year-long review which was initiated by financial concerns but which has been undertaken with a much broader remit to establish structures more fitting for mission in the 21st century.

At the heart of the changes is a new way of working together between the national office in Didcot, the regional associations and the Baptist colleges to support churches. The changes are designed to enhance the inter-dependence between churches, associations and members of specialist teams.

As a result there will be downsizing of the national office in Didcot, with some work taken on by associations whilst removing duplication of activity carried out both in Didcot and the associations.

At Baptist House (Didcot) the number of staff will be reduced by 14 full time equivalent posts from 46 to 32. The current five departments will become three new specialist teams. Finance and Administration including the Baptist Union Corporation (legal and property matters) will become the Support Services Team. The Ministry Department, responsible for the training and accreditation of ministers, will become the Ministries Team. Faith and Unity, Mission and Communications Departments will be merged into a new team called Faith and Society.

A new leadership team, the Baptist Steering Group, will replace the Senior Management Team at Baptist House and will be responsible for implementing the strategy of the Union that has been agreed by Baptist Union Council. The group will include the new General Secretary, the leaders of the new teams at Baptist House, representatives from the regional associations, Baptist colleges, BU Trustees and BU Council. An accompanying group will meet with the Steering Group three times a year to provide different viewpoints from across the Union. This group, whose membership will be refreshed regularly, will include the President of the BUGB and at least two people from a black or ethnic minority background, two people under 40 and two women.

Part of the money received by the Union from its members through the annual 'Home Mission' appeal is dispersed as grants. Grants are awarded to support a minister's stipend or mission project in situations where these posts and projects would not otherwise be possible. This has been done centrally at Baptist House but will in future be administered through six association partnerships. In these partnerships two or three associations will decide together who is awarded grants in their regions.

Other reforms agreed at BU Council included reducing the size of Council and making its role more strategic, encouraging the establishment of networks of Baptist churches and a reduction in the number of committees reporting to Council.

The decisions come after a year of prayer, consultation and discussion to 'discern the mind of Christ' as to the future of the Union. It has been prompted partly by a deficit in the Union's finances but also in response to the 400th anniversary of the Baptist denomination in the UK and the desire to know which direction God was calling Baptists to follow in the future.

The vision behind the changes, arguably the biggest for a generation, is for the Union to be a more flexible movement, that can adapt to new mission challenges and opportunities in today's society, where support is given and decisions made as close to the local church as possible.

J Royal  
Moderator of the Trustee Board

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES****YEAR ENDED 31 DECEMBER 2012**

	Notes	Unrestricted £	Designated £	Restricted £	Endowment £	2012 £	2011 £
<b>Incoming resources</b>							
Incoming resources from generated funds							
Voluntary income	2	4,889,193	140	475,629	0	5,364,962	5,421,228
Investment income	3	320,790	335,324	24,764	34,992	715,870	677,864
Incoming resources from charitable activities	4	593,353	0	414,121	0	1,007,474	1,213,020
Other incoming resources	5	423,121	211,676	853,139	0	1,487,936	838,230
Less share of gross incoming resources from Joint Venture		(9,745)	0	0	0	(9,745)	(15,702)
<b>Total incoming resources</b>		<b>6,216,712</b>	<b>547,140</b>	<b>1,767,653</b>	<b>34,992</b>	<b>8,566,497</b>	<b>8,134,640</b>
<b>Resources expended</b>							
Costs of generating funds							
Costs of generating voluntary income	6	167,530	0	0	0	167,530	140,633
Investment Management costs	6	(927)	(3,415)	(314)	(498)	(5,154)	23,444
Charitable activities	7	6,219,522	851,557	354,188	350	7,425,617	7,317,559
Governance costs	8	349,420	453	7,845	0	357,718	480,928
<b>Total resources expended</b>	9	<b>6,735,545</b>	<b>848,595</b>	<b>361,719</b>	<b>(148)</b>	<b>7,945,711</b>	<b>7,962,564</b>
Net (resources expended)/incoming resources before transfers		(518,833)	(301,455)	1,405,934	35,140	620,786	172,076
Transfers between funds		1,058,707	(1,029,065)	5,000	(34,642)	0	0
Net incoming resources/resources expended) before other recognised gains and losses		539,874	(1,330,520)	1,410,934	498	620,786	172,076
Net interest in the results of the year from Joint Venture		(4,803)	0	0	0	(4,803)	292
Other recognised gains and (losses)	12	116,914	801,191	38,824	56,932	1,013,861	(134,465)
<b>Net movement in funds</b>		<b>651,985</b>	<b>(529,329)</b>	<b>1,449,758</b>	<b>57,430</b>	<b>1,629,844</b>	<b>37,903</b>
<b>Balances at 1 January 2012</b>		<b>9,859,118</b>	<b>18,003,233</b>	<b>22,589,981</b>	<b>791,781</b>	<b>51,244,113</b>	<b>51,206,210</b>
<b>Balances at 31 December 2012</b>		<b>£10,511,103</b>	<b>£17,473,904</b>	<b>£24,039,739</b>	<b>£849,211</b>	<b>£52,873,957</b>	<b>£51,244,113</b>

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 16 to 30 form an integral part of these financial statements.

**CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2012**

	Notes	2012		2011	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible fixed assets	11		31,517,388		29,255,000
Investments	12		16,538,966		15,230,367
			<u>48,056,354</u>		<u>44,485,367</u>
<b>CURRENT ASSETS</b>					
Stocks			6,000		12,198
Debtors	13		711,635		1,462,104
Loans	14		1,297,350		1,506,174
Cash and bank	15		<u>6,069,863</u>		<u>5,831,646</u>
			8,084,848		8,812,122
<b>CURRENT LIABILITIES</b>					
Creditors:					
Amounts falling due within one year	16		<u>3,267,245</u>		<u>2,053,376</u>
NET CURRENT ASSETS			4,817,603		6,758,746
<b>NET ASSETS</b>			<u><b>£52,873,957</b></u>		<u><b>£51,244,113</b></u>
<b>ENDOWMENT FUNDS</b>					
	17		849,211		791,781
<b>RESTRICTED FUNDS</b>					
	18		24,039,739		22,589,981
<b>DESIGNATED FUNDS</b>					
	19		17,473,904		18,003,233
<b>UNRESTRICTED FUNDS</b>					
			10,511,103		9,859,118
	20		<u><b>£52,873,957</b></u>		<u><b>£51,244,113</b></u>

The financial statements were approved by the Trustees on 14 February 2013 and signed on their behalf by

J Royal – Moderator

M A Broad – Treasurer

The notes on pages 16 to 30 form an integral part of these financial statements.

