

WAYPOINT
operating as
WAYPOINT CHURCH
(a charitable incorporated organisation)

TRUSTEES' ANNUAL REPORT
and
AUDITED FINANCIAL STATEMENTS

31 December 2020

Charity registration number: 1168433

WAYPOINT operating as **WAYPOINT CHURCH**
(a charitable incorporated organisation)

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31 December 2020

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WAYPOINT operating as **WAYPOINT CHURCH**
(a charitable incorporated organisation)

REFERENCE AND ADMINISTRATIVE DETAILS

31 December 2020

THE CHARITY

Registered name	: Waypoint
Operating name	: Locks Heath Free Church to August 2019/ Waypoint Church from September 2019
Legal structure	: Charitable Incorporated Organisation
Operating address	: 255 Hunts Pond Road, Titchfield Common, Fareham, Hampshire, PO14 4PG
Registered charity number	: 1168433 (England and Wales)
Telephone number	: 01489 579669
Website	: www.waypointchurch.org.uk
Email address	: admin@waypointchurch.org.uk

BOARD OF TRUSTEES

Ministers

Senior Minister	: Rev. Mark Madavan (1)
Associate Minister	: Jim Privett (1)

Elders

Andy Banes	Graham Griffiths	Rachel Keen	Kevin Leech	Dan Richards
Chris Snook	Felicity Shaw (4)			

Other elected trustees

Office Manager and Church Secretary	: Pauline Griffiths (1)
Church Treasurer	: Graham Woodyet
Family Life Team Leader	: Sarah Sawyers (1) (5)
Facilities Team Leader	: Paul Warner (3)
Welcoming and Integration Team Leader	: Rachel Keen
Mission Team Leader	: Pete McNulty
Children's Ministry Team Leader	: Claire Johnson (1)
Discipleship & Small Groups Team Leader	: Rev. Keith Foster (1) (2)

There were no changes in the membership of the Board of Trustees at the date of approval of this report.

(1) Staff member (2) Appointed September 2020 (3) Re-elected November 2020
(4) Resigned June 2020 (5) Resigned December 2020

PROFESSIONAL ADVISERS

Bankers:	CAF Bank Ltd, 25 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4JQ
Auditors:	Wood, Hicks & Co Ltd, Chartered Accountants and Statutory Auditors, Units 1-2 Warrior Court, 9-11 Mumby Road, Gosport, Hampshire, PO12 1BS
Solicitors:	Anthony Collins Solicitors LLP, 134 Edmund Street, Birmingham, B3 2ES

WAYPOINT

(a charitable incorporated organisation)

TRUSTEES' ANNUAL REPORT

Year ended 31 December 2020

The Trustees have pleasure in submitting their annual report and the financial statements of Waypoint (the Church) as at and for the year ended 31 December 2020.

SECTION 1 - OBJECTIVES AND ACTIVITIES

Description of the Church's trust

The principal objective of the Church is the advancement of the Christian Faith according to the principles of the Baptist denomination including the advancement of education, community service and such other general charitable purposes in such parts of the United Kingdom and the world as the Church shall determine.

Aims

In order to achieve this objective, the Church provides a variety of activities both to its membership and to the community. The aim is to show the love of Jesus Christ and to bring people into a closer relationship with Him. In fulfilling this purpose, the Church engages in a range of activities either on its own or with others. Due to the Covid-19 pandemic (the Pandemic) and the resultant lockdowns, activities were restricted and new activities were developed to keep engaged with the congregation and community.

Strategies to achieve aims

Central to the work and witness of the Church is the provision of regular public services of Christian worship. These services take place each Sunday at 9am and 11am and include preaching, teaching and Communion. A programme for children and young people aged 0-16 years is available during the 11am service. There are also occasional All Age Services. The Church has a passion for reaching the community and anybody is free to attend our services. Church services, events and activities are advertised on our website at www.waypointchurch.org.uk. Due to the Pandemic, Sunday services and the Sunday programme for children and young people were reduced and adapted. Sunday services were held online and, as restrictions eased, either pre-recorded or live services were held for a limited congregation.

The Church runs a number of small groups aimed at developing faith and discipleship and providing pastoral care. Due to the Pandemic, some Small Groups met online via Zoom. As restrictions eased, some Small Groups were able to meet on Church premises. The Gathering is an opportunity for small groups to meet together, learn together and encourage one another and, for anyone interested in joining a small group, to find out more.

The Church leadership places great importance on reaching the local community in a variety of ways as can be seen from the activities undertaken set out below.

Measurement of attainments

Although numbers do not reflect the spiritual strength of a church, they do give an indication of growth. During 2020, one person was received into membership and no-one was baptised. As at 31 December 2020, the membership stood at 225. The Trustees believe that 2020 was a positive year in the life of the Church, particularly in its response to the Pandemic that resulted in:

- (a) services and other Church meetings being successfully conducted online; and,
- (b) the formation of the Waypoint Hub providing food and other welfare assistance to those in the local community who have been adversely affected by the lockdowns.

Activities vary from time to time. Review of specific aims by the Leadership is made throughout the year with activities being initiated, expanded, or closed, as judged appropriate. While many churches have suffered a reduction in their congregations as a consequence of the lockdowns, the Trustees are thankful to God that membership has remained stable in 2020.

WAYPOINT

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TRUSTEES' ANNUAL REPORT (continued)

Year ended 31 December 2020

SECTION 2 – ACHIEVEMENTS AND PERFORMANCE

A number of activities take place during the week for children aged 0 – 11 years, young people aged 11 – 18 years and has attendance of up to 600 per week. These include a Parent and Toddler Group, a girls club, a boys club, a youth club and small groups for young people's Bible study. Due to the Pandemic, these activities were reduced and adapted. Some activities were able to continue online via Zoom and met on church premises as restrictions eased.

Due to Covid-19 restrictions, our annual Summer Holiday Club week for children took on a different format. We pre-recorded five 30 minute videos to watch at home and made up craft and activity packs which families collected on a daily basis. A small team provided simple socially distanced activities to engage with the families when they came to collect their packs each morning. We created a closed Facebook community page for families to share photos and videos of what they were doing at home. 42 families took part.

The Children's Ministry Team Leader and the Associate Minister are involved in local primary and senior schools in lessons and mentoring. Interns worked in the youth and children's ministry and with the technical and staff team to gain knowledge of all aspects of church life.

Activities for senior citizens and a Luncheon Club are provided regularly. Due to the Pandemic, these activities were reduced.

The Church runs a programme of parenting courses for Church and community parents. Due to the Pandemic, these activities were reduced and some took place online.

The Family Life Team Leader worked closely with families in our community via the Church's Parent and Toddler Group and the Home School Link Worker based at a local primary school.

The Family Life Team Leader and team have been able to provide one-to-one parenting and marriage support for individuals and families as needs arise.

A seven session Marriage Course was delivered for married couples and the Church also runs a Marriage Preparation course for engaged couples as required.

Alpha is run for people interested in discovering more about Christianity. Due to the Pandemic, the course was held online.

Kintsugi Hope is a course designed for equipping people in their mental health and wellbeing. The course took place online due to the Pandemic.

The Church runs a Golf Society and Football Team and encourage membership from church attenders and non-attenders.

The 'Grand 5' supported three mission projects including Enable the Children in Sierra Leone, Rocks Project in Uganda and an orphanage in China in partnership with International China Concern.

Due to the Pandemic, all four planned short-term mission projects to Uganda, Sierra Leone, China and Greece were cancelled. Three young people had their gap year mission placements either cancelled or considerably shortened and altered.

The Church supported the Baptist Union's Missionary Society and Home Mission Fund, Open Doors (serving persecuted Christians around the world) and also supports the anti-trafficking organization, Hope for Justice, to raise awareness. The Church also supported Elpitha Hope in Greece working in refugee camps.

The Church supported emergency disaster appeals of International China Concern for their Covid-19 response, Christian Aid in their Hurricane Iota appeal, Tearfund in their Ethiopia humanitarian crisis appeal and International Rescue Committee in their Camp Moria refugee appeal.

The Church supported a young person as they commenced their two year mission training and placement with Youth With A Mission initially being based in Vancouver, Canada.

WAYPOINT

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TRUSTEES' ANNUAL REPORT (continued)

Year ended 31 December 2020

SECTION 2 - ACHIEVEMENTS AND PERFORMANCE (continued)

The Church has supported local mission including Medaille Trust in Southampton, schools in the community and The Family Support Service in Fareham.

