

## Information please on your church's finances

Dear Treasurer

### **Triennial Valuation of the Baptist Pension Scheme**

Every three years the Trustees of the Baptist Pension Scheme (BPS) in conjunction with their advisors undertake an actuarial valuation of the Pension Scheme. This determines whether or not the Scheme is fully funded (i.e. whether it has enough assets to meet its liabilities) and the level of contributions required from churches and other participating employers in order to meet any shortfall in funding. Where there is a shortfall, it is also necessary to submit details of those contributions in a "recovery plan" to the Pensions Regulator. An actuarial valuation of the (BPS) as at 31 December 2013 is currently underway to establish how the Pension Scheme has fared over the last three years.

One of the crucial parts of any recovery plan submitted to the Pensions Regulator is an assessment of the strength of what is referred to as the 'employers' covenant' (i.e. the ability of participating employers to meet their financial obligations to the Scheme) since every church participating in the BPS is deemed to be an employer under current pension legislation in the UK.

To establish the strength of the employers' covenant the BPS Trustees need sight of each church's annual accounts, in particular the very latest set of accounts which have been either audited or independently examined.

One of the Regulator's particular concerns is that any recovery plan takes proper account of the strength of the employers' covenant. If he regards the covenant as weak, he may require the Trustees to adopt a more stringent recovery plan and that could result in churches having to pay significantly higher contributions than would otherwise be the case and thus have an adverse impact on church finances.

It is the belief of the BPS Trustees that the financial position of churches, Associations and Colleges taken together remains very strong in the context of the Pension Scheme, but it will be necessary to demonstrate the evidence for that belief to the Pensions Regulator.

As well as considering the covenant of the churches, the BPS Trustees also need to consider the strength of the financial covenant of the Union itself and for this reason all churches are being asked to send in their financial information, irrespective of whether they have a minister or other staff in the scheme or not. Although the Union has financial reserves, ultimately its financial strength depends in the long-term on the support of churches in the Union and so it is necessary to gather as wide a picture as possible of the finances of all those churches.

Please note that although this information is now being sought in connection with the current triennial actuarial valuation, the Pensions Regulator expects the BPS Trustees to monitor the employers' covenant on an ongoing basis. Accordingly, it is our intention to request this information from each church annually.

### **Charity Commission Registration**

Many of you will know that churches with an annual income over £100,000 have had to register the church as a charity with the Charity Commission in recent years and we expect in the years to come that most of our Baptist churches will have to register at some point, yet to be determined by government. All churches irrespective of registration or not are expected to comply in respect of their accounts with the Statement of Recommended Practice (SORP) issued by the Charity Commission. To assist in this, we have sought as a Union to provide all church treasurers with

membership of The Association of Church Accountants and Treasurers (ACAT) and a copy of their Handbook which is updated periodically.

The Handbook is a helpful guide to all treasurers as well as the published SORP which is available from the Charity Commission website. Over recent years our Union Treasurer, Malcolm Broad has facilitated a number of training events up and down the country in various Associations in order to help both experienced and less experienced treasurers and it is clear more needs to be done in this respect ahead of the next round of charity registrations.

We will view the annual accounts as an aid to see what more could be done to help churches, treasurers and independent examiners, but this will take time to achieve so we are asking for both a copy of your full accounts for the latest financial year available and we are also asking treasurers to complete a summarised finance form.

### **Action Needed Now**

We need you to do two things as follows:-

- 1) Please send to the BPS Trustees a full copy of your latest available church annual accounts, including a copy of the annual report where your church prepares one and the independent examination or audit certificate accompanying the accounts **no later than 31st March 2014**.
- 2) Please complete the summarised finance form either on-line or alternatively use the form attached, filling in the details and returning the form by post to the BPS Trustees **no later than 31st March 2014**. For on-line users the website link is:  
<http://www.baptistpensions.org.uk/churches-employers/what-the-employer-needs-to-do/request-for-financial-information64357/>

3)

The address to which to send your annual accounts is:-

Baptist Pension Trustee Limited  
Baptist Union of Great Britain,  
Baptist House, PO Box 44, 129 Broadway,  
Didcot, Oxon, OX11 8RT

Thank you for your assistance in this important matter.

Robert Ashurst  
Moderator of the Trustees of the Baptist Pension Scheme

Malcolm Broad MBE  
Treasurer of the Baptist Union of Great Britain

**NB.** Section 47(2) of the Charities Act 1993 makes clear that all charities are required to forward a copy of their accounts to anyone requesting them though they may charge appropriate copying and postage costs. The accounts are thus public documents, and the information they contain used to support the work of the Baptist Pension Scheme and the Baptist Union of Great Britain.  
In addition, under UK pensions legislation, employers are legally obliged to provide the trustees of a pension scheme in which they participate with accounting and other information to assist in the assessment of the employer covenant.