

WAYPOINT
operating as
WAYPOINT CHURCH
(a charitable incorporated organisation)

TRUSTEES' ANNUAL REPORT
and
AUDITED FINANCIAL STATEMENTS

31 December 2021

Charity registration number: 1168433

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

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31 December 2021

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

REFERENCE AND ADMINISTRATIVE DETAILS

31 December 2021

THE CHARITY

Registered name	: Waypoint
Operating name	: Waypoint Church
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) (2)
Minister	: Jim Privett (1)

Elders

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

Other elected trustees

Office Manager and Church Secretary	: Pauline Griffiths (1) (2)
Church Treasurer	: Graham Woodyet
Facilities Team Leader	: Paul Warner
Mission Team Leader	: Pete McNulty
Children's Ministry Team Leader and Waypoint Hub Team Leader	: Claire Johnson (1)
Discipleship & Small Groups Team Leader	: Rev. Keith Foster (1) (3)

(1) Staff member (2) Ceased to act or Resigned July 2021 (3) Resigned September 2021
(4) Also appointed as Church Secretary July 2021

The only change in the composition of the Board of Trustees at the date of approval of this report was the appointment of Dr Felicity Shaw as Church Secretary in April 2022.

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 2021

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 2021.

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 and include preaching, teaching and Communion. A programme for children and young people aged 0-16 years is available during the services. 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 and later in the year, in person, with no restrictions.

The Church runs a number of Life groups aimed at developing faith and discipleship and providing pastoral care. Due to the Pandemic, some Life Groups met online via Zoom.

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 2021, eighteen persons were received into membership and 5 were baptised. As at 31 December 2021, the membership stood at 220. The Trustees believe that 2021 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 progress 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 2021.

SECTION 2 - ACHIEVEMENTS AND PERFORMANCE

Our annual Summer Holiday Club was able to be in person again this year but, due to Covid-19 restrictions, in smaller numbers. We ran two separate age groups for children 0-6 years and 6-12 years along with their families. Each morning started with a fun lively celebration followed by games and activities. 24 families took part.

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TRUSTEES' ANNUAL REPORT (continued)

Year ended 31 December 2021

SECTION 2 – ACHIEVEMENTS AND PERFORMANCE (continued)

The Children's Ministry Team Leader was involved in local primary schools. An interim Children's Ministry Team Leader was appointed in December 2021, mainly working with Waypoint Kids on Sundays and Waypoint Tots.

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 are provided regularly. Due to the Pandemic, these activities were reduced.

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

Kintsugi Hope is a course designed for supporting people in their mental health and wellbeing.

The Church runs a Golf Society and Football Team and encourages 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.

The Church supports a Church member who is a missionary, based in South Africa and working across countries in sub-Saharan Africa.

Due to the Pandemic, no short-term mission trips occurred. However, we supported a young person as she commenced a six-month mission training placement with Youth With A Mission initially being based in Vancouver, Canada.

The Church supported the Baptist Union's Missionary Society and Home Mission Fund and Open Doors (serving persecuted Christians around the world). The Church also supported Elpitha Hope in Greece working in refugee camps.

The Church supported emergency disaster appeals of Tearfund in their Covid-19 humanitarian crisis appeal and World Vision in their Ethiopia refugee appeal.

The Church supported Reality Outreach Ministries who deliver the evangelistic drama *Heaven's Gates and Hell's Flames* to churches in the UK and Europe. The Church also supported Time for Marriage, a charity that offers support and resources to help renew and strengthen marriages.

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

Rooms in the premises are hired by an independent pre-school, the NHS for blood donating and the local council as a polling station.

Waypoint Café re-opened in the Spring when the lockdown restrictions eased.

Christmas services were held throughout December offering our congregation and community a variety of styles.

A team attended a training conference for large UK churches which impacted the training and direction for Trustees.

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.

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.

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TRUSTEES' ANNUAL REPORT (continued)

Year ended 31 December 2021

SECTION 2 - ACHIEVEMENTS AND PERFORMANCE (continued)

The Hub has continued to grow and help increasing numbers of people in need within the Western Wards of Fareham. Three drop-in sessions are now held each week. The main service provision is now based around food - both on a free and donation basis. In 2021 we carried out 3,107 helps. The Hub works closely with local schools, local and county councils, Citizens Advice and other local statutory and voluntary organisations. Grant funding and donations of food and finances from trusts, local organisations, businesses and individuals in our church and community continue to sustain this ministry.

