



WAYPOINT CHURCH

WAYPOINT

operating as

WAYPOINT CHURCH

(a charitable incorporated organisation)

TRUSTEES' ANNUAL REPORT

and

AUDITED FINANCIAL STATEMENTS

31 December 2022

Charity registration number: 1168433

WAYPOINT operating as **WAYPOINT CHURCH**
(a charitable incorporated organisation)
31 December 2022

CONTENTS

	<u>Page</u>
Reference and administrative details	3 to 4
Trustees' Annual Report	5 to 13
Statement of Trustees' responsibilities	13
Audited financial statements	
• Independent auditor's report	14 to 17
• Balance sheet	18
• Statement of financial activities	19
• Statement of cash flows	20
Notes to the financial statements	21 - 42

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

REFERENCE AND ADMINISTRATIVE DETAILS

31 December 2022

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

Pastor (Team Leader): Jim Privett (Associate Minister until June 2022)

Elders

Andy Banes
Graham Griffiths
Rachel Keen
Kevin Leech
Dan Richards
Chris Snook (until November 2022)

Other elected trustees

Church Secretary: Rachel Keen (until April 2022) Felicity Shaw (from April 2022)
Church Treasurer: Graham Woodyet
Facilities Team Leader: Paul Warner
Mission Team Leader: Pete McNulty (until June 2022)
Hub & Community
Team Leader: Claire Johnson

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

PROFESSIONAL ADVISERS

Bankers: CAF Bank Ltd,
25 Kings Hill Avenue,
Kings Hill,
West Malling,
Kent, ME19 4JQ

Auditors: Mr S G Talati FCA,
Chartered Accountant and Statutory Auditor,
17 St George's Road, Southsea, Hampshire, PO4 9PL

Solicitors: Anthony Collins Solicitors LLP,
134 Edmund Street,
Birmingham, B3 2ES

WAYPOINT
(a charitable incorporated organisation)
TRUSTEES' ANNUAL REPORT
Year ended 31 December 2022

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 2022.

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, Waypoint 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. Our Mission Statement is "Learning to live and love like Jesus".

Strategies to achieve aims

Central to the work and witness of Waypoint is the provision of regular public services of Christian worship.

These services take place each Sunday and include preaching, teaching and Communion. A programme for children and young people aged 0-16 years is available during the service. There are also occasional All Age Services.

Waypoint 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.

Sunday services are held simultaneously for two congregations. There is a traditional-styled worship and a contemporary-styled worship both sharing the main Bible Reading and same sermon.

The service is usually streamed to the Church YouTube channel and viewed by more than 100 people watching from local addresses and international addresses.

WAYPOINT
(a charitable incorporated organisation)
TRUSTEES' ANNUAL REPORT (Continued)
Year ended 31 December 2022

SECTION 1 – OBJECTIVES AND ACTIVITIES (Continued)

This weblink is an example of one of our streamed services in 2022.

<https://www.youtube.com/watch?v=Mx2xqgrkpQQ>.

Our streaming service developed at the time of Covid lockdowns and has proved a valuable resource to members and visitors to Waypoint.

Waypoint runs life groups. These are small groups aimed at developing faith and discipleship and providing pastoral care. About half of our attendees are in a Life Group and we hope to expand this in the coming years.

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 2022, 27 people were received into membership and 9 people were baptised. The membership stood at 221 on 31 December 2022.

The Trustees believe that 2022 was a positive year in the life of the Church.

Activities vary from time to time. Review of specific aims by the Leadership is made throughout the year with activities being initiated, expanded, or ended, as judged appropriate.

SECTION 2 – ACHIEVEMENTS AND PERFORMANCE

In addition to Sunday activities, Waypoint hosts Small Group Activities for our youth ("Connect") and Waypoint Tots – a Tuesday morning event which is a community resource for babies and preschool children and their parents or carers.

We ran our annual Summer Holiday Club over 5 days, plus 2 one day events in October and December. Each session included a fun lively celebration, games and activities for all ages with Christian Teaching at the core of all activities. These were enjoyed by the children and the parents/carers who attended.

Activities for senior citizens ("seniors") are provided regularly. There were some changes as we re-established activities post-COVID lockdown and re-established "Oasis" a regular meeting sharing Faith Hope and Love and occasional afternoon teas. We welcome Seniors in a warm, loving and friendly environment.

