



ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

The Heart of England Baptist Association
Registered Charity Number: 1080529 Registered Company Number: 00238738
Registered Office: 24 Weoley Park Road, Selly Oak, Birmingham B29 6QX

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THE HEART OF ENGLAND BAPTIST ASSOCIATION

REPORT OF THE TRUSTEES

YEAR ENDED 31 DECEMBER 2018

The Trustees, who are directors for the purposes of company law, are pleased to present the Annual Report and Financial Statements of the charitable company for the year ended 31 December 2018, which are prepared to meet the requirements for a director's report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Articles of Association and 'Accounting and Reporting By Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102 – effective 1 January 2015)' as updated by SORP Update Bulletin 1.

Objectives and Activities

The Objects of this charitable company are the advancement of the Christian faith, particularly in the Heart of England and especially by the means of and in accordance with the principles of the Baptist denomination as set out for the time being in the Declaration of Principle of The Baptist Union of Great Britain (BUGB).

The values espoused by the trustees of the charitable company are Companionship, Generosity, Diversity, Learning and Innovation. These values are continually presented to churches for their encouragement and so that they understand the principles guiding the work of the charitable company. The presentation of the values happens at events to which churches are invited, through the HEBA mailings to churches, through the work of the HEBA office team and Regional Ministers and on the website.

The principle activities of the charitable company are the employment of a Regional Ministry and administrative staff team and the organisation of a number of volunteers, working in groups or individually, to offer support and guidance, training and financial resources to advance the Christian faith in a way which benefits Baptist churches and the communities they serve.

The charitable company is part of the family of Baptist organisations serving the needs of many of the Baptist churches in Great Britain, working particularly closely with the Baptist Union of Great Britain and BMS World Mission.

The charitable company aims to

- Co-operate with churches directly and through working groups by passing appropriate resolutions to enable building development projects, including the provision of grants and loans, including Sustainable Energy Funding. Many of these projects are directly aimed at making church buildings more accessible and available to the local community.
- Assist churches and ministers that are seeking new ministries through the National Settlement process.
- Assist individuals who are exploring a call to any Baptist ministry by signposting various routes to recognised Baptist ministry, interviewing candidates, supporting ministerial candidates and providing BUGB approved training for preachers and lay pastors.
- Make Safeguarding training available on a rolling programme, encouraging and enabling ministers and members of churches to receive training.
- Mediate disagreements arising within churches or between churches and their local community.
- Encourage the HEBA Grants Committee as it continues to seek creative ways of supporting churches in their mission using Baptist Home Mission and Association funds.
- Ensure, through its Finance Working Group, responsible and effective stewardship of the resources of the charitable company.
- Encourage churches to support Baptist Home Mission and BMS World Mission through prayer, direct partnership with mission personnel and financial gifts, so that the Gospel of Jesus Christ can continue to be shared in the UK and abroad.
- Receive and consider reports from all Working Groups and the Regional Ministers, enabling the charitable company to maintain effective governance, including receiving reports on the staff appraisals, budget proposals, safeguarding issues and other work with churches as appropriate.
- Support the staff employed by the charitable company through the provision of appropriate training and encouragement, and provision of clear and effective staffing and other policies.
- Seek appropriate and timely legal advice on issues having a potentially wide-ranging effect with a view to understanding and, where possible, mitigating risk to the charitable company.

THE HEART OF ENGLAND BAPTIST ASSOCIATION

REPORT OF THE TRUSTEES

YEAR ENDED 31 DECEMBER 2018

Public Benefit

The trustees, having regard to the Charity Commission's guidance document, 'public benefit: running a charity (PB2)', continued to provide public benefit by seeking to advance the Christian faith and practice in accordance with the Objects of the charitable company.

The trustees sought to achieve this in several ways including:

- encouraging churches to adopt robust safeguarding policies and practice through the provision of training for church members, ministers and pastors;
- keeping appropriate safeguarding records, including documents kept in long-term secure systems;
- acting to provide help and support to churches seeking to improve their own governance, projects or buildings;
- paying over a previously agreed contribution to a 'Family Solution' significantly reducing the Pension Debt of the Baptist Ministers' Defined Benefit Pension Scheme;
- holding staff accountable for their support for churches seeking to advance the Christian faith in their communities;
- providing a training event on GDPR for member churches and updating their own data protection practice and procedures.
- Funding – with others – the provision of a Baptist minister for deaf and deafened people in Stafford.
- encouraging churches and ministers through theological reflection days, interaction with regional ministry staff and themes pursued at all joint events, to engage effectively and serve their local communities.

Achievements and Performance

The trustees supported their Regional Ministry team in their work through the provision of assistance in housing, in training and in permitting them to take sabbatical leave. During 2018 the Revd Neil Le Tissier took sabbatical leave.

Two trustees were appointed by affirmation of the churches during 2018, Revd Duncan MacLean and Mrs Judith Miller. The Association Administrator who is also the Company Secretary provided the new trustees with induction and assisted all trustees by signposting documents and conferences to help them in their work. This includes circulating information from the Charity Commission and the Churches' Legislation Advisory Service and invitations to seminars and training.

The trustees and staff continued to support (with partners) the ministry of Revd Susan Myatt, Baptist Minister Amongst the Deaf, financially and through prayer. A number of staff members and members of churches attended Deaf Awareness Training and the trustees again facilitated Susan's attendance with BSL interpreters at the HEBA Ministers' Conference and other events.

The Regional Ministers visited and worked with churches and ministers as they sought new ministry. As part of this process they met with churches and individual ministers, as well as those seeking Recognition as Baptist lay pastors or preachers right across the Association.

The charitable company, through its Ministerial Recognition Group, interviewed six prospective ministers, 2 pastors and 1 minister seeking reinstatement. It authorised book grants to six ministerial students and had contact with three Newly Accredited Ministers and their Mentors.

About sixteen individuals took advantage of the provision of learning modules for lay pastors and preachers through the charitable company's Learning @ the Centre programme, thirteen of those taking more than one module.

The charitable company continued to model an organisational culture which prioritises safeguarding through their encouragement and support of churches to provide a safe and trusted environment for all those they come into contact with, particularly children, young people and adults at risk. This involved the provision of reduced cost or free safeguarding training at Levels 2 and 3 and constant signposting of training and resources in communications with the churches so that they have access to model safeguarding policies and procedures and know how to handle any incidents that arise. Revd Duncan MacLean served as trustee for Safeguarding during the year.

THE HEART OF ENGLAND BAPTIST ASSOCIATION

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During 2018, the charitable company provided 38 safeguarding training opportunities around the Association; 29 at Level 2 and 9 at Level 3. These were attended by 939 individuals from 138 churches, including 60 ministers and pastors recognised by the Baptist Union of Great Britain.

The charitable company, through its Grants Committee provided grants to churches and projects to a value of £354,574 using both Baptist Home Mission and Association funds. This includes grants towards overseas mission trips for young people and sabbatical studies for ministers in the Association. The Home Mission Fund was actively promoted through mailings to the churches, recognising that this is a key source of funding for many churches.

The charitable company, through its Finance Group, ensured that all funds were being held and spent appropriately. They reviewed budgets, spending and investments and met with the Investment Managers.

The charitable company rolled out new book-keeping and account-production services to member churches and at the end of the year, Mrs Divine Kekozukunia had produced accounts for one church and was undertaking book-keeping for one church. The Payroll Service offered to churches and projects continued, and at the end of the year, payroll services were being undertaken for 64 churches/projects (109 individuals).

The charitable company, through its Trust Working Group, gave consideration and practical assistance to almost 30 churches involved in building purchase, disposal and development; changing their legal structure; amending their governing instruments and other matters to help make church buildings and fellowships more able to fulfil their objects. One of these was a Grade II Listed Building and the trustees supported this application through the Listed Buildings Advisory Committee of the Baptist Union.