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 sustained a deficit on General Fund operations of £23,006 compared with a surplus of £73,253 in 2020. The current year deficit includes a provision of £8,098 to settle the Church's estimated defined benefit pension liability. This liability was advised by the Scheme actuaries as a consequence of the Church's last qualifying employee leaving the Scheme effective 31 July 2021. See Note 29 for further details.

The Church continues to raise the funds which it needs to carry on its activities and provide for additional fitting out costs for both North and South buildings from within its own membership and congregation.

The Church's total reserves at 31 December 2021 were £4,236,557 (2020: £4,197,542) of which the Waypoint Hub restricted fund was £35,942 (2020: £18,921) and designated funds for functional and investment properties totalled £3,917,650 (2020: £3,820,433). 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.

The Church's reserves on general fund at the balance sheet date amounted to £282,615 compared with £357,838 at 31 December 2020. Liquid resources fell from £313,527 in 2020 to £205,513 at 31 December 2021 largely as a result of finalising the building and fitting-out projects that were delayed in 2020 through the lockdowns.

The Waypoint Café opened on 3 November 2020 and traded until 23 December 2020 when it closed because of lockdown restrictions. It resumed on 14 April 2021 and traded 2 days per week until the end of the year. Details of Café trading income and expenses are set out Notes 14 and 17. There is no payroll cost associated with the Café as this activity is run entirely by volunteers. Its net contribution to Church funds in the year was £6,920.

Since the Café is a trading activity, the Church decided not to claim VAT zero-rating for the proportion that represented the Café's footprint within the South Building. After obtaining appropriate professional advice, the Church paid VAT input tax of £44,783 and its accounting treatment is explained in Note 6.

It is the policy of the Church to hold a cash reserve equivalent to six months' general running costs (including salaries and mortgage payments but excluding depreciation) to cover unforeseen emergencies. However, in order to complete the new Church building and fit-out, the Trustees agreed in 2020 for cash reserves to be temporarily reduced to 3 months running costs. In the event, the lockdown resulted in a build-up of cash in 2020 which, together with lower than expected payroll costs because of resignations of two senior personnel, has resulted in the Church being compliant with its reserves policy at 31 December 2021. But with the desire to complete the fit-out of the South Building, the Trustees may consider the reduction of its reserves policy to 3 months running costs for a limited period, not expected to exceed 18 months.

The Waypoint Hub is a restricted income fund that provides food and other household necessities to the needy in the local community. The activity has grown since its inception from March 2020 and is funded by personal donations and grants (see Notes 12 and 13). Its total income in the year amounted to £98,343 and its expenditure £81,322 (see Note 16).

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TRUSTEES' ANNUAL REPORT (continued)

Year ended 31 December 2021

SECTION 3 - FINANCIAL REVIEW (continued)

The Church's total reserves on general fund amount to £282,615 (2020: £357,838) of which £117,349 (2020: £215,309) is expendable.

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

Waypoint Café is to extend its opening hours to a third day and one evening per week in the Spring of 2022.

SECTION 5 - STRUCTURE, GOVERNANCE AND MANAGEMENT

Legal structure

The Church is a Charitable Incorporated Organisation (CIO) which is governed by a Constitution that was filed with the Charity Commission on 26 July 2016 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 2021 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. 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.

WAYPOINT

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TRUSTEES' ANNUAL REPORT (continued)

Year ended 31 December 2021

SECTION 5 – STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governance concerning Church membership (continued)

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.

The Church operates a Safe to Grow policy and has put systems in place to ensure that all people working with those under 18 are appropriately vetted, and undergo 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,

.....
F Shaw (Dr)
Church Secretary

8 June 2022

WAYPOINT

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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 2021 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 2021 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 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 Ethical Standard of Financial Reporting Council (FRC), and the provisions available for small entities in the circumstances set out in Note 2, 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 responsibilities in respect of reporting on irregularities, including fraud

As part of an audit in accordance with ISAs (UK), 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 misstatements are instances of non-compliance with laws and regulations and we seek to design procedures, in keeping with our responsibilities, to detect them. The extent to which our procedures are capable of detecting any 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 for significant portions of the Church's 2020 and 2021 financial years 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 to beneficiaries according to their needs. Evidence of donations of goods and cash received was not maintained in a form that was susceptible to verification 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)

Conclusions relating to going concern

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.

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 Church'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 Trustees with respect to going concern are described in the relevant sections of this report.