**BALANCE SHEET AT 31 DECEMBER 2012**

	Notes	2012		2011	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible fixed assets	11		3,382,525		3,567,840
Investments	12		<u>19,442,535</u>		<u>18,192,106</u>
			22,825,060		21,759,946
<b>CURRENT ASSETS</b>					
Stocks			6,000		12,198
Debtors	13		654,639		867,116
Loans	14		1,297,350		1,506,174
Cash and bank	15		<u>5,678,605</u>		<u>5,434,350</u>
			7,636,594		7,819,838
<b>CURRENT LIABILITIES</b>					
Creditors:					
Amounts falling due within one year	16		<u>1,094,031</u>		<u>460,711</u>
NET CURRENT ASSETS			6,542,563		7,359,127
<b>NET ASSETS</b>			<b><u>£29,367,623</u></b>		<b><u>£29,119,073</u></b>
ENDOWMENT FUNDS	17		849,211		791,781
RESTRICTED FUNDS	18		727,035		658,293
DESIGNATED FUNDS	19		17,473,904		18,003,233
UNRESTRICTED FUNDS			10,317,473		9,665,766
			<b><u>£29,367,623</u></b>		<b><u>£29,119,073</u></b>

The financial statements were approved by the Trustees on 14 February 2013 and signed on their behalf by

J Royal – Moderator

M A Broad – Treasurer

The notes on pages 16 to 30 form an integral part of these financial statements.



**CONSOLIDATED CASH FLOW STATEMENT****YEAR ENDED 31 DECEMBER 2012**

	<b>2012</b> <b>£</b>	<b>2011</b> <b>£</b>
RECONCILIATION OF CHANGES IN RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Net incoming resources for the year	620,786	172,076
Depreciation charges	18,116	13,406
(Profit) on disposal of tangible fixed assets	(1,030,838)	(838,230)
Decrease in stocks	6,198	4,395
Decrease/(Increase) in debtors	750,469	(251,531)
Decrease in loans	208,824	37,692
Increase in creditors	1,213,869	356,210
<b>Net cash inflow/(outflow) from operating activities</b>	<b><u>£1,787,424</u></b>	<b><u>£(505,982)</u></b>

## CASH FLOW STATEMENT

Net cash inflow/(outflow) from operating activities	1,787,424	(505,982)
Payments to acquire tangible fixed assets	(3,419,046)	(1,962,361)
Receipts from sale of tangible fixed assets	2,169,380	1,324,487
Payments to acquire investments	(299,541)	(3,297,822)
Receipts from sale of investments	0	3,321,797
<b>Net cash inflow/(outflow) in the year</b>	<b><u>£238,217</u></b>	<b><u>£(1,119,881)</u></b>
Cash and Bank Balances		
1 January 2012	5,831,646	6,951,527
31 December 2012	6,069,863	5,831,646
<b>Net cash inflow/(outflow) in the year</b>	<b><u>£238,217</u></b>	<b><u>£(1,119,881)</u></b>

The notes on pages 16 to 30 form an integral part of these financial statements.

**Notes to the consolidated financial statements for the year ended 31 December 2012****1 ACCOUNTING POLICIES**

The following accounting policies have been used consistently in dealing with items which are considered material in the Charity's financial statements and in accordance with applicable accounting standards.

**1.1 Basis of Accounting**

The consolidated financial statements have been prepared in accordance with the Charity Statement of Recommended Practice 'Accounting and Reporting by Charities (SORP 2005)' and under the historical cost convention except for investments which are included at market value. They incorporate the results of the principal activity which is the advancement of the Christian religion, especially by the means of and in accordance with the principles of the Baptist Denomination, and which is continuing.

**1.2 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 FRS2 and the SORP.

Details of these entities are given in note 12 to the consolidated financial statements.

The charity's interests in a joint venture and joint arrangement are accounted for in accordance with the SORP.

Details of these interests are given in note 12 of the consolidated financial statements.

**1.3 Fund 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 unrestricted funds which have been set aside by the Union for specific purposes as set out in note 19. They may be returned to General unrestricted funds at the discretion of the Union.

**Restricted Funds**

These represent amounts which have been restricted by the donors for use for specific purposes or which have been raised by the Union for particular purposes. The aims and uses of these funds are set out in note 18.

**Endowment Funds**

These represent amounts which are restricted for specific purposes but where the capital is not expendable.

**1.4 Incoming resources**

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.

Investment income is accounted for in the year in which it is receivable.

All other incoming resources are accounted for on an accruals basis.

**1.5 Resources expended**

Costs of generating voluntary income represents publicity material and promotion of the Union and the Home Mission Fund. Direct charitable expenditure represents expenditure in the furtherance of the objects of the Union.

Governance costs are the costs which related to the constitutional and statutory requirements and strategy of the charity, in distinction to those costs related to charitable activity, together with a proportion of shared and indirect costs.

Grants payable are agreed on an annual basis and accounted for in the year in which they are paid, except for grants from the Newington Court Fund which are accounted for when agreed by the Trustees.

All other resources expended have been accounted for on an accruals basis.

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, and have been allocated to charitable activities, fundraising, and governance on a basis consistent with the use of resources.

**1.6 Depreciation**

No depreciation is charged on freehold properties required under Financial Reporting Standard 15, as the Trustees consider that any charge would be immaterial. In the opinion of the Trustees the residual value of these properties is in excess of their carrying value in the financial statements.

As expected useful economic life of these assets is believed to be in excess of fifty years, annual impairment 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 value 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.

**Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)**

## 1 ACCOUNTING POLICIES continued

## 1.6 Depreciation continued

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%
Computers and equipment	25% and 33%

## 1.7 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.

## 1.8 Investment assets

Quoted investments are stated at market value. All other investment assets are shown at cost.