The charitable company achieved most of their stated plans in 2018, in particular -

- Updating their Data Protection Policy and revision of all procedures and practices in line with the General Data Protection Regulations.
- Rolling out a Bookkeeping Service for churches.
- Updating the staff Appraisal Procedure and Practice.

Wellington Union Free Church, Telford, a Baptist-URC Local Ecumenical Project, closed during the spring with great regret. However, Shilton Baptist Church near Coventry came into membership of the Association during the year.

Risk Review

The charitable company continued to review its Risk Management Matrix at least three times a year. Significant risks identified during the year were:

- The possibility of incidents or accidents in dilapidated burial grounds where the charitable company is holding trustee continues to be a concern. A list of the burial grounds has been compiled and the Trust Working Group would be considering how to address this risk without adopting the responsibilities of the charity trustees in the churches.
- The loss of trust information for church properties due to fire or flood continues to be a risk until the compilation of a catalogue of Trust Digests is complete. This is ongoing.
- Censure arising from a failure to properly implement the requirements of the General Data Protection Regulations has been identified as a risk to the charitable company. The charitable company sought legal assistance in producing a set of updated Data Protection and privacy documents and the Company Secretary continually reminds trustees, staff and volunteers of their responsibilities in order to mitigate these risks.
- The trustees downgraded the previously-identified risk of being unable to fill staff/key volunteer vacancies

The charitable company also approved the use of Human Resources professionals in the production of an updated staff appraisal system.

THE HEART OF ENGLAND BAPTIST ASSOCIATION

REPORT OF THE TRUSTEES

YEAR ENDED 31 DECEMBER 2018

Financial Review

During 2018 the overall funds of the Association decreased by £363,101 to £3.9m (£4.27m 2017) this is after having taken account of the impact of a decrease in the pension liability to the Baptist Pension Scheme of £121,230.

Unrestricted fund income, including designated funds, was £617,818 (£567,848 2017). Expenditure totalled £829,746 (£837,731 2017) resulting in a loss of £211,928 (£283,438 2017) before gains and losses. Net losses on investment assets totalled £261,282 (£97,193 gain 2017) reflecting the downward pressures in the financial markets during the year but this was mitigated by the reduction in the pension liability. The General Fund at the year-end was £2.02m (£2.372m 2017), including the designated funds of £0.919m (£0.973m 2017).

The Net Movement on Designated Funds was £53,709 (£240,755 2017) in excess of expenditure over income. This was primarily due to the ongoing use of the Mission Development Fund for grants to church and other mission projects.

Other income and expenditure in the Restricted Funds primarily relate to loan interest on the loans made from the restricted loan fund. Interest is not charged on loans, but churches will be asked to give a thank-offering at the end of the loan period to help maintain the real value of the fund. The net movement across the restricted funds was £11,121 (£11,809 2017). At the year end the balances across the restricted funds was £1.887m (£1.898m 2017).

The Association is part of a very complex multi-employer defined benefit pension scheme comprising approximately 1,200 employers. See Note 24 in the Financial Statements. During the year the Association's liability to one of the schemes has been settled and the other has been significantly reduced.

Investment powers, policy and performance

The Trustees have appointed Redmayne Bentley as Investment Managers for the Association's investment portfolio. The managers have discretionary powers to invest in line with the Investment Policy which is classed as medium risk and aims for moderate growth in income whilst at least maintaining capital values over the medium to long term.

Reflecting the ethos of the Association, an ethical investment policy is in place to guide the investment manager. This focuses on positive aspects such as good governance and good working practices as well as excluding sectors which do not fit with the Association's ethos.

During the year, the portfolio return (total return basis) decreased by 3.82%, against the portfolio benchmark return, which decreased by 5.13%. The FTSE All-Share total return for the period June to December 2018 decreased by 10.98%.

The Association continued to maintain substantial balances on notice and term deposits. Most of these funds represent balances held on behalf of churches where minimal capital risk is important.

Reserves policy

The Trustees consider a reserve of one year's costs is required to ensure a managed exit from all existing agreements and contracts. One year's costs is the total general fund expenditure excluding one off events concerning the staff pension buy out (credit £8k) and BUP Family Solution (£50K) and including one year of grant funding from the Association's own resources (£200K), where grants would be needed beyond the current year. This latter is to reflect commitments, often staff related, which have been entered into by grant receiving churches. On this basis reserves of £632K are required. Excluding Fixed Assets and restricted funds the Association's free reserves were £0.837m giving cover of 1.7 times. The reduction in cover of reserves required from 4.2(2017) to 1.7(2018) is the result of the Trustees previously declared intention of reducing reserves on a managed basis whilst ensuring capacity to generate sufficient funds.

THE HEART OF ENGLAND BAPTIST ASSOCIATION

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YEAR ENDED 31 DECEMBER 2018

Fundraising Policy

All donations are received from within the Baptist family and there is no fundraising activity from the general public.

Plans for future periods

During 2019, the charitable company will seek to continue to fulfil its objects in creative ways that will assist in the advancement of the Christian faith and the enrichment of church and community life in the Heart of England.

This will include:

- Increasing take-up of the Bookkeeping Service for churches.
- Establishing a holding company for churches held on the Cannon Street Trust.
- Completing a review of professional advisors used by the charitable company.
- Recruiting more trustees to bring the number of trustees up to twelve, including increasing diversity.
- Promoting the value of diversity amongst the churches of the Association as a key theme for the year.
- Addressing the risk presented by dilapidated burial grounds for which the charitable company is holding trustee.
- Completing the trust digests project.

Structure, Governance, Management

The charitable company is governed by its Articles of Association and Rules of 16 June 2012.

The Objects of this charitable company are the advancement of the Christian faith, particularly in the Heart of England and especially by the means of and in accordance with the principles of the Baptist denomination as set out for the time being in the Declaration of Principle of The Baptist Union of Great Britain.

Trustees' Interests

No trustee had any beneficial interest in the charitable company or in any contract or arrangement of a material nature with the charitable company during the year under review. The trustees approved the payment of £320 plus out-of-pocket expenses one of their number for the teaching of a module on the Learning @ the Centre programme on behalf of one of the Baptist Colleges. One trustee is in membership with a church receiving Home Mission support. Expenses were paid to 9 trustees amounting to £2,381.

Recruitment, appointment, induction and training of trustees

The charitable company is run by its Board of Trustees who are also directors and who met five times during 2018, though one trustee was permitted to miss some meetings due to illness.

The trustees undertook a Skills Review of their membership during the year and resolved to use this in future in the process of recruiting new members of the board. Trustees are recruited through invitations to member churches to nominate people whom they believe to be appropriate for the task. Nominees are sent copies of the charitable company's Articles of Association and its Conflict of Interests policy and are asked to complete and sign the Declaration of Qualification to serve as a Trustee. They usually have a meeting with the Moderator of the Board of Trustees during that period and are advised that appropriate checks will be undertaken to confirm that they are eligible to serve in this capacity. If, after this, they still wish to serve, the churches of the Association are invited to affirm the nominees by email or letter to the Company Secretary.

On appointment, they are invited to a formal induction meeting with the Administrator/Company Secretary who signposts essential documents available from the Charity Commission, Companies House and BUGB websites, as well as providing an overview of the activities of the charitable company.

In January 2018 the trustees held a special meeting to consider their governance, purpose and strategy.

THE HEART OF ENGLAND BAPTIST ASSOCIATION

REPORT OF THE TRUSTEES

YEAR ENDED 31 DECEMBER 2018

Trustees at 31 December 2018

The Moderator and Treasurer are elected annually by the members of the Association.