WAYPOINT
(a charitable incorporated organisation)
TRUSTEES' ANNUAL REPORT (Continued)
Year ended 31 December 2022

SECTION 2 – ACHIEVEMENTS AND PERFORMANCE (Continued)

Christmas services were held throughout December offering our congregation and community a variety of opportunities to celebrate Christmas with different styles of music and teaching.

Waypoint has a pastoral team that supports Church Members and attendees in times of difficulty. Their work fulfils our Mission “Learning to live and love like Jesus”.

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

The Alpha Course runs for people who would like to explore the Christian faith. This is a welcoming small group designed to help anyone exploring ideas to answer the big questions about life in a safe and supportive environment.

We have a group called Kintsugi Hope. This runs a course designed for equipping people with skills to support and improve their mental health and wellbeing.

The Church runs a Golf Society and Football Team and encourages membership from within the Church and from the local community.

The Church supports three mission projects; Enable the Children in Sierra Leone, Rocks Project in Uganda and Hands at Work in South Africa.

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

The Church also supported a person as they volunteered as a leader on Youth With A Mission’s leadership programme based in Vancouver, Canada.

The Church also supported an effort to supply reading books and equipment to a school in a deprived town in South Africa.

The Church supported the Baptist Union’s Missionary Society and Home Mission Fund as well as Open Doors (serving persecuted Christians around the world).

The Church supported emergency disaster appeals of Tearfund in their Pakistan humanitarian crisis appeal, Hope Now in their work in Ukraine during the war and World Vision in their Somalia famine appeal.

WAYPOINT
(a charitable incorporated organisation)
TRUSTEES' ANNUAL REPORT (Continued)
Year ended 31 December 2022

SECTION 2 – ACHIEVEMENTS AND PERFORMANCE (Continued)

Waypoint also supported Time for Marriage, a charity that offers support and resources to help renew and strengthen marriages. This team have been able to provide marriage support as needs arise. This team is used for pre-marriage work and to strengthen relationships. Sometimes it has been used to help couples experiencing relationship difficulty.

Church Members served as volunteers in many other local charities and organisations.

Rooms in the premises are hired by an independent Pre-school, the NHS for blood donation services, the local council as a polling station and community groups. Waypoint hosted the 2022 Fareham Borough Council Mayor Investiture. Waypoint has also hosted the local PCN for the meeting of GPs and other Healthcare Professionals in the area.

Waypoint Café is open for three days and one evening per week. This provides food, drink and wi-fi in a friendly environment. It is entirely staffed by volunteers who are all appropriately trained in food hygiene and café policies.

A team from The Leadership of Waypoint attended a further training conference for large UK churches. This has continued to help the Leadership discern the future plans for serving God within our Community and strengthening the teams within Waypoint. Some of the team members within our ministries are paid but most members are volunteers.

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.

Waypoint Hub has continued to grow and help increasing numbers of people in need predominantly within the Western Wards of Fareham. Three drop-in sessions were held each week.

Two services are offered:

- 1) a Foodbank giving out free emergency food parcels. 5,005 food parcels were given out in 2022 and
- 2) "More 4 Less" a donation-based scheme.

In December 2022 Waypoint Hub partnered with The Trussell Trust¹. Waypoint Hub also 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.

The Waypoint Hub and Community Leader was involved in local primary schools leading assemblies and participating in lessons. She was also invited to join the Residential trip as a support to the staff and children. This was helpful in our mission "Learning to live and love like Jesus" beyond the buildings of Waypoint.

¹ This is a charity working to end hunger in the UK see <https://www.trusselltrust.org/>

WAYPOINT
(a charitable incorporated organisation)
TRUSTEES' ANNUAL REPORT (Continued)
Year ended 31 December 2022

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. After allowing for a contribution to salary and occupancy costs from Hub grants, the Church sustained a small deficit on General Fund operations of £7. The deficit in 2021 amounted to £23,006 but this included exceptional charges for a minister's severance pay of £43,185 and a provision of £8,098 (see Note 30 for further details) to settle the Church's estimated defined benefit pension liability. After gains on investment assets (see Note 7), the net movement in unrestricted funds for the year was a surplus of £45,705 (2021: £21,994).

