

Company Number: 4832161  
Charity number: 1101446

# **58:12**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

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## DIRECTORS REPORT

The directors present a combined Trustees' and Directors' Report and Financial Statements for the year ended 31st December 2020. These comply with the Charities Act 2011, the Companies Act 2006, the company's Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard 102.

### Reference and Administrative information

#### *Directors*

The following served as directors during the year and are also the key management personnel:

James Collins	David Colpus (appointed 30 November 2020)
Ben Quartey-Papafio (appointed 30 November 2020)	Heidi Allen (appointed 30 November 2020)
Michele Bailey	Joanna Walker
Alastair McLuckie	Marilyn Webb (resigned 30 November 2020)

#### *Advisers*

Auditors:	HPCA Ltd, Station House, Connaught Road, Brookwood, Woking, Surrey, GU24 0ER
Solicitors:	Withers LLP, 16 Old Bailey, London. EC4M 7EG (Charity Matters)
Bankers:	HSBC Bank plc, 54 Woodcote Road, Wallington, SM6 0NJ
Developers:	Thornsett Group Plc, 34 Margery Street, London WC1X 0JJ

### Structure, governance and management

58:12 was incorporated as a company limited by guarantee on 14th July 2003. It is governed by its Memorandum and Articles of Association adopted on incorporation and amended by special resolution on 5 May 2020.

The directors are the trustees of the charity. New directors are appointed by the current directors but require the approval of the Purley Baptist Church Leadership Team. The directors meet regularly during the year and training and induction of new directors is incorporated in these meetings.

Under the provisions of the Articles of Association, the directors have formed a number of committees to oversee the various aspects of the company's work. Most committees have at least one member who must be a director but all proceedings of committees must be reported promptly to the directors.

The directors have considered the major risks to which the charity is exposed and are satisfied that systems are in place to mitigate these risks.

The company is under the control of Purley Baptist Church, a company limited by guarantee and registered with the Charity Commission. The results of the company for the year have been included in the consolidated accounts of the church which can be obtained from the church office on request.

**DIRECTORS' REPORT**  
**(continued)**

**Objectives and activities**

The company was established to advance the Christian faith and the worship of God in accordance with Evangelical doctrines and to promote urban regeneration specifically in Purley.

The directors have had due regard to the Charity Commission's guidance on public benefit when considering the activities and objectives for the year.

**Achievements and Performance**

Final planning permission for the development was granted in July 2020. The trustees worked with their legal advisers and the developer to enable the final revisions to the development agreement to be approved in January 2021. The Banstead Road element of the development was sold to Optivo, a housing association, in early 2021. This site will now be developed fully as affordable housing, which brings the overall scheme to 48.2% affordable housing.

**Financial review**

Donations continue to be received sufficient to cover the expenses incurred during the year. The first amounts due under the development agreement were received in January 2021 which has enabled some loans from church members to be repaid.

*Reserves*

The charity is currently building up funds to support the future development of the site. The company had no free reserves at 31st December 2020.

*Net current liabilities*

The balance sheet shows net current liabilities at the year end. Included in current liabilities are a number of loans from church members which are technically due for repayment on demand and therefore recorded in current liabilities. As the development agreement is now unconditional, funds were received from the developer in January 2021 which were sufficient to repay loans from church members. The loan from the London Baptist Property Board Ltd has been renewed until January 2022.

**DIRECTORS' REPORT**  
**(continued)**

**Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company and of its financial activities for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the activities of the company will continue
- The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Disclosure of information to auditors**

Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and establish that the auditors are aware of such information.

The directors' report is prepared in accordance with special provisions of Part VII of the Companies Act 2006 relating to small companies.

Approved by the directors on 28 September 2021 and signed on their behalf by:

Joanna Walker  
*Director*

58:12  
Banstead Road  
Purley  
Surrey CR8 3EA

## **REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF 58:12**

### **Opinion**

We have audited the financial statements of 58:12 (the 'charitable company') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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).

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 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

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

In the light of the 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 Report of the Trustees.