Other information

Other information comprises the information included in the Trustees' Annual Report and our auditor's report thereon. The Trustees are responsible for the other information contained within the Trustees' Annual Report. 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. 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 course of the audit or otherwise appears to have been materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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

In the light of the knowledge and understanding of the Church and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

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:

- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; 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 9, 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 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 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.

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.

A fuller description of our responsibilities for the audit of financial statements is located at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for> This description forms part of our auditor's report.

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.

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

8 June 2022

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

WAYPOINT
(a charitable incorporated organisation)

BALANCE SHEET

31 December 2021

	<u>Note</u>	<u>2021</u> £	<u>2020</u> £
FIXED ASSETS			
Tangible assets	6	5,473,739	5,482,627
Investment	7	465,000	420,000
		<u>5,938,739</u>	<u>5,902,627</u>
 CURRENT ASSETS			
Debtors	8	14,259	17,430
Cash at bank and in hand		205,513	313,527
Total current assets		<u>219,772</u>	<u>330,957</u>
 LIABILITIES			
Creditors: Amounts falling due within one year	9	(126,977)	(144,207)
Net current assets		<u>92,795</u>	<u>186,750</u>
Total assets, less current liabilities		<u>6,031,534</u>	<u>6,089,377</u>
 Creditors: Amounts falling due after more than one year	10	(1,794,977)	(1,891,835)
NET ASSETS	24	<u>£4,236,557</u>	<u>£4,197,542</u>
 THE FUNDS OF THE CHARITY	11		
Restricted income funds		35,942	18,921
Unrestricted funds		4,200,615	4,178,621
TOTAL CHARITY FUNDS		<u>£4,236,557</u>	<u>£4,197,542</u>

Approved by the Board of Trustees for issue on
8 June 2022 and signed on its behalf by

..... Treasurer
G Woodyet

The notes set out on pages 16 to 31 form part of these financial statements.

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STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 December 2021

		2021			2020		
	Note	Unrest- ricted £	Rest- ricted £	Total £	Unrest- ricted £	Rest- ricted £	Total £
INCOME FROM							
Donations and legacies	12	409,407	71,077	480,484	481,933	37,019	518,952
Charitable activities	13	19,070	27,266	46,366	31,353	12,225	43,578
Other trading	14	13,975		13,975	1,543		1,543
Investments	15	16,776		16,776	13,853		13,853
Total income		459,228	98,343	557,571	528,682	49,244	577,926
EXPENDITURE ON							
Charitable activities	16	354,713	81,322	436,035	379,280	30,323	409,603
Other trading	17	7,055		7,055	1,057		1,057
Staff severance cost	23	43,185		43,185			-
Provision for settlement of defined benefit pension liability	29	8,098		8,098			-
Other	20	69,183		69,183	75,092		75,092
Total expenditure		482,234	81,322	563,556	455,429	30,323	485,752
NET OPERATING INCOME		(23,006)	17,021	(5,985)	73,253	18,921	92,174
GAINS ON INVESTMENTS							
	7	45,000		45,000			-
NET INCOME		21,994	17,021	39,015	73,253	18,921	92,174
TRANSFERS BETWEEN FUNDS							
				-			-
NET MOVEMENT IN FUNDS		21,994	17,021	39,015	73,253	18,921	92,174
RECONCILIATION OF FUNDS							
Total funds brought forward	11	4,178,621	18,921	4,197,542	4,105,368	-	4,105,368
TOTAL FUNDS CARRIED FORWARD	11	£4,200,615	£35,942	£4,236,557	£4,178,621	£18,921	£4,197,542

The notes set out on pages 16 to 31 form part of these financial statements.

WAYPOINT
(a charitable incorporated organisation)

STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	<u>2021</u> £	<u>2020</u> £
Cash flows arising from charitable operating activities		
Net operating income for the year (as per statement of financial activities)	(5,985)	92,174
Adjustments for:		
Depreciation charges and losses on disposal of tangible fixed assets	81,454	76,957
Implicit finance cost in defined benefit pension liability	950	1,383
Increase in defined benefit pension liability	8,098	-
Mortgage interest	58,535	60,073
Hire purchase and capital lease interest	1,429	840
Decrease/(increase) in debtors	3,171	(2,409)
Increase/(decrease) in creditors	1,286	(1,045)
Net cash provided by charitable operating activities	<u>148,938</u>	<u>227,973</u>
Cash flows from investing activities		
Payments for construction of South Building	(122,544)	(18,142)
Payments for refitting North Building	-	(28,242)
Purchases of furniture and equipment	(13,473)	(37,593)
Cash provided by (used in) investing activities	<u>(136,017)</u>	<u>(83,977)</u>
Cash flows from financing activities		
Deficiency contributions paid in respect of defined benefit pension liability	(8,071)	(5,948)
Amount drawn down on mortgage loan facility	-	200,000
Mortgage loan payments	(106,364)	(60,073)
Hire purchase and capital lease payments	(6,900)	(3,520)
Cash provided by (used in) finance activities	<u>(121,335)</u>	<u>130,459</u>
(Decrease) increase in cash and cash equivalents in the year	<u>(108,414)</u>	<u>274,455</u>
Cash and cash equivalents at the beginning of the year	<u>313,527</u>	<u>39,072</u>
Cash and cash equivalents at the end of the year	<u>£205,513</u>	<u>£313,527</u>
Analysis of cash and cash equivalents		
Cash in hand	508	331
Cash at bank on call	196,781	305,234
Cash on deposit at 60 days' notice	8,224	7,962
	<u>£205,513</u>	<u>£313,527</u>

The notes set out on pages 16 to 31 form part of these financial statements.

WAYPOINT

(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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 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 (FRS 102);
- the Statement of Recommended Practice (the SORP).

There were no material departures from those standards.

To assist the Church's compliance with this framework, the Auditor provides accountancy services permitted under the FRC Ethical Standard 6 – Provisions Available to Auditors of Small Entities. These services are conducted on the basis that the Church has informed management who understand and approve the accountancy work the Auditor carries out.

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 North and South buildings, net of related mortgage loan.
- (b) *Investment property* – funds representing the fair value of a former manse that is currently commercially let.

Restricted fund

- (c) *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.

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.

WAYPOINT

(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

NOTE 4 – ACCOUNTING POLICIES (continued)

(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.

Sums considered to represent significant enhancement expenditures but which do not extend the useful lives of the buildings are capitalised and depreciated over the remainder of the original term. Expenditures on bringing the properties and its facilities up to a modern acceptable standard are 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

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) Stock

Stocks of Café and Hub supplies are not counted or valued since the quantities held are limited and the stock turnover is rapid.

(e) 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.

(f) 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.

(g) 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.

WAYPOINT

(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

NOTE 4 – ACCOUNTING POLICIES (continued)

(g) Liabilities (continued)

3 Defined benefit pension contributions

A minister was a participant in a section of the Baptist Pension Scheme until ceasing to act effective 31 July 2021. This scheme is a multi-employer scheme that provided defined benefit (DB) pensions up to 31 December 2011 when the Scheme was closed to future DB accrual. Since the Church no longer has a member in the Scheme, in accordance with the Scheme rules a 'cessation event' has been triggered. As a consequence, it is required that an annuity is purchased that meets the Church's employer debt. As explained in Note 29, the Church has provided for the whole cost of the estimated employer debt including the professional fees related thereto as notified by the Scheme trustee.

In previous years, the Scheme had 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 was 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 29.

(h) 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.

(i) 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.

(j) Income recognition

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

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.

WAYPOINT

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

NOTE 4 – ACCOUNTING POLICIES (continued)

(j) Income recognition (continued)

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 Other operating income

- Trading income is recorded separately from other income and is recognised as sales are made.
- Charges for hire of rooms and facilities to third parties are recognised in accordance with the period of letting per the related hire agreement.

6 Investment income

- Property rental income is recognised in accordance with the period of letting specified in the related shorthold tenancy agreement.
- Interest receivable is recognised in the period in which it was earned.

7 Deferral of income

See policy note (g)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 assets 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(c)) 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. The value of volunteers' time is not recognised in the financial statements since there is no measurable cost for their services.

(k) 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 individual 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.

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. Staff termination costs are recognised at the contractual date of severance.

WAYPOINT

(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

NOTE 4 – ACCOUNTING POLICIES (continued)

(k) Expenditure (continued)

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 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 Other expenditure

Insofar as it is necessary to disclose separately different elements of income, related expenditure is also disclosed separately.

6 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.

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).

(l) 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.

As explained in Note 6, the Church has disclaimed its zero-rating entitlement attributable to the area used by Waypoint Café for trading purposes.

(m) Charitable support and administration

All central costs for charitable support and administrative charges are met from general funds. No attribution has been made to Waypoint Hub in 2020 or 2021 for such costs.

(n) Corporation tax

The Church is exempted under tax legislation from liability to corporation tax on its operating surpluses, investment income or capital gains 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(i), the Church has claimed VAT zero-rating on the new build at a saving of approximately £700,000. 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 2021

NOTE 5 – CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTIES (continued)

Judgements

- (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 2021.

