

**DUMFRIES BAPTIST CHURCH
(COMPANY LIMITED BY GUARANTEE)**

FINANCIAL STATEMENTS

30TH JUNE 2018

CARSON & TROTTER

CHARTERED ACCOUNTANTS

123 IRISH STREET

DUMFRIES

DG1 2PE

Dumfries Baptist Church
(Company Limited By Guarantee)

Charity information

Deacons	W Loan L Mackay A Mitra E Moss J Muir I Penn S Platt A Purss J Ransom A Rideout D White
Directors	L Mackay I Penn A Purss D White
Treasurer	I Penn
Charity number	SC021258
Company number	SC534991
Registered office	123 Irish Street Dumfries DG1 2PE
Church office	Gillbrae Road Dumfries DG1 4EJ
Auditors	Carson & Trotter C.A. Chartered Accountants 123 Irish Street Dumfries DG1 2PE

Dumfries Baptist Church
(Company Limited By Guarantee)

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Dumfries Baptist Church
(Company Limited By Guarantee)
Directors' report
for the year ended 30th June 2018

The directors present their report together with the audited consolidated financial statements of the charity and its subsidiary for the year ended 30th June 2018. The financial statements have been prepared in accordance with the accounting policies set out on page 12 and comply with the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the church's constitution and the Companies Act 2006. The deacons have adopted the provisions of 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).

Directors of the company

The directors who served during the year unless otherwise stated are:

L Mackay
I Penn
A Purss
D White

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP FRS102;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The directors 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, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the church's constitution. 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 directors are aware:


- there is no relevant audit information of which the charitable company's auditor is unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Dumfries Baptist Church
(Company Limited By Guarantee)
Directors' report
for the year ended 30th June 2018

The report of the directors has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006.

This report was approved by the directors on 28th November 2018 and signed on their behalf by



I D Penn
Director

Dumfries Baptist Church
(Company Limited By Guarantee)
Deacons' report
for the year ended 30th June 2018

The deacons present their report together with the audited financial statements of the church for the year ended 30th June 2018.

Objectives and activities

The object of the charity is to support the work and advancement of the Baptist Church.

The primary activities are the advancement of Christian faith in Dumfries & Galloway and throughout Scotland by means of teaching, worship & education; Supporting agencies & individuals involved in Christian missionary work and the relief of poverty and other social needs; the support of a variety of organisations providing weekly activities for pre-school children, primary children, youth, adults and older people.

Volunteers

The congregation is very grateful to the many volunteers who assist in the running of its services and organisations.

Achievements and performance

The building work on the new Church Centre commenced in 2017 and was completed in March 2018. The first services were held in the new centre in March 2018 and the 'official opening' took place in May 2018. The centre is already proving a popular location not only for church activities but for the local community and other organisations.

Congregations have continued to grow during the past year.

The appeal fund has continued to be boosted during the period by a number of large donations and a substantial number of loans both from within and outwith the fellowship. The vast majority of the costs for the new centre had been paid for by the end of the financial year.

Financial Review

The accounts show a surplus for the year for the group of £1,395,369 before gain on revaluation, £1,474,553 after gain. Total funds at the year end are £4,541,335 made up of £4,503,796 unrestricted funds and £37,539 restricted funds. Included in unrestricted funds is a designated fund of £21,889.

Risk management

The deacons have examined the major strategic, business and operational risks which the church faces and confirm that the necessary steps have been taken to lessen these risks.

Reserves policy

It is the policy of the Dumfries Baptist Church to maintain unrestricted funds, which are the free reserves of the charity, at a level which equates to approximately six months expenditure. This provides sufficient funds to cover administration costs while continuing to support the work and advancement of the Baptist Church. Unrestricted funds were maintained at a sufficient level during the year.

The Deacons identified that the move to the new building would bring with it increased costs, as a result they decided to designate a transition fund of £50,000 to cover the expected increase, some £28,000 of this was used in the financial year and £22,000 carried forward to the new financial year.