The Church's total reserves at 31 December 2022 were £4,283,164 (2021: £4,236,557) of which the Waypoint Hub restricted fund was £36,844 (2021: £35,942) and designated funds related to the properties totalled £3,950,167 (2021: £3,452,650), the increase arising because the proceeds of sale of the investment property (£510,712) were used to pay down the mortgage. 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. This fund can only be realised by the disposal of the properties to which it relates.

The Church's reserves on general fund at the balance sheet date amounted to £296,153 compared with £282,615 at 31 December 2021 of which £196,981 (2021 £117,349) is expendable. Liquid resources increased to £235,457 in 2022 up from £205,513 at 31 December 2021 largely as a result of reduced payroll cost from staff terminations in 2021 (see Note 22).

The Waypoint Café has opened for 3 days per week during 2022, and details of Café trading income and expenses are set out in 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 amounted to £14,981 (2021: £6,920).

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. 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 (see Section 4 for plans to appoint a second minister).

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 £124,513 (2021 £98,343) and its direct expenditure to £111,111 (2021: £81,322). Further in 2022, this fund transferred £12,500 of its resources to the General Fund to partially cover salary and room hire costs being provided by the Church. See note 24 for further details.

WAYPOINT
(a charitable incorporated organisation)
TRUSTEES' ANNUAL REPORT (Continued)
Year ended 31 December 2022

SECTION 3 - FINANCIAL REVIEW (Continued)

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

The South Building Extension was completed in 2019 and additional furnishing and improvements to our South and North Buildings have taken place as resources have become available.

We recognise that hiring our buildings is a good source of revenue and with that in mind, we have plans to upgrade the North Building Auditorium and the North Building Kitchen. These projects will only begin when we have identified financial resources to complete them.

We currently have regular bookings from community groups, local Health groups and sports groups and we hope to attract further interest and plan to host Fareham Borough Council for the Investiture of the Mayor², new sports groups³ and new community groups⁴

Waypoint Church has identified the need to appoint another Minister and we plan to advertise, interview and appoint a suitable candidate within the first two quarters with the hope of this minister starting work in the 3rd or 4th quarter. This will be a financial stretch and we will need to increase our funding through the giving of our congregation. We plan to put this to the March 2023 Church Meeting and will only proceed if (by show of hands) Church Members pledge to support this plan.

Note that a Church Members meeting there was unanimous vote to pledge additional giving to fund this plan.

Waypoint Café is currently open three days a week and one evening per week. We hope to extend these opening hours on these days and to add a fourth day in 2023.

As Waypoint grows in numbers (footfall and membership) we recognise the need to keep people connected and plan to do this by strengthening our Small Group structures⁵ and to encourage discipleship pairing. The purposes of these strategies are to deepen the relationships between members and visitors and help them mature in their faith.

² "Mayor Making"

³ e.g. Badminton, volleyball, football

⁴ local Resident Associations, Weight loss and Wellbeing, etc.

⁵ We have life groups which are small number groups that meet regularly to pray, study and pastorally support each other. We also have interest groups which are less structured including e.g. Football, Craft, Golf and Running Groups,

WAYPOINT
(a charitable incorporated organisation)
TRUSTEES' ANNUAL REPORT (Continued)
Year ended 31 December 2022

SECTION 5 – STRUCTURE GOVERNANCE AND MANAGEMENT

Legal Structure

Waypoint 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 appointment. 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 Waypoint 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. 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, (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 (employees and key ministry volunteers) 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. The Governing Document permits decisions to be made at quorate Church Meetings by appropriate majorities, although the Church seeks to work by consensus wherever possible.

WAYPOINT
(a charitable incorporated organisation)
TRUSTEES' ANNUAL REPORT (Continued)
Year ended 31 December 2022

SECTION 5 – STRUCTURE GOVERNANCE AND MANAGEMENT (continued)

Other Governance Matters.

Waypoint 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.

Waypoint 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 operates Safeguarding Policies relating to Children and Young People (CYP) and also relating to Adults at Risk (AAR). These policies are due for review in 2023. Through these systems Waypoint has put processes in place to ensure that all volunteers working with CYP and AAR are appropriately vetted and (when necessary) checked under the Disclosure and Barring System (DBS).

The Church ensures good practice in First Aid, Food Safety and Food Hygiene and arranges training when needed.