## 1.9 Realised and unrealised gains and losses

All realised gains and losses on quoted investments are recognised in the financial statements.

## 1.10 Pensions

The cost of providing retirement pensions is charged to the statement of financial activities over the periods benefiting from the employees' services. The difference, if any, between the charge to the statement of financial activities and the contributions paid to the schemes is shown as an asset or as a provision for liability in the balance sheet as appropriate.

## 2 VOLUNTARY INCOME

	<b>Unrestricted Funds</b>	<b>Designated Funds</b>	<b>Restricted Funds</b>	<b>Endowment Funds</b>	<b>2012 £</b>	<b>2011 £</b>
Donations	4,111,618	140	53,111	0	4,164,869	4,092,574
Legacies	427,796	0	422,518	0	850,314	982,430
Subscriptions	284,779	0	0	0	284,779	281,724
Gifts from other Baptist Charities	65,000	0	0	0	65,000	64,500
	<b>£4,889,193</b>	<b>£140</b>	<b>£475,629</b>	<b>£0</b>	<b>£5,364,962</b>	<b>£5,421,228</b>

## 3 INVESTMENT INCOME

	<b>Unrestricted Funds</b>	<b>Designated Funds</b>	<b>Restricted Funds</b>	<b>Endowment Funds</b>	<b>2012 £</b>	<b>2011 £</b>
UK listed Bonds	81,982	224,042	15,891	23,898	345,813	356,189
UK listed Equities	23,793	26,584	3,162	4,755	58,294	32,086
UK Property Unit Trusts	21,394	32,396	4,147	6,237	64,174	61,170
Return on investment in BUC	166,318	0	0	0	166,318	157,458
Interest on Cash Deposits	27,303	52,302	1,564	102	81,271	70,961
	<b>£320,790</b>	<b>£335,324</b>	<b>£24,764</b>	<b>£34,992</b>	<b>£715,870</b>	<b>£677,864</b>

## 4 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	<b>Unrestricted Funds</b>	<b>Designated Funds</b>	<b>Restricted Funds</b>	<b>Endowment Funds</b>	<b>2012 £</b>	<b>2011 £</b>
Trading income	443,593	0	414,121	0	857,714	1,059,022
Rent	149,760	0	0	0	149,760	153,998
	<b>£593,353</b>	<b>£0</b>	<b>£414,121</b>	<b>£0</b>	<b>£1,007,474</b>	<b>£1,213,020</b>

## Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)

## 5 OTHER INCOMING RESOURCES

	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	2012	2011
	£	£	£	£	£	£
Profit on sale of properties	177,699	0	853,139	0	1,030,838	838,230
Funds received from Ultimate Trusts	245,422	211,676	0	0	457,098	0
	<b>£423,121</b>	<b>£211,676</b>	<b>£863,139</b>	<b>£0</b>	<b>£1,487,936</b>	<b>£838,230</b>

## 6 COST OF GENERATING FUNDS

	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	2012	2011
	£	£	£	£	£	£
Generating voluntary income	167,530	0	0	0	167,530	140,633
Investment Management	(927)	(3,415)	(314)	(498)	(5,154)	23,444
	<b>£166,603</b>	<b>(3,415)</b>	<b>£(314)</b>	<b>£(498)</b>	<b>£162,376</b>	<b>£164,077</b>

## 7 CHARITABLE ACTIVITIES

	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	2012	2011
	£	£	£	£	£	£
Grants payable	1,951,997	698,688	0	350	2,651,035	2,510,666
Associations	1,801,504	0	0	0	1,801,504	1,763,779
Mission	294,935	0	0	0	294,935	318,094
Ministry	509,975	0	0	0	509,975	496,056
Advice and Information	987,213	0	0	0	987,213	1,239,113
Pension Fund	0	2,900	0	0	2,900	50,000
Ecumenical	181,325	0	0	0	181,325	174,530
Reorganisation costs	311,426	0	0	0	311,426	0
Training	160,844	117,995	0	0	278,839	334,498
Holidays	20,303	0	0	0	20,303	55,793
Retirement Housing	0	0	344,952	0	344,952	328,494
Benevolent Funds	0	31,974	9,236	0	41,210	46,536
	<b>£6,219,522</b>	<b>£851,557</b>	<b>£354,188</b>	<b>£350</b>	<b>£7,425,617</b>	<b>£7,317,559</b>

## 8 GOVERNANCE COSTS

	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	2012	2011
	£	£	£	£	£	£
Assembly	6,053	0	0	0	6,053	3,066
Council	30,094	0	0	0	30,094	25,802
Committees	9,238	453	1,845	0	11,536	22,458
Audit Fee	32,140	0	6,000	0	38,140	37,448
Legal Fees	81,829	0	0	0	81,829	262,291
Trustee Insurance	4,505	0	0	0	4,505	3,565
Salaries	65,158	0	0	0	65,158	68,037
Office Costs	74,381	0	0	0	74,381	21,355
Support Costs	46,022	0	0	0	46,022	36,906
	<b>£349,420</b>	<b>£453</b>	<b>£7,845</b>	<b>£0</b>	<b>£357,718</b>	<b>£480,928</b>

## Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)

## 9 TOTAL RESOURCES EXPENDED

	Direct Charitable	Grant Funding	Support Costs	2012	2011
	£	£	£	£	£
Grants payable (note 21)	49,155	2,594,396	7,484	2,651,035	2,510,666
Associations	1,724,283	77,221	0	1,801,504	1,763,779
Mission	255,962	0	38,973	294,935	318,094
Ministry	442,587	0	67,388	509,975	496,056
Advice and Information	808,574	80,500	98,139	987,213	1,239,113
Pension Fund	2,900	0	0	2,900	50,000
Ecumenical	74,539	82,826	23,960	181,325	174,530
Reorganisation costs	311,426	0	0	311,426	0
Training	128,676	130,571	19,592	278,839	334,498
Holidays	20,303	0	0	20,303	55,793
Retirement Housing	344,952	0	0	344,952	328,494
Benevolent Funds	41,210	0	0	41,210	46,536
	<b>4,204,567</b>	<b>2,965,514</b>	<b>255,536</b>	<b>7,425,617</b>	<b>7317,559</b>
Cost of generating funds	140,239	0	22,137	162,376	164,077
Governance	311,696	0	46,022	357,718	480,928
<b>Total</b>	<b>£4,656,502</b>	<b>£2,965,514</b>	<b>£323,695</b>	<b>£7,945,711</b>	<b>£7,962,564</b>