Moderator	The Revd Tim Fergusson
Treasurer	Mr Eddy Rye
Regional Minister – Team Leader	The Revd Adrian Argile
Revd Neil Bennett	Affirmed by the members of the charitable company
The Revd Duncan MacLean	Affirmed by the members of the charitable company (20 September 2018)
Mrs Judith Miller	Affirmed by the members of the charitable company (20 September 2018)
The Revd Keith Osmund-Smith	Co-opted by the remaining trustees
The Revd Dr Edward Pillar	Affirmed by the members of the charitable company
Mrs Doreen Walker	Affirmed by the members of the charitable company
Trustees retiring during the year	
Mr Dorien Brookes	Retired 22 November 2018
The Revd Martin Hobgen	Retired 2 January 2018

Related Parties

The charitable company is a member of the Baptist Union of Great Britain, paying a subscription to this charity. Funds from the Home Mission Fund, which is the principle working fund of the BUGB, are received by the charitable company and dispersed by its Grants Group.

The Registered Office of the charitable company is in property owned by BMS World Mission, and this occupation is based on a licence until 2022.

Key Management personnel remuneration

The charitable company consider their key management personnel to be:
The charitable company's board of trustees

The pay and remuneration of the employees of the charitable company is set by the charitable company through the Board and its Finance Group and is based upon the Baptist Home Mission recommended stipend.

THE HEART OF ENGLAND BAPTIST ASSOCIATION

REPORT OF THE TRUSTEES

YEAR ENDED 31 DECEMBER 2018

Association Information

Registered Charity Number	1080529
Registered Company Number	00238738
Registered Office	24 Weoley Park Road, Selly Oak, Birmingham B29 6QX
Other Office Holders	
Administrator/Company Secretary	Miss Karen Martindale
Regional Ministers serving the Association during 2018	The Revd Adrian Argile The Revd David Ellis The Revd Alison Mackay The Revd Neil Le Tissier
Legal Advisors	DWF LLP, One Snowhill, Snow Hill Queensway, Birmingham B4 6GA
Surveyor/Valuer	Shaw Gilbert & Froggatt 4 Warstone Parade East, Warstone Lane, Birmingham B18 6N
Auditor	MHA MacIntyre Hudson, Rutlund House, 148 Edmund Street, Birmingham B3 2FD
Bankers	HSBC Bank plc, 186 Broadway, Didcot OX11 8RP
Stockbrokers/Investment Advisors	Redmayne-Bentley LLP, 9 Bond Court, Leeds LS1 2JZ

Assets held as Custodian Trustee on Behalf of Others

The directors of the charitable company continue to act as custodian trustee for churches, with both property and cash deposits being held in this capacity. A full list of the churches on whose behalf assets are held is available.

THE HEART OF ENGLAND BAPTIST ASSOCIATION

REPORT OF THE TRUSTEES

YEAR ENDED 31 DECEMBER 2018

Directors' responsibilities in relation to the financial statements

The trustees (who are also directors of The Heart of England Baptist Association for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company 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

This report was approved by the Board on 25 July 2019.

Signed

Revd T Fergusson
Moderator of the Association

THE HEART OF ENGLAND BAPTIST ASSOCIATION
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HEART OF ENGLAND BAPTIST ASSOCIATION

OPINION

We have audited the financial statements of The Heart Of England Baptist Association (the 'charitable company') for the year ended 31 December 2018 set out on pages 12 to 42. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 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 the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

THE HEART OF ENGLAND BAPTIST ASSOCIATION
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HEART OF ENGLAND BAPTIST ASSOCIATION

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. 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.

OPINION 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 Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) 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 Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

THE HEART OF ENGLAND BAPTIST ASSOCIATION
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HEART OF ENGLAND BAPTIST ASSOCIATION

In preparing the financial statements, the Trustees are responsible for assessing the charitable 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 Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

USE OF OUR REPORT

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

Helen Blundell LLB FCA FCIE DChA (Senior statutory auditor)
for and on behalf of
MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
Rutland House
148 Edmund Street
Birmingham
B3 2FD
9 August 2019

THE HEART OF ENGLAND BAPTIST ASSOCIATION
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:					
Donations and legacies	2	393,619	-	393,619	301,642
Charitable activities	3	58,917	-	58,917	40,161
Investments	4	152,226	5,215	157,441	221,245
Other income	5	13,056	-	13,056	8,611
TOTAL INCOME		617,818	5,215	623,033	571,659
EXPENDITURE ON:					
Raising funds	6,7	37,676	-	37,676	38,647
Charitable activities		792,070	16,336	808,406	804,671
TOTAL EXPENDITURE		829,746	16,336	846,082	843,318
NET EXPENDITURE BEFORE INVESTMENT (LOSSES)/GAINS					
Net (losses)/gains on investments	15	(211,928)	(11,121)	(223,049)	(271,659)
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES		(473,210)	(11,121)	(484,331)	(174,466)
Other recognised gains	25	121,230	-	121,230	4,583
NET MOVEMENT IN FUNDS		(351,980)	(11,121)	(363,101)	(169,883)
RECONCILIATION OF FUNDS:					
Total funds brought forward		2,372,059	1,897,885	4,269,944	4,439,827
TOTAL FUNDS CARRIED FORWARD		2,020,079	1,886,764	3,906,843	4,269,944

The notes on pages 15 to 42 form part of these financial statements.

THE HEART OF ENGLAND BAPTIST ASSOCIATION**(A company limited by guarantee)****REGISTERED NUMBER: 00238738**

**BALANCE SHEET
AS AT 31 DECEMBER 2018**

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	14		1,175,925		1,179,407
Investments	15		2,962,291		3,243,105
			4,138,216		4,422,512
CURRENT ASSETS					
Fixed assets held for sale		117,500		117,500	
Debtors	16	435,404		468,578	
Investments	17	940,365		1,176,416	
Cash at bank and in hand		237,989		345,577	
		1,731,258		2,108,071	
CREDITORS: amounts falling due within one year	18	(1,783,162)		(1,901,035)	
NET CURRENT (LIABILITIES)/ASSETS			(51,904)		207,036
TOTAL ASSETS LESS CURRENT LIABILITIES			4,086,312		4,629,548
CREDITORS: amounts falling due after more than one year	19		(4,000)		(4,000)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			4,082,312		4,625,548
Defined benefit pension scheme liability	25		(175,469)		(355,604)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			3,906,843		4,269,944
CHARITY FUNDS					
Restricted funds	21		1,886,764		1,897,885
Unrestricted funds	21		2,020,079		2,372,059
TOTAL FUNDS			3,906,843		4,269,944

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 25 July 2019 and signed on their behalf, by:

The Revd Tim Fergusson, Moderator

Mr Eddy Rye, Treasurer

The notes on pages 15 to 42 form part of these financial statements.

THE HEART OF ENGLAND BAPTIST ASSOCIATION
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	23	<u>(462,407)</u>	<u>(864,780)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		157,441	221,245
Purchase of tangible fixed assets		(540)	(737)
Proceeds from sale of investments		536,776	214,566
Purchase of investments		<u>(432,061)</u>	<u>(389,960)</u>
Net cash provided by investing activities		<u>261,616</u>	<u>45,114</u>
Cash flows from financing activities:			
Deficiency payments against pension liability		<u>(57,665)</u>	<u>(24,083)</u>
Net cash used in financing activities		<u>(57,665)</u>	<u>(24,083)</u>
Change in cash and cash equivalents in the year		(258,456)	(843,749)
Cash and cash equivalents brought forward		<u>1,674,257</u>	<u>2,518,006</u>
Cash and cash equivalents carried forward	24	<u><u>1,415,801</u></u>	<u><u>1,674,257</u></u>

The notes on pages 15 to 42 form part of these financial statements.