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) 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.

NOTE 6 – TANGIBLE FIXED ASSETS

Year ended 31 December 2021

	<u>Functional freehold properties</u> £	<u>Furniture, fittings & equipment</u> £	<u>Total</u> £
Cost or valuation			
At beginning of year	5,630,972	243,804	5,874,776
Additions during year	59,094	13,473	72,567
Disposals during year		(7,741)	(7,741)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	5,690,066	249,536	5,939,602
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of period	330,539	61,610	392,149
Charge for year	54,707	26,500	81,207
Eliminated on disposal		(7,493)	(7,493)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	385,246	80,617	465,863
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2021	£5,304,820	£168,919	£5,473,739
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Year ended 31 December 2020

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	£5,300,433	£182,194	£5,482,627
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

NOTE 6 – TANGIBLE FIXED ASSETS (continued)

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 2021 and 31 December 2020 of £5,304,820 and £5,300,433 respectively.

The Church, as an eligible body entitled to VAT zero-rating on the construction costs of the South Building disclaimed the part of its entitlement attributable to the area used for trading purposes by Waypoint Café. A VAT charge of £44,783 was invoiced by the building contractors on 9 April 2021 and this was duly settled and capitalised in the year.

NOTE 7 – INVESTMENT PROPERTY

Residential property for commercial letting:

	<u>2021</u> £	<u>2020</u> £
Fair value at beginning of year	420,000	420,000
Fair value adjustment	45,000	-
	<u>£465,000</u>	<u>£420,000</u>

NOTE 8 – DEBTORS

	<u>2021</u> £	<u>2020</u> £
Gift Aid tax recoverable	10,271	13,244
Other debtor	-	1,569
Prepayments	3,988	2,617
	<u>£14,259</u>	<u>£17,430</u>

NOTE 9 – CREDITORS: Amounts falling due within one year

	<u>2021</u> £	<u>2020</u> £
Short term portion of:		
- Mortgage loan	59,048	47,830
- Hire purchase and capital lease commitments	4,161	3,033
- Defined benefit pension liability (see Note 29)	46,500	8,109
Suppliers' accounts payable	4,018	3,459
Amount due to building contractors	-	69,253
Taxation and social security	1,968	3,354
Other creditors	1,676	499
Accrued charges	9,606	8,670
	<u>£126,977</u>	<u>£144,207</u>

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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

	<u>2021</u> £	<u>2020</u> £
Long term portion of:		
- Mortgage loan	1,793,122	1,852,171
- Hire purchase and lease commitments	1,855	2,250
- Defined benefit pension liability	-	37,414
	<u>£1,794,977</u>	<u>£1,891,835</u>
These long term liabilities fall due:		
- between the second and fifth years inclusive	325,995	287,234
- after more than five years	1,468,982	1,604,601
	<u>£1,794,977</u>	<u>£1,891,835</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. The loan became subject to capital repayments from February 2021.

NOTE 11 - MOVEMENTS ON FUNDS

Year ended 31 December 2021

	<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	357,838	459,228	(427,379)	(107,072)	282,615
Designated funds:					
Functional premises	3,400,433		(54,855)	107,072	3,452,650
Investment property	420,000	45,000			465,000
Parent and Toddler	350				350
	<u>4,178,621</u>	<u>504,228</u>	<u>(482,234)</u>	<u>-</u>	<u>4,200,615</u>
Restricted income fund					
Waypoint Hub	18,921	98,343	(81,322)		35,942
	<u>£4,197,542</u>	<u>£602,571</u>	<u>£ (563,556)</u>	<u>£ -</u>	<u>£4,236,557</u>

Year ended 31 December 2020

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>

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

NOTE 12 – DONATIONS AND LEGACIES

	2021			2020		
	<u>Unrest- ricted</u>	<u>Rest- ricted</u>	<u>Total</u>	<u>Unrest- ricted</u>	<u>Rest- ricted</u>	<u>Total</u>
	£	£	£	£	£	£
Monetary offerings and donations	347,319	40,077	387,396	396,496	22,019	418,515
Gift Aid tax refundable	62,088		62,088	65,437		65,437
Legacy			-	20,000		20,000
Estimated value of gifts in kind		31,000	31,000		15,000	15,000
	<u>£409,407</u>	<u>£71,077</u>	<u>£480,484</u>	<u>£481,933</u>	<u>£37,019</u>	<u>£518,952</u>