Church Members served as volunteers in other local charities and organisations. These included reading mentors for primary school children and collecting food and household products for Fareham and Gosport Basics Bank.

Rooms in the premises are hired by an independent Pre-school. The building is used for community meetings but none took place during 2020 due to the Pandemic.

Waypoint Café opened for a few weeks but was forced to close again because of the renewed lockdown restrictions.

Christmas services were held throughout December offering our congregation and community a variety of styles. Due to the Pandemic, these were held either live with a small congregation, outdoors or online.

The Ministers regularly meet with Ministers from UK and local Churches. A Team attended a training conference for large UK churches which impacted the training and direction for Trustees.

The Trustees confirm they have complied with the duty imposed by the Charities Act 2011 and have given due regard to the guidance in respect of public benefit.

The Church is dependent on its membership serving as volunteers in all aspects of the Church's activities.

In March 2020, in response to the Pandemic which was sweeping the world, we wanted to bless and serve our local community. To do this we set up Waypoint Hub with the support of Fareham Borough Council. During the first national lockdown a team of 50 volunteers from the church and community provided three essential services - Food Parcel deliveries, Boredom Packs for isolated adults, Helps - such as shopping, prescription collection. Grant funding and donations of food and finances from Trusts, local organisations, businesses and individuals in our church and community have sustained this ministry. In 2020 we carried out 2,247 Helps. Waypoint Hub is now well known in our community and we have a dedicated room within the church building to store food and run our twice weekly drop-in sessions from.

SECTION 3 - FINANCIAL REVIEW

The financial results for the year, together with a summary of the accounting policies adopted are set out in the accompanying financial statements. The Church had a surplus on General Fund operations of £73,253 compared with a deficit of £7,754 in 2019 (excluding the exceptional credit arising from the reduction in the defined benefit pension liability of £23,435 explained in Note 29).

The Church continues to raise the funds which it needs to carry on its activities and provide for additional fitting out costs for both buildings from within its own membership and congregation. Wider appeals were made and grants towards this project totalling £18,000 (2019: £62,000) were gratefully received. In addition, further grants totalling £12,225 were received from the local authority and community organisations in 2020 in support of Waypoint Hub. See Note 13 for further details.

The Church's total reserves at 31 December 2020 were £4,197,542 (2019: £4,105,368) of which the Waypoint Hub restricted fund was £18,921 (2019: nil) and designated funds for functional and investment properties totalled £3,820,433 (2019: £3,957,893). Going forward, the functional freehold properties fund will be reduced by an amount equal to the capital repayments of the mortgage loan and the buildings depreciation charge each year. The investment property fund will increase or decrease according to the variation in fair value adjustment recorded in the SOFA each year. These funds can only be realised by the disposal of the properties to which they relate.

WAYPOINT

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TRUSTEES' ANNUAL REPORT (continued)

Year ended 31 December 2020

SECTION 3 - FINANCIAL REVIEW (continued)

The Church's reserves on general fund at the balance sheet date amounted to £357,838 compared with £147,125 at 31 December 2019. Liquid resources increased from £39,072 in 2019 to £313,527 at 31 December 2020 largely as a result of not being able to fully engage in established Church activities and the delay in finalising the building and fitting out projects as a consequence of the Covid-19 lockdowns.

The Waypoint Café opened on 3 November 2020 and traded until 23 December 2020 when it closed because of lockdown restrictions (see Notes 14 and 17, and section 4 below).

It is the policy of the Church to hold a cash reserve equivalent to six months' general running costs (including salaries and mortgage payments) to cover unforeseen emergencies. In the previous year, in order to complete the new church building and basic fit-out, the Trustees agreed for cash reserves to be temporarily reduced to three months' operating costs. However, the lockdowns have resulted in a build-up of liquid resources such that the six-month operating reserves level has temporarily been restored. Once the Covid operating restrictions are lifted, in an effort to complete the build and fit-out, it is possible that the Trustees may consider the reduction of its reserves policy to three months for a limited period not expected to exceed 18 months.

The Trustees have made an assessment of the major risks facing the Church, and are satisfied that there are policies in place to minimise these risks.

The Church is dependent on its membership serving as volunteers in all aspects of the Church's activities. The Trustees consider that it is impractical to place an economic value on such service.

SECTION 4 - PLANS FOR FUTURE PERIODS AND SUBSEQUENT EVENTS

Future commitments

Completion of the South Building was confirmed by Building Control inspectors in 2019. Certain finishing works outside the scope of Building Control regulations continued throughout 2020. The Church is continuing to fundraise for further fitting out works that are expected to cost around £280,000 but no firm timetable has been set for when these works are to be carried out. Completion of these works will enable the Church to provide further activities, courses and services for the Church congregation and for the community on its premises.

Waypoint Café

It is intended, subject to government regulations and guidance, to resume and develop this activity in the spring of 2021 as part of the Church's community outreach.

Since the café is a trading activity to be carried on by the Church, the Trustees plan to disclaim the Church's full entitlement to VAT zero-rating on the construction of the South Building for the proportion of the premises that is to be used by the Waypoint Café activity. The building contractors have been notified and a VAT charge, expected to amount to around £40,000, is to be invoiced by them on certified completion of the building works.

SECTION 5 - STRUCTURE, GOVERNANCE AND MANAGEMENT

Legal structure

This CIO was formed as Locks Heath Free Church on 26 July 2016 for the sole purpose of absorbing the charitable business of an unincorporated charitable trust (the Trust) with the same name. Following this incorporation, the entire charitable activities of the Trust together with all the Trust's assets and liabilities were transferred to the CIO effective 1 January 2017. The legal title to the premises and land occupied by the church are held by the Baptist Union Corporation Ltd on Trusts which are entirely compatible with its objects.

WAYPOINT
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TRUSTEES' ANNUAL REPORT (continued)

Year ended 31 December 2020

SECTION 5 – STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Legal structure (continued)

At a Church Meeting in November 2018 the members voted to change the name from Locks Heath Free Church to Waypoint. This change was registered by the Charity Commission on 12 December 2018 but the operating name of Locks Heath Free Church continued to be used until 31 August 2019 while other administrative matters concerning the name change were concluded. Further, on 3 April 2019 the Church obtained the permission of the Charity Commission to operate as *Waypoint Church* and this name has been used instead of Locks Heath Free Church from 1 September 2019.

The CIO is governed by a Constitution that was filed with the Charity Commission as part of the incorporation process. This constitution follows the model agreed by The Baptist Union Corporation of Great Britain and approved by the Church members in Special meeting.

The Trustees are elected by a Special Church Members' Meeting on a three-year rotation. The board of the elected Trustees is known as the Full Leadership Team and all operating decisions are made by them.

Governance concerning Church membership

Members of the Church are accepted in accordance with the Governing Constitution which requires them:

- to be or to have been publicly baptised on the profession of faith in Jesus Christ; or,
- following other modes of baptism to renew their public profession of faith in Jesus Christ; or,
- who may be considering baptism.

Members' Meetings normally take place five times per year. Due to the Pandemic, Church Meetings were reduced during 2020 and a Church Meeting, which included the AGM and a Special Church Meeting, was held online. The members' meeting has responsibility for the overall policy of the Church. In accordance with the Constitution, the members appoint Trustees who, together with the Ministers, Church Secretary and Treasurer, and collectively known as the Full Leadership Team, are responsible for the day-to-day running of the Church's work and witness and for the financial and legal aspects of the Church. The Trustees meet regularly. Due to the Pandemic, Trustees' Meetings were reduced during 2020 and held online. The Staff Team meet weekly and work on the premises and are available for enquiries from the community.

All members are encouraged to take an appropriate part in the spiritual and practical tasks involved in furtherance of the Church's aims.

Relevant matters may be submitted to the Church Meeting by the Trustees for guidance, or may be raised by members in Church Meetings for further consideration by the Trustees. Though the Governing Document permits decisions to be made at quorate Church Meetings by appropriate majorities, the Church seeks to work by consensus wherever possible.

Other governance matters

The Church is affiliated to the Baptist Union of Great Britain (the BU) and receives guidance from them on a range of regulatory matters which the Church implements as appropriate. However, the BU has no direct influence upon the operating policies of the Church.

All decisions are taken by Trustees who are accountable to the Church Meeting and work within agreed budgets.

The Church follows the Charity Commission guidance concerning the induction and training of Trustees.

Staff salaries including Ministers' stipends are reviewed annually by a pay review committee formed of unremunerated Trustees and other Church Members and their deliberations are reported to the Trustees.