Plans for future

The development of activities within the new centre will be a major activity as we seek to continue to build up our own congregation and to provide resources and activities for the local Georgetown area. Links with the Gillbrae Medical Centre and the local schools will continue to be enhanced and it is hoped that the centre will provide a suitable location for conferences for outside organisations. A new Youth and Community worker took up office in September and outreach in these areas should continue to grow over the coming year.

Structure, governance and management

Dumfries Baptist Church is a company limited by guarantee incorporated on 10th May 2016. It is governed by its articles of association.

Dumfries Baptist Church
(Company Limited By Guarantee)
Deacons' report
for the year ended 30th June 2018

Decision making

The day to day management of the charity is carried out by the pastors along with the treasurer and secretary. Wider reaching decisions are discussed by the Deacons and taken to the congregation for final decisions.

Recruitment, appointment & training

The Deacons are elected by the members of the congregation after assessing the potential contribution the individual could make. New deacons are briefed on the church procedures and informed of a trustees responsibility.

Reference and administrative details

Deacons

The deacons who served during the period unless otherwise stated were as follows:

W Loan	
L Mackay	Secretary
A Mitra	
E Moss	
J Muir	
I Penn	Treasurer
S Platt	
A Purss	
J Ransom	
A Rideout	
D White	

Charity number: SC021258

Company number: SC534991

Registered office: 123 Irish Street, Dumfries, DG1 2PE

Church office: Gillbrae Road, Dumfries, DG1 4EJ

Auditors: Carson & Trotter C.A, 123 Irish Street, Dumfries, DG1 2PE

Solicitors: Walker & Sharpe, 37 George Street, Dumfries, DG1 1EB

This report was approved by the deacons on 28th November 2018 and signed on their behalf by



I D Penn
Treasurer

Dumfries Baptist Church
(Company Limited By Guarantee)

Independent auditors' report to the deacons of Dumfries Baptist Church

We have audited the financial statements of Dumfries Baptist Church for the year ended 30th June 2018 which comprise the Group and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company balance sheet, the Group and Parent Charitable Company cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the Charities deacons as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the company's deacons and 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 and its deacons as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 30th June 2018, and of its profit and cash flows 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 requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 deacons' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the deacons 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.

Other information

The deacons are responsible for the other information. The other information comprises the information included in the deacons' 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.

Dumfries Baptist Church
(Company Limited By Guarantee)

Independent auditors' report to the deacons of Dumfries Baptist Church continued

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors report and deacons report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' 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 directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate and proper 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 1 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Dumfries Baptist Church
(Company Limited By Guarantee)

Independent auditors' report to the deacons of Dumfries Baptist Church continued

Auditor's responsibilities for the audit of the financial statements

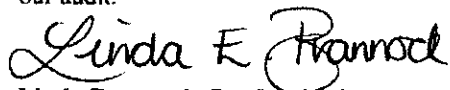
We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Linda Brannock, BA CA, Senior Statutory Auditor
for and on behalf of Carson & Trotter C.A., Chartered Accountants,
Statutory Auditors

123 Irish Street
Dumfries
DG1 2PE

28th November 2018

(Carson & Trotter C.A. Chartered Accountants is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006)

Dumfries Baptist Church
Company Limited by Guarantee

Consolidated Statement of Financial Activities
(Incorporating Consolidated Income and Expenditure Account)
for the year ended 30th June 2018

	Notes	Unrestricted Fund £	Restricted Fund £	Total Funds 2018 £	Total Funds 2017 £
Income and endowments from:					
Donations and legacies	2	197,432	1,302,572	1,500,004	3,278,806
Investments	3	354	274,962	275,316	5,811
Other trading activities	4	34,630	-	34,630	26,417
Total income		<u>232,416</u>	<u>1,577,534</u>	<u>1,809,950</u>	<u>3,311,034</u>
Expenditure on:					
Charitable activities	5	366,866	6,068	372,934	217,854
Other expenditure	4	41,647	-	41,647	26,398
Total expenditure		<u>408,513</u>	<u>6,068</u>	<u>414,581</u>	<u>244,252</u>
Net income/(expenditure)		(176,097)	1,571,466	1,395,369	3,066,782
Transfers between funds	8	1,805,923	(1,805,923)	-	-
Tax payable	9	1,327	-	1,327	-
Other recognised gains(losses)					
Gains/(losses) on revaluation of fixed assets		80,511	-	80,511	-
Net movement in funds		<u>1,709,010</u>	<u>(234,457)</u>	<u>1,474,553</u>	<u>3,066,782</u>
Reconciliation of funds:					
Total funds brought forward		<u>2,794,786</u>	<u>271,996</u>	<u>3,066,782</u>	-
Total funds carried forward		<u>4,503,796</u>	<u>37,539</u>	<u>4,541,335</u>	<u>3,066,782</u>

