

**Company Registration No. 04336086 (England and Wales)**  
**Charity Registration No. 1102735**

**SOUTH WALES BAPTIST  
ASSOCIATION (BUGB)**

**(A company limited by guarantee)**

**Trustees' report and audited financial statements**

**For the year ended 31 December 2012**

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## **South Wales Baptist Association (BUGB)**

### **Company Information**

#### **Trustees**

Rev'd J Weaver (Moderator)  
Mr A V Naudi (Treasurer)  
Mr T G Hackett  
Mr F H Maull  
Rev'd P A Wood  
Mr M P McDonagh  
Mr G A Rushton  
Mrs S M Weaver  
Miss P Wiltshire  
Rev'd R Hunt  
Rev'd T Mbaserah

#### **Secretary**

Mrs J Godding

#### **Charity registration number:**

1102735

#### **Company registration number:**

04336086

#### **Registered office**

54 Richmond Road  
Roath  
Cardiff  
CF24 3UR

#### **Auditors**

Griffiths Green Arnold  
11 New Street,  
Pontnewydd,  
Cwmbran,  
NP44 1EE

#### **Bankers**

Lloyds TSB Bank Plc  
1 Gwent Square  
Cwmbran  
NP44 1XN

## **South Wales Baptist Association (BUGB)**

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## **South Wales Baptist Association (BUGB)**

### **Trustees' Report for the Year Ended 31 December 2012**

The Trustees present their report and audited financial statements for the year ended 31 December 2012

#### **Structure, Governance and Management**

##### **Governing Document**

The association is a charitable company limited by guarantee which was incorporated on 7 December 2001. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £10 towards any shortfall.

##### **Recruitment and Appointment of Trustees**

The directors of the company are also charity trustees for the purpose of charity law and under the company's Articles. In accordance with the Articles of Association all Trustees will serve for a period of three years. Of the Trustees appointed at the Annual General Meeting, at least one half of those elected shall be lay persons. Any person so appointed shall be eligible for re-appointment unless that person has immediately already served two consecutive three-year periods.

##### **Directors Induction and Training**

Most Trustees are already familiar with the practical work of the charity having been members of the Council of Churches. Training for Trustees has been provided and further training will be offered in future as the membership of the board changes.

Various Charity Commission publications are made available together with the Memorandum and Articles of Association and the latest financial statements.

##### **Risk Management**

The Trustees have assessed the major risks to which the Association is exposed and are satisfied that systems are in place to mitigate our exposure to the major risks. External risks to funding from Baptist Union Grants have led to increased contact being made with Churches where donations to Home Mission are considered to be low. Internal control risks are minimised by the implementation of procedures for all transactions and projects. Procedures are in place to ensure compliance with health and safety of staff, volunteers and visitors to the Office.

##### **Organisational Structure**

The Association is governed by the Trustees (Directors) which is currently made up of twelve members who meet every two months with the Regional Ministers and Association Manager and are responsible for the strategic direction of the charity and the reporting to a Council of Churches. The Council of Churches meetings take place three times a year.

##### **Objectives and Activities**

The charity's objectives are the advancement of the Christian religion especially by 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.

## **South Wales Baptist Association (BUGB)**

### **Trustees' Report for the Year Ended 31 December 2012**

#### **Public Benefit**

In the course of their management of the Association, the trustees have regard for the public benefit provided by the Association's activities, and this is a feature both of the Association's work in support of its member churches (independent charities), and of its own direct activities, as follows

The Association operates by providing support to member churches as they seek to work in their own communities. This support includes advice and guidance to ministers and leaders, mission consultations, assistance, advice and training in safeguarding children and vulnerable adults as well as practical and financial assistance through loans and grants as appropriate. It is the intention of the Association to help enable churches to respond to their calling and fulfill their public benefit, through their normal church activities, through the provision of public worship and the provision of facilities to be used by the wider community as well as the advancement of the Christian faith.

The Association acts directly in a number of areas including the selection of individuals to train for ministry, the oversight of newly accredited ministers, arranging training and conferences for ministers and church leaders, the employment (jointly with Baptist Union of Wales) of a community missionary in Breconshire, involvement in the management of Chaplaincy services at the University of Glamorgan as well as engaging at a number of levels with the wider community on behalf of Baptists.