WAYPOINT
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TRUSTEES' ANNUAL REPORT (continued)

Year ended 31 December 2020

SECTION 5 - STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Other governance matters (continued)

The Church operates a Safe to Grow policy and systems to ensure that all people working with those under 18 are appropriately vetted, and undertakes the necessary Disclosure and Barring Service (DBS) checks. The Church operates a Safe to Belong policy and system to ensure that all people working with adults at risk are similarly vetted and DBS checked.

The Church ensures good practice in First Aid, Food Safety and Food Hygiene by making training available.

The Church holds Insurance with the Baptist Insurance Company including Employer's Liability Insurance.

By order of the Board of Trustees,

.....
P Griffiths (Mrs)
Church Secretary

12 May 2021

WAYPOINT

(a charitable incorporated organisation)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Responsibilities relating to the financial statements

Law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each accounting period which give a true and fair view of the Charity's financial activities during the period and of its financial position at the end of the financial period. In preparing financial statements giving a true and fair view, the Trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and recommended practice 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 Charity will continue in operation.

Other responsibilities

The Trustees are also responsible for:

- keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011.
- safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
- the maintenance and integrity of the Charity and financial information included on the Charity's website.

The Board of Trustees
Waypoint *operating as* Waypoint Church
255 Hunts Pond Road
Titchfield Common, Fareham,
Hampshire PO14 4PG

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF WAYPOINT

(a charitable incorporated organisation)

Opinion

We have audited the financial statements of Waypoint (the Church) for the year ended 31 December 2020 which comprise the balance sheet, statement of financial activities, statement of cash flows 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, including Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Church's affairs as at 31 December 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the requirements of the Charities Act 2011 (the Act).

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 Church in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and the provisions available for small entities, in the circumstances set out in Note 2 to the financial statements, 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.

Auditor's responsibilities in respect of reporting on irregularities, including fraud

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit and, in doing so, assess the risks of material misstatement of the financial statements whether due to fraud or error. Such irregularities are instances of non-compliance with laws and regulations. We design procedures in keeping with our responsibilities to detect material misstatements arising from error or fraud. The extent to which our procedures are capable of detecting such irregularities is set out below.

The Church's routine internal accounting control procedures that require two Church members/staff to be involved in the handling of cash could not be applied because of the Covid-19 pandemic. This difficulty was exacerbated by the creation of the Waypoint Hub (the Hub) that sought to provide welfare assistance to persons or families in the local community who had been adversely affected by the Pandemic. The Hub is managed by a senior member of Church staff and its activities are financed by grants, monetary donations and gifts of food and other household necessities. The Hub's liquid resources are used as necessary to buy required items and these, together with donated goods, are distributed free-of-charge to beneficiaries according to their needs. Evidence of donations of goods and cash received was not maintained in a form that was susceptible to testing by conventional audit procedures and, therefore, we consider that the audit was not capable of detecting irregularities (should any exist) in this regard. However, we are satisfied that any misstatement of net income arising from the Hub's activities is unlikely to be material to the financial statements as a whole and, accordingly, our opinion is not modified in this respect.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF WAYPOINT (continued)

Material uncertainty related to going concern

We draw attention to Note 31 in the financial statements, which indicates that the Church's commitment to meet commercial mortgage repayments that commenced in 2019 is, in part, dependent upon Church members honouring non-binding pledges to this end made in 2017. As stated in the Note, since these pledges are not enforceable and will inevitably change over time, a material uncertainty exists that may cast doubt upon the Church's ability to continue as a going concern at some time in the future.

Further, the Note also refers to the financial uncertainty to the Church and its congregation as a consequence of the Pandemic which cannot be reliably measured at the date these financial statements are approved for issue. Our opinion is not modified in respect of these matters.

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

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

Other information

The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. 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.

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 have been materially misstated.

If we identify such material inconsistencies or apparent 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 10, the trustees 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 Church'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 Church or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF WAYPOINT (continued)

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Act and report in accordance with it and the relevant regulations made or having effect thereunder. We are eligible for appointment to act as statutory auditor under section 1212 of the Companies Act 2006. This report is made to the Trustees as a body, in accordance with section 144 and regulations made under section 154 of the Act. Our audit work has been undertaken so that we might state to the Church's Trustees those matters we are required to state to them in an auditor's 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 Church and the Church's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

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 it 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 fuller description of our responsibilities for the audit of financial statements is located at: www.frc.org.uk/auditorsresponsibilities This description forms part of the audit report.

.....
Wood, Hicks & Co Ltd,
Statutory Auditor

12 May 2021

Chartered Accountants,
Units 1-2 Warrior Court,
9-11 Mumby Road,
Gosport,
Hampshire PO12 1BS

WAYPOINT
(a charitable incorporated organisation)

BALANCE SHEET

31 December 2020

	<u>Note</u>	<u>2020</u> £	<u>2019</u> £
FIXED ASSETS			
Tangible assets	6	5,482,627	5,406,354
Investment	7	420,000	420,000
		<u>5,902,627</u>	<u>5,826,354</u>
CURRENT ASSETS			
Debtors	8	17,430	15,021
Cash at bank and in hand		313,527	39,072
Total current assets		<u>330,957</u>	<u>54,093</u>
LIABILITIES			
Creditors: Amounts falling due within one year	9	(144,207)	(25,578)
Net current assets		<u>186,750</u>	<u>28,515</u>
Total assets, less current liabilities		<u>6,089,377</u>	<u>5,854,869</u>
Creditors: Amounts falling due after more than one year	10	(1,891,835)	(1,749,501)
NET ASSETS		<u>£4,197,542</u>	<u>£4,105,368</u>
THE FUNDS OF THE CHARITY	11		
Restricted income funds		18,921	-
Unrestricted funds		4,178,621	4,105,368
TOTAL CHARITY FUNDS	24	<u>£4,197,542</u>	<u>£4,105,368</u>

Approved by the Board of Trustees for issue on
12 May 2021 and signed on its behalf by

..... Treasurer
G Woodyet

The notes set out on pages 16 to 33 form part of these financial statements.

WAYPOINT
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STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 December 2020

		2020			2019		
	Note	Unrest- ricted £	Rest- ricted £	Total £	Unrest- ricted £	Rest- ricted £	Total £
INCOME FROM							
Donations and legacies	12	481,933	37,019	518,952	338,184	278,984	617,168
Charitable activities	13	31,353	12,225	43,578	29,771	62,000	91,771
Other trading	14	1,543		1,543			-
Investments	15	13,853		13,853		2,764	2,764
Total income		528,682	49,244	577,926	367,955	343,748	711,703
EXPENDITURE ON							
Charitable activities	16	379,280	30,323	409,603	342,798	5,664	348,462
Other trading	17	1,057		1,057			-
Reduction in defined benefit pension liability	27			-	(23,435)		(23,435)
Other	20	75,092		75,092	32,911	34,543	67,454
Total expenditure		455,429	30,323	485,752	352,274	40,207	392,481
NET OPERATING INCOME		73,253	18,921	92,174	15,681	303,541	319,222
GAINS ON INVESTMENTS							
	7			-	330,952		330,952
NET INCOME		73,253	18,921	92,174	346,633	303,541	650,174
TRANSFERS BETWEEN FUNDS							
	23			-	3,038,358	(3,038,358)	-
NET MOVEMENT IN FUNDS		73,253	18,921	92,174	3,384,991	(2,734,817)	650,174
RECONCILIATION OF FUNDS							
Total funds brought forward	11	4,105,368	-	4,105,368	720,377	2,734,817	3,455,194
TOTAL FUNDS CARRIED FORWARD	11	£4,178,621	£18,921	£4,197,542	£4,105,368	£ -	£4,105,368

The notes set out on pages 16 to 33 form part of these financial statements.