THE HEART OF ENGLAND BAPTIST ASSOCIATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES

1.1 GENERAL INFORMATION

The Heart of England Baptist Association is a charitable company (limited by guarantee) operating in England. The registered office is 24 Weoley Park Road, Selly Oak, Birmingham B29 6QX.

The principal activities of the charitable company are the employment of a Regional Ministry and administrative staff team and the involvement of a number of volunteers, working in groups or individually, to offer support and guidance, training and financial resources to advance the Christian faith in a way which benefits Baptist churches and the communities they serve.

1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Heart Of England Baptist Association meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.3 COMPANY STATUS

The company is a company limited by guarantee. The members of the company are the Trustees named on page 6. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

THE HEART OF ENGLAND BAPTIST ASSOCIATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

1.4 INCOME

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the company, or the company is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Trustees' report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the company which is the amount the company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

THE HEART OF ENGLAND BAPTIST ASSOCIATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

1.5 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Support costs are those costs incurred directly in support of expenditure on the objects of the company.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Furnishings and other equipment	-	15% straight line
Electronic equipment	-	33% straight line

1.7 INVESTMENTS

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities incorporating income and expenditure account.

THE HEART OF ENGLAND BAPTIST ASSOCIATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

1.8 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

1.9 OPERATING LEASES

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.10 DEBTORS

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

Loans to churches are concessionary loans made in furtherance of the charity's purposes. Loans are recognised at cost as adjusted for any repayments made less impairment.

1.11 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 LIABILITIES AND PROVISIONS

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 FINANCIAL INSTRUMENTS

The company only has financial assets and financial 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.

THE HEART OF ENGLAND BAPTIST ASSOCIATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

1.14 TAXATION

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the 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.

1.15 PENSIONS

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

Prior to 2012, pension provision was made through two multi-employer defined benefit pension plans. Where it is not possible for the charity to obtain sufficient information to enable it to account for a plan as a defined benefit plan, it accounts for the plan as a defined contribution plan. Where the plan is in deficit and where the charity has agreed, with the plan, to participate in a deficit funding arrangement, the charity recognised a liability for this obligation. The amount recognised is the net present value of the contributions payable under the agreement that relate to the deficit. This amount is expensed in the Statement of Financial Activities Incorporating Income and Expenditure Account. The unwinding of the discount is recognised as a finance cost. A liability for the agreed pension scheme deficit plan of the Baptist Union Staff Pension Scheme has been included, in accordance with the Schedule of Contributions dated 31 March 2015 in the comparatives but has been settled in full in the current year (see note 24). A liability for the agreed pension scheme deficit plan of the Baptist Pension Scheme has been included, in accordance with the Schedule of Contributions dated 4 April 2015.

1.16 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

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

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

THE HEART OF ENGLAND BAPTIST ASSOCIATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

1.17 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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.

Judgements in applying the entity's accounting policies:

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

Critical accounting estimates and assumptions:

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

Useful economic lives and residual values of tangible assets - the annual depreciation charge of tangible assets is sensitive to changes in the estimated useful economic lives and the residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on economic utilisation, physical condition and future investments of assets.

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	10,000	-	10,000	-
Home Mission Fund Grant	136,475	-	136,475	140,164
Home Mission grant for mission	149,215	-	149,215	161,478
Donations arising from church closure	97,929	-	97,929	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and legacies	393,619	-	393,619	301,642
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total 2017	301,642	-	301,642	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	

THE HEART OF ENGLAND BAPTIST ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Ministers' Conference	13,334	-	13,334	10,708
Other activities	45,583	-	45,583	29,453
	<u>58,917</u>	<u>-</u>	<u>58,917</u>	<u>40,161</u>
Total 2017	<u>40,161</u>	<u>-</u>	<u>40,161</u>	

4. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Retired Minister Housing Income	3,065	3,140	6,205	13,764
Dividends and bond interest	149,161	-	149,161	203,879
Interest on loans	-	2,075	2,075	3,602
	<u>152,226</u>	<u>5,215</u>	<u>157,441</u>	<u>221,245</u>
Total 2017	<u>203,879</u>	<u>17,366</u>	<u>221,245</u>	

5. OTHER INCOMING RESOURCES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Payroll service	11,935	-	11,935	6,569
Other activities	1,121	-	1,121	2,042
	<u>13,056</u>	<u>-</u>	<u>13,056</u>	<u>8,611</u>
Total 2017	<u>8,611</u>	<u>-</u>	<u>8,611</u>	

THE HEART OF ENGLAND BAPTIST ASSOCIATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. COSTS OF RAISING FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Payroll scheme expenses	10,278	-	10,278	11,036
Interest on funds held for churches	7,866	-	7,866	8,370
	<u>18,144</u>	<u>-</u>	<u>18,144</u>	<u>19,406</u>
Total 2017	<u>19,406</u>	<u>-</u>	<u>19,406</u>	

7. INVESTMENT MANAGEMENT COSTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment management fees	19,532	-	19,532	19,241
	<u>19,532</u>	<u>-</u>	<u>19,532</u>	<u>19,241</u>
Total 2017	<u>19,241</u>	<u>-</u>	<u>19,241</u>	

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Grant funding of activities 2018 £	Support costs 2018 £	Total 2018 £	As restated Total 2017 £
Regional Ministry Team	188,026	-	88,943	276,969	256,284
Grants	-	354,574	23,874	378,448	420,540
Subscriptions	10,032	-	7,256	17,288	19,914
Ministers' Conference	15,471	-	6,788	22,259	18,344
Association Activities	6,245	-	107,197	113,442	89,589
	<u>219,774</u>	<u>354,574</u>	<u>234,058</u>	<u>808,406</u>	<u>804,671</u>
Total 2018	<u>219,774</u>	<u>354,574</u>	<u>234,058</u>	<u>808,406</u>	<u>804,671</u>
Total 2017	<u>234,296</u>	<u>403,520</u>	<u>166,855</u>	<u>804,671</u>	

THE HEART OF ENGLAND BAPTIST ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

9. DIRECT COSTS

	Regional Ministry Team £	Subscriptions £	Minister's Conference £	Association Activities £	Total 2018 £	As restated Total 2017 £
Ministers' conference	-	-	15,471	-	15,471	13,505
Regional Ministry Team	39,080	-	-	-	39,080	54,694
Subscriptions	-	10,032	-	-	10,032	14,741
Association activities	-	-	-	6,245	6,245	13,169
Finance cost (pension deficit)	7,100	-	-	-	7,100	7,712
Wages and salaries	119,145	-	-	-	119,145	108,180
National insurance	8,925	-	-	-	8,925	8,561
Pension cost	13,776	-	-	-	13,776	13,734
	188,026	10,032	15,471	6,245	219,774	234,296
Total 2017	192,881	14,741	13,505	13,169	234,296	

THE HEART OF ENGLAND BAPTIST ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