#### **Achievements and Performance**

Throughout 2012 the Baptist Union of Great Britain (BUGB) undertook a major review of its structure and finance. The Association engaged in this process, both at team level and through the views expressed by the churches directly to the Union and to the team through a series of road shows and council meetings. The implications of the changes as far as the Association has been concerned have yet to be fully worked out, but it has had implications in terms of the funding of the Association, the funding and determination of grants, the work load and roles of staff members and how the Association relates to the wider Baptist family. The Association entered a new Partnership initially with the South West and West of England Associations, and by the end of the year the Southern Counties Association had requested to join it. Explorations of how the partnership would work began.

Alongside the review of BUGB, conversations within Wales developed further. A forum took place in March when representatives from all but one of the Associations in Wales and representatives from BUGB met for 36 hours to seek a way forward. Following on from this the Council of the English Wing of the Baptist Union of Wales (BUW) issued an invitation to us to formally join them. Our Council meeting agreed to explore things further and this was affirmed at Momentum. The Joint Consultative Council of Baptists in Wales then set up a futures group in Wales, and tasked the group with drawing up proposals for a way forward. This process began in the autumn and should report to the churches in June 2013.

#### **Momentum**

This was once again a significant event in the year, the fourth joint Assembly of BUW (English Wing) and SWBA in Carmarthen. BMS World Mission and South Wales Baptist College also partnered with us in this. The assembly included a joint business meeting which overwhelmingly agreed to press on with the exploration of uniting Baptists in Wales.

## **South Wales Baptist Association (BUGB)**

### **Trustees' Report for the Year Ended 31 December 2012**

#### **Big Hearted Weekend**

As part of the joint initiative with BUW in the Gwent area we invited Chris Duffet the President of BUGB to spend a weekend with the churches in Gwent engaging in evangelism. The main focus was Blackwood, and prior to the weekend a number of training events took place led by Jon Vaughan Davies. An encouraging number of people attended both the training and the events over the weekend. There are now plans to continue to work together in mission in the Gwent area.

#### **Supporting Churches**

Regular 'Updates' and 'E-News' were the primary source of information from the Association office. These provided information about local and national events, and enabled churches to share information about their local events with others across the Association. The Association team also met with a good number of churches through a series of road shows.

#### **Home Mission**

Churches contributed £180,548 to Home Mission (the Baptist family purse), an increase of £8891 on the previous year and hitting our target despite the economic downturn. The Association supported grant applications from five churches during 2012 for the following year as well as one special ministry grant and one chaplaincy grant. In November Zion Ebbw Vale was able to induct their new minister Udo Mueller.

#### **Supporting Ministers and Church Leaders**

The Association provided a variety of means whereby Ministers and Church leaders were supported and encouraged in their roles.

- Ministers Fellowship groups continued to meet in Newport, Cardiff and Briton Ferry
- The Newly Accredited Ministers' (NAMs) programme brought together folk from both SWBA and the Baptist Union of Wales for theological reflection and retreats
- The Ministerial Recognition Committee (MRC) commended one newly accredited Minister (NAMs) to the Baptist Union for transfer to the fully accredited list and one Lay Preacher. It also commended two people for Baptist Ministry training.

Pastoral support was offered in a number of situations.

- Advice and support were given to a number of churches facing financial difficulties and/ or facing cessation events
- Jon Spurrier Davies, Jeff Dyas, Neil Douglas, Bob Morse and Udo, were inducted as ministers in churches around the Association.

Ministers Conference at Saundersfoot with Roy Searle and Stuart Murray Williams which was greatly appreciated by all who attended.

In November the Revd Bob Evans, Chaplaincy Manager Cardiff and Vale Health Board, very unexpectedly passed away. Bob was greatly respected within the Association having served as Minister in Lisvane and then Bethel, Whitchurch prior to joining the Chaplaincy in 1996. He will be greatly missed.

There was continued co-operation with the Baptist Union of Wales in

accrediting and settling Ministers,

- supporting Newly Accredited Ministers,
- discussing through the Joint Consultative Committee of Baptists in Wales the possibility of formally coming together as one organisation,
- working together in projects such as the Breconshire Missioner, working together in mission in Gwent.

## **South Wales Baptist Association (BUGB)**

### **Trustees' Report for the Year Ended 31 December 2012**

#### **Council of Churches Meetings**

Three meetings took place, at Brecon, Pontyclun and one at the joint Assembly. The turnout in Brecon was particularly high for the discussion of the BUGB futures process.