All income and expenditure derive from continuing activities

The notes on pages 12 to 22 form an integral part of these financial statements.

Dumfries Baptist Church
(Company Limited By Guarantee)
Charity Statement of Financial Activities (incorporating Income and Expenditure Account)
for the year ended 30th June 2018

	Notes	Unrestricted Fund £	Restricted Fund £	Total Funds 2018 £	Total Funds 2017 £
Income and endowments from:					
Donations and legacies	2	197,784	1,302,572	1,500,356	3,278,933
Investments	3	-	274,962	274,962	5,703
Total income		<u>197,784</u>	<u>1,577,534</u>	<u>1,775,318</u>	<u>3,284,636</u>
Expenditure on:					
Charitable activities	5	380,865	6,068	386,933	217,854
Total expenditure		<u>380,865</u>	<u>6,068</u>	<u>386,933</u>	<u>217,854</u>
Net income/(expenditure)		(183,081)	1,571,466	1,388,385	3,066,782
Transfers between funds	8	1,805,923	(1,805,923)	-	-
Other recognised gains/(losses);					
Gains/(losses) on revaluation of fixed assets		80,511	-	80,511	-
Net movement in funds		<u>1,703,353</u>	<u>(234,457)</u>	<u>1,468,896</u>	<u>3,066,782</u>
Reconciliation of funds:					
Total funds brought forward		<u>2,794,786</u>	<u>271,996</u>	<u>3,066,782</u>	-
Total funds carried forward		<u>4,498,139</u>	<u>37,539</u>	<u>4,535,678</u>	<u>3,066,782</u>

All income and expenditure derive from continuing activities

The notes on pages 12 to 22 form an integral part of these financial statements.

Dumfries Baptist Church
(Company Limited By Guarantee)

Balance sheet
as at 30th June 2018

	Notes	Group 2018 £	Charity 2018 £	Group 2017 £	Charity 2017 £
Fixed assets					
Tangible assets	10	5,087,693	5,087,693	2,671,026	2,671,026
Investments	11	-	3	-	2
		<u>5,087,693</u>	<u>5,087,696</u>	<u>2,671,026</u>	<u>2,671,028</u>
Current assets					
Stocks		1,605	-	-	-
Debtors	12	21,848	28,868	105,011	22,191
Cash at bank and in hand		152,304	126,491	788,917	788,917
		<u>175,757</u>	<u>155,359</u>	<u>893,928</u>	<u>811,108</u>
Creditors: amounts falling due within one year	13	<u>(194,528)</u>	<u>(179,790)</u>	<u>(498,172)</u>	<u>(415,354)</u>
Net current (liabilities)/assets		<u>(18,771)</u>	<u>(24,431)</u>	<u>395,756</u>	<u>395,754</u>
Total assets less current liabilities		5,068,922	5,063,265	3,066,782	3,066,782
Creditors: amounts falling due after more than one year	14	<u>(527,587)</u>	<u>(527,587)</u>	-	-
Total Net assets		<u>4,541,335</u>	<u>4,535,678</u>	<u>3,066,782</u>	<u>3,066,782</u>
The funds of the charity					
Restricted funds	16	37,539	37,539	271,996	271,996
Unrestricted funds					
Designated fund	16	21,889	21,889	50,000	50,000
General fund	16	4,401,396	4,395,739	2,744,786	2,744,786
Revaluation reserve	16	80,511	80,511	-	-
Total charity funds		<u>4,541,335</u>	<u>4,535,678</u>	<u>3,066,782</u>	<u>3,066,782</u>

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 44 of the Charities and Trustee Investment (Scotland) Act 2005. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The financial statements were approved and authorised for issue by the deacons on 28th November 2018 and signed on their behalf by



I D Penn
Treasurer

The notes on pages 12 to 22 form an integral part of these financial statements.