WAYPOINT
(a charitable incorporated organisation)

STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	<u>2020</u> £	<u>2019</u> £
Cash flows arising from charitable operating activities		
Net operating income for the year (as per statement of financial activities)	92,174	319,222
Adjustments for:		
Depreciation charges and losses on disposal of tangible fixed assets	76,957	29,101
Implicit finance cost in defined benefit pension liability	1,383	1,521
Reduction of defined benefit pension liability through contribution made by the Baptist Union of Great Britain	-	(23,435)
Hire purchase interest	840	351
(Increase)/decrease in debtors	(2,409)	19,536
(Decrease) in creditors	(1,045)	(3,162)
Net cash provided by charitable operating activities	167,900	343,134
Cash flows from investing activities		
Payments for construction of South Building	(18,142)	(2,428,741)
Payments for refitting North Building	(28,242)	(398,278)
Purchases of furniture and equipment	(37,593)	(137,122)
Payments under hire purchase agreement	(3,520)	(3,283)
Cash provided by (used in) investing activities	(87,497)	(2,967,424)
Cash flows from financing activities		
Deficiency contributions paid in respect of defined benefit pension liability	(5,948)	(7,658)
Amount drawn down on mortgage loan facility	200,000	1,700,000
Cash provided by (used in) finance activities	194,052	1,692,342
(Decrease) in cash and cash equivalents in the year	274,455	(931,948)
Cash and cash equivalents at the beginning of the year	39,072	971,020
Cash and cash equivalents at the end of the year	£313,527	£ 39,072
Analysis of cash and cash equivalents		
Cash in hand	331	2,243
Cash at bank on call	305,234	28,932
Cash on deposit at 60 days' notice	7,962	7,897
	£313,527	£ 39,072

The notes set out on pages 16 to 33 form part of these financial statements.

WAYPOINT

(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

NOTE 1 – LEGAL STATUS, OBJECTIVES AND AFFILIATION OF WAYPOINT

Waypoint (the Church) is a charitable incorporated organisation (CIO) incorporated in England and Wales and is governed by a constitution with the objects to:

- fulfil the role of a Christian Church in the Western Wards of Fareham, Hampshire and surrounding area, and
- provide help to others promoting the Christian faith in the UK and overseas.

The Church was formerly registered as Locks Heath Free Church until 12 December 2018 when its name was changed to Waypoint. However, the Church continued as Locks Heath Free Church until all regulatory matters concerning its name change were concluded, operating as Waypoint Church from 1 September 2019.

The Church is a Public Benefit Entity within the meaning of FRS 102 and is a member church of the Baptist Union of Great Britain (BUGB), an unincorporated charitable trust registration no. 1125912.

NOTE 2 – ACCOUNTING FRAMEWORK AND COMPLIANCE

The financial statements have been set out in accordance with the accounting framework required under:

- the Charities (Accounts and Reports) Regulations 2008;
- the accounting regulations set out under the Charities Act 2011;
- Financial Reporting Standard 102, updated March 2018, (FRS 102);
- the Statement of Recommended Practice (the SORP) effective 1 January 2019.

There were no material departures from those standards.

NOTE 3 – NATURE AND PURPOSE OF PRINCIPAL FUNDS

The principal designated and restricted funds are as follows:

Designated funds

- (a) *Functional premises* – funds representing the carrying value of the:
- existing Church building (known as the *North Building*).
 - manse until its re-categorisation as an investment property on 29 September 2019.
 - Church's new building (known as the *South Building*), net of related mortgage loan.
- (b) *Investment property* – funds representing the fair value of a former manse that was designated for commercial letting on 29 September 2019.
- (c) *Boomerang Holiday Club* – a Church-run children's holiday day-club provided for the first week of the school summer holidays. This designated fund was closed effective 31 December 2019 balance sheet date and its activities have been included with the Church's other children's and youth activities in the year under review.

Restricted fund

- (d) *Building fund* – for the construction and delivery of the *South Building* that has been used as a centre of worship since 1 September 2019. Its construction cost has been duly transferred to the Functional Premises designated fund (see (a) above) and this fund was closed on that date.
- (e) *Waypoint Hub* – for the provision of social welfare including food, clothing and other essentials to the needy in the local community from March 2020 funded by local authority and community grants, and corporate and personal donations.

WAYPOINT

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

NOTE 4 – ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements set out below have remained unchanged from the previous year and been consistently applied in the year under review.

(a) Basis and content of the financial statements

The financial statements have been prepared on the basis of historical cost as modified by the fair valuation of its investment property.

The financial statements are expressed in pounds Sterling rounded to the nearest pound and include all the assets and liabilities under the control of the Trustees of the Church together with a Baptist Union Trust Fund that was held for the benefit of the Church until its closure in 2019.

(b) Going concern

The Church's financial statements are prepared on the going concern basis of accounting unless the Trustees intend to cease operations or have no realistic alternative but to do so. In assessing whether the going concern basis of accounting is appropriate, the Trustees take into account all available information about the future, which is at least, but not limited to, twelve months from the date when the financial statements are authorised for issue.

(c) Tangible fixed assets and depreciation

Functional freehold properties

The Church premises have been capitalised at cost (estimated where actual cost information is no longer available) and are being depreciated over their economic lives at 1% straight line p.a. from the date the properties were first brought into use. The manse was vacated on 29 September 2019 – see *Investment properties* below.

The construction of the South Building was substantially completed by and occupied from 1 September 2019. The costs recorded as construction in progress were transferred to *Functional freehold properties* and depreciated in accordance with this policy note since that date.

Refurbishment of the North Building was undertaken between September and December 2019. Sums considered to represent significant enhancement expenditures but which have not extended the useful life of the building have been capitalised and depreciated over the remainder of the original term. Expenditures on bringing the property and its facilities up to a modern acceptable standard have been charged to the SOFA as incurred.

Furniture, fittings and equipment

Individual items of furniture, fittings and equipment costing not less than £500 or groups of items (such as seating) costing in total not less than £2,000 are capitalised and depreciated over their estimated economic lives at rates between 10% and 25% on a straight-line basis from the date the assets are brought into use. Lesser sums are charged to the SOFA as incurred.

Impairment losses

Any impairment provision considered necessary against the carrying value of functional properties or furniture, fittings and equipment is charged to the SOFA in the accounting period in which the impairment loss is recognised.

Investment property

Residential accommodation used as a manse until 29 September 2019 was designated as an investment property from that date. Following refurbishment, the property was commercially let in March 2020. The property is valued at its fair value (defined in FRS 102) as estimated by the Trustees in consultation with the letting agent at the balance sheet date. Any increase or reduction in fair value compared to the previous year is credited or charged to the SOFA as appropriate in the year in which the variation is recognised.

(d) Debtors

Debtors are stated at the amounts due to the Church at the balance sheet date. Prepayments are recorded for the proportion of the time-based expenditures attributable to the ensuing year.

WAYPOINT

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

NOTE 4 – ACCOUNTING POLICIES (continued)

(e) Cash and cash equivalents

Cash and cash equivalents comprise the amounts held in bank current accounts and cash in hand together with bank deposits on less than 90 days' notice at the balance sheet date.

(f) Liabilities

1 Generally

Liabilities are recognised as soon as an outflow of economic benefits is considered more likely than not to occur under a legal or constructive obligation committing the Church to pay out resources. Creditors that are current liabilities, other than the Church's defined benefit commitment to the Baptist Scheme, are recognised at the settlement amount expected to be paid at the balance sheet date.

2 Deferral of income

Income received which cannot be recognised at the balance sheet date is deferred as a current liability.

3 Defined benefit pension contributions

Two ministers (reduced to one from 30 September 2019) were participants in a section of the Baptist Pension Scheme that is a multi-employer scheme which provided defined benefit (DB) pensions up to 31 December 2011 when the Scheme was closed to future DB accrual. The Scheme has a substantial overall funding deficit. A plan was devised to recover this deficit and provision for the Present Value (PV) of the deficiency contributions payable has been recorded in the financial statements as though made under defined contribution arrangements as required by sections 28.11, 28.13A and 28.17 of FRS 102.

Fuller details of these matters are provided in Note 5(d)(ii) and Note 29.

(g) Funds

Tithes, donations and grants received for non-specific purposes or general funding are available for utilisation at the discretion of the Trustees and are dealt with through the General Fund.

Certain designated funds have been created by the Trustees to ring-fence resources that are (1) not considered to be readily expendable or (2) held for specific non-restricted future purposes.

Grants and donations received for specific charitable projects are treated as restricted income funds available only for use on such specified projects. Restricted fund deficits are carried forward provided the Trustees are satisfied that future funding will cover such deficits on a last-in-first-out basis.

(h) Contingencies

1 Contingent assets

Contingent assets (including reductions to known recorded liabilities) are not recognised in the financial statements unless the benefit is virtually certain to be obtained. Where an inflow of economic benefits is probable, a description of the nature of the contingent asset is made in the Notes to the Financial Statements together with an estimate of the financial effect where this is practical to ascertain. No disclosure is made of less certain contingent assets.