#### **Property**

Kensington Baptist Church opened their new building on the 24th March, the new facilities provide a great place for the church and the wider community to meet.

The buildings at Mount Pleasant, Henllys, Cwmbran and Mount Zion, Trebanog were sold and 40% of the proceeds were received by the Association.

#### **Retired Ministers**

A meal for retired Ministers and their partners was held on 16<sup>th</sup> May at The Hall Inn, Gwehelog which was appreciated by all who attended. Peter Stevenson spoke after the dinner on the way in which ministers are now trained. Nick and Andy were present once again.

#### **Financial Review**

This is the eleventh year of the Association and the charity showed a surplus of £48,163 due to the proceeds of the sale of two chapels.

#### **Pension Funds**

Due to the deficiency in the Baptist Union Staff Pension Scheme, the Union Trustees agreed with the Staff Trustee that the Employers would pay deficiency contributions of £1,500 per annum for each member of the scheme, whether active, deferred or in receipt of pension as a member or dependant. These deficiency contributions, which are to increase with retail price inflation and to compensate for any reduction in the number of members, were expected to eliminate the shortfall by 31 March 2031 (and this is set out in the Scheme's 'Recovery Plan').

There are also deficiencies in the Baptist Ministers Pension Scheme which in addition to the main contributions to the DC Plan mean 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.

Further disclosures are set out in note 12 of these financial statements.

#### **Principal Funding Sources**

The principal funding sources of the charity are by way of grant from the Baptist Union of Great Britain made up of a Core Funding and the Association share of Home Mission giving by member Churches. This will change in 2013 to a lump sum from the Home Mission fund which was agreed in November 2012 for one year only. The situation in 2014 has yet to be determined.

#### **Investment Policy**

Aside from the restricted funds and retaining a prudent amount in reserves each year, most of the charity's funds are to be spent in the short term and there are few funds for long term investment. The Trustees have the power to invest in such assets as they see fit, monies not immediately required for the furtherance of its objects.

## **South Wales Baptist Association (BUGB)**

### **Trustees' Report for the Year Ended 31 December 2012**

#### **Reserves Policy**

The reserves of the Association at the end of the year were £784,885 of which £416,476 was restricted and £368,409 was unrestricted

The level of reserves has increased in the last few years with proceeds from the sale of churches. However the majority of these monies received are subject to restrictions and therefore can only be used by the Association for those specific purposes

The unrestricted funds represent the free reserves of the Association. The free reserves are needed to meet the working requirements of the charity and the Trustees consider six months operating costs should be maintained. Excluding depreciation, this would equate to approximately £70,000. The Trustees are therefore satisfied that sufficient unrestricted reserves are available so that the Association would be able to continue the activity of the charity in the event of a significant drop in funding.

#### **Plans for Future Periods**

The Association plans continuing the activities outlined above in the forthcoming years subject to satisfactory funding arrangements and the drawdown of free reserves held by the Association. Expenditure will continue from the restricted funds in accordance with the terms associated with the restriction.

#### **Trustees and Moderator**

Revd Gareth Evans continued to serve as Moderator of the Association until Momentum when Revd John Weaver took up the role.

Jackie Godding continued to serve as Association Manager and Company Secretary.

Alan Watt and Dave Carlos retired from the board and Simeon Baker stood down when he was appointed as Director of Mission for BUW.

#### **Trustees**

Trustees who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report, are

Revd Gareth Evans (Moderator)	(Resigned during the year)
Revd John Weaver (Moderator)	(Appointed during the year)
Tony Naudi (Treasurer)	
Tendai Mbaserah	(Appointed during the year)
Revd Simeon Baker	(Resigned during the year)
Dave Carlos	(Resigned during the year)
Tim Hackett	
Francis Maull	
Mel McDonagh	
Geoff Rushton	
Alan Watt	(Resigned during the year)
Sheila Weaver	
Patricia Wiltshire	
Revd Peter Wood	
Rosa Hunt	



## **South Wales Baptist Association (BUGB)**

### **Trustees' Report for the Year Ended 31 December 2012**

#### **Auditors**

In accordance with the Company's Articles, a resolution proposing that Griffiths, Green, Arnold be re-appointed as auditors to the charity will be put at a General Meeting

#### **Trustees' responsibilities**

Company and charity law requires the Trustees (directors) 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 surplus or deficit of the charity for that period. In preparing those financial statements, the management committee are required to


- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards and statements of recommended practice have been followed subject to any departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

The Management Committee will have overall responsibility for ensuring that the charity has an appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which 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 Companies Act 2006. 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.