Dumfries Baptist Church
(Company Limited By Guarantee)

Cash flow statement
for the year ended 30th June 2018

	Notes	Group 2018 £	Charity 2018 £	Group 2017 £	Charity 2017 £
Cash flow from operating activities:					
Cash inflow from operating activities	20	1,581,597	1,554,812	3,504,545	3,504,655
Taxation paid		1,327	-	-	-
Net cash inflow from operating activities		<u>1,580,270</u>	<u>1,554,812</u>	<u>3,504,545</u>	<u>3,504,655</u>
Cash flow from investing activities					
Payments to acquire tangible fixed assets		(2,492,199)	(2,492,199)	(2,721,439)	(2,721,439)
Purchase of investments		-	(1)	-	(2)
Interest received		275,316	274,962	5,811	5,703
Net cash flow from investing activities		<u>(2,216,883)</u>	<u>(2,217,238)</u>	<u>(2,715,628)</u>	<u>(2,715,738)</u>
Net increase(decrease) in cash and cash equivalents		(636,613)	(662,426)	788,917	788,917
Cash and cash equivalents at beginning of reporting period		788,917	788,917	-	-
Cash and cash equivalents at end of reporting period		<u>152,304</u>	<u>126,491</u>	<u>788,917</u>	<u>788,917</u>
Cash and cash equivalents consists of:					
Cash at bank and in hand		<u>152,304</u>	<u>126,491</u>	<u>788,917</u>	<u>788,917</u>

Dumfries Baptist Church
(Company Limited By Guarantee)

Notes to the Financial Statements
for the year ended 30th June 2018

1. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the period presented unless otherwise stated.

1.1. General information and basis of preparation

Dumfries Baptist Church is a company limited by guarantee in Scotland. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the Deacons report along with the nature of the charity's operations and principal activities.

The financial statements are prepared on the going concern basis under the historical cost convention modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity.

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 (FRS102) issued on 16th July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS102.

1.2. 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 charity 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 subject to restrictions on their expenditure imposed by the donors or which have been raised by the charity for particular purposes. The cost 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.

Dumfries Baptist Church
(Company Limited By Guarantee)

Notes to the Financial Statements
for the year ended 30th June 2018

1.3. Income recognition

All income is included in the SOFA when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and settlement date. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

No amount is included in the financial statements for volunteer time in line with the SORP FRS102.

1.4. Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs and governance costs. Support & governance costs have been allocated to activities on a basis consistent with the use of the resources.

1.5. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Land	-	No depreciation
Buildings	-	2% straight line
Furniture and Fittings	-	25% straight line

1.6. Debtors & creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

1.7. Stock

Stock is valued at the lower of cost and net realisable value.

1.8. Employee benefits

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Dumfries Baptist Church
(Company Limited By Guarantee)

Notes to the Financial Statements
for the year ended 30th June 2018

1.9. Taxation status

Dumfries Baptist Church has charitable status and is exempt from taxation.

Trading subsidiary DBCC Development Co Ltd is registered for VAT, any profits made are donated to its parent company.

Trading subsidiary DBCC Operating Co Ltd pays corporation tax in respect of the taxable profit for the current reporting period. It is measured at the amount expected to be paid or recovered using the tax rates applicable at the balance sheet date.