## 10 EMPLOYEES AND TRUSTEES

	Consolidated		Charity	
	2012	2011	2012	2011
	£	£	£	£
Staff Costs				
Salaries	1,259,108	1,236,932	1,147,859	1,067,661
Social security costs	111,408	119,231	101,728	103,817
Pension costs	142,136	209,757	120,882	183,489
Other costs	113,105	113,824	97,024	108,163
	<b>1,625,757</b>	<b>1,679,744</b>	<b>1,467,493</b>	<b>1,463,130</b>
Less Attributable to other Baptist entities	431,253	390,451	431,253	390,451
	<b>£1,194,504</b>	<b>£1,289,293</b>	<b>£1,036,240</b>	<b>£1,072,679</b>

Average number of employees during the year was	42	46	37	38
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No employee received emoluments in excess of £60,000 during the year (2011 nil).

Emoluments including pension contributions amounting to £58,235 (2011 £55,233) were paid to the Revd J Edwards for his work as General Secretary. He is also a Trustee.

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

One trustee, who is also an employee, lived in housing wholly or partly owned by the Union, on the same terms and conditions as other staff for whom housing may be made available.

A total of £5,825 was paid to 12 Trustees in reimbursement of travelling and subsistence expenses as Trustees (2011 £5,328 to 12 Trustees).

## Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)

## 11 TANGIBLE FIXED ASSETS

<b>Consolidated</b>	<b>Freehold Properties</b>	<b>Computers and Equipment</b>	<b>Furniture and Fittings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cost				
1 January 2012	29,148,898	362,190	265,977	29,777,065
Additions	3,417,029	2,017	0	3,419,046
Disposals	(1,138,542)	(16,296)	0	(1,154,838)
31 December 2012	<u>31,427,385</u>	<u>347,911</u>	<u>265,977</u>	<u>32,041,273</u>
Depreciation				
1 January 2012	0	260,656	261,409	522,065
Charge for the year	0	15,855	2,261	18,116
On disposals	0	(16,296)	0	(16,296)
31 December 2012	<u>0</u>	<u>260,215</u>	<u>263,670</u>	<u>523,885</u>
<b>Net Book Value</b>				
<b>31 December 2012</b>	<b><u>£31,427,385</u></b>	<b><u>£87,696</u></b>	<b><u>£2,307</u></b>	<b><u>£31,517,388</u></b>
<b>31 December 2011</b>	<b><u>£29,148,898</u></b>	<b><u>£101,534</u></b>	<b><u>£4,568</u></b>	<b><u>£29,255,000</u></b>
<b>Charity</b>				
	<b>Freehold Properties</b>	<b>Computers and Equipment</b>	<b>Furniture and Fittings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cost				
1 January 2012	3,563,272	86,374	265,977	3,915,623
Additions	404,675	0	0	404,675
Disposals	(587,729)	0	0	(587,729)
31 December 2012	<u>3,380,218</u>	<u>86,374</u>	<u>265,977</u>	<u>3,732,569</u>
Depreciation				
1 January 2012	0	86,374	261,409	347,783
Charge for the year	0	0	2,261	2,261
On disposals	0	0	0	0
31 December 2012	<u>0</u>	<u>86,374</u>	<u>263,670</u>	<u>350,044</u>
<b>Net Book Value</b>				
<b>31 December 2012</b>	<b><u>£3,380,218</u></b>	<b><u>£0</u></b>	<b><u>£2,307</u></b>	<b><u>£3,382,525</u></b>
<b>31 December 2011</b>	<b><u>£3,563,272</u></b>	<b><u>£0</u></b>	<b><u>£4,568</u></b>	<b><u>£3,567,840</u></b>

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 generating funds and governance.

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

## Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)

## 12 INVESTMENTS

Consolidated	Unquoted at cost	Quoted at Market Value	Investment in Baptist Union Corporation	2012	2011
	£	£	£	£	£
1 January 2012	0	9,740,927	5,497,856	15,238,783	15,400,222
Additions	0	294,387	0	294,387	3,297,822
Disposals	0	5,154	0	5,154	(3,324,796)
Realised and unrealised gains	0	772,767	241,094	1,013,861	(134,465)
31 December 2012	<b>£0</b>	<b>£10,813,235</b>	<b>£5,738,950</b>	<b>£16,552,185</b>	<b>£15,238,783</b>
Less share of net losses in Joint Venture				13,219	8,416
				<b>£16,538,966</b>	<b>£15,230,367</b>
Historical cost of investments				£16,347,552	£16,012,965

The investment in the Baptist Union Corporation Limited corresponds to the designated fund in note 19.

Charity	Unquoted at cost	Quoted at Market Value	Investment in Baptist Union Corporation	2012	2011
	£	£	£	£	£
1 January 2012	2,916,687	9,777,563	5,497,856	18,192,106	18,263,901
Additions	0	234,387	0	234,387	3,386,619
Disposals	0	5,154	0	5,154	(3,324,796)
Realised and unrealised gains	0	769,794	241,094	1,010,888	(133,618)
31 December 2012	<b>£2,916,687</b>	<b>£10,786,898</b>	<b>£5,738,950</b>	<b>£19,442,535</b>	<b>£18,192,106</b>
Historical cost of investments				£19,245,450	£18,929,652

The following investment exceeded 5% of the total portfolio.

Royal London Ethical Bond Fund	£6,689,444	£5,938,316
Sarasin Equisar – Socially Responsible (Sterling Hedged) B Income	£2,354,761	£2,091,643

The investment in Baptist Union Corporation Ltd corresponds to the designated reserve in note 19.