So far as the Trustees are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the Trustees have taken all the necessary steps that we ought to have taken as Trustees in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005) and in accordance with the special provisions within Part 15 of the Companies Act 2006 relating to small companies.

By order of the board



Tony Naud (Treasurer)  
Trustee  
25/3/2013

## **South Wales Baptist Association (BUGB)**

### **Independent auditors' report to the members of South Wales Baptist Association (BUGB)**

We have audited the financial statements of South Wales Baptist Association (BUGB) for the year ended 31 December 2012, which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement on page 5, the trustees (who are also directors of the charitable company for the purpose of company law) are responsible for preparation of the financial statements and for being satisfied that they give a true and fair view.

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

#### **Scope of the audit of the financial statements**

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

In addition, we read all the financial and non-financial information in the Trustees' Report 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 of financial statements**

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 2012, 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 (applicable to Smaller Entities), and
- have been prepared in accordance with the Companies Act 2006.

**South Wales Baptist Association (BUGB)**

**Independent auditors' report to the members of South Wales Baptist Association (BUGB)**

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where 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

27/3/2013

**K Davies**  
**Senior Statutory Auditor**  
**For and on behalf of Griffiths, Green, Arnold**  
**Statutory Auditor**

**Chartered Accountants**  
11 New Street  
Pontnewydd  
Cwmbran  
Gwent  
NP44 1EE

# South Wales Baptist Association (BUGB)

## Statement of financial activities

For the year ended 31 December 2012

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
<b>Incoming resources</b>					
<b>Incoming Resources from Generated Funds</b>					
<i>Voluntary Income</i>					
Donations, Legacies & Similar Incoming Resources	2	90,861	0	90,861	2,000
<i>Activities for Generating Funds</i>					
Income from investments	3	6,125	6,871	12,996	13,673
<b>Incoming Resources from Charitable Activities</b>					
<i>Activities in Furtherance of the Charity's Objectives</i>					
Subscriptions from Member Churches		17,740	0	17,740	15,486
Grants Receivable	4	99,554	0	99,554	102,111
Other Incoming Resources		2,729	0	2,729	4,824
<b>Total Incoming Resources</b>		<b>217,009</b>	<b>6,871</b>	<b>223,880</b>	<b>138,094</b>
<b>Resources Expended</b>					
Charitable Activities	5	173,836	0	173,836	160,079
Governance Costs	5	2,700	0	2,700	2,401
<b>Total Resources Expended</b>		<b>176,536</b>	<b>0</b>	<b>176,536</b>	<b>162,480</b>
<b>Net Incoming Resources/ (Resources Expended)</b>					
<b>Before Transfers</b>		<b>40,473</b>	<b>6,871</b>	<b>47,344</b>	<b>(24,386)</b>
Transfer Between Funds		26,578	(26,578)	(0)	0
		67,051	(19,707)	47,344	(24,386)
Gains and Losses on Revaluation and Disposal of Investment Assets	9	440	379	819	(863)
<b>Net Incoming Resources</b>		<b>67,491</b>	<b>(19,328)</b>	<b>48,163</b>	<b>(25,249)</b>
<b>Total Funds Brought Forward</b>		<b>300,918</b>	<b>435,804</b>	<b>736,722</b>	<b>761,971</b>
<b>Total Funds Carried Forward</b>	13	<b>368,409</b>	<b>416,476</b>	<b>784,885</b>	<b>736,722</b>

**South Wales Baptist Association (BUGB)**

**Profit and Loss Account**

**For the year ended 31 December 2012**

	<b>Notes</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
<b>Turnover</b>		210,884	124,421
<b>Administrative Expenses</b>		<u>(176,536)</u>	<u>(162,480)</u>
<b>Operating (Loss)/Profit</b>		34,348	(38,059)
<b>Investment Income</b>	<b>3</b>	2,426	2,350
<b>Other Interest Receivable and Similar Income</b>	<b>3</b>	10,570	11,323
<b>Gains and Losses on Revaluation and Disposal of Investments</b>	<b>9</b>	819	(863)
<b>(Loss)/Profit on Ordinary Activities Before Taxation</b>		<u>48,163</u>	<u>(25,249)</u>
<b>Tax on (Loss)/Profit on Ordinary Activities</b>	<b>7</b>	0	0
<b>(Loss)/Profit on Ordinary Activities after taxation</b>		<u>48,163</u>	<u>(25,249)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

