

Company Number: 4832161
Charity number: 1101446

58:12

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2021**

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DIRECTORS REPORT

The directors present a combined Trustees' and Directors' Report and Financial Statements for the year ended 31st December 2021. 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
Ben Quartey-Papafio
Michele Bailey
Alastair McLuckie

David Colpus
Heidi Allen
Joanna Walker

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 2021.

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.

The directors continue to establish separate committees as necessary to work on various aspects of the project.

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 58:12 for the year have been included in the consolidated accounts of the church which can be obtained from the church office on request.

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.

DIRECTORS' REPORT

(continued)

Achievements and Performance

In January 2021, the charity disposed of its land on the south side of Banstead Road as part of the sale of that section of the development to Optivo, a housing association. This site will now be developed fully as affordable housing, which brings the overall scheme to 48.2% affordable housing. At the time of approving the accounts, the building of this development is well underway.

During the year, the charity has continued in discussions with Thornsett, the developer, regarding the final plans for the new community building. The Project Delivery Group (PDG) have been involved in reviewing all the details of the final design and have liaised with external consultants where necessary. The Chrysalis Group have continued to work with church staff and members to consider how various aspects of the building will be used to ensure the design contains all the necessary requirements.

The trustees and staff met with the architects to see some initial design concepts for the interior design of the building and a Design Forum has now been established to progress this area.

The trustees have also reviewed the overall structure of the charity to ensure there is clarity as to who is responsible for each area and that nothing is overlooked. In mid 2022 a communications consultant was engaged to create a communications and fundraising strategy for the next stage of the project.

In April 2022, the head leases were granted to the developer so that they could draw down funding. The detailed designs have gone out for tender and quotes are awaited.

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 2021.

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 but the members are not currently requiring repayment. The loan from the London Baptist Property Board has been renewed for a further period and began to be repaid in July 2022 as funds have been received from the developer. The trustees therefore consider it is appropriate to prepare accounts on the going concern basis.

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 27 September 2022 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 2021 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 2021 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 (continued)

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;

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF 58:12 (continued)

- 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. 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
29 September 2022

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

FOR THE YEAR ENDED 31ST DECEMBER 2021

	Unrestricted Funds £	Restricted Funds £	2021 Total £	Unrestricted Funds £	Restricted Funds £	2020 Total £
Income from:						
Donations	48,310	-	48,310	40,416	-	40,416
Legacies	-	-	-	-	-	-
Other trading activities						
- fundraising	<u>202</u>	<u>-</u>	<u>202</u>	<u>335</u>	<u>-</u>	<u>335</u>
Total income	<u>48,512</u>	<u>-</u>	<u>48,512</u>	<u>40,751</u>	<u>-</u>	<u>40,751</u>
Expenditure on:						
Charitable activities						
Finance costs	26,334	-	26,334	29,759	-	29,759
Other expenses	775	-	775	662	-	662
Governance costs	<u>1,430</u>	<u>1,430</u>	<u>2,860</u>	<u>1,350</u>	<u>1,350</u>	<u>2,700</u>
Total expenditure	<u>28,539</u>	<u>1,430</u>	<u>29,969</u>	<u>31,771</u>	<u>1,350</u>	<u>33,121</u>
Net income for the year	19,973	(1,430)	18,543	8,980	(1,350)	7,630
Reconciliation of funds						
Total funds brought 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>
Total funds carried forward	<u>2,320,288</u>	<u>859,072</u>	<u>3,179,360</u>	<u>2,300,315</u>	<u>860,502</u>	<u>3,160,817</u>

All income and expenditure relates to continuing activities.

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

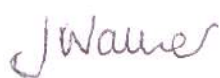
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BALANCE SHEET

AS AT 31ST DECEMBER 2021

	Note	2021		2020	
		£	£	£	£
Fixed assets					
Tangible assets	4		4,127,724		4,527,724
Current assets					
Debtors	5	2,141		2,065	
Cash at bank and in hand		177,141		5,789	
		<u>179,282</u>		<u>7,854</u>	
Current liabilities					
Creditors: Amounts falling due in less than one year	6	<u>910,646</u>		<u>1,127,761</u>	
Net current liabilities			(731,364)		(1,119,907)
Total assets less current liabilities			3,396,360		3,401,817
Creditors: Amounts falling due in more than one year	7		217,000		247,000
Net assets			<u>3,179,360</u>		<u>3,160,817</u>
Represented by					
Unrestricted Funds			2,320,288		2,300,315
Restricted Funds	8		<u>859,072</u>		<u>860,502</u>
Total charity funds			<u>3,179,360</u>		<u>3,160,817</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 27 September 2022 and signed on their behalf by:



J Walker
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2021

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.

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 but the members are not currently requiring repayment. The loan from the London Baptist Property Board has been renewed for a further period and began to be repaid in July 2022 as funds have been received from the developer. 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 2021

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:

	2021	2020
	£	£
Audit fee	<u>2,860</u>	<u>2,700</u>

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

3. Other trading activities - fundraising

	2021	2020
	£	£
Cards, Bricks and Books	-	26
Events & Sales	<u>168</u>	<u>303</u>
	<u>168</u>	<u>329</u>

4. Fixed assets

**Tangible
Fixed assets
Freehold Properties
£**

Cost

At 1st January 2021	4,527,724
Disposal	(400,000)
31st December 2021	<u>4,127,724</u>

5. Debtors

	2021	2020
	£	£
Gift aid tax recoverable	1,829	1,829
Due from Purley Baptist Church	<u>312</u>	<u>236</u>
	<u>2,141</u>	<u>2,065</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2021

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

	2021 £	2020 £
Other loans - interest free	167,000	342,000
Other loans - interest bearing	600,000	600,000
Loan from Purley Baptist Church	30,000	169,346
Other creditor	100,000	-
Accruals	<u>13,646</u>	<u>16,415</u>
	<u>910,646</u>	<u>1,127,761</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

	2021 £	2020 £
Loan from Purley Baptist Church	217,000	247,000
Other loans (see note 6)	<u>-</u>	<u>-</u>
	<u>217,000</u>	<u>247,000</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>860,502</u>	<u>-</u>	<u>1,430</u>	<u>859,072</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	3,288,253	158,251	(1,126,216)	2,320,288
Island Site Fund	<u>839,471</u>	<u>21,031</u>	<u>(1,430)</u>	<u>859,072</u>
	<u>4,127,724</u>	<u>179,282</u>	<u>(1,127,646)</u>	<u>3,179,360</u>

10. Members Guarantees

At 31st December 2021 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 2021

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 charity granted long leases of the remaining freehold property to the developer in April 2022, in return for a land premium and future leases on part of the new building.