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

By order of the Board of Trustees,

Dr F Shaw
Church Secretary (date)

WAYPOINT
(a charitable incorporated organisation)
TRUSTEES' ANNUAL REPORT (Continued)
Year ended 31 December 2022

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.
- Safeguarding Children, Young People and Adults who may be at risk.
- Safe Data Processing and storage under GDPR. Waypoint is registered with the ICO.
- Human Resources which includes the Employment of seven people.
- Entering contracts for service and management of our Facilities.
- The Health and Safety of Staff, Volunteers and other visitors to Waypoint Buildings.

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

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
WAYPOINT**

(a charitable incorporated organisation)

To 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 incorporate organisation)

Opinion

I have studied audited the financial statements of Waypoints (the Church) for the year ended 31st December 2022, which comprised 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 'The Financial Reporting Standard applicable in the UK'. (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of the Church's affairs as at 31st December 2022 and its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011 (the Act).

Basis for opinion

I conducted my audit in accordance with international standards on auditing (UK) (ISAs_(UK)) and applicable law. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Church in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Ethical Standards of Financial Reporting Council (FRC) and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
WAYPOINT (continued)**
(a charitable incorporated organisation)

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Trustees' use of the ongoing concern basis of accounting in the preparation of the financial statements was appropriate. Based on the work I have performed, I 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 12 months from when the financial statements are authorised for issue.

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees Annual Report, other than the financial statements and my Auditor's report there on. My opinion on the financial statements does not cover the other information and, except the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion there on.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to have been still materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I'm required to determine where there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I 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, I have not identified material misstatements in the Trustees annual report.

I have nothing to report in respect to the following matters in relation to which the charities accounts and reports regulations 2008 require me to report to you if in my opinion:

- Adequate accounting records have not been kept; Or
- the financial statements are not in agreement with the accounting records and returns; Or
- I have not received all the information and explanations I require for my audit.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
WAYPOINT (continued)**
(a charitable incorporated organisation)

Responsibilities of Trustees

As explained more fully in the statement of Trustees report responsibilities set out on page 13, 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.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my 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 considered material if, individually or in aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

I gained an understanding of the legal and regulatory framework applicable to the church and considered the risk of acts by the church which were contrary to applicable laws and regulations, including fraud. These included compliance with the Charities Act 2011 and United Kingdom accounting standards. I discussed compliance with this framework through discussions with the management and performed audit procedures on these areas as considered necessary. My procedures involved review of the reporting to the Trustees with respect to compliance with laws and regulations and review of minutes of Trustees and other meetings.

I focused on laws and regulations that could give rise to a material misstatement in the church financial statements my tests included:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- testing of journal postings made during the year to identify potential override of controls;
- review of minutes of trustee and other meetings available to me, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
WAYPOINT (continued)**
(a charitable incorporated organisation)

My audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely I am to become aware of it.

I 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 there under. I am eligible for appointment to act as statutory auditor under section 1212 of the Companies Act 2006.

The church's routine internal control procedures that require two church members staff to be involved in the handling of cash could not be applied for significant portions of 2021 and 2022 due to the pandemic. This situation was intensified by the operations of the waypoint hub that continues to provide welfare assistance to the local community who have been adversely affected by pandemic and cost of living issues. Waypoint 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 hubs 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 easily verifiable by audit procedures. I therefore consider that the audit was not capable of detecting any irregularities in this regard. However, I am satisfied that any misstatement of net income arising from the hubs activities is unlikely to be material to the financial statements as a whole and accordingly, my opinion is not modified in this respect.

A further description of my responsibilities is available on the Financial Reporting Council's website. www.fr.org.uk/auditorsresponsibilities .This description forms part of my auditors report.

Use of My Report

This report is made solely to the trustees, as a body, in accordance with section 144 and regulations made under section 154 of the act. My audit work has been undertaken so that I might state to the Church's Trustees those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Church and the Church's Trustees as a body, for my audit work, for this report, or for the opinions I have formed.