NOTE 13 – INCOME FROM CHARITABLE ACTIVITIES

	2021			2020		
	<u>Unrest- ricted</u>	<u>Rest- ricted</u>	<u>Total</u>	<u>Unrest- ricted</u>	<u>Rest- ricted</u>	<u>Total</u>
	£	£	£	£	£	£
Room hire	14,956		14,956	6,187		6,187
Service user contributions	20		20	327		327
Other income			-	195		195
Grants received from:						
Hampshire County Council		15,250	15,250	18,000		18,000
Fareham Borough Council		6,016	6,016		3,750	3,750
Community organisations		3,500	3,500		7,975	7,975
Other corporate		2,500	2,500		500	500
Church life, outreach and mission	143		143	3,492		3,492
Children's & youth ministries	3,951		3,951	3,152		3,152
	<u>£19,070</u>	<u>£27,266</u>	<u>£46,336</u>	<u>£31,353</u>	<u>£12,225</u>	<u>£43,578</u>

NOTE 14 – OTHER TRADING INCOME

	2021			2020		
	<u>Unrest- ricted</u>	<u>Rest- ricted</u>	<u>Total</u>	<u>Unrest- ricted</u>	<u>Rest- ricted</u>	<u>Total</u>
	£	£	£	£	£	£
Waypoint Café						
Café sales	£13,975	£ -	£13,975	£1,543	£ -	£1,543

NOTE 15 – INCOME FROM INVESTMENTS

	2021			2020		
	<u>Unrest- ricted</u>	<u>Rest- ricted</u>	<u>Total</u>	<u>Unrest- ricted</u>	<u>Rest- ricted</u>	<u>Total</u>
	£	£	£	£	£	£
Investment property rental	16,500		16,500	13,740		13,740
Bank interest received	276		276	113		113
	<u>£16,776</u>	<u>£ -</u>	<u>£16,776</u>	<u>£13,853</u>	<u>£ -</u>	<u>£13,853</u>

The investment property is under a shorthold tenancy agreement cancellable at one month's notice by the tenant.

WAYPOINT
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

NOTE 16 – EXPENDITURE ON CHARITABLE ACTIVITIES

	2021			2020		
	Unrest- ricted £	Rest- ricted £	Total £	Unrest- ricted £	Rest- ricted £	Total £
Donations and services			-	324		324
Payroll cost (Note 22)	139,103		139,103	156,927		156,927
Ministers' accommodation and expenses	18,726		18,726	23,925		23,925
Minister's sabbatical				4,104		4,104
Team leader relocation cost			-	2,504		2,504
Occupancy costs (Note 18)	56,735		56,735	51,190		51,190
Conferences, training and literature	1,281		1,281	2,016		2,016
Website and publicity costs	367	231	598	154		154
Office and general expenses (Note 19)	19,918	890	20,808	19,885		19,885
Provision of supplies for Waypoint Hub		79,797	79,797		30,323	30,323
Church life, outreach and mission	30,702		30,702	38,495		38,495
Children's & youth ministries	7,556		7,556	2,799		2,799
Depreciation and loss on disposal of fixed assets	80,325	404	80,729	76,957		76,957
	<u>£354,713</u>	<u>£81,322</u>	<u>£436,035</u>	<u>£379,280</u>	<u>£30,323</u>	<u>£409,603</u>

NOTE 17 – OTHER TRADING EXPENSES

	2021			2020		
	Unrest- ricted £	Rest- ricted £	Total £	Unrest- ricted £	Rest- ricted £	Total £
Waypoint Café expenditure						
Purchases of café supplies	4,980		4,980	1,057	-	1,057
Repairs, maintenance and equipment expensed	397		397			-
Waste collection	538		538			-
Training volunteers	210		210			-
Bank and card charges	205		205			-
Depreciation of equipment	725		725			-
	<u>£7,055</u>	<u>£ -</u>	<u>£7,055</u>	<u>£1,057</u>	<u>£ -</u>	<u>£1,057</u>

NOTE 18 – ANALYSIS OF OCCUPANCY COSTS

	2021			2020		
	Unrest- ricted £	Rest- ricted £	Total £	Unrest- ricted £	Rest- ricted £	Total £
Light, heat and power	24,354		24,354	17,939		17,939
Water and sewerage	544		544	252		252
Buildings insurance	6,558		6,558	6,668		6,668
Building repairs and maint.	9,949		9,949	11,548		11,548
Cleaning & consumable stores	15,330		15,330	14,783		14,783
	<u>£56,735</u>	<u>£ -</u>	<u>£56,735</u>	<u>£51,190</u>	<u>£ -</u>	<u>£51,190</u>