10. SUPPORT COSTS

	Regional Ministry Team £	Grants £	Subscrip- tions £	Ministers' Conference £
Payroll scheme expenses	212	57	17	16
Premises costs and administration	12,462	3,345	1,017	951
Other staff costs including training	22,050	5,919	1,799	1,683
Property	3,338	896	272	255
Working Groups	1,243	334	101	95
IT	1,254	336	102	96
Board expenses	905	243	74	69
Legal and professional	4,931	1,323	402	376
Other	3,217	864	263	246
Finance cost (pension deficit)	-	-	-	-
Audit fee	4,336	1,164	354	331
Wages and salaries	30,953	8,308	2,525	2,362
National insurance	2,129	572	174	162
Pension cost	386	103	31	29
Depreciation	1,527	410	125	117
	<u>88,943</u>	<u>23,874</u>	<u>7,256</u>	<u>6,788</u>
Total 2017	<u>63,402</u>	<u>17,020</u>	<u>5,173</u>	<u>4,839</u>
		Association Activities £	Total 2018 £	Total 2017 £
Payroll scheme expenses		255	557	5,836
Premises costs and administration		15,020	32,795	32,519
Other staff costs including training		26,576	58,027	15,312
Property		4,023	8,784	1,035
Working Groups		1,498	3,271	2,764
IT		1,510	3,298	4,442
Board expenses		1,090	2,381	2,728
Legal and professional		5,942	12,974	4,646
Other		3,878	8,468	3,637
Finance cost (pension deficit)		-	-	1,043
Auditor's remuneration		5,227	11,412	6,780
Wages and salaries		37,306	81,454	68,978
National insurance		2,566	5,603	4,270
Pension cost		464	1,013	9,023
Depreciation		1,842	4,021	3,841
		<u>107,197</u>	<u>234,058</u>	<u>166,854</u>
Total 2017		<u>76,420</u>	<u>166,854</u>	

THE HEART OF ENGLAND BAPTIST ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

10. SUPPORT COSTS (continued)

Pension cost above includes the release of an overprovision for pension liability of £8,340 (2017: £nil).

Auditor's remuneration include audit fees of £7,192 and non audit services of £4,220 (2017: £6,780 and £nil).

THE HEART OF ENGLAND BAPTIST ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

11. GRANTS PAID

	Unrest- ricted £	Designated from Mission grant £	Designated £	Restricted £	2018 £	2017 £
Grants to churches						
Attleborough	-	-	1,000	-	1,000	-
Baddeley Edge	-	8,531	-	-	8,531	9,132
BCC Handsworth	-	2,844	-	-	2,844	-
Bewdley	-	2,000	-	-	2,000	-
Bromsgrove	-	-	1,166	-	1,166	10,000
Chelmsley Wood	-	6,825	4,638	-	11,463	53,237
Cornerstone, Oswestry	-	6,825	-	-	6,825	6,750
Dawley	-	2,606	-	-	2,606	-
Delves, Walsall	-	14,000	-	-	14,000	6,533
Dickens Heath	-	-	4,375	-	4,375	3,125
Droitwich Spa	-	4,550	-	-	4,550	5,625
Emmaus	-	4,550	-	-	4,550	4,500
Ewyas Harold	-	6,185	-	-	6,185	5,825
Fernhill Heath	-	-	1,000	-	1,000	-
Foleshill, Coventry	-	-	13,333	-	13,333	23,333
Gateway to Hope George Road, re Pioneer	-	5,688	-	-	5,688	-
George Road Community Church	-	3,792	3,792	-	7,584	22,500
	-	5,688	-	-	5,688	7,150
Carried Forward	-	74,084	29,304	-	103,388	157,710

THE HEART OF ENGLAND BAPTIST ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

11. GRANTS PAID (CONTINUED)

	Unrest- ricted £	Designated from Mission grant £	Designated £	Restricted £	2018 £	2017 £
Grants to churches continued						
Bought forward	-	74,084	29,304	-	103,388	157,710
Glebe Farm	-	-	6,480	-	6,480	-
Green lane, Walsall	-	-	9,250	-	9,250	2,500
Grenfell	-	-	1,000	-	1,000	-
Hamstead Road Hanbury	-	-	-	-	-	5,625
Hill,Stourbridge	-	-	-	-	-	1,000
Highgate	-	-	-	-	-	2,250
Keele University LEP	-	4,500	3,000	-	7,500	7,000
Kings Community Church	-	-	8,000	-	8,000	10,000
Lentons Lane Coventry	-	10,238	-	-	10,238	11,250
Limbrick Wood, Coventry	-	11,375	-	-	11,375	11,250
Londonderry	-	10,806	850	-	11,656	7,500
Madeley	-	7,963	-	-	7,963	9,000
Manor Court	-	-	1,000	-	1,000	-
Milton Hall Kidderminster	-	-	-	-	-	1,667
New Hope	-	-	10,000	-	10,000	-
Newport	-	8,531	-	-	8,531	-
Perry Beeches	-	-	-	-	-	1,000
Providence Coseley	-	-	-	-	-	1,000
Radford Semele	-	2,275	-	-	2,275	4,500
Rising brook (ministry among the deaf)	-	-	23,400	-	23,400	19,800
Sandon Road	-	-	9,000	-	9,000	14,000
Six ways	-	-	1,000	-	1,000	1,000
Six Ways Castle Vale project	-	11,375	7,000	-	18,375	17,202
Smethwick re BCUIM	-	8,760	-	-	8,760	8,693
South Street, Brierley Hill	-	21,613	5,884	-	27,497	27,857
Carried forward	-	171,520	115,168	-	286,688	321,804

THE HEART OF ENGLAND BAPTIST ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

11. GRANTS PAID (CONTINUED)

	Unrest- ricted £	Designated from Mission grant £	Designated £	Restricted £	2018 £	2017 £
Grants to churches continued						
Bought forward	-	171,520	115,168	-	286,688	321,804
Stafford, The Green	-	5,688	-	-	5,688	-
Stoke	-	5,688	10,000	-	15,688	17,625
Trinity, Monkspath	-	-	-	-	-	3,000
Warley	-	-	8,000	-	8,000	-
Wednesbury	-	5,688	-	-	5,688	5,625
West Bromwich	-	3,000	-	-	3,000	3,000
Wolston	-	3,000	-	-	3,000	3,000
Yardley Wood	-	-	2,500	-	2,500	-
Other grants (below £1,000) - 1+1 refund	-	-	65	-	65	2,249
Grants to individuals						
Helen Youth Fund - 3	-	-	-	2,000	2,000	500
Ministers in Training - 5	1,350	-	-	-	1,350	1,200
Post graduate ministers	-	-	-	-	-	1,250
Grants to organisations						
Churches Ind Group Bham	-	-	2,000	-	2,000	-
Coventry Chapel of Unity	-	-	-	-	-	5,000
Faith at Work in Worcs	-	-	3,500	-	3,500	-
Shropshire Hope	-	-	250	-	250	250
Urban Expression	-	-	5,600	-	5,600	5,000
West Midlands FE Chaplaincy	-	-	4,555	-	4,555	-
Ministry of Deaf	5,002	-	-	-	5,002	2,517
Total	6,352	194,584	151,638	2,000	354,574	372,020

THE HEART OF ENGLAND BAPTIST ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

11. GRANTS PAID (CONTINUED)

	Unrest- ricted £	Designated from Mission grant £	Designated £	Restricted £	2018 £	2017 £
Bought forward	6,352	194,584	151,638	2,000	354,574	372,020
Grants re pension on closure	-	-	-	-	-	31,500
Sub total	6,352	194,584	151,638	2,000	354,574	403,520
2017	11,217	161,478	230,325	500	403,520	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets: - owned by the charity	4,022	3,842

During the year, 8 (2017: 9) Trustees received reimbursement of expenses totalling £2,381 (2017 - £2,727).

13. STAFF COSTS

Staff costs were as follows:

	2018	As restated 2017
	£	£
Wages and salaries	200,599	177,158
Social security costs	14,528	12,831
Other pension costs (Note 25)	14,789	22,757
	229,916	212,746

The average number of persons employed by the company during the year was as follows:

2018	2017
No.	No.
8	9

No employee received remuneration amounting to more than £60,000 in either year.

During the year the remuneration (gross pay plus employer's pension and national insurance) of Mr A Argile, a Trustee of the charitable company, was £43,277 (2017: £37,521). He received remuneration for his role as Regional Minister Team Leader and not for trustee duties. He also received expenses for travel of £2,810 (2017: £5,171 travel and sabbatical grant).