..... Mr S G Talati FCA (Statutory Auditor)

..... 2023

Chartered Accountant
17 St George's Road,
Southsea
Hampshire, PO4 9PL

WAYPOINT
(a charitable incorporated organisation)
BALANCE SHEET
31 December 2022

	<u>Note</u>	<u>2022</u> £	<u>2021</u> £
FIXED ASSETS			
Tangible assets	6	5,382,542	5,473,739
Investment property	7	-	465,000
		<u>5,382,542</u>	<u>5,938,739</u>
CURRENT ASSETS			
Debtors	8	12,184	14,259
Cash and cash equivalents		235,457	205,513
Total current assets		<u>247,641</u>	<u>219,772</u>
LIABILITIES			
Creditors: Amounts falling due within one year	9	(45,039)	(126,977)
Net current assets		<u>202,602</u>	<u>92,795</u>
Total assets, less current liabilities		<u>5,585,144</u>	<u>6,031,534</u>
Creditors: Amounts falling due after more than one year	10	(1,301,980)	(1,794,977)
NET ASSETS	25	<u>£4,283,164</u>	<u>£4,236,557</u>
THE FUNDS OF THE CHARITY	11		
Unrestricted funds		4,246,320	4,200,615
Restricted income funds		36,844	35,942
TOTAL CHARITY FUNDS		<u>£4,283,164</u>	<u>£4,236,557</u>

Approved by the Board of Trustees for issue on
..... 2023 and signed on its behalf by

..... Treasurer
G Woodyet

The notes set out on pages 21-42 form part of these financial statements.

WAYPOINT
(a charitable incorporated organisation)

STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 December 2022

		2022			2021		
	Note	Unrest- ricted £	Rest- ricted £	Total £	Unrest- ricted £	Rest- ricted £	Total £
INCOME FROM							
Donations and legacies	12	350,802	55,602	406,404	409,407	71,077	480,484
Charitable activities	13	29,076	68,880	97,956	19,070	27,266	46,336
Other trading	14	26,689		26,689	13,975		13,975
Investments	15	8,068	31	8,099	16,776		16,776
Total income		414,635	124,513	539,148	459,228	98,343	557,571
EXPENDITURE ON							
Charitable activities	16	327,893	111,111	439,004	354,713	81,322	436,035
Other trading	17	11,708		11,708	7,055		7,055
Staff severance cost	23			-	43,185		43,185
Provision for settlement of defined benefit pension liability	30			-	8,098		8,098
Other	20	87,541		87,541	69,183		69,183
Total expenditure		427,142	111,111	538,253	482,234	81,322	563,556
NET OPERATING INCOME		(12,507)	13,402	895	(23,006)	17,021	(5,985)
GAIN ON INVESTMENT ASSET	7	45,712	-	45,712	45,000		45,000
NET INCOME		33,205	13,402	46,607	21,994	17,021	39,015
TRANSFERS BETWEEN FUNDS	24	12,500	(12,500)	-			-
NET MOVEMENT IN FUNDS		45,705	902	46,607	21,994	17,021	39,015
RECONCILIATION OF FUNDS							
Total funds brought forward	11	4,200,615	35,942	4,236,557	4,178,621	18,921	4,197,542
TOTAL FUNDS CARRIED FORWARD	11	£4,246,320	£ 36,844	£4,283,164	£4,200,615	£35,942	£4,236,557

The notes set out on pages 21-42 form part of these financial statements.

WAYPOINT
(a charitable incorporated organisation)

STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	<u>2022</u> £	<u>2021</u> £
Cash flows arising from charitable operating activities		
Net operating income for the year (as per statement of financial activities)	895	(5,985)
Adjustments for:		
Depreciation charges and losses on disposal of tangible fixed assets	84,167	81,454
Implicit finance cost in defined benefit pension liability	-	950
Increase in defined benefit pension liability	-	8,098
Mortgage interest	76,420	58,535
Hire purchase and capital lease interest	303	1,429
Decrease in debtors	2,075	3,171
(Decrease)/increase in creditors	(3,436)	1,286
Net cash provided by charitable operating activities	<u>160,424</u>	<u>148,938</u>
Cash flows from investing activities		
Refund/(payments) re construction of South Building	8,920	(122,544)
Purchases of furniture and equipment	(1,890)	(13,473)
Proceeds of disposal of investment property	510,712	-
Cash provided by (used in) investing activities	<u>517,742</u>	<u>(136,017)</u>
Cash flows from financing activities		
Deficiency contributions paid in respect of defined benefit pension liability	(4,782)	(8,071)
Mortgage loan repayments	(638,975)	(106,364)
Hire purchase and capital lease payments	(4,465)	(6,500)
Cash provided by (used in) finance activities	<u>(648,222)</u>	<u>(120,935)</u>
Increase (decrease) in cash and cash equivalents in the year	<u>29,944</u>	<u>(108,014)</u>
Cash and cash equivalents at the beginning of the year	<u>205,513</u>	<u>313,527</u>
Cash and cash equivalents at the end of the year	<u><u>£235,457</u></u>	<u><u>£205,513</u></u>
Analysis of cash and cash equivalents		
Cash in hand	101	508
Cash at bank on call	227,068	196,781
Cash on deposit at 60 days' notice	8,288	8,224
	<u><u>£235,457</u></u>	<u><u>£205,513</u></u>