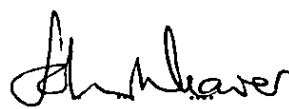
# South Wales Baptist Association (BUGB)


## Balance sheet as at 31 December 2012

		2012		2011	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible Assets	8		3,381		1,929
Investments	9		<u>243,539</u>		<u>241,779</u>
			246,920		243,708
<b>Current assets</b>					
Debtors	10	22,198		23,806	
Cash at Bank and in Hand		<u>517,346</u>		<u>470,648</u>	
		539,544		494,454	
<b>Creditors: Amounts Falling Due Within A Year</b>	11	<u>(1,579)</u>		<u>(1,440)</u>	
<b>Net Current Assets</b>			537,965		493,014
<b>Net Assets</b>			<u>784,885</u>		<u>736,722</u>
<b>Funds</b>					
Unrestricted Funds	13		368,409		300,918
Restricted Funds	13		416,476		435,804
	14		<u>784,885</u>		<u>736,722</u>

These financial statements have been prepared in accordance with the special provisions relating to small Companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Trustees on 25.03.13

  
John Weaver  
Trustee

  
Tony Naudi (Treasurer)  
Trustee

The notes on pages 11 to 19 form an integral part of these financial statements.

## **South Wales Baptist Association (BUGB)**

### **Notes to the financial statements**

**For the year ended 31 December 2012**

#### **1. Accounting policies**

##### **1.1 Basis of preparation**

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements include additional reporting requirements as required by Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP) issued in April 2005

##### **1.2 Fund accounting**

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objects of the Association 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

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or which have been raised by the Association for particular purposes

##### **1.3 Incoming resources**

Donations and voluntary income are accounted for gross when received

Grants for immediate expenditure are accounted for gross when received. Grants received for specific purposes are treated as restricted funds

##### **1.4 Resources expended**

Expenditure is included when incurred

Costs are allocated between different categories according to the nature of the cost. Where costs are shared, they are apportioned between the categories on a basis consistent with the use of the resources

Governance costs are those incurred in connection with the management of the Association by the Trustees and committees and compliance with constitutional and statutory requirements

##### **1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Equipment 33% per annum

Computer 50% per annum

No depreciation is charged on freehold property as required under FRS 15, as the Trustees consider that any charge would be immaterial. In the opinion of the Trustees the residual value of the property is in excess of the value shown in the accounts

## South Wales Baptist Association (BUGB)

### Notes to the financial statements

For the year ended 31 December 2012

#### 1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value

#### 1.7 Pensions

The Association is an employer of two pension schemes known as the Baptist Union Staff Pension Scheme ("the Staff Scheme"), and the Baptist Ministers' Pension Scheme ("the Ministers' Scheme")

Employees are eligible to join the appropriate Scheme, which are both multi-employer defined benefit schemes, which are funded, and not contracted out of the State Scheme

In accordance with FRS 17 paragraph 9, the employer's contributions are affected by a surplus or deficit in the scheme but the employer is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. As a result, the contributions to the scheme have been recorded as if it were a defined contribution scheme and further disclosure is shown in note 12 of these financial statements

#### 1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the Trustees there is a reasonable probability that a liability or asset will crystallise in the foreseeable future

#### 2. Donations, legacies and similar incoming resources

	Unrestricted Funds £	Restricted Funds £	Total £	2011 £
Donations				
General	1,250	0	1,250	1,000
Sales Proceeds of Churches	88,611	0	88,611	0
James Pantyfedwen Foundation	1,000	0	1,000	1,000
Total	90,861	0	90,861	2,000



## South Wales Baptist Association (BUGB)

### Notes to the financial statements For the year ended 31 December 2012

#### 3. Investment income

	Unrestricted funds £	Restricted Funds £	Total £	2011 £
Income from Unlisted Investments				
Baptist Union Corporation Ltd	261	2,165	2,426	2,350
Baptist Insurance Co Plc	603	0	603	603
Bank Interest	0	0	0	0
Interest on Cash Deposits	5,261	4,706	9,967	10,720
Total	6,125	6,871	12,996	13,673