	2012	2011
	£	£
Unquoted investments at cost		
1 January 2012 and 31 December 2012		
Baptist Holiday Fellowship Limited	16,687	16,687
Joint Venture	2,900,000	2,900,000
Others	0	0
	<b>2,916,687</b>	<b>£2,916,687</b>

The unquoted investments represent 100% of the issued share capital of the Baptist Times Limited which publishes the Baptist Times (less provision for losses), 96% of the issued share capital of Baptist Holiday Fellowship Limited which provides holidays, and 50% of the Joint Venture between the Baptist Missionary Society and the Baptist Union of Great Britain which owns and runs the premises at Baptist House, together with small holdings in other unquoted companies. All subsidiary companies are registered in England.

**Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)**

## 12 INVESTMENTS continued

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

The Baptist Union of Great Britain appoints the Directors of the Retired Baptist Ministers' Housing Society which is an Industrial and Provident Society registered in England, and which provides housing for Retired Baptist Ministers and their spouses. It has been consolidated on a line by line basis.

The Baptist Union of Great Britain appoints a majority of the Directors of Baptist Times Limited, which publishes the Baptist Times newspaper and has been consolidated on a line by line basis.

The Baptist Union of Great Britain appoints a majority of the Directors of Baptist Holiday Fellowship Limited, which makes grants available for holidays, and has been consolidated on a line by line basis.

The Baptist Union of Great Britain appoints a majority of the Directors of Baptist Leading Edge Limited, which operates a Holiday Bible Week. It has been consolidated on a line by line basis.

The Baptist Union of Great Britain appoints half of the Committee of the Joint Venture with BMS World Mission which operates Baptist House Didcot for the Union and BMS World Mission. The Union's share of the Joint Venture has been treated as a joint arrangement and accounted for as a branch.

The Baptist Union of Great Britain appoints half the Directors of Baptist House Limited which provides conference facilities in Didcot for local businesses, and the Union's share has been consolidated as a Joint Venture.

The Baptist Union of Great Britain appoints half the Directors of The Baptist Assembly which runs the annual Baptist Assembly and the Union's share has been consolidated as a Joint Venture. While the year end is 31 August, since the event takes place annually in May the figures would not have been materially different if the year end had been coterminous with the Union.

The latest available figures for each of the entities are as follows:

During the year ended 30 September 2012 the Baptist Times Ltd made a loss of £5,320 (2011 loss £29,402) based on a turnover of £94,642 (2011 £304,076) and the company had a deficiency of share capital and reserves of £62,739 (2011 £57,419). The Company ceased to trade in 2012, and the amounts owed to the Union and the value of the investment, having previously been provided for, were written off in 2012.

During the year ended 30 November 2012 the Baptist Holiday Fellowship made a profit of £19,626 (2011 profit £4,663) based on a turnover of £41,503 (2011 £37,675) and the company had accumulated capital and reserves of £312,529 (2011 £292,903).

During the year ended 31 October 2012 the Joint Venture made a deficit of £19,418 (2011 deficit £12,013) based on a turnover of £839,522 (2011 £800,861) and the Venture had accumulated reserves of £5,820,252 (2011 £5,839,670).

During the year ended 30 September 2012 the Retired Baptist Ministers Housing Society made a surplus of £1,381,016 (2011 surplus £1,076,457) and the Company had accumulated capital and reserves of £23,312,704 (2011 £21,931,688).

During the year ended 31 October 2012 Baptist House Limited made a deficit of £9,605 (2011 surplus £583) based on a turnover of £19,490 (2011 £31,403) and the company had an accumulated deficit on reserves of £26,438 (2011 £16,833). The Union has offered support to allow the company to trade in 2013.

During the year ended 30 September 2012 Baptist Leading Edge Limited did not trade. It made a deficit of £8,798 in 2011 based on a turnover of £16,364. The remaining capital was donated to the Union, and an application was made for the company to be struck of the Register of Companies which took place on 5 February 2013.

During the year ended 31 August 2012 The Baptist Assembly made a surplus of £443 (2011 surplus £18,284) based on a turnover of £160,977 (2011 £177,677). The company had capital and reserves of £46,529 (2011 £46,086).



**Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)**

## 13 DEBTORS

	Consolidated		Charity	
	2012	2011	2012	2011
	£	£	£	£
Baptist Union Corporation Limited	44,399	39,818	44,399	39,818
Accrued income	598,895	1,232,190	572,541	751,524
Prepayments and other debtors	68,341	190,096	37,699	75,774
	<b>£711,635</b>	<b>£1,462,104</b>	<b>£654,639</b>	<b>£867,116</b>

## 14 LOANS

Included in this balance are amounts due after one year of £1,268,952 (2011 £1,335,659).

The outstanding loans of £1,297,350 include £44,241 due to be repaid within 12 months, a further £41,387 due within 2 years, £54,725 due between three and five years, and £1,156,997 due in more than five years.

## 15 CASH AND BANK BALANCES

	Consolidated		Charity	
	2012	2011	2012	2011
	£	£	£	£
HSBC Bank plc	693,856	595,628	525,810	472,607
Lloyds Bank plc	1,000,000	0	1,000,000	0
Royal London Cash Management	1,326,816	2,633,624	1,326,816	2,633,624
Baptist Union Corporation Limited	1,747,258	1,306,644	1,694,714	1,235,734
Clydesdale Bank Limited	679,062	664,079	679,062	664,079
Charities Official Investment Fund Deposit	622,871	577,671	452,203	428,306
	<b>£6,069,863</b>	<b>£5,831,646</b>	<b>£5,678,605</b>	<b>£5,434,350</b>

## 16 CREDITORS

	Consolidated		Charity	
	2012	2011	2012	2011
Amounts falling due within one year:				
Accruals and other creditors	<b>£3,267,245</b>	<b>£2,053,376</b>	<b>£1,094,031</b>	<b>£460,711</b>

## 17 ENDOWMENT FUNDS – Consolidated and Charity

	1 January 2012	Incoming Resources	Resources Expended	Gains and Losses	Transfers	31 December 2012
Sustentation Fund	<b>£791,781</b>	<b>£34,992</b>	<b>£350</b>	<b>£57,430</b>	<b>34,642</b>	<b>£849,211</b>
	<b>Investments</b>	<b>Current Assets</b>	<b>Total</b>			
Sustentation Fund	<b>£823,606</b>	<b>£25,605</b>	<b>£849,211</b>			

The Sustentation Fund income is available for provision of Ministry and the income was transferred to unrestricted income.

## Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)

## 18 RESTRICTED FUNDS

	1 January 2012	Incoming Resources	Resources Expended	Gains and Losses	Transfers	31 December 2012
	£	£	£	£	£	£
Continental Fund	49,861	1,774	0	2,502	0	54,137
Deaconesses' Benevolent Fund	13,977	247	(36)	0	0	14,188
Ministers' Benevolent Fund	57,396	2,069	(2,300)	3,099	0	60,264
Retired Ministers' Benevolent Fund	176,583	6,897	(1,100)	10,805	0	193,185
Widows' Benevolent Fund	13,151	1,889	(2,400)	0	5,000	17,640
J A Spurgeon Memorial Trust	347,325	23,937	(3,400)	19,759	0	387,621
<b>Total Charity</b>	<b>£658,293</b>	<b>£36,813</b>	<b>£(9,236)</b>	<b>£36,165</b>	<b>£5,000</b>	<b>£727,035</b>
Retired Baptist Ministers Housing Society	21,931,688	1,730,840	(352,797)	2,973	0	23,312,704
<b>Total Consolidated</b>	<b>£22,589,981</b>	<b>£1,767,653</b>	<b>£(362,033)</b>	<b>£39,138</b>	<b>£5,000</b>	<b>£24,039,739</b>

  

	Fixed Assets	Investments	Current Assets	Total
	£	£	£	£
Continental Fund	0	35,872	18,265	54,137
Deaconesses' Benevolent Fund	0	0	14,188	14,188
Ministers' Benevolent Fund	0	44,440	15,824	60,264
Retired Ministers' Benevolent Fund	0	154,952	38,233	193,185
Widows' Benevolent Fund	0	0	17,640	17,640
J A Spurgeon Memorial Trust	0	283,365	104,256	387,621
<b>Total Charity</b>	<b>£0</b>	<b>£518,629</b>	<b>£208,406</b>	<b>£727,035</b>
Retired Baptist Ministers Housing Society	25,200,338	26,337	(1,913,971)	23,312,704
<b>Total Consolidated</b>	<b>£25,200,338</b>	<b>£544,966</b>	<b>£1,705,565</b>	<b>£24,039,739</b>

The Continental Fund is used for facilitating contact with Baptist Unions in Europe.

The Deaconesses' Benevolent Fund assists former members of the Deaconesses' Order.

The Ministers' Benevolent Fund is to assist ministers on the accredited list.

The Retired Ministers' Benevolent Fund is to assist retired ministers on the accredited list.

The Widows' Benevolent Fund assists widows of ministers who were on the accredited list.

The J A Spurgeon Memorial Fund makes grants for holidays for Baptist Ministers who meet the criteria required.

The Retired Baptist Ministers Housing Society rents houses to eligible Baptist Ministers and their spouses in retirement.

## Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)

## 19 DESIGNATED FUNDS – Consolidated and Charity

	1 January 2012	Incoming Resources	Resources Expended	Gains and Losses	Transfers	31 December 2012
	£	£	£	£	£	£
New Venture	112,601	4,166	(4,000)	6,496	0	119,263
Overseas Travel	24,000	0	0	0	(6,000)	18,000
Newington Court	3,479,120	130,664	17,888	167,179	0	3,794,851
Tithe Fund capital	1,009,863	0	0	75,696	0	1,085,559
Tithe Fund income	62,674	45,825	(31,974)	0	0	76,525
Student Training capital	4,140,896	0	0	310,389	0	4,451,285
Student Training income	19,052	130,216	(117,995)	0	0	31,273
Loan fund capital	5,497,856	140	0	241,094	0	5,739,090
Baptist Strategy Building Scheme	2,436,918	0	(700,453)	0	(1,033,065)	703,400
Scholarship Fund	37,352	738	(12,576)	1,042	10,000	36,556
Pension Reserve	1,110,571	233,226	(2,900)	0	0	1,340,897
Worship Fund	72,330	2,165	0	2,710	0	77,205
	<b>£18,003,233</b>	<b>£547,140</b>	<b>£(852,010)</b>	<b>£804,606</b>	<b>£(1,029,065)</b>	<b>£17,473,904</b>

	Investments	Current Assets	Total
	£	£	£
New Venture	93,160	26,103	119,263
Overseas Travel	0	18,000	18,000
Newington Court	2,023,595	1,825,537	3,794,851
Tithe Fund capital	1,085,559	0	1,085,559
Tithe Fund income	0	76,525	76,525
Student Training capital	4,451,285	0	4,451,285
Student Training income	0	31,273	31,273
Loan fund capital	5,738,950	140	5,739,090
Baptist Strategy Building Scheme	0	703,400	703,400
Scholarship Fund	14,939	21,617	36,556
Pension Reserve	0	1,340,897	1,340,897
Worship Fund	42,331	34,874	77,205
	<b>£13,395,538</b>	<b>£4,078,366</b>	<b>£17,473,904</b>

The New Venture supports new projects of a social/community nature in Baptist churches.

The Overseas Travel Fund equalises the cost of attendance at international conferences. An amount was released to general funds during the year.

The proceeds of Newington Court, which are unrestricted funds, have been designated, with income, and capital as appropriate, to be allocated annually by the Trustees.

The Tithe Fund capital is that part of the proceeds of Baptist Church House made available for non-Baptist Union of Great Britain purposes.

The Tithe Fund income is the balance of income not yet donated.

The Student Training capital is that part of the proceeds of Baptist Church House made available for the provision of Bursaries to Ministerial Students.

The Student Training income is the balance of income not yet utilised.

The Loan fund capital is the investment in the Baptist Union Corporation, which can only be repaid if the Baptist Union Loan fund is wound up.

The Baptist Strategy Building Scheme provided loan finance to churches in strategic places, but is now closed to new loans.

The Scholarship Fund is available to provide bursaries for doctoral students, and receives a transfer from unrestricted income.