WAYPOINT
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

NOTE 19 – ANALYSIS OF OFFICE AND GENERAL EXPENSES

	2021			2020		
	<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>
Printing, photocopying, stationery and postage	1,184	12	1,196	1,607		1,607
Telephone and internet	956		956	908		908
General insurance	1,300		1,300	1,300		1,300
Equipment testing, repairs and servicing	1,646	486	2,132	3,286		3,286
Church equipment expensed	1,308		1,308	5,941		5,941
Waste removal	980		980	1,068		1,068
Subscriptions and licences	3,116		3,116	3,534		3,534
Finance and management software	1,403		1,403	1,440		1,440
Church secretary costs	6,552		6,552			-
Miscellaneous	1,473	392	1,865	801		801
	<u>£19,918</u>	<u>£890</u>	<u>£20,808</u>	<u>£19,885</u>	<u>£ -</u>	<u>£19,885</u>

NOTE 20 – OTHER EXPENDITURE

	2021			2020		
	<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>
Property rental expenses:						
Repairs and maintenance	1,405		1,405	6,085		6,085
Letting agent's charges	1,584		1,584	1,310		1,310
Building insurance	405		405	386		386
Accountancy fees	2,400		2,400	2,400		2,400
Audit fees	2,400		2,400	2,400		2,400
Finance costs (see Note 21)	60,989		60,989	62,511		62,511
	<u>£69,183</u>	<u>£ -</u>	<u>69,183</u>	<u>£75,092</u>	<u>£ -</u>	<u>£75,092</u>

NOTE 21 – FINANCE COSTS

	2021			2020		
	<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>
Non-utilisation fees re mortgage loan facility			-	215		215
Mortgage interest	58,610		58,610	60,073		60,073
Hire purchase and capital lease interest	1,429		1,429	840		840
Unwinding present value adjustment on pension funding deficit	950		950	1,383		1,383
	<u>£60,989</u>	<u>£ -</u>	<u>£60,989</u>	<u>£62,511</u>	<u>£ -</u>	<u>£62,511</u>

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NOTE 22 - PAYROLL AND STAFFING

Staff cost is analysed below according to staff members' main duties set out in their contracts of employment. This analysis does not include staff termination settlements that are shown separately in Note 23.

Year ended 31 December 2021

	<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	43,175	5,189	4,048	52,412
Team leadership	1	18,917	1,799		20,716
Families, children's & youth workers	2	30,880	2,960	1,484	35,324
Administration	3	24,128	1,253	387	25,768
Caretaker	1	9,090	36		9,126
	<u>9</u>	<u>£126,190</u>	<u>£11,237</u>	<u>£5,919</u>	<u>143,346</u>
Less: Employer's NIC allowance					(4,000)
Furlough recoveries					(243)
					<u>£139,103</u>

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>

The average number of full-time equivalent staff is 4.5 (2020: 5.7). No employee received emoluments (excluding employer pension costs) exceeding £60,000 p.a.

NOTE 23 - STAFF TERMINATION SETTLEMENT

The Trustees and the senior minister, Rev M Madavan, agreed by mutual consent that his employment contract with the Church would be severed effective 31 July 2021. The termination settlement set out below included contractual pay-in-lieu-of-notice and an *ex gratia* sum in recognition of the esteem in which he was held by members of the Church.

	£
Gross settlement	38,703
Related employer's national insurance contributions	2,232
Related employer's pension contributions	2,250
	<u>£43,185</u>

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NOTE 24 - ANALYSIS OF NET ASSETS BETWEEN FUNDS

Year ended 31 December 2021

	<u>Fixed assets</u> £	<u>Net curr- ent assets</u> £	<u>Other liabilities</u> £	<u>Net assets</u> £
Unrestricted funds:				
General fund	167,121	117,349	(1,855)	282,615
Designated funds:				
Functional freehold properties	5,304,820	(59,048)	(1,793,122)	3,452,650
Investment property	465,000			465,000
Other		350		350
	<u>5,936,941</u>	<u>58,651</u>	<u>(1,794,977)</u>	<u>4,200,615</u>
Restricted income fund:				
Waypoint Hub	1,798	34,144		35,942
FUNDS AT 31 DECEMBER 2021	<u><u>£5,938,739</u></u>	<u><u>£ 92,795</u></u>	<u><u>£ (1,794,977)</u></u>	<u><u>£4,236,557</u></u>

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>

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>2021</u> £	<u>2020</u> £
Mr C Snook*	Church trustee	Mission support	1,000	500
Miss I Madavan	Relative of Church trustee	Website design and development fees	40	70
Mrs R Keen**	Church trustee	Operational management from July 2021	6,552	-

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

** Payable to Printed Edge, Mrs Keen's sole trade of which £672 remained outstanding at the balance sheet date.

Because of Covid-19, no expenditure was incurred on leadership and training days in the year (2020: £nil).