#### 4. Grants receivable

	Unrestricted funds £	Restricted Funds £	Total £	2011 £
Baptist Union Corporation				
Home Mission Refund	42,914	0	42,914	46,296
Core Funding	49,320	0	49,320	48,600
Housing Allowance	7,320	0	7,320	7,215
Total	99,554	0	99,554	102,111

# South Wales Baptist Association (BUGB)

## Notes to the financial statements

For the year ended 31 December 2012

### 5. Costs of activities in furtherance of the charity's objects

	Ministry	Mission	Establishment	Governance	Total	2011
	£	£	£	£	£	£
<b>Costs directly allocated to activities</b>						
Salaries	71,558	0	28,241	0	99,799	93,083
Housing Allowances	14,640	0	0	0	14,640	14,417
Travel/Accommodation	10,409	0	1,047	0	11,456	10,325
Minister's Conferences	3,058	0	443	0	3,501	2,016
Training	0	590	0	0	590	30
Premises	4,668	0	8,490	0	13,158	13,832
Telephone	888	0	775	0	1,663	1,664
Subscriptions	0	0	675	0	675	1,168
Benevolent Fund	0	1,072	0	0	1,072	1,600
Overseas Mission	0	200	0	0	200	500
Capital Support	0	1,000	0	0	1,000	0
Church Plant	0	12,221	0	0	12,221	9,934
Ministerial Recognition	0	158	0	0	158	305
Ministerial Support	0	571	0	0	571	984
HM Promotion	0	0	0	0	0	1,973
Ecumenical Activity	0	0	0	0	0	100
Evangelism/ Outreach	0	2,711	0	0	2,711	103
Wales Future Group	0	844	0	0	844	0
Association/Assembly	0	2,372	0	0	2,372	2,431
Postage & Stationery	0	0	0	0	0	377
Office Costs	0	0	4,123	0	4,123	3,149
Insurance	0	0	781	0	781	606
Bank Charges	0	0	226	0	226	194
Depreciation	0	0	1,619	0	1,619	780
Audit Fees	0	0	0	1,500	1,500	1,440
Legal Fees	0	0	0	44	44	30
Meeting Costs	0	0	0	1,156	1,156	931
Other Costs	57	100	299	0	456	198
	105,278	21,839	46,719	2,700	176,536	162,480

# **South Wales Baptist Association (BUGB)**

## **Notes to the financial statements For the year ended 31 December 2012**

### **6. Operating (loss)/profit**

	<b>2012</b>	<b>2011</b>
Operating (Loss)/Profit is Stated After Charging		
Depreciation of Tangible Assets	1,619	780
Auditor's Remuneration	1,500	1,440
	<u>3,119</u>	<u>2,220</u>

### **7. Taxation**

No liability to UK corporation tax will arise provided all surpluses are utilised in pursuance of the Association's objects

### **8. Tangible fixed assets**

	<b>Equipment £</b>
<b>Cost</b>	
At 1 January 2012	27,269
Additions	3,071
At 31 December 2012	<u>30,340</u>
<b>Depreciation</b>	
At 1 January 2012	25,340
Charge for the year	1,619
At 31 December 2012	<u>26,959</u>
<b>Net book value</b>	
At 31 December 2012	<u>3,381</u>
At 31 December 2011	<u>1,929</u>

Equipment is used for direct charitable purposes and for management and administration

## South Wales Baptist Association (BUGB)

### Notes to the financial statements For the year ended 31 December 2012

#### 9. Fixed asset investments

	Baptist Union Corporation Ltd £	Baptist Insurance Plc £	Total £
Cost			
At 1 January 2012	235,626	6,153	241,779
Additions	941	0	941
Gain/(Loss) on Revaluation of Investments	819	0	819
At 31 December 2012	<u>237,386</u>	<u>6,153</u>	<u>243,539</u>

#### 10. Debtors

	2012 £	2011 £
Loans owed by Churches	20,000	21,050
Prepayments and accrued income	2,198	2,147
Interest from BU due	<u>0</u>	<u>609</u>
	<u>22,198</u>	<u>23,806</u>