The notes set out on pages 21-42 form part of these financial statements.

WAYPOINT

(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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.

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 was commercially let until July 2022. The property was sold on 15 November 2022 and this fund was closed on that date.

Restricted fund

- (c) *Waypoint Hub* – for the provision of social welfare including food, clothing and other essentials to the needy in the local community funded by local authority and community grants, and corporate and personal donations.

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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 until its sale (see Note 3(b) above).

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.

(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 expenditure 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 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 6.7% 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.

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

NOTE 4 — ACCOUNTING POLICIES (continued)

(c) Tangible fixed assets and depreciation (continued)

Investment property

The property was 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 was credited or charged to the SOFA as appropriate in the year in which the variation is recognised. This property was sold in the year (see Note 7).

(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 Pension 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*

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. 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. However, other factors might affect this liability and fuller details of the uncertainties are provided in Note 30.

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

NOTE 4 — ACCOUNTING POLICIES (continued)

(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.

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

NOTE 4 — ACCOUNTING POLICIES (continued)

(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.

3 *Gift Aid*

Tax refunds receivable under gift aid arrangements are recognised by reference to the date of the related gift. 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.

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

NOTE 4 — ACCOUNTING POLICIES (continued)

(j) Income recognition (continued)

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.

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.

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

NOTE 4 — ACCOUNTING POLICIES (continued)

(k) Expenditure (continued)

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) but this ceased to apply from 31 July 2021 when a cessation event occurred. Since then, the liability to purchase the required annuity may be deferred in accordance with Scheme rules but deficiency contributions required by the Scheme Trustee are deducted from this liability. See Note 30 for further details.

(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 the Church is the recipient of services for a relevant charitable purpose otherwise than in the course of furtherance of business and, subject to the critical judgement explained in Note 5(a) continues to be 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. An attribution for partial recovery of salary and occupancy costs has been made to Waypoint Hub in 2022 (see Note 24) but not for earlier years.

(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.

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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(l), 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 are 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.

(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 2022.

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.

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

NOTE 6 – TANGIBLE FIXED ASSETS

	Functional freehold properties £	Furniture, fittings & equipment £	Total £
Year ended 31 December 2022			
Cost or valuation			
At beginning of year	5,690,066	249,536	5,939,602
Additions during year (cost recovery)	(8,920)	1,890	(7,030)
	<u>5,681,146</u>	<u>251,426</u>	<u>5,932,572</u>
At 31 December 2022			
Depreciation			
At beginning of period	385,246	80,617	465,863
Charge for year	56,118	28,049	84,167
	<u>441,364</u>	<u>108,666</u>	<u>550,030</u>
At 31 December 2022			
Net book value			
At 31 December 2022	<u>£5,239,782</u>	<u>£142,760</u>	<u>£5,382,542</u>
Year ended 31 December 2021			
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)
	<u>5,690,066</u>	<u>249,536</u>	<u>5,939,602</u>
At 31 December 2021			
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)
	<u>385,246</u>	<u>80,617</u>	<u>465,863</u>
At 31 December 2021			
Net book value			
At 31 December 2021	<u>£5,304,820</u>	<u>£168,919</u>	<u>£5,473,739</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 2022 and 31 December 2021 of £5,239,782 and £5,304,820 respectively.

WAYPOINT
(a charitable incorporated organisation)
NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

NOTE 7 — INVESTMENT PROPERTY

Residential property for commercial letting:	2022 £	2021 £
Fair value at beginning of year	465,000	420,000
Fair value adjustment at 31 December, Disposal on 15 November 2022	- (465,000)	45,000 -
	<u>£ -</u>	<u>£465,000</u>
Capital gain on disposal	£	
Gross proceeds of sale