2 Contingent liabilities

A description of a possible but uncertain obligation or a present obligation that cannot be reliably estimated is made in the Notes to the Financial Statements providing where practical:

- an estimate of its financial effect;
- an indication of the uncertainties relating to the amount or timing of any outflow; and, the possibility of any reimbursement.

(i) Income recognition

Income is brought into account when it is more likely than not that the economic benefit will accrue to the Church.

WAYPOINT

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

NOTE 4 – ACCOUNTING POLICIES (continued)

(i) Income recognition (continued)

1 Tithes and donations

General tithes and donations received without pre-conditions attached are recognised on receipt. Gifts subject to performance-related or other conditions are recognised when such conditions are fulfilled and all the donors' associated requirements concerning them have been complied with.

2 Grants receivable

A grant that becomes receivable on the occurrence of a specified event is recognised when that event has occurred and all the grantor's requirements with it have been complied with.

3 Gift Aid

Tax refunds receivable under gift aid arrangements are recognised by reference to the date of the related gift. Since the closure of the Building Fund on 1 September 2019, gift aid recoverable on donations to trust and special funds is credited to the General Fund.

4 Legacies

Incoming resources from legacies are recognised when there is reasonable certainty that the legacy will be received and the value can be reliably measured.

5 Investment income

Interest receivable is recognised in the year in which it is earned.

6 Other income

Individual amounts classified as other income are disclosed separately if they are considered to be material.

7 Deferral of income

See policy note (f)2.

8 Gifts in kind and intangible income

Tangible assets received as gifts for use by the Church with a market value of not less than £500 are treated as incoming resources at their actual or estimated value, including VAT where appropriate at the date the gift was made. Gifts of fixed assets are correspondingly capitalised in accordance with policy (c) above. Donated goods with a value of less than £500 are not accounted for.

The estimated value of food and household consumables donated to the Waypoint Hub (see Note 3(e)) is recorded as voluntary income and an equal amount recorded as purchases of supplies.

Donated facilities and services are recognised as incoming resources insofar as another party is bearing the financial cost of the resources supplied and the benefit is quantifiable and measurable. An equivalent cost is recorded under the appropriate expenditure caption in the SOFA.

The Church is dependent on its congregation serving as volunteers in a wide variety of Church activities. Without their support the Church's service provision and community outreach would be significantly curtailed. The value of volunteer time is not recognised in the financial statements since there is no measurable cost for their services.

(j) Expenditure

Expenditure is recognised when a liability is incurred or a constructive obligation arises that results in a payment being unavoidable or a commitment to pay that is intended to be acted upon.

1 Charitable grant expenditure and donations

Mission support contributions are made to organisations and individuals engaged in projects that the Church supports. Such contributions are recognised as expenditure at the earlier of payment or when they are communicated to the prospective recipient in a manner which is intended to be acted upon. The amounts defrayed, included in the *Church life, outreach and mission* caption in Note 16, are disclosed only when they are considered to be material in the context of the Church's overall charitable activities.

WAYPOINT

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

NOTE 4 – ACCOUNTING POLICIES (continued)

(j) **Expenditure** (continued)

2 Payroll cost

Payroll cost includes the gross salaries, employer's national insurance and pension contributions of Church ministers and staff net of recoveries under the government Covid-19 furlough scheme.

3 Fundraising and publicity costs

The Church does not engage in making formal appeals outside the Church congregation that involve incurring significant costs to generate the related income. The Church has applied for grants from outside sources towards the Waypoint Hub and, previously, the Building Fund but no external costs are incurred in making such applications.

4 Material expenditure

Where it is necessary to provide an understanding of the Church's financial results, the nature of expenditure (including reversals of expenditure recorded in previous financial years) are recorded separately on the face of the SOFA.

5 Defined contribution pension arrangements

The Church operates defined pension contribution arrangements for a minister and certain staff. These contributions are charged as expenditure when they fall due and are invested separately from the Church's assets.

6 Defined benefit (DB) pension arrangements

The present value (PV) of deficiency contributions required by the Scheme reduces the DB liability at PV carried in the balance sheet. The implicit finance cost representing the difference between deficiency contributions paid and their respective PVs is charged to the SOFA (see Note 21).

(k) **Value added tax**

Since the Church is not registered for VAT, the cost of all input VAT charged to the Church is included with the expense to which it relates.

Regarding the construction of the South Building referred to in (c) above, the Trustees consider that Church is the recipient of services for a relevant charitable purpose otherwise in the course or furtherance of business and, as such, is entitled to zero-rating for VAT.

(l) **Charitable support and administration**

All central costs for charitable support and administrative charges are met from general funds. No attribution has been made to the Building Fund (in 2019) or the Waypoint Hub (in 2020) for such costs.

(m) **Corporation tax**

The Church is exempted by HM Revenue and Customs from liability to corporation tax on its operating surpluses and investment income whilst it pursues its charitable objectives.

NOTE 5 – CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTIES

Judgements

In preparing these financial statements, the only judgements that have been made in applying the Church's accounting policies, other than estimation uncertainties (see below) that have a significant effect on the amounts recognised in the financial statements, are:

(a) VAT zero-rating on construction of the South Building

As stated in Note 4(k), the Church has claimed VAT zero-rating on the new build at a saving of approximately £750,000. It is open to HM Revenue and Customs to dispute the Church's claim and seek to recover this saving plus penalties. The Trustees have been aware of this risk and have made every effort to ensure compliance with the zero-rating requirements. Accordingly, the Trustees consider that the prospect of HMRC successfully disputing the Church's claim to be remote.

WAYPOINT

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

NOTE 5 – CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTIES (continued)

Judgements (continued)

(b) Consideration of possible impairment of functional freehold properties

The Trustees consider that the North and South Buildings each meet their intended service potential expectations and, notwithstanding the operating difficulties resulting from the Covid-19 pandemic, in their judgement the value in use of these premises to the Church is not impaired at 31 December 2020.

Estimation uncertainties

The key sources of estimation uncertainty that represent a significant risk to the carrying value of assets and liabilities within the next financial year are:

(c) Defined benefit pension liability

As explained in Note 29, the Church maintains a liability for its deficiency obligations as a participating employer for two ministers in a multi-employer defined benefit (DB) section of the Baptist Pension Scheme (BPS) administered by BUGB. There are more than 1,200 participating employers in the BPS that are collectively responsible for funding the Scheme's deficit until its liabilities are settled in full. An actuarial valuation of the Fund was made as at 31 December 2019 but the Trustees consider that the following uncertainties still exist:

- (i) The actuarial valuation at 31 December 2019 showed that following the introduction of funds by BUGB in 2018 (referred to as the Family Solution) and other positive developments in 2019, the overall deficit had reduced significantly and that the length of time for which the deficit recovery contributions would be payable could be reduced. However, the Trustees consider it is possible that worsening investment performance following the Covid-19 pandemic may yet have a deteriorating effect on the Plan deficit greater than that allowed for in the actuarial valuation.
- (ii) The risk that certain participating employers in the BPS may not have the resources to fund their share of the deficiency contributions leaving a greater burden to fall on the remaining participants.

(d) Depreciation of freehold buildings

Freehold properties other than freehold land are depreciated over their estimated useful lives as stated in accounting policy Note 4(c) taking into account factors affecting operating longevity, regular maintenance programmes and residual values where appropriate. The Church's policy is to write off the construction cost of functional Church buildings over 100 years. However, this policy is reviewed annually by the Trustees and may require re-assessment for factors such as technical innovation, building regulations and changes in user preferences that could affect the future charges for depreciation.

(e) Fair value of investment property

A former manse became an investment property from 29 September 2019 and was fair valued by the Trustees at 31 December 2019 and 2020 at £420,000. The longer-term impact of a possible economic downturn from the Covid-19 pandemic is not yet clear but may result in a material decline in residential property values in 2021 or later years. Therefore, the Trustees consider that it is not assured that this investment property could be sold for its current carrying value in the foreseeable future.