#### 11. Creditors: amounts falling due within one year

	2012 £	2011 £
Accruals	<u>1,579</u>	<u>1,440</u>

## **South Wales Baptist Association (BUGB)**

### **Notes to the financial statements**

**For the year ended 31 December 2012**

#### **12. Pension and other post-retirement benefit commitments**

The Association is an employer participating in a pension scheme known as the Baptist Pension Scheme ("the Scheme"), which was known as the Baptist Ministers' Pension Fund, until 31 December 2011 ("the Ministers' Fund"). The Scheme is a separate legal entity which is administered by the Pension Trustee (Baptist Pension Trust Limited). The Regional Ministers 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. From January 2012, pension provision is being made through the Defined Contribution (DC) Plan within the 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 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.

The financial assumptions underlying the valuations were as follows

Discount rate pre retirement	5.70%
Discount rate post retirement	4.55%
Rate of price inflation	3.70%
Rate of valuation on deferred pensions	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%

As there is a large number of contributing employers participating in the Scheme, the Association 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 of the Baptist Ministers' Pension Fund to the Association is £12,144 (2011 £10,032).

## **South Wales Baptist Association (BUGB)**

### **Notes to the financial statements For the year ended 31 December 2012**

#### **12. Pension and other post-retirement benefit commitments**

**(continued)**

##### **Staff Pension Scheme**

Following the previous actuarial valuation, as at 1 January 2008, the Union Trustees and the Pension Scheme Trustees were concerned about the deteriorating financial position within the Scheme, together with that of the Baptist Ministers' Pension Fund. In particular, there was a likelihood that if provision for defined benefit pensions continued, the contributions for employers would continue to increase and become unsustainable. Therefore, after a long review process, and due consultation with members and employers, the defined benefit schemes were closed to further accrual on 31 December 2011, and replaced by a defined contribution arrangement (the DC Plan within the Baptist Pension Scheme), invested and administered by Legal and General with effect from 1 January 2012. Members' benefits built up within the Scheme before 2012 remain unchanged.

Contributing members of the Scheme at the end of 2011 automatically became members of the new DC Plan unless they indicated that they did not wish to enter the new scheme. The new scheme also provides good benefits in the event of death in service, and there are parallel insured arrangements for paying income to members who are unable to work due to long term periods of ill-health. There are transitional arrangements to ensure that benefit entitlements on death or ill-health retirement under the Scheme are not taken away from existing members.

The Scheme has been closed to future accrual, and assuming that it continues in its current format for the foreseeable future. The most recent funding valuation of the Scheme showed that on 1 January 2011 the funding position was as follows: Assets £6.1 m, Amount needed to provide benefits £9.7 m, Shortfall £3.6 m, Funding level 63%. As a result, the Union Trustees agreed with the Staff Trustee that the Employers would pay deficiency contributions of £1,500 per annum for each member of the scheme, whether active, deferred or in receipt of pension as a member or dependant. These deficiency contributions, which are to increase with retail price inflation and to compensate for any reduction in the number of members, were expected to eliminate the shortfall by 31 March 2031 (and this is set out in the Scheme's 'Recovery Plan').

The last Summary Funding Statement showed the Scheme's funding position as at 1 January 2010, when the shortfall was £1.774 million and the funding level 74.6%. The deterioration in the position between that date and the start of 2011 is due to adverse conditions in world financial markets and to a number of changes in the actuarial assumptions used. In particular, the 2011 valuation allows for:

- increases in life expectancy,
- more prudent assumptions about future investment returns, partly due to the decision to close the Scheme to future accrual of benefits,
- the cost of administering the Scheme over the long-term.

In accordance with statutory requirements, the Trustee has now received an actuarial report which provides an approximate update of the funding position of the Scheme as at 1 January 2012. Unfortunately, this shows that the funding level of the Scheme deteriorated markedly during 2011 from 63% to 48%, with the shortfall increasing from £3.6 million to around £6.3 million.

The total pension cost of the Staff Pension Scheme to the Association is £6,500 (2011 £3,238).