The pension costs for the year include the impact of the release of an overprovision for pension liabilities of £8,340.

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14. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 January 2018	1,166,811	34,152	6,252	1,207,215
Additions	-	-	540	540
At 31 December 2018	<u>1,166,811</u>	<u>34,152</u>	<u>6,792</u>	<u>1,207,755</u>
DEPRECIATION				
At 1 January 2018	-	22,767	5,041	27,808
Charge for the year	-	2,879	1,143	4,022
At 31 December 2018	<u>-</u>	<u>25,646</u>	<u>6,184</u>	<u>31,830</u>
NET BOOK VALUE				
At 31 December 2018	<u>1,166,811</u>	<u>8,506</u>	<u>608</u>	<u>1,175,925</u>
At 31 December 2017	<u>1,166,811</u>	<u>11,385</u>	<u>1,211</u>	<u>1,179,407</u>

The following church buildings, all within Birmingham, except Smethwick, are owned by the Cannon Street Trust (a restricted fund within the financial statements). The buildings are occupied by the churches on the equivalent of fully insuring and repairing leases at a peppercorn rent. The 'leases' expire when the churches no longer require the property. The Trustees value these properties at £nil until such time as the properties become vacant.

Birmingham Central Baptist Church
 Cannon Street Memorial Church
 Castle Bromwich Baptist Church and manse
 Church of the Redeemer
 City Road Baptist Church
 People's Chapel
 Small Heath Baptist Church
 Smethwick Baptist Church
 Stratford Road Baptist Church

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**NOTES TO THE FINANCIAL STATEMENTS
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15. FIXED ASSET INVESTMENTS

	Listed securities £	Other investments £	Total £
MARKET VALUE			
At 1 January 2018	3,090,841	152,264	3,243,105
Additions	432,061	-	432,061
Disposals	(528,513)	-	(528,513)
Revaluations	(269,545)	-	(269,545)
Funds deposited	-	85,183	85,183
	<u>2,724,844</u>	<u>237,447</u>	<u>2,962,291</u>
At 31 December 2018	<u>2,724,844</u>	<u>237,447</u>	<u>2,962,291</u>

INVESTMENTS AT MARKET VALUE COMPRISE:

	2018 £	2017 £
Listed investments	2,724,844	3,090,841
Other fixed asset investments	237,447	152,264
Total market value	<u>2,962,291</u>	<u>3,243,105</u>

All the fixed asset investments are held in the UK.

16. DEBTORS

	2018 £	2017 £
Trade debtors	1,257	-
Other debtors	410,594	443,640
Prepayments and accrued income	23,553	24,938
	<u>435,404</u>	<u>468,578</u>

Included within other debtors are loans to churches of £410,594 (2017: £378,640) which are generally expected to be received after one year.

17. CURRENT ASSET INVESTMENTS

	2018 £	2017 £
Deposits held on behalf of churches	<u>940,365</u>	<u>1,176,416</u>

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FOR THE YEAR ENDED 31 DECEMBER 2018

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	14,853	9,429
Other taxation and social security	6,803	7,227
Other creditors	1,747,956	1,872,173
Accruals and deferred income	13,550	12,206
	<u>1,783,162</u>	<u>1,901,035</u>

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018	2017
	£	£
Other creditors	4,000	4,000
	<u>4,000</u>	<u>4,000</u>

Other creditors represents a contribution to Retired Housing which is an equity contribution by the tenants which is repayable on the sale of the property at Clee View, Bridgnorth.

20. PROVISIONS

	2018	2017
	£	£
Baptist Union Staff Pension Scheme deficit contributions	-	49,495
Baptist Pension Scheme deficit contributions	175,469	306,109
	<u>175,469</u>	<u>355,604</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

21. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 January 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2018 £
DESIGNATED FUNDS						
Church Resources Fund	53,260	-	(4,525)	-	-	48,735
Ministers Resources Fund	88,205	-	-	-	-	88,205
Regional Ministry Fund	186,738	-	-	-	-	186,738
Mission Development Monkspath Fund	585,813	-	(147,113)	-	-	438,700
Mission Grant Funds	90,387	-	-	-	-	90,387
Mission reserve	-	149,215	(194,584)	45,369	-	-
Pension reserve	(31,500)	-	-	97,929	-	66,429
	<u>972,903</u>	<u>149,215</u>	<u>(346,222)</u>	<u>143,298</u>	<u>-</u>	<u>919,194</u>
GENERAL FUNDS						
General funds	1,399,156	468,603	(483,524)	(143,298)	(140,052)	1,100,885
Total Unrestricted funds	<u>2,372,059</u>	<u>617,818</u>	<u>(829,746)</u>	<u>-</u>	<u>(140,052)</u>	<u>2,020,079</u>
RESTRICTED FUNDS						
Atch Lench Baptist Trust	28,443	-	-	-	-	28,443
Cannon Street Trust	462,375	-	-	-	-	462,375
Heart of England Loan Fund	849,028	1,835	-	-	-	850,863
Helen Youth fund	5,581	-	(2,000)	-	-	3,581
Retired Ministers & Missionaries Housing fund	531,442	3,140	(5,470)	-	-	529,112
Westmancote Baptist Trust	12,390	-	-	-	-	12,390
Benevolent Fund	-	240	(240)	-	-	-
Ministers Conference	8,626	-	(8,626)	-	-	-
	<u>1,897,885</u>	<u>5,215</u>	<u>(16,336)</u>	<u>-</u>	<u>-</u>	<u>1,886,764</u>
Total of funds	<u><u>4,269,944</u></u>	<u><u>623,033</u></u>	<u><u>(846,082)</u></u>	<u><u>-</u></u>	<u><u>(140,052)</u></u>	<u><u>3,906,843</u></u>

Designated funds

Mission grant funds

These are funds from the Baptist Union for grants to churches. The decision about allocation of these funds to churches is made by HEBA.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

21. STATEMENT OF FUNDS (continued)

Church resources fund

Funds grants for equipment and local mission work.

Ministers resources fund

Funds grants to ministers in training and post ordination training for ministers.

Regional ministry fund

This fund is to provide funds for the ongoing funding of our four Regional Ministers across the Association.

Mission development fund

Funds designated for mission projects in a church or churches or for church planting in areas with no Baptist witness. The funds will be released over a 10 to 15 years period as suitable grant applications are received. The fund was created by a one off transfer of £1.9m from unrestricted funds.

Monkspath fund

Funds raised by the Local Ecumenical Project at Monkspath with a view to erecting a church building. As the building project has not proceeded the Charity Commission produced a scheme in 2011 splitting the funds between the local Methodist District and the Association. The trustees have designated the Association share for work at Monkspath.

Pension reserve

The trustees have decided that certain funds will be designated to assist churches in the process of closure in meeting any outstanding pension liabilities. Funds are due to be received into the reserve after the year end whilst a settlement has been made in the year.

Restricted funds

Atch Lench Baptist Trust

For the furtherance of mission by and among the Churches of the former Worcestershire Baptist Association (see note below)

Cannon Street Trust

To establish church buildings within a 30 mile radius of the Birmingham Council House, see note 14 for other churches within the Trust currently held in the accounts at £nil.

Heart of England loan fund

Created in 2010 by the amalgamation of all the previous loan funds into the former Worcestershire Loan Fund which has been renamed to reflect the new fund being available to all churches across the Association. For making loans to churches and others for new building and major refurbishment work.

Helen Youth fund

Provides grants to young people to assist in training for leadership/development.

Retired minister and missionaries housing fund

Assists ministers who have served churches in the West Midlands and missionaries from West Midland churches by entering into joint ownership of their retirement homes or purchasing properties for retired ministers and missionaries to rent. The balance at 31 December 2017 includes four properties, three are managed on behalf of the Association by the Retired Baptsit Ministers Housing Association Ltd.