The Pension Reserve was created from the Union's share of Ultimate Trusts received in 2009, and is held pending the next actuarial valuation of the Baptist Ministers' Pension Fund and the Baptist Union Staff Pension Scheme.

The Worship Fund is to facilitate the study and discussion of worship.

**Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)**

## 20 ANALYSIS OF NET ASSETS

	Fixed Assets	Investments	Net Current Assets	Total
	£	£	£	£
Endowment Funds	0	823,606	25,605	849,211
Restricted Funds	25,200,338	544,966	(1,705,565)	24,039,739
Designated Funds	0	13,395,538	4,078,366	17,473,904
Unrestricted Funds	6,317,050	1,774,856	2,419,197	10,511,103
	<b>31,517,388</b>	<b>16,538,966</b>	<b>4,817,603</b>	<b>52,873,957</b>

## 21 GRANTS MADE

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.

The largest grants made during the year were as follows:

	2012	2011
	£	£
<b>General Grants for Baptist Organisations</b>		
European Baptist Federation	56,000	55,000
Baptist World Alliance	10,700	10,500
	<u>66,700</u>	<u>65,500</u>
<b>Ecumenical Grants</b>		
Churches Together in England	27,800	27,800
Cytun	14,451	17,600
Churches Together in Britain and Ireland	10,000	10,000
World Council of Churches	8,900	9,200
Free Churches Council	7,900	7,700
	<u>69,051</u>	<u>72,300</u>
<b>Association Grants</b>		
North Western Baptist Association	25,874	20,465
Northern Baptist Association	21,420	21,000
London Baptist Association	20,000	1,667
Southern Counties Baptist Association	4,747	0
West of England Baptist Association	2,987	0
South West Baptist Association	2,193	0
	<u>77,221</u>	<u>43,132</u>
<b>Ministry Grants to Churches</b>		
Bradford, Buttershaw Baptist Church	34,000	34,388
Kent Thameside	23,250	16,500
Huddersfield, Longley and Lowerhouses Community Church	20,000	19,650
London Arabic Evangelical Church	19,000	19,100
Croydon, Boston Road Baptist Church	18,500	18,176
Birmingham, Handsworth Baptist Church Centre	18,000	18,608
Church from Scratch	18,000	18,608
Letchworth, Kings Community Church	18,000	9,825
Canning Town, Victory Family Centre	16,292	0
Corby Three Churches Partnership	16,000	16,703
Glendale Crossing Places Initiative	16,000	15,000
Hull Missioner	16,000	19,650
	<u>233,042</u>	<u>206,208</u>
Carried forward		

**Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)**

## 21 GRANTS MADE continued

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Brought forward	233,042	206,208
Kings Cross Baptist Church	15,000	15,000
London, Brick Lane Church Plant	15,000	12,282
Pulborough, Brooks	15,000	0
Urban Expression	15,000	15,000
Bovingden	14,000	0
Bristol, Stapleton Baptist Church	14,000	3,276
Wichelstowe Church Plant	14,000	13,755
Bristol Re:Source	13,000	13,523
Toddington Baptist Church	12,400	13,755
Chadwell Heath, Eastern Avenue Baptist Church	12,000	12,773
Hartlepool, Owton Manor Baptist Church	12,000	10,825
Isle of Wight, Colwell	12,000	4,912
Kislingbury Baptist Church	12,000	12,773
Liverpool, Aintree Village Family Church	12,000	9,825
Middleton Cheyney, New Life Community Church	12,000	12,773
Peterborough, Stanground Baptist Church	12,000	9,825
Stoborough, Immanuel	12,000	0
Wood Green, Braemar Avenue Baptist Church	12,000	13,755
London Spanish Speaking Baptist Church	11,800	11,790
Great Yarmouth, Park Baptist Church	11,000	9,825
Stevenage, Great Ashby	11,000	11,790
Bolton, Farnworth	10,000	6,551
Chelwood Baptist Church	10,000	9,825
Derby, Osmaston Road Baptist Church	10,000	0
Dudley, Brierley Hill	10,000	3,275
Earlswood	10,000	5,731
Emersons Green Baptist Church Bristol	10,000	10,808
Gateshead, Durham Road Baptist Church	10,000	9,825
Harold Hill Church Plant	10,000	9,825
Hatch End Free Church	10,000	9,825
Havant, Warren Park Café Church	10,000	7,369
Hayes, Grange Park Baptist Church	10,000	10,000
Headington, Barton	10,000	1,638
Leeds, Bramley Baptist Church	10,000	9,825
Lode Chapel	10,000	9,825
Loughton Baptist Church	10,000	5,731
Manchester, Greenfield	10,000	6,275
Petts Wood, Poverest Road Baptist Church	10,000	8,843
Barnet, Underhill Baptist Church	9,000	9,825
Chelmsley Wood Baptist Church	9,000	9,825
Cheltenham, Hesters Way Baptist Church	9,000	9,825
Enfield, Suffolks Baptist Church	9,000	10,808
Hartlepool, Headland Baptist Church	9,000	9,825
Iford Baptist Church	9,000	10,808
Radford Semele Baptist Church	9,000	9,825
Ryde Baptist Church	9,000	9,825
Derbyshire Missioner	8,000	9,825
Houghton Regis Baptist Church	8,000	9,825
Ellesmere Port Missioner	6,833	13,755
Manchester, Levenshulme Baptist Church	6,667	9,825
Birkenhead, Laird Street Baptist Church	4,167	9,825
Carried Forward	777,909	672,457

**Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)**

## 21 GRANTS MADE (Continued)

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Brought forward	777,909	672,457
Forest Gate, Victory Baptist Church	2,400	11,463
Deal, Victoria Baptist Church	0	9,825
Little Kimble Free Church	0	9,825
Transform Bexley Borough	0	12,000
Other grants to churches	1,254,087	1,130,129
	<b>£2,034,396</b>	<b>£1,845,699</b>
<b>Summary</b>		
General Grants to Baptist Organisations	66,700	71,500
Ecumenical Grants	69,051	80,300
Grants to Associations	77,221	43,132
Grants to Churches	2,034,396	1,845,699
Other grants	718,146	835,816
	<b>£2,965,514</b>	<b>£2,876,447</b>

Other grants include £4,600 paid as honoraria to 20 Baptist chaplains in universities (2011 £4,200).