1.10. Going concern

The financial statements have been prepared on a going concern basis as the deacons believe that no material uncertainties exist. The deacons have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

2. Income from donations & legacies

	Group 2018 £	Charity 2018 £	Group 2017 £	Charity 2017 £
Donated from Dumfries Baptist Church unincorporated charity	-	-	2,245,586	2,245,586
Donations & offerings	1,491,629	1,491,981	1,033,220	1,033,347
Legacy	2,000	2,000	-	-
Grants	6,375	6,375	-	-
	<u>1,500,004</u>	<u>1,500,356</u>	<u>3,278,806</u>	<u>3,278,933</u>

The income from donations & legacies for the group was £1,500,004 (2017 £3,278,806) of which £197,432 (2017 £1,238,350) was unrestricted and £1,302,572 (2017 £2,040,456) restricted.

The income from donations & legacies for the parent charity was £1,500,356 (2017 £3,278,933) of which £197,784 (2017 £1,238,477) was unrestricted and £1,302,572 (2017 £2,040,456) restricted.

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3. Income from investments

	Group 2018 £	Charity 2018 £	Group 2017 £	Charity 2017 £
Bank interest	466	112	5,811	5,703
Interest	274,850	274,850	-	-
	<u>275,316</u>	<u>274,962</u>	<u>5,811</u>	<u>5,703</u>

The income from investments for the group was £275,316 (2017 £5,811) of which £354 (2017 £400) was unrestricted and £274,962 (2017 £5,411) was restricted.

The income from investments for the parent charity was £274,962 (2017 £5,703) of which £0 (2017 £292) was unrestricted and £274,962 (2017 £5,411) was restricted.

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4. Income from other trading activities

The wholly owned subsidiary DBCC Development Co Ltd is incorporated in the United Kingdom (company number SC472247) and pays any profits to the charity under the gift aid scheme. DBCC Development Co Ltd is a single building development company. A summary of the trading results is shown below:

These trading results are for the year ended 30th June 2018.

	2018	2017
	£	
Turnover	2,547,053	1,701,354
Cost of sales and administration costs	(2,547,053)	(1,701,335)
Interest	352	108
Net profit	352	108
Amount gift aided to the charity	(352)	(108)
Retained in subsidiary	-	-
The assets and liabilities of the subsidiary were:		
Current assets	22,683	492,949
Current liabilities	(22,681)	(492,947)
Total net assets	2	2
Aggregate capital and reserves	2	2

The wholly owned subsidiary DBCC Operating Co Ltd is incorporated in the United Kingdom (company number SC583241). DBCC Operating Co Ltd operates a cafe and Church premises. A summary of the trading results is shown below:

These trading results are for the 4 month period to 30th June 2018.

	2018
	£
Turnover	20,021
Cost of sales and administration costs	(40,965)
Other operating income	27,925
Interest	2
Net profit	6,983
Corporation tax	(1,327)
Retained in subsidiary	5,656
The assets and liabilities of the subsidiary were:	
Current assets	21,024
Current liabilities	(15,367)
Total net assets	5,657
Aggregate capital and reserves	5,657

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5. Analysis of expenditure on charitable activities

	Activities Undertaken Directly £	Support & Governance Costs £	2018 Total £	2017 Total £
Local ministry	114,329	117,728	232,057	136,265
Mission	30,635	23,546	54,181	39,604
Congregational organisations	6,514	94,181	100,695	41,985
	151,478	235,455	386,933	217,854

Total expenditure on charitable activities for the group was £372,934

Support & governance costs

	Group 2018 £	Charity 2018 £	2017 £
Light and heat	11,902	11,902	5,388
Cleaning	2,083	2,083	3,345
Insurance	4,726	4,726	480
Office expenses	3,709	3,709	2,230
Council Tax / Rates	3,748	3,748	3,047
Sundry repairs	2,906	2,906	6,711
Miscellaneous	11,229	11,229	4,902
Music & Worship	511	511	607
Photocopier/IT	160	160	167
Depreciation	156,042	156,042	50,413
Legal and professional	15,732	15,732	3,326
Audit and Accountancy fees	2,640	2,640	2,400
Management fee	-	13,999	-
New building resources	6,068	6,068	-
	221,456	235,455	83,016

Of the expenditure on charitable activities for the group, £366,866 (2017 £216,328) was unrestricted, £6,068 (2017 £1,526) was restricted.