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NOTES TO THE FINANCIAL STATEMENTS
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21. STATEMENT OF FUNDS (continued)

Westmancote Baptist Trust

For the upkeep of the Westmancote Burial Ground and in furthering religious and other charitable work in the area formerly encompassed by the Worcestershire Baptist Association (see note below).

Benevolent fund

Fund to be used at the discretion of an appropriate Regional Minister in a confidential way to assist ministers.

Ministers conference fund

A holding account relating to the income and costs of the ministers' annual conference.

Note - Worcestershire Association Churches - These are the Worcestershire Association Churches at the amalgamation with the West Midlands Baptist Association and therefore include the Warwickshire Churches which belonged to that Association (ie Stratford, Alcester, Dunnington and Studley Baptist Churches) and also Kington, Ledbury and Lyonshall Baptist Churches in Herefordshire.

Transfers between funds

The transfer from general fund to the designated Mission Grant fund represents the charity's contribution from its own reserves to the commitment to Mission grants.

The transfer from general fund to the designated Pension reserve represents income arising from a church closure which the trustees have agreed is to be ringfenced to help meet the pension liabilities which might arise on closure of churches in the future.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

21. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 January 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2017 £
DESIGNATED FUNDS						
Church Resources Fund	62,709	-	(9,449)	-	-	53,260
Ministers Resources Fund	89,186	-	(981)	-	-	88,205
Regional Ministry Fund	186,738	-	-	-	-	186,738
Mission Development	781,638	-	(195,825)	-	-	585,813
Monkspath Fund	93,387	-	(3,000)	-	-	90,387
Mission Grant Funds	-	161,478	(161,478)	-	-	-
Pension reserve	-	-	(31,500)	-	-	(31,500)
	<u>1,213,658</u>	<u>161,478</u>	<u>(402,233)</u>	<u>-</u>	<u>-</u>	<u>972,903</u>
GENERAL FUNDS						
General Funds	1,340,061	392,815	(435,498)	-	101,776	1,399,154
Total Unrestricted funds	<u>2,553,719</u>	<u>554,293</u>	<u>(837,731)</u>	<u>-</u>	<u>101,776</u>	<u>2,372,057</u>
RESTRICTED FUNDS						
Atch Lench Baptist Trust	28,443	-	-	-	-	28,443
Cannon Street Trust	462,375	-	-	-	-	462,375
Heart of England Loan Fund	845,718	3,310	-	-	-	849,028
Helen Youth fund	6,081	-	(500)	-	-	5,581
Retired Ministers & Missionaries Housing fund	522,485	13,764	(4,807)	-	-	531,442
Westmancote Baptist Trust	12,390	-	-	-	-	12,390
Benevolent Fund	(12)	292	(280)	-	-	-
Ministers Conference	8,626	-	-	-	-	8,626
	<u>1,886,106</u>	<u>17,366</u>	<u>(5,587)</u>	<u>-</u>	<u>-</u>	<u>1,897,885</u>
Total of funds	<u>4,439,825</u>	<u>571,659</u>	<u>(843,318)</u>	<u>-</u>	<u>101,776</u>	<u>4,269,942</u>

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NOTES TO THE FINANCIAL STATEMENTS
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22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	649,198	526,727	1,175,925
Fixed asset investments	2,962,291	-	2,962,291
Current assets	367,221	1,364,037	1,731,258
Creditors due within one year	(1,783,162)	-	(1,783,162)
Creditors due in more than one year	-	(4,000)	(4,000)
Provisions for liabilities and charges	(175,469)	-	(175,469)
	<u>2,020,079</u>	<u>1,886,764</u>	<u>3,906,843</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	652,678	526,727	1,179,405
Fixed asset investments	3,243,105	-	3,243,105
Current assets	732,913	1,375,158	2,108,071
Creditors due within one year	(1,901,033)	-	(1,901,033)
Creditors due in more than one year	-	(4,000)	(4,000)
Provisions for liabilities and charges	(355,604)	-	(355,604)
	<u>2,372,059</u>	<u>1,897,885</u>	<u>4,269,944</u>

23. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(484,331)	(174,466)
Adjustment for:		
Depreciation charges	4,022	3,841
Gains/(losses) on investments	261,282	(97,193)
Dividends, interest and rents from investments	(157,441)	(221,245)
Loss on the sale of fixed assets	-	2,168
Decrease/(increase) in debtors	33,174	(63,909)
Decrease in creditors	(117,873)	(322,731)
Defined benefit scheme finance cost adjustment	7,100	8,755
Over provided pension liability	(8,340)	-
Net cash used in operating activities	<u>(462,407)</u>	<u>(864,780)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018	2017
	£	£
Cash in hand	464,613	299,252
Notice deposits (less than 3 months)	951,188	1,375,005
Total	1,415,801	1,674,257

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NOTES TO THE FINANCIAL STATEMENTS
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25. PENSION COMMITMENTS

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

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

Benefits in respect of service prior to 1 January 2012 are provided through the Defined Benefit (DB) Plan within the BPS, or through the BUSPS. The main benefits were:

- In the BPS, a defined benefit pension of one eightieth of Final Minimum Pensionable Income for each year of Pensionable Service, together with additional pension in respect of premiums paid on Pensionable Income in excess of Minimum Pensionable Income; and
- In the BUSPS, a pension of one seventieth of a member's average salary over the last three years of pensionable service.

The BPS, previously known as the Baptist Ministers' Pension Fund, started in 1925, and the BUSPS started in 1969. Both schemes were closed to future accrual of defined benefits on 31 December 2011.

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

	BPS DB Plan	BUSPS
Date of valuation	31 December 2016	1 January 2017
Date next valuation due	31 December 2019	n/a - Scheme is in wind-up
Market value of scheme assets (A)	£219M	£10.3m
Technical provisions (B)	£312m	£16.2m
Deficit [(B)-(A)]	£93m	£5.9m
Funding level [(A)/(B)]	70%	64%

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

For the BPS, the standard rate of deficiency contributions payable remains at previously agreed levels, increasing each year in line with increases in the Minimum Pensionable Income. The deficiency contributions are broadly based on 12% of Pensionable Income / Minimum Pensionable Income, reflecting each employer's contributions in March 2015. Some employers that were involved in the DB Plan for a short period pay lower contributions. In addition, the Baptist Union of Great Britain is expected to make a number of one-off contributions totaling £33.5m by 31 December 2023, including a lump sum of £33m which it paid in 2018. The Recovery Plan envisages deficiency contributions continuing until 31 December 2028.

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25. PENSION COMMITMENTS (continued)

For the BUSPS, previously agreed contributions of £759,000 pa (payable from 1 January 2016 and increasing each January in line with RPI inflation) were due until 31 January 2018. Following this, a lump sum payment of £2,734,062 was paid in February 2018 and a further payment of £2,600,000 may be made by December 2021. The total contributions are split between the sponsoring employers in line with their estimated share of the BUSPS's liabilities. These significant contributions are part of a plan to wind up the BUSPS in the short term. The Scheme formally triggered wind-up on 31 August 2018, and wind-up is expected to be completed in the second quarter of 2019. As part of this, the benefits for BUSPS members who are also active members of the BPS have been increased to offset the fact that their BUSPS benefits will no longer increase in future in line with changes in their salary. An additional contribution has also been made to the DC Plan within the BPS for members who are yet to retire and have a BPS DC fund.

The Association made a final payment to the BUGB to allow them to complete wind up of the BUSPS and with effect from the end of October 2018 the Association has no further liabilities to the BUSPS. The final settlement payment was less than the provided pension liability brought forward.