## **REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF 58:12**

### **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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

### **The extent to which the audit was considered capable of detecting irregularities including fraud**

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, review of the company's 'Register of Legal Requirements', and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, charity legislation, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting relevant correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- obtaining an overview of the internal procedures adopted by the client to ensure continued compliance with relevant laws and regulations, including a review of a sample of the reports from internal process audits;

- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with relevant regulators where appropriate.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Our responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Lance Redman (Senior Statutory Auditor)  
for and on behalf of HPCA Ltd  
Chartered Accountants  
and Statutory Auditors  
Station House  
Connaught Road  
Brookwood  
Woking  
Surrey  
GU24 0ER

28 September 2021



**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)**

**FOR THE YEAR ENDED 31ST DECEMBER 2020**

	Unrestricted Funds £	Restricted Funds £	2020 Total £	Unrestricted Funds £	Restricted Funds £	2019 Total £
<b>Income from:</b>						
Donations	40,416	-	40,416	57,902	-	64,800
Legacies	-	-	-	-	-	-
Other trading activities						
- fundraising	<u>335</u>	<u>-</u>	<u>335</u>	<u>803</u>	<u>-</u>	<u>803</u>
<b>Total income</b>	<u>40,751</u>	<u>-</u>	<u>40,751</u>	<u>58,705</u>	<u>-</u>	<u>58,705</u>
<b>Expenditure on:</b>						
Charitable activities						
Finance costs	29,759	-	29,759	35,327	-	35,327
Other expenses	662	-	662	364	-	-
Governance costs	<u>1,350</u>	<u>1,350</u>	<u>2,700</u>	<u>1,435</u>	<u>1,435</u>	<u>2,870</u>
<b>Total expenditure</b>	<u>31,771</u>	<u>1,350</u>	<u>33,121</u>	<u>37,126</u>	<u>1,435</u>	<u>38,561</u>
<b>Net income for the year</b>	8,980	(1,350)	7,630	21,579	(1,435)	20,144
<b>Reconciliation of funds</b>						
Total funds brought forward	<u>2,291,335</u>	<u>861,852</u>	<u>3,153,187</u>	<u>2,269,756</u>	<u>863,287</u>	<u>3,133,043</u>
Total funds carried forward	<u>2,300,315</u>	<u>860,502</u>	<u>3,160,817</u>	<u>2,291,335</u>	<u>861,852</u>	<u>3,153,187</u>

All income and expenditure relates to continuing activities.

There are no recognised gains or losses other than those shown above.

**BALANCE SHEET**  
**AS AT 31ST DECEMBER 2020**

		<b>2020</b>		<b>2019</b>	
	<i>Note</i>	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	4		4,527,724		4,527,724
<b>Current assets</b>					
Debtors	5	2,065		2,075	
Cash at bank and in hand		5,789		9,124	
		<u>7,854</u>		<u>11,199</u>	
<b>Current liabilities</b>					
Creditors: Amounts falling due in less than one year	6	<u>1,127,761</u>		<u>1,137,736</u>	
<b>Net current liabilities</b>			( <u>1,119,907</u> )		( <u>1,126,537</u> )
<b>Total assets less current liabilities</b>			3,407,817		3,401,187
Creditors: Amounts falling due in more than one year	7		247,000		248,000
<b>Net assets</b>			<u><u>3,160,817</u></u>		<u><u>3,153,187</u></u>
<b>Represented by</b>					
Unrestricted Funds			2,300,315		2,291,335
Restricted Funds	8		<u>860,502</u>		<u>861,852</u>
<b>Total charity funds</b>			<u><u>3,160,817</u></u>		<u><u>3,153,187</u></u>

The accounts were prepared in accordance with the special provisions within Part 15 of the Companies Act 2006 relating to small companies, were approved by the directors on 28 September 2021 and signed on their behalf by:

J Walker  
Director

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

**1. Accounting policies**

**1.1 Accounting convention**

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 Financial Reporting Standard 102, Financial Reporting Standard 102 and the Companies Act 2006. The financial statements are prepared in pound sterling rounded to the nearest pound.

The charity is a company limited by guarantee with registered office at Banstead Road, Purley, Surrey, CR8 3EA and incorporated in England. It is a public benefit entity.

The financial statements are prepared under the historical cost convention and on the going concern basis.

In applying the provisions of Financial Reporting Standard 102 the trustees consider that no adjustments to the previously reported figures are necessary.

**1.2 Going concern**

The balance sheet shows net current liabilities at the year end. Included in current liabilities are a number of loans from church members which are technically due for repayment on demand and therefore recorded in current liabilities. Funds have been received in January 2021 which will enable these loans to be repaid. The loan from the London Baptist Property Board has also been renewed until January 2022 which is the latest date by which the funds from the developer will be received to enable repayment to be made. The trustees therefore consider it is appropriate to prepare accounts on the going concern basis.