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

NOTE 6 – TANGIBLE FIXED ASSETS

Year ended 31 December 2020

	<u>Functional freehold properties</u> £	<u>Furniture, fittings & equipment</u> £	<u>Total</u> £
Cost or valuation			
At beginning of year	5,515,335	206,211	5,721,546
Additions during year	115,637	37,593	153,230
	<hr/>	<hr/>	<hr/>
At 31 December 2020	5,630,972	243,804	5,874,776
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of period	277,442	37,750	315,192
Charge for year	53,097	23,860	76,957
	<hr/>	<hr/>	<hr/>
At 31 December 2020	330,539	61,610	392,149
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2020	<u>£5,300,433</u>	<u>£182,194</u>	<u>£5,482,627</u>

Year ended 31 December 2019

	<u>Functional freehold properties</u> £	<u>Construction in progress</u> £	<u>Furniture, fittings & equipment</u> £	<u>Total</u> £
Cost or valuation				
At beginning of year	845,738	1,957,578	88,193	2,891,509
Additions during year	398,278	2,428,741	148,018	2,975,037
Estimated cost of disposals			(30,000)	(30,000)
Transfer on completion	4,386,319	(4,386,319)		-
Transfer of former manse to investment property (Note 7)	(115,000)			(115,000)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	5,515,335	-	206,211	5,721,546
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of period	283,048		58,995	342,043
Charge for year	20,346		6,755	27,101
Eliminations on disposal			(28,000)	(28,000)
Elimination of depreciation on fair valuation of manse	(25,952)			(25,952)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	277,442	-	37,750	315,192
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2019	<u>£5,237,893</u>	<u>£ -</u>	<u>£168,461</u>	<u>£5,406,354</u>

The mortgage loan facility described in Note 10 is secured by a first legal mortgage and charge dated 20 June 2018 against the Church's functional freehold properties that have a combined carrying value at 31 December 2020 and 31 December 2019 of £5,300,433 and £5,237,893 respectively.

The Church, as an eligible body entitled to VAT zero-rating on the construction costs of the South Building, plans to disclaim the part of its entitlement attributable to the area intended to be used for trading purposes by Waypoint Café. The Church is not formally committed to this plan at the date these financial statements were approved for issue. However, in the event it does proceed, a VAT charge will be received from the building contractors of approximately £40,000 and the cost functional freehold properties will increase in like amount.

WAYPOINT
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

NOTE 7 – INVESTMENT PROPERTY

The manse at Lower Church Road (LCR) was vacated on 29 September 2019 and refurbished for commercial letting. The Trustees, under informal guidance received from the letting agent, have estimated the fair value of this property at 31 December 2020 and 2019 at £420,000.

	<u>2020</u>	<u>2019</u>
	£	£
Fair value at beginning of year	420,000	-
Estimated historical cost of property	-	115,000
Fair value adjustment	-	305,000
	<u>£420,000</u>	<u>£420,000</u>

NOTE 8 – DEBTORS

	<u>2020</u>	<u>2019</u>
	£	£
Gift Aid tax recoverable	13,244	13,285
Other debtor	1,569	-
Prepayments	2,617	1,736
	<u>£17,430</u>	<u>£15,021</u>

NOTE 9 – CREDITORS: Amounts falling due within one year

	<u>2020</u>	<u>2019</u>
	£	£
Short term portion of:		
- Mortgage loan	47,830	-
- Hire purchase commitment	3,033	2,681
- Defined benefit pension liability	8,109	5,870
Suppliers' accounts payable	3,459	5,099
Amount due to building contractors	69,253	-
Taxation and social security	3,354	2,788
Other creditors	499	794
Accrued charges	8,670	8,346
	<u>£144,207</u>	<u>£25,578</u>

NOTE 10 – CREDITORS: Amounts falling due after more than one year

	<u>2020</u>	<u>2019</u>
	£	£
Long term portion of:		
- Mortgage loan	1,852,171	1,700,000
- Hire purchase commitment	2,250	5,283
- Defined benefit pension liability	37,414	44,218
	<u>£1,891,835</u>	<u>£1,749,501</u>
These long term liabilities fall due:		
- between the second and fifth years inclusive	287,234	243,532
- after more than five years	1,604,601	1,505,969
	<u>£1,891,835</u>	<u>£1,749,501</u>

The mortgage facility provided by CAF Bank of £1,900,000 was fully drawn down in May 2020. The assets pledged as security for this loan are described at the foot of Note 6. Capital repayments of this loan are to be made monthly starting in February 2021.

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

NOTE 11 – MOVEMENTS ON FUNDS

Year ended 31 December 2020

	<u>Funds brought forward</u> £	<u>Incoming resources</u> £	<u>Resources expended</u> £	<u>Fund transfers and other</u> £	<u>Funds carried forward</u> £
Unrestricted funds					
General fund	147,125	528,682	(402,332)	84,363	357,838
Designated funds:					
Functional premises	3,537,893		(53,097)	(84,363)	3,400,433
Investment property	420,000				420,000
Parent and Toddler	350				350
	<u>4,105,368</u>	<u>528,682</u>	<u>(455,429)</u>	<u>-</u>	<u>4,178,621</u>
Restricted income fund					
Waypoint Hub	-	49,244	(30,323)		18,921
	<u>£4,105,368</u>	<u>£ 577,926</u>	<u>£ (485,752)</u>	<u>£ -</u>	<u>£4,197,542</u>

Year ended 31 December 2019

	£	£	£	£	£
Unrestricted funds					
General fund	156,887	366,510	(330,033)	(46,239)	147,125
Designated funds:					
Functional premises	562,690		(20,346)	2,995,549	3,537,893
Investment property		330,952		89,048	420,000
Boomerang Holiday Club	300	1,151	(1,451)		-
Parent and Toddler	500	294	(444)		350
	<u>720,377</u>	<u>698,907</u>	<u>(352,274)</u>	<u>3,038,358</u>	<u>4,105,368</u>
Restricted income funds					
Building fund	2,734,817	343,748	(40,207)	(3,038,358)	-
	<u>£3,455,194</u>	<u>£1,042,655</u>	<u>£ (392,481)</u>	<u>£ -</u>	<u>£4,105,368</u>

NOTE 12 – DONATIONS AND LEGACIES

	2020			2019		
	<u>Unrest- ricted</u> £	<u>Rest- ricted</u> £	<u>Total</u> £	<u>Unrest- ricted</u> £	<u>Rest- ricted</u> £	<u>Total</u> £
Monetary offerings	396,496	22,019	418,515	289,564	246,622	536,186
Gift Aid tax refundable	65,437		65,437	48,620	32,362	80,982
Legacy	20,000		20,000			-
Estimated value of gifts in kind		15,000	15,000			-
	<u>£481,933</u>	<u>£37,019</u>	<u>£518,952</u>	<u>£338,184</u>	<u>£278,984</u>	<u>£617,168</u>

WAYPOINT
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

NOTE 13 – INCOME FROM CHARITABLE ACTIVITIES

	2020			2019		
	Unrest- ricted	Rest- ricted	Total	Unrest- ricted	Rest- ricted	Total
	£	£	£	£	£	£
Room hire	6,187		6,187	4,671		4,671
Service user contributions	327		327	1,807		1,807
Other income	195		195			-
Development grants received:						
Fareham Borough Council					40,000	40,000
Hampshire County Council	18,000		18,000	690	22,000	22,690
Grants for Waypoint Hub:						
Fareham Borough Council		3,750	3,750			-
Community organisations		7,975	7,975			-
Other		500	500			-
Church life, outreach and mission	3,492		3,492	4,006		4,006
Children's & youth ministries	3,152		3,152	18,597		18,597
	<u>£31,353</u>	<u>£12,225</u>	<u>£43,578</u>	<u>£29,771</u>	<u>£62,000</u>	<u>£91,771</u>

NOTE 14 – OTHER TRADING INCOME

	2020			2019		
	Unrest- ricted	Rest- ricted	Total	Unrest- ricted	Rest- ricted	Total
	£	£	£	£	£	£
Waypoint Cafe						
Cafeteria sales	£1,543	£ -	£1,543	£ -	£ -	£ -
	<u>£1,543</u>	<u>£ -</u>	<u>£1,543</u>	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>

NOTE 15 – INCOME FROM INVESTMENTS

	2020			2019		
	Unrest- ricted	Rest- ricted	Total	Unrest- ricted	Rest- ricted	Total
	£	£	£	£	£	£
Investment property rental	13,740		13,740			
Bank interest received	113		113		2,751	2,751
Other interest received			-		13	13
	<u>£13,853</u>	<u>£ -</u>	<u>£13,853</u>	<u>£ -</u>	<u>£2,764</u>	<u>£2,764</u>