## 22 RELATED PARTY TRANSACTIONS

The custodian Trustee of the Baptist Union of Great Britain is the Baptist Union Corporation Limited which is charity number 249635, whose members are the members of the Baptist Union Council. The Corporation administers the Baptist Union Loan Fund. The company is therefore a related party of the Baptist Union of Great Britain.

During the year ended 31 December 2012 the Union charged the Baptist Union Corporation Limited (Corporation) £351,121 (2011 £364,891) in management charges and office and ancillary costs, £166,318 (2011 £157,458) interest on capital employed, and received from the Corporation £60,000 (2011 £54,000) as a donation to its work. At 31 December 2012 the Union was owed by the Corporation £2,415 (2011 owed £1,892) in connection with these transactions.

At 31 December 2012 the Union had invested capital of £5,739,090 (2011 £5,497,856) in the Corporation, and deposited funds of £1,694,714 (2011 £1,235,734) in interest bearing accounts managed by the Corporation.

The charity has taken advantage of the exemption for disclosing intra-group transactions, in paragraph 3 of FRS8 which states that disclosure of related party transactions is not required in parent entity financial statements when those statements are presented together with its consolidated financial statements.

**Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)**

## 23 PENSIONS

The Union is an employer participating in 2 pension schemes known as the Baptist Pension Scheme ("the Scheme"), which was known as the Baptist Ministers' Pension Fund until 31 December 2011 ("the Ministers' Fund"), and the Baptist Union Staff Pension Scheme ("the Staff Scheme"). The Schemes are separate legal entities which are administered by a Pension Trustee (Baptist Pension Trust Limited).

Employees are eligible to join the Scheme, which is not contracted out of the State Second Pension.

The main benefits provided by the Ministers' Fund for service prior to 1 January 2012 are 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. From 1 January 2009 Ministers paid 8% of their Pensionable Income and the employer paid 16%. The Fund started in 1925, but was closed to future accrual of defined benefits on 31 December 2011.

The main benefit provided by the Staff Scheme is a pension of one seventieth of a member's average salary over the last three years of pensionable service. From 1 January 2009 employees paid 8% of their salary, and the employer paid the balance of the necessary contribution, which was 17.1%. The scheme started in 1969, but was closed to future accrual of benefits on 31 December 2011.

From January 2012, pension provision for both Ministers and Lay Staff is being made through the Defined Contribution (DC) Plan within the Baptist Pension Scheme. 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, the administration of the DC Plan, and an associated insurance policy which provides income protection for Scheme members in the event that they are unable to work due to long-term incapacity. This income protection policy has been insured by the Baptist Union of Great Britain with Unum Limited.

A formal valuation of the Ministers' Fund was performed as at 31 December 2010 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Fund's assets at the valuation date was £129,866,000.

The valuation of the Ministers' Fund revealed a deficit of assets compared with the value of liabilities of £69,700,000 (equivalent to a past service funding level of 65%). As a result of the valuation, in addition to the contributions to the DC Plan set out above, deficiency contributions from employers to the Ministers' Fund (now the DB Plan within the Scheme) were set at 8.4% of Pensionable Income for 2012 and 11% of Pensionable Income for 2013 onwards. The Recovery Plan envisages deficiency contributions being required for 24 years.

A formal valuation of the Staff Scheme was performed at 1 January 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Fund's assets at the valuation date was £6,059,038.

The valuation of the Staff Scheme revealed a deficit of assets compared with the value of liabilities of £3,600,000 (equivalent to a past service funding level of 59%). As a result of the valuation, in addition to the contributions to the DC Plan set out above, deficiency contributions from each employer to the Staff Scheme (now a closed DB Plan within the Scheme) were set initially at £1,500 per annum for each member of the Scheme (including deferred pensioners, pensioners and widow(er)s) for which that employer is responsible. These deficiency contributions will rise annually on 1 January in line with the Retail Prices Index at the previous September, and to reflect any reduction in the overall number of Scheme members, and are subject to an inflation adjusted minimum of £240,000 each year. The Recovery Plan envisages deficiency contributions being required for some 20 years.

In addition to these deficiency contributions to the Staff Scheme, employers also pay contributions to the DC Plan within the Scheme as specified above.

The financial assumptions underlying the valuations were as follows: Ministers and Staff

Discount rate pre retirement	5.70%
Discount rate post retirement	4.55%
Rate of price inflation	3.70%
Rate of revaluation on deferred pensions accrued to 5 April 2009	3.70%
Rate of revaluation on deferred pensions accrued after 5 April 2009	2.50%
Rate of pension increases on benefits accrued to 5 April 2006	3.50%
Rate of pension increases on benefits accrued after 5 April 2006	2.30%

**Notes to the consolidated financial statements for the year ended 31 December 2012 (continued)**

23 PENSIONS (continued)

As there is a large number of contributing employers participating in the Scheme, the Union is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, due to the nature of the schemes, the profit and loss charge for the period represents the employer contributions payable. The total pension cost for the Union is £142,136 (2011 £209,757).

The next actuarial valuation of the Ministers' Fund DB Plan is due to take place not later than as at 31 December 2013, and the next actuarial valuation of the Staff Scheme DB Plan is due to take place not later than as at 1 January 2014.

24 RESULTS OF THE MAIN CHARITY

Included in the consolidated financial statements is gross income of £6,595,709 (2011 £6,251,085) and a net surplus in funds for the year of £948,550 (2011 deficit £1,017,507) incurred by the 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 Baptist Union of Great Britain for the year ended 31 December 2012 which comprise the Group Statement of Financial Activities, the Group and the Parent Charity Balance Sheet, the Group Cash Flow Statement) and the related notes. 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).

This report is made solely to the charity's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 4, 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 auditor under section 151 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 (APB'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 group's and parent 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 Trustees' Annual Report<sup>4</sup> to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2012, and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

**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 Trustees' Annual Report<sup>4</sup> is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the parent charity's 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.

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WILKINS KENNEDY LLP  
Statutory Auditor and Chartered Accountants