**1.3 Freehold properties**

Freehold properties are included at cost which includes demolition costs and some professional fees in connection with the development. Depreciation is not charged as the current realisable value of the properties is sufficiently greater than the cost to render depreciation immaterial.

**1.3 Donations, gifts and legacies**

These are accounted for when the charity is certain of receipt and the amount can be measured with reasonable accuracy.

**1.4 Expenditure**

These are recognised when the expenditure is incurred. All costs have been directly attributed to one of the functional classifications in the SOFA.

**1.5 Governance costs**

This comprises expenditure relating to compliance with constitutional and statutory requirements.

**1.6 Debtors**

Debtors are measured at the settlement amount due.

**1.7 Creditors**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST DECEMBER 2020

**1. Accounting policies (continued)****1.8 Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at the carrying value plus accrued interest less repayments. The financing charge to expenditure is at a constant rate calculated using the effective interest method.

**2. Net income for the year**

This is stated after charging:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Audit fee	<u>2,700</u>	<u>2,870</u>

None of the directors received any emoluments during the year or were reimbursed for any expenses incurred.

**3. Other trading activities - fundraising**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Cards, Bricks and Books	26	358
Events & Sales	<u>303</u>	<u>445</u>
	<u>329</u>	<u>803</u>

**4. Fixed assets**

**Tangible  
Fixed assets  
Freehold Properties  
£**

**Cost**

At 1st January 2020 and 31st December 2020 4,527,724

**5. Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Gift aid tax recoverable	1,829	2,075
Due from Purley Baptist Church	<u>236</u>	<u>-</u>
	<u>2,065</u>	<u>2,075</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

**6. Creditors: Amounts falling due in less than one year**

	2020 £	2019 £
Other loans - interest free	342,000	342,000
Other loans - interest bearing	600,000	600,000
Loan from Purley Baptist Church	168,346	179,000
Accruals	<u>16,415</u>	<u>16,736</u>
	<u><u>1,127,761</u></u>	<u><u>1,137,736</u></u>

Other loans - interest free represent unsecured loans from church members and friends.

Other loans – interest bearing is secured on the tangible fixed assets and bears interest at 3.2%

**7. Creditors: Amounts falling due in more than one year**

	2020 £	2019 £
Loan from Purley Baptist Church	247,000	248,000
Other loans (see note 6)	<u>-</u>	<u>-</u>
	<u><u>247,000</u></u>	<u><u>248,000</u></u>

The loan from Purley Baptist Church bears interest at 3.2%.

**8. Restricted Funds**

	Balance at 1st January	Income £	Expenditure £	Balance at 31st December £
Island Site Fund	<u>861,852</u>	<u>-</u>	<u>1,350</u>	<u>860,502</u>

The funds are restricted for use on the proposed redevelopment of the “Island Site” in Purley. This includes necessary expenditure on support costs such as audit and legal fees.

**9. Analysis of net assets between funds**

	Fixed Assets £	Current Assets £	Liabilities £	Total £
General Fund	3,688,253	(15,962)	(1,371,976)	2,300,315
Island Site Fund	<u>839,471</u>	<u>23,816</u>	<u>( 2,785)</u>	<u>860,502</u>
	<u><u>4,527,724</u></u>	<u><u>7,854</u></u>	<u><u>(1,374,761)</u></u>	<u><u>3,160,817</u></u>

**10. Members Guarantees**

At 31st December 2020 there were 7 members of the company. In the event of the company being wound up the members are liable to contribute £1 each.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

**11. Ultimate controlling party**

The company is under the control of Purley Baptist Church. Transactions and balances with Purley Baptist Church have not been disclosed as consolidated accounts are available. These can be obtained from the church office at the registered office address.

**12. Related party transactions**

The other interest free loans in note 6 include a total of £50,000 from trustees. There were no other related party transactions during the year other than the loan from Purley Baptist Church as shown in notes 6 and 7.

**13. Post balance sheet events**

The company approved the final development agreement for the development of the freehold properties. Under the terms of the agreement, the company has disposed of part of the freehold land and entered into long leases for the rest of the freehold land. In return the company will receive a land premium and a long lease for part of the new development.