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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 2021

	<u>Total</u>	<u>Gross salary</u>	<u>Accomm- odation</u>	<u>Pension</u>	<u>Payments/ expenses</u>
	£	£	£	£	£
M Madavan (ceased to act 31/7/21)	29,510*	18,871	8,044	2,595	
J Privett	36,440	24,305	10,682	1,453	
K Foster (resigned 31/8/21)	18,917	18,917			
C Johnson	31,764	30,280		1,484	
P Griffiths	18,137	17,750		387	
	<u>£134,768</u>	<u>£110,123</u>	<u>£18,726</u>	<u>£5,919</u>	<u>£ -</u>

* Excludes termination settlement (see Note 23).

Year ended 31 December 2020

	<u>Total</u>	<u>Gross salary</u>	<u>Accomm- odation</u>	<u>Pension</u>	<u>Payments/ 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>

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 £146,005 (2020: £170,025).

NOTE 28 – TRUSTEE DONATIONS

The total donations received from Trustees including persons connected with them amounted to £37,431 (2020: £51,780). 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

Until 31 July 2021, the Church was 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).

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NOTE 29 – PENSION OBLIGATIONS (continued)

The Scheme was closed to future DB accrual on 31 December 2011. From January 2012, pension provision was 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.

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.

The most recent valuation was carried out at 31 December 2019 by a professionally qualified actuary using the Projected Unit method and its outcome was reported to participating employers on 2 July 2020. The Scheme Trustee reported that by virtue of a number of positive developments 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.

However, in the reporting period the employment of the Church's sole active participant in the DB section of the Scheme was severed effective 31 July 2021 and, in accordance with the Scheme rules, a 'cessation event' was triggered. As a consequence, the rules require that an annuity is purchased that meets the Church's employer debt. The Church has provided for the whole cost of the estimated employer debt liability (see below) including professional fees related thereto as notified by the Scheme trustee. Since market conditions change daily, the precise liability can only be ascertained at the time settlement is made.

In this regard, the Church is entitled under the Scheme rules to request deferral of the settlement for a period of up to three years from 31 July 2021. In the event the Church recruits a minister who is already a member of the DB section with another participating employer during this period, the cessation event would be annulled and the regular deficiency contributions as advised by the Scheme trustee would continue to apply. The Trustees consider such an event to be possible but unlikely.

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

	<u>2021</u>	<u>2020</u>
	£	£
DCs paid and payable in respect of employees in the year	5,919	7,550
DCs paid in connection with terminated employment (see Note 23)	2,250	-
DB deficit recovery contributions paid in the year	8,071	5,870
	<u>£16,240</u>	<u>£13,420</u>

The movements in the DB liability for the current and previous financial years are:

	<u>2021</u>	<u>2020</u>
	£	£
Balance at 1 January,	45,523	50,088
Deficiency contributions paid in the year	(8,071)	(5,948)
Implicit annual finance cost in PV calculations	950	1,383
Estimated increase in Church liability as a consequence of the cessation event referred to above	8,098	-
Liability for pension deficit at 31 December,	<u>£46,500</u>	<u>£45,523</u>

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NOTE 30 - 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. The loan repayments (interest only until February 2021) are considered to be affordable out of recurring tithes and offerings of the Church congregation notwithstanding that this planned giving has noticeably declined in the latter half of 2021 and into 2022. In the current circumstances, this fall in income is sustainable because the severance of two senior employees has resulted in significant savings in payroll cost.

At present the Church's existing liquid resources supplemented by tithes, offerings and other income in 2022 will be sufficient to meet Church outgoings for a period of twelve months from the date of issue of these financial statements. However, the Trustees are mindful that rising interest rates could, in due course, render the mortgage repayments less affordable. Beyond this, any funding shortfalls can be met for several years by the sale of the Church's investment property although such a course of action is not preferred by the Trustees.

Taking all these factors into account, the Trustees are satisfied that the Church will be a going concern for the foreseeable future.