WAYPOINT
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

NOTE 16 – EXPENDITURE ON CHARITABLE ACTIVITIES

	2020			2019		
	<u>Unrest- ricted</u>	<u>Rest- ricted</u>	<u>Total</u>	<u>Unrest- ricted</u>	<u>Rest- ricted</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Donations and services	324		324	250		250
Payroll cost (Note 22)	156,927		156,927	162,091		162,091
Ministers' accommodation and expenses	23,925		23,925	26,322		26,322
Minister's sabbatical	4,104		4,104			-
Minister's leaving gift			-	1,999		1,999
Team leader relocation cost	2,504		2,504			-
Occupancy costs (Note 18)	51,190		51,190	38,158		38,158
Conferences, training and literature	2,016		2,016	3,407		3,407
Website and publicity costs	154		154	1,805		1,805
Office and general expenses (Note 19)	19,885		19,885	13,003	5,664	18,667
Provision of supplies for Waypoint Hub		30,323	30,323			-
Church life, outreach and mission	38,495		38,495	40,126		40,126
Children's & youth ministries	2,799		2,799	26,536		26,536
Depreciation and loss on disposal of fixed assets	76,957		76,957	29,101		29,101
	<u>£379,280</u>	<u>£30,323</u>	<u>£409,603</u>	<u>£342,798</u>	<u>£5,664</u>	<u>£348,462</u>

NOTE 17 – OTHER TRADING EXPENSES

	2020			2019		
	<u>Unrest- ricted</u>	<u>Rest- ricted</u>	<u>Total</u>	<u>Unrest- ricted</u>	<u>Rest- ricted</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Purchases of cafe supplies	£1,057	£ -	£1,057	£ -	£ -	£ -

NOTE 18 – ANALYSIS OF OCCUPANCY COSTS

	2020			2019		
	<u>Unrest- ricted</u>	<u>Rest- ricted</u>	<u>Total</u>	<u>Unrest- ricted</u>	<u>Rest- ricted</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Light, heat and power	17,939		17,939	19,660		19,660
Water and sewerage	252		252	1,182		1,182
Buildings insurance	6,668		6,668	5,074		5,074
Building repairs and maint.	11,548		11,548	2,684		2,684
Cleaning & consumable stores	14,783		14,783	9,558		9,558
	<u>£51,190</u>	<u>£ -</u>	<u>£51,190</u>	<u>£38,158</u>	<u>£ -</u>	<u>£38,158</u>

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NOTE 19 - ANALYSIS OF OFFICE AND GENERAL EXPENSES

	2020			2019		
	<u>Unrest- ricted</u>	<u>Rest- ricted</u>	<u>Total</u>	<u>Unrest- ricted</u>	<u>Rest- ricted</u>	<u>Total</u>
	£	£	£	£	£	£
Printing, postage & stationery	1,607		1,607	2,518		2,518
Telephone and internet	908		908	909		909
General insurance	1,300		1,300	1,199		1,199
Equipment repairs, servicing and testing	3,286		3,286	2,082		2,082
Church equipment expensed	5,941		5,941	19	5,664	5,683
Waste removal	1,068		1,068	741		741
Subscriptions and licences	3,534		3,534	2,954		2,954
Finance & management software	1,440		1,440	1,247		1,247
Staff recruitment costs			-	732		732
Miscellaneous	801		801	602		602
	<u>£19,885</u>	<u>£ -</u>	<u>£19,885</u>	<u>£13,003</u>	<u>£5,664</u>	<u>£18,667</u>

NOTE 20 - OTHER EXPENDITURE

	2020			2019		
	<u>Unrest- ricted</u>	<u>Rest- ricted</u>	<u>Total</u>	<u>Unrest- ricted</u>	<u>Rest- ricted</u>	<u>Total</u>
	£	£	£	£	£	£
Rental property maintenance	6,085		6,085	5,627		5,627
Agent commission & insurance	1,696		1,696			-
Audit fees	4,800		4,800	4,800		4,800
Other professional costs			-		900	900
Finance costs (see Note 21)	62,511		62,511	22,484	33,643	56,127
	<u>£75,092</u>	<u>£ -</u>	<u>£75,092</u>	<u>£32,911</u>	<u>£34,543</u>	<u>£67,454</u>

NOTE 21 - FINANCE COSTS

	2020			2019		
	<u>Unrest- ricted</u>	<u>Rest- ricted</u>	<u>Total</u>	<u>Unrest- ricted</u>	<u>Rest- ricted</u>	<u>Total</u>
	£	£	£	£	£	£
Finance arrangement costs and associated legal fees			-		7,836	7,836
Non-utilisation fees re mortgage loan facility	215		215	784	8,293	9,077
Mortgage interest	60,073		60,073	19,828	17,514	37,342
Hire purchase interest	840		840	351		351
Unwinding present value adjustment on pension funding deficit	1,383		1,383	1,521		1,521
	<u>£62,511</u>	<u>£ -</u>	<u>£62,511</u>	<u>£22,484</u>	<u>£33,643</u>	<u>£56,127</u>

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NOTE 22 - PAYROLL AND STAFFING

Year ended 31 December 2020

	<u>No. of staff</u>	<u>Gross wages & salaries £</u>	<u>Employers' national insurance £</u>	<u>Pension contri- butions £</u>	<u>Total £</u>
Ministers	2	54,857	6,316	5,520	66,693
Team leadership	1	9,333	884		10,217
Families, children's & youth workers	2	38,994	2,003	1,548	42,545
Administration	4	33,817	2,968	514	37,299
Caretaker	1	6,498	43		6,541
	<u>10</u>	<u>£143,499</u>	<u>£12,214</u>	<u>£7,582</u>	<u>163,295</u>
Less: Employer's NIC allowance					(4,000)
Furlough recoveries					(2,368)
					<u>£156,927</u>

Year ended 31 December 2019

	<u>No. of staff</u>	<u>Gross wages & salaries £</u>	<u>Employers' national insurance £</u>	<u>Pension contri- butions £</u>	<u>Total £</u>
Ministers	3	69,794	7,537	7,340	84,671
Families, children's & youth workers	3	39,163	2,819	1,428	43,410
Administration	3	31,213	1,903	653	33,769
Caretaker	1	3,209	32		3,241
	<u>10</u>	<u>£143,379</u>	<u>£12,291</u>	<u>£9,421</u>	<u>165,091</u>
Less: Employer's NIC allowance					(3,000)
					<u>£162,091</u>

The average number of full-time equivalent staff is 5.7 (2019: 5.6). No employee received emoluments (excluding employer pension costs) exceeding £60,000 p.a.

NOTE 23 - TRANSFERS BETWEEN FUNDS

As explained in Note 3(d), the transfer in the year ended 31 December 2019 between the restricted building fund and the unrestricted general fund of £3,038,358 made on 1 September 2019 represents the total resources expended on the construction and delivery of the South building since the Build Project began.

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NOTE 24 - ANALYSIS OF NET ASSETS BETWEEN FUNDS

Year ended 31 December 2020

	<u>Fixed assets £</u>	<u>Net curr- ent assets £</u>	<u>Other liabilities £</u>	<u>Net assets £</u>
Unrestricted funds:				
General fund	182,194	215,309	(39,665)	357,838
Designated funds:				
Functional freehold properties	5,300,433		(1,900,000)	3,400,433
Investment property	420,000			420,000
Other		350		350
	<u>5,902,627</u>	<u>215,659</u>	<u>(1,939,665)</u>	<u>4,178,621</u>
Restricted income fund:				
Waypoint Hub		18,921		18,921
FUNDS AT 31 DECEMBER 2020	<u><u>£5,902,627</u></u>	<u><u>£234,580</u></u>	<u><u>£(1,939,665)</u></u>	<u><u>£4,197,542</u></u>

Year ended 31 December 2019

Unrestricted funds:				
General fund	168,461	28,165	(49,501)	147,125
Designated funds:				
Functional freehold properties	5,237,893		(1,700,000)	3,537,893
Investment property	420,000			420,000
Other		350		350
	<u>£5,826,354</u>	<u>£ 28,515</u>	<u>£(1,749,501)</u>	<u>£4,105,368</u>
FUNDS AT 31 DECEMBER 2019	<u><u>£5,826,354</u></u>	<u><u>£ 28,515</u></u>	<u><u>£(1,749,501)</u></u>	<u><u>£4,105,368</u></u>

NOTE 25 - RELATED PARTY TRANSACTIONS

Certain individuals connected with Church trustees received reward for services or reimbursement of expenses from the Church during the year as follows:

<u>Name of related party</u>	<u>Nature of relationship</u>	<u>Nature of services provided</u>	<u>2020 £</u>	<u>2019 £</u>
Mr C Snook*	Church trustee	Mission support	500	1,000
Miss I Madavan	Relative of Church trustee	Website design and development fees	70	635
Miss I Madavan	Relative of Church trustee	Mission support		80
Mrs C Madavan	Relative of Church trustee	Preaching fees		100
Miss J McNulty	Relative of Church trustee	Mission support		500

* Paid to Reality Outreach Ministries International of which C Snook is Drama Director.