The key financial assumptions underlying the valuations were as follows:

Type of assumption	BPS	BUSPS
	% pa	%pa
RPI price inflation assumption	3.50	3.45
CPI price inflation assumption	2.75	2.70
Minimum pensional income increases (BPS only)	3.50	<i>n/a</i>
Pensionable salary increases (BUSPS only)	n/a	3.70
Assumed investment returns		
- pre retirement	3.50	3.50
- post retirement	2.25	2.25
Deferred pension increases		
- pre April 2009	3.50	3.45
- post April 2009	2.50	2.50
Pension increases		
- pre April 2006	2.70	3.25
- post April 2006	2.00	2.15

As there are numbers of contributing employers participating in both the BPS and the BUSPS, the charity is unable to identify its share of the underlying assets and liabilities of the schemes. Accordingly, the statement of financial activities charge for the period represents the employer contributions payable. The total pension costs for the charity in the year were £13,776 (2017:£13,734) for the BPS and £9,353 (2017:£9,023) for the BUSPS with a final credit on completion of the wind up of the BUSPS of £8,340.

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NOTES TO THE FINANCIAL STATEMENTS
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26. OPERATING LEASE COMMITMENTS

At 31 December 2018 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
AMOUNTS PAYABLE:		
Within 1 year	26,083	25,663
Between 1 and 5 years	53,124	76,688
Total	<u>79,207</u>	<u>102,351</u>

27. RELATED PARTY TRANSACTIONS

The charity is a member of the Baptist Union of Great Britain and is in receipt of grants from the Home Mission Fund which is for of the Baptist Union. Grants of £295,690 (2017: £301,642) were received in this respect.

Trustees of the charity are drawn from the membership of the local Baptist Churches and there are therefore, from time to time, grant awards made to benefit either the individual or the church. There is a formal process in relation to grant applications which helps to ensure that any conflict of interest is mitigated by the exclusion of the conflicted individual in the decision making process.

Appendix**Properties Held as Custodian or Holding Trustee on behalf of Others at 31 December 2018.**

CST = Cannon Street Trust C = Conservation area L = Listed Churches

Name		Details
Acocks Green, Birmingham	L	Chapel, Hall, Manse
Alvechurch	C	Chapel, Halls, land at rear, Manse
Ashmore Park, Wednesfield		Chapel, Hall
Attleborough, Nuneaton		Church, Manse , other premises and land.
Austrey	L	Church Buildings
Baddeley Edge, Stoke-on-Trent		Chapel
Baptist Church Centre Handsworth, B'ham		Church Building
Baptist Church Timberley Lane, B'ham	CST	Church, Manse
Barnt Green		Chapel, Land, Manse
Bearwood		Church and Hall
Bedworth		Chapel and Hall, House
Bilston		Church Site, Buildings, Manse
Binley Woods, Coventry		Manse
Birmingham Central	CST	Church Buildings and Land adjoining
Bridgnorth	L	Chapel and 7 West Castle Street
Brierley Hill		Chapel, Schoolrooms, Burial ground
Bromsgrove		Chapel and School Hall, Manse
Butt Lane, Stoke-on-Trent		Chapel and School Hall
Cannon Street Memorial, Birmingham	CST	Church, Manse, House
Carters Lane, Halesowen		Chapel and School hall, Manse
Castle Hill Baptist Church, Warwick	C	Church, other buildings and Manse
Catshill		Chapel and Schoolroom, Burial Ground, Manse
Cedar Church, Birmingham		Church and Hall
Chadsmoor, Cannock		Chapel, Schoolrooms, Plot of land
Chase, Cannock		Church Premises
Chelmsley Wood, Solihull		Church Centre, Manse
Chester Road, Sutton Coldfield		Chapel , Manse
Chorley		Chapel, Burial Ground
Church of the Redeemer, Birmingham	CST	Church and Land, Manse
City Road, Birmingham	CST	Church, Manse
Darkhouse, Coseley		Chapel, School Hall, burial grounds
Dawley		Church, School Hall and Burial Ground, Manse
Delves, Walsall		Chapel, Church Hall, Manse
Donnington Wood		Chapel

Appendix (continued)

Edward Road, Birmingham	L	Chapel and Schoolrooms
Ewyas Harold		Chapel, Manse and land adjoining
Far Forest		Church
Fenton, Stoke-on-Trent		Chapel and School Hall
Four Oaks, Sutton Coldfield		Chapel Halls, Church House
Fordhouses, Wolverhampton		Chapel and School Hall, Manse
George Road Community Church, Warley		Church and site
Grace Community Church, Princes End		Church Building and Land adjoining
Grenfell, Birmingham		Chapel, Church Hall, land adjoining
Hall Green, Birmingham		Chapel and Halls, Manse
Hanbury Hill, Stourbridge		Chapel, Hall, Manse
Hanley, Stoke-on-Trent		Church Centre
Harborne, Birmingham		Church, Hall, Manse, Land.
Hearsall, Coventry		Manse
Heart of England Revival Church, Kenilworth		Church Centre
Highgate, Birmingham		Chapel building including Halls
Hockley Heath, Solihull		Church Hall and land adjoining
Hope Chapel, Netherton		Chapel and Schoolroom
Kings Community Church, Oldbury		Church and Schoolroom
Kings Norton, Birmingham		Chapel, Hall and land adjoining, Manse
Ledbury	L	Church, Manse, House
Lentons Lane, Coventry		Church and School Hall, Land rear
Limbrick Wood, Coventry		Site, Church Hall, Manse
Londonderry, Oldbury		Church buildings
Longbridge, Birmingham		Site, Chapel and Hall, Manse
Lodge Farm, Netherton		Church Hall
Longford, Coventry		Salem School Halls, Manse
Ludlow		Union Place Church, Church Hall and burial ground
Marston Green, Birmingham		Church Centre
Newbridge, Birmingham		Chapel and hall
New Christ Church, Aston, Birmingham		Chapel, Hall and Manse
Newcastle-under-Lyme		Chapel, Manse
New Life, Birmingham		Chapel and other buildings on site
Newport		Church and Hall, Manse, Two houses
Northfield, Birmingham		Church Building
Olton, Solihull		Church Centre, Land
Oswestry	C	Church Office
		Church Buildings

Appendix (continued)

Peoples Chapel, Birmingham	CST	Church and Manse
Perry Beeches, Birmingham		Chapel
Polesworth		Church, School Hall, land
Pontesbury		Chapel, Manse
Providence, Coseley		Chapel, burial ground, Manse
Queen's Road, Coventry		Co-Trustees of Manse
Rugby	L	Chapel and School Halls
Saint Peter's, Worcester		Overslade Church Hall and site
Saltley, Birmingham		Church Centre, Manse
Selly Park, Birmingham		Chapel
Shrewsbury		Chapel and School Hall, Manse
Six Ways, Erdington, Birmingham		Chapel, Claremont Street
Small Heath, Birmingham		Crowmoor Church and Hall
Smethwick		Chapel, Halls, Manse
Sandon Road, Stafford	CST	Church and other buildings on site
Stechford, Birmingham	CST	Church
Stoke-on-Trent		Chapel and Hall, House
Stratford Road, Birmingham		Chapel, Manse
Tabernacle, Wolverhampton		Church, Manse
Tamworth	CST	Church and Site
Walsgrave, Coventry		Chapel, Car park, School halls, Manse
Warley		Site, Chapel, Manse
Wednesbury		Dosthill Chapel
West Bromwich		Chapel and Hall, Manse
Wolston, Nr Coventry		Church, land and Halls, Manse
Word of Spirit and Life, Wolverhampton		Chapel, Manse
Yardley, Birmingham		Chapel, Manse
Yardley Wood, Birmingham	C	Chapel, Burial Ground
		Chapel
		Church, Hall, Manse
		Church buildings, Manse