## South Wales Baptist Association (BUGB)

### Notes to the financial statements For the year ended 31 December 2012

#### 13. Statement of funds

	At 1 January 2012	Incoming Resources	Resources Expended	Transfers Between Funds	At 31 December 2012
	£	£	£	£	£
<b>General reserve</b>	280,932	216,145	(174,071)	21,972	344,978
<b>Designated Funds</b>					
Fixed Assets	1,929	0	(1,619)	3,071	3,381
Investments	18,057	1,304	(846)	1,535	20,050
	<u>300,918</u>	<u>217,449</u>	<u>(176,536)</u>	<u>26,578</u>	<u>368,409</u>
<b>Restricted funds:</b>					
Student Funds	537	13	0	0	550
Loan Funds	21,050	0	0	(1,300)	19,750
Ministers Benevolent Funds	53,415	1,066	0	(1,535)	52,946
Ministers Benevolent Funds	9,828	229	0	(8,000)	2,057
Pomeroy Street Funds	26,978	235	0	0	27,213
Gorseinon Funds	4,289	108	0	0	4,397
Aberbargoed Funds	25,040	631	0	0	25,671
Capel Gwilym Funds	615	14	0	0	629
Llanhilleth Church	3,636	85	0	(3,500)	221
Manse Funds	143,329	1,243	0	(1,243)	143,329
Peniel Monmouth Funds	0	0	0	0	0
Llandogo Monmouth Funds	42,638	1,074	0	(6,000)	37,712
Alexandra Rd Newport Funds	45,007	1,134	0	0	46,141
Pontyclun/Ely Funds	42,418	989	0	(5,000)	38,407
Nash Newport Funds	17,024	429	0	0	17,453
	<u>435,804</u>	<u>7,250</u>	<u>0</u>	<u>(26,578)</u>	<u>416,476</u>
<b>Total Funds</b>	<u>736,722</u>	<u>224,699</u>	<u>(176,536)</u>	<u>(0)</u>	<u>784,885</u>

The General reserve represents the free funds of the Association which are not designated for particular purpose  
The fixed assets represent the net book value of tangible fixed assets The investments represent unrestricted funds held as investments

The Student fund assists students for ministry from churches within the Association

The Loan fund is available to Churches for building work

The Ministers Benevolent fund, interest on the capital sum provided by the James Pantyfedwen Foundation, is used to assist Ministers and retired Ministers on the accredited list

## **South Wales Baptist Association (BUGB)**

### **Notes to the financial statements For the year ended 31 December 2012**

#### **13. Statement of funds (continued)**

The Ministers Benevolent fund is used to assist Ministers and retired Ministers on the accredited list

The Pomeroy Street fund is used to assist the Association within the Cardiff post code area

The Gorseinon fund is used for the purpose of items of capital expenditure

The Moriah Baptist Church Aberbargoed fund and the Capel Gwilym Church Cardiff fund are used for capital purposes

The Commercial Road Llanhilleth fund is to be made available to Brynithel Community Church when in a position to proceed with a Church building

The Manse fund is used for the purpose of items of capital expenditure

The Peniel Monmouth fund is used for grants to Churches for building work

The Llandogo Monmouth fund is used for Strategic Mission Initiatives within the Association including small Churches initiatives

The Alexandra Rd Newport fund is used to support and ongoing equipping and training of Ministers and Church leaders in the Association including the appointment of personnel

The Pontyclun/ Ely fund is to be made available for the appointment of a full-time accredited minister at Ely Baptist Church, Cardiff

The Nash Newport fund is to be used for Mission Initiatives within the Association including the appointment of personnel

#### **14. Members' funds**

The company is both limited by guarantee and a registered charity therefore the concept of shareholders funds is not applicable

#### **15. Members guarantee**

Each member of the Association has agreed that, in the event of a winding-up, they will contribute an amount not exceeding £10 towards any shortfall



## **South Wales Baptist Association (BUGB)**

### **Notes to the financial statements For the year ended 31 December 2012**

#### **16. Employees**

##### **Number of Employees**

The average monthly numbers of employees during the year were

	<b>2012 Number</b>	<b>2011 Number</b>
Regional Ministers	2	2
Administration (Full-time)	<u>1</u>	<u>1</u>
Total	<u>3</u>	<u>3</u>

##### **Employment Costs**

	<b>£</b>	<b>£</b>
Wages & Salaries	74,000	72,514
Social Security Costs	7,155	7,108
Other Pension Costs	<u>18,644</u>	<u>13,461</u>
Total	<u>99,799</u>	<u>93,083</u>

#### **17. Trustees' expenses**

The aggregate amount of expenses reimbursed to the Trustees totalled £ 1,156 and related to travel, telephone and stationery