Of the expenditure on charitable activities for the parent charity, £380,865 (2017 £216,328) was unrestricted, £6,068 (2017 £1,526) was restricted.

Support & governance costs have been allocated against the activities based on an estimation of time & resources spent.

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6. Employees

Number of employees

The average number of employees during the year were:

	2018 Number	2017 Number
Charitable activities	3	2
Trading subsidiary	4	-
	7	2

Employment costs

	2018 £	2017 £
Wages and salaries	111,882	67,031
Social security costs	4,879	6,922
Other pension costs	13,113	11,156
	129,874	85,109

A Purss, senior pastor and D White, associate pastor, who are also both Deacons receive emoluments for their services and the church contributes to a pension scheme on their behalf. Their salary as shown in note 6 represents remuneration for their positions in the church and not for services as deacon.

No employees received remuneration amounting to more than £60,000.

No other deacons receive remuneration for their services. or have been reimbursed for expenditure during the year.

Dumfries Baptist Church paid an amount of £300 on behalf of three deacons in order to attend the 2017 assembly.

Key management personnel are the deacons.

The subsidiary, DBCC Development Co Ltd has no employees, DBCC Operating Co Ltd has 4 employees.

The deacons donated a total of £44,430 to the charity during the period.

7. Pension costs

The church operates a defined contribution pension scheme in respect of the pastors. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the church and amounted to £8,482 (2017 £7,178).

The charity makes payments to a defined benefit pension scheme in respect of one of the pastors. The scheme was closed in 2011, the payments represent deficiency contributions and amounted to £3,978.

Trading subsidiary, DBCC Operating Co Ltd paid contributions amounting to £653 to a defined contribution pension scheme in respect of its employees.

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Notes to the Financial Statements
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8. Gross transfers between funds

Funds transferred from the Restricted Fund to the Unrestricted Fund were to cover the cost of fixed assets purchased during the period.

9. Taxation

	2018	2017
	£	£
UK current year taxation		
UK corporation tax	1,327	-
	1,327	-

10. Tangible fixed assets - charity (also comprising that of the group)

	Land and Buildings	Furniture and fittings	Total
	£	£	£
Cost or valuation			
At 1st July 2017	2,714,990	6,449	2,721,439
Additions	2,243,652	248,547	2,492,199
Revaluation	79,134	-	79,134
At 30th June 2018	5,037,776	254,996	5,292,772
Depreciation			
At 1st July 2017	48,800	1,613	50,413
Revaluation	(1,377)	-	(1,377)
Charge for the year	92,296	63,747	156,043
At 30th June 2018	139,719	65,360	205,079
Net book values			
At 30th June 2018	4,898,057	189,636	5,087,693
At 30th June 2017	2,666,190	4,836	2,671,026

Land and buildings includes land of £275,000 which is not depreciated.

Tangible fixed assets with a net book value of £225,479 are subject to a standard security in respect of a loan of £100,000 dated September 2017.

Tangible fixed assets with a net book value of £4,524,578 are subject to a standard security in respect of a loan of £250,000 dated August 2017.

The historic cost equivalent of land and buildings included at valuation is £68,866.

11. Fixed asset investments

The charity holds 2 shares of £1 each in its wholly owned trading subsidiary company DBCC Development Co Ltd and 1 share of £1 in its wholly owned trading subsidiary DBCC Operating Co Ltd. Both of which are incorporated in the United Kingdom. These are the only shares allotted, called up and fully paid. The activities and results of these companies are summarised in note 4.

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Notes to the Financial Statements
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12. Debtors: all receivable within one year

	Group 2018 £	Charity 2018 £	Group 2017 £	Charity 2017 £
Amounts owed by group undertakings	-	12,478	-	-
Other debtors	21,368	15,910	100,439	17,619
Prepayments	480	480	4,572	4,572
	<u>21,848</u>	<u>28,868</u>	<u>105,011</u>	<u>22,191</u>