No expenditure was incurred on leadership and training days in the year (2019: £50).

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NOTE 26 - TRUSTEES' REMUNERATION, BENEFITS AND EXPENSES

As permitted by the Church's governing document, certain trustees and persons connected with them received remuneration, benefits and reimbursement of expenses for employment services rendered in the year as follows:

Year ended 31 December 2020

	<u>Total</u> £	<u>Gross</u> <u>salary</u> £	<u>Accomm-</u> <u>odation</u> £	<u>Pension</u> £	<u>Payments/</u> <u>expenses</u> £
M Madavan	49,189	31,715	13,320	4,067	87
J Privett	35,107	23,142	10,513	1,452	
K Foster (joined 1/9/20)	9,379	9,333		46	
C Johnson	31,174	29,690		1,484	
P Griffiths	23,778	23,264		514	
S Sawyers (resigned 31/12/20)	9,304	9,304			
	<u>£157,931</u>	<u>£126,448</u>	<u>£23,833</u>	<u>£7,563</u>	<u>£ 87</u>

Year ended 31 December 2019

M Madavan	45,561	28,623	13,397	3,541	
C Madavan	1,582	1,582			
T Hancock (resigned 30/9/19)	31,910	18,919	10,391*	2,346	254
J Privett	34,084	22,252	10,380	1,452	
C Johnson	29,705	28,277		1,428	
P Griffiths	23,023	22,369		654	
S Sawyers	9,304	9,304			
	<u>£175,169</u>	<u>£131,326</u>	<u>£34,168</u>	<u>£9,421</u>	<u>£254</u>

* Included £8,100 estimated rental value for the occupation of a Church manse.

NOTE 27 - REMUNERATION OF KEY MANAGEMENT PERSONNEL

The Trustees listed in Note 26 above include all the key management personnel. The total employee benefits received by them including employer's national insurance amounted to £170,025 (2019: £187,428).

NOTE 28 - TRUSTEE DONATIONS

The total donations received from Trustees including persons connected with them amounted to £51,780 (2019: £74,173). None of these donations attached conditions that would or might require the Church to significantly change the nature of its existing activities.

NOTE 29 - PENSION OBLIGATIONS

The Church is an employer participating in the Defined Benefits (DB) section of The Baptist Pension Scheme (the Scheme) which is administered by its pension trustee, Baptist Pension Trust Limited. The Scheme is a separate legal entity and its assets are held separately from those of the Church and the other participating employers.

Since it is not possible to attribute the Scheme's assets and liabilities to specific employers, it is treated as a multi-employer scheme as described in FRS 102 section 28.11A. As a consequence, the contributions are accounted for as if the Scheme were a Defined Contribution (DC) scheme where the contributions payable for benefits and expenses accruing in a year are charged to that year's SOFA together with the impact of "deficit recovery contributions" (see below).

The Scheme was closed to future DB accrual on 31 December 2011. From January 2012, pension provision is being made through the DC section within the Scheme. The main benefit for pre-2012 service was a DB pension of one-eightieth of final Minimum Pensionable Income (MPI) for each year of pensionable service.

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NOTE 29 – PENSION OBLIGATIONS (continued)

In addition to the contributions paid under the DC Plan, since the DB Plan reveals a deficit, the Scheme Trustee and BUGB agree a rate of deficit recovery contributions from the participants in the DB Plan. The Church and other employers supporting the DB Plan are collectively responsible for funding this deficit until the Scheme's liabilities are settled in full.

A formal valuation of the DB Plan was performed at 31 December 2016 by a professionally qualified actuary using the Projected Unit method. The value of the DB Plan assets at that valuation date compared with its liabilities revealed a substantial funding deficit which was reduced by BUGB making an additional cash contribution (referred to as the 'Family Solution') into the Scheme. This reduced the overall deficiency to £78m, or 31% of total scheme liabilities at 31 December 2018.

Under the recovery plan dated 2 April 2015, the deficit recovery contributions were estimated to be payable until 30 June 2035. As a consequence of the Family Solution the Scheme Trustee confirmed that the existing basis for deficit recovery contributions would continue (i.e. 12% of MPI for serving ministers) but advised in 2018 that the Scheme remained on track to clear the deficit by 31 December 2028.

A further actuarial valuation was carried out at 31 December 2019 and its outcome reported to the participating employers on 3 July 2020. The Scheme Trustee reported that by virtue of a number of positive developments (including the Family Solution referred to above) the estimated Plan deficit had fallen from £93m at 31 December 2016 to £18m at 31 December 2019. The principal consequence of this reduction is that the monthly deficit recovery contributions continue as previously but with the expectation that these might cease in June 2026, some two and a half years earlier than was predicted at 31 December 2018.

The Scheme Trustee has also confirmed that in setting this expectation, since the DB Plan's actual financial position moves daily with changes in the financial market conditions, an allowance of £10m has been made for the possible deterioration of asset values because of the current uncertain financial climate created by Covid-19.

The next triennial actuarial valuation is to be carried out at 31 December 2022.

The pension contributions paid by the Church in the year are:

	<u>2020</u>	<u>2019</u>
	£	£
DCs paid and payable in respect of the year	7,550	9,192
PV of DB deficit recovery contributions paid in the year	5,870	7,658
	<u>£13,420</u>	<u>£16,850</u>

As permitted by FRS 102, the DB Plan is being accounted for as if it were a DC Plan but since it has entered into an agreement as to how the deficit will be funded, the Church recognised effective 1 January 2014 the present value (PV) of the liability for its share of the deficit contributions originally determined. Further guidance concerning the funding deficiency was provided by the Scheme actuary during 2020 including assumptions concerning increases in the MPI of the employee concerned and the discount rate to be applied for PV calculations.

On the basis of these assumptions, the notification of the Family Solution in 2018 and the other positive developments since, the Church recomputed its DB Plan liabilities and made adjustments to the DB liability at 31 December 2019. The movements in the DB liability for the current and previous financial years are:

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NOTE 29 – PENSION OBLIGATIONS (continued)

	<u>2020</u>	<u>2019</u>
	<u>£</u>	<u>£</u>
Balance at 1 January,	50,088	79,660
Reduction in liability based on information notified by Scheme actuary	-	(23,435)
Deficiency contributions payable for year	(5,948)	(7,658)
Implicit annual finance cost in PV calculations	1,383	1,521
	<u>£45,523</u>	<u>£50,088</u>
Liability for pension deficit at 31 December,		

NOTE 30 – CAPITAL COMMITMENTS

The total contractual commitments in connection with the construction of the South Building not provided for at 31 December 2020 amounted to £nil (2019: £97,000).

NOTE 31 – GOING CONCERN

The Church constructed a building on land adjacent to the existing Church premises and arranged a 25-year commercial loan facility of £1.9m as part of the funding arrangements, secured as described at the foot of Note 10. Draw-down of this facility commenced in February 2019 and was drawn down in full by May 2020. The loan repayments (interest only until February 2021) are considered to be affordable because many individual Church members have made non-binding pledges that, in total, meet the expected monthly repayments. The lender, CAF Bank, has accepted these pledges in making its own decision to grant the facility. Further, in accordance with section 124(2) of the Charities Act 2011, the Trustees obtained and considered appropriate written advice from an independent consultant on the Church's means to repay. However, the Trustees accept that:

- since members are not contractually committed to honouring these pledges; and
- changes in demographics, personal circumstances and other factors

could objectively render the continuing receipt of these pledges uncertain. It is also possible that future increases in interest rates could make repayments less affordable. These uncertainties have been exacerbated by the Covid-19 pandemic where the potential damage to the economy and the personal incomes of the Church congregation in the longer term cannot be evaluated at this time. In turn, a combination of these factors could result in the Church being unable to meet its liabilities as they fall due.

Notwithstanding these objective uncertainties, the Trustees have noted that the trend of income from tithes and offerings so far in 2021 has been at a similar level to 2020. The Trustees believe that this trend provides reasonable assurance that the Church will be able to meet its commitments as a going concern in the foreseeable future and certainly for a period of at least twelve months from the date of issue of these financial statements.