13. Creditors: amounts falling due within one year

	Group 2018 £	Charity 2018 £	Group 2017 £	Charity 2017 £
Bank overdraft	-	-	391,303	-
Bank loan	165,063	165,063	-	-
Payments received on account	6,800	-	100,917	-
Creditors	3,715	2,275	2,275	2,275
Amounts owed to group undertakings	-	10,831	-	410,002
Corporation tax	1,327	-	-	-
VAT	14,802	-	-	-
Other creditors	-	-	270	270
Accruals	2,821	1,621	3,407	2,807
	<u>194,528</u>	<u>179,790</u>	<u>498,172</u>	<u>415,354</u>

14. Creditors: amounts falling due after more than one year

	Group 2018 £	Charity 2018 £	Group 2017 £	Charity 2017 £
Bank loan	527,587	527,587	-	-
	<u>527,587</u>	<u>527,587</u>	<u>-</u>	<u>-</u>

Bank loans include aggregate amounts of £209,180 which fall due after five years and which are payable by instalments.

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15. Analysis of group net assets between funds

	Unrestricted Funds £	Restricted Fund £	Total Funds 2018 £
Fixed assets	5,087,693	-	5,087,693
Current assets	138,218	37,539	175,757
Current liabilities	(194,528)	-	(194,528)
Creditors more than one year	(527,587)	-	(527,587)
	<u>4,503,796</u>	<u>37,539</u>	<u>4,541,335</u>

16. Analysis of group charitable funds

	Balance at 01.07.17 £	Income £	Expenditure £	Gain/(loss) £	Transfers £	Balance at 30.06.18 £
Unrestricted:						
General funds	2,744,786	232,416	(381,729)	-	1,805,923	4,401,396
Designated funds	50,000	-	(28,111)	-	-	21,889
Revaluation reserve	-	-	-	80,511	-	80,511
Total Unrestricted funds	<u>2,794,786</u>	<u>232,416</u>	<u>(409,840)</u>	<u>80,511</u>	<u>1,805,923</u>	<u>4,503,796</u>
Restricted funds	<u>271,996</u>	<u>1,577,534</u>	<u>(6,068)</u>	<u>-</u>	<u>(1,805,923)</u>	<u>37,539</u>
Total funds	<u>3,066,782</u>	<u>1,809,950</u>	<u>(415,908)</u>	<u>80,511</u>	<u>-</u>	<u>4,541,335</u>

Unrestricted Funds

The General Fund is used for the general administration of the Church.

The Designated Fund is to be used for increased costs when the move to the new building takes place.

Restricted Funds

The Restricted Fund is to be used for the development of a new church building.

17. Auditors remuneration

The auditors remuneration amounts to a fee of £2000 inclusive of VAT for the audit of the group, £640 for accountancy services for the parent company and £600 for accountancy services for each of the subsidiaries.

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18. Related party transactions

During the year Dumfries Baptist Church paid DBCC Development Co Ltd, its wholly owned subsidiary, a total of £2,492,198 in connection with the building of a new church and £6,068 for other expenses. An amount of £10,831 was due by Dumfries Baptist Church at the year end. DBCC Development Co Ltd gift aided its trading profits of £352 to Dumfries Baptist Church, this balance was outstanding at the year end.

Dumfries Baptist Church paid a management fee of £13,999 to DBCC Operating Co Ltd, a balance of £12,000 was due from DBCC Operating Co Ltd to Dumfries Baptist Church at the year end.

19. Controlling interest

The charity is under the control of the deacons.

20. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Group 2018 £	Charity 2018 £	Group 2017 £	Charity 2017 £
Net income/(expenditure) for the year	1,395,370	1,388,386	3,066,782	3,066,782
Interest received	(275,316)	(274,962)	(5,811)	(5,703)
Depreciation of tangible assets	156,042	156,042	50,413	50,413
Increase/(decrease) in creditors	223,943	292,023	498,172	415,354
(Increase)/decrease in debtors	83,163	(6,677)	(105,011)	(22,191)
(Increase)/decrease in stocks	(1,605)	-	-	-
Net cash flow from/(to) operating activities	<u>1,581,597</u>	<u>1,554,812</u>	<u>(3,504,545)</u>	<u>(3,504,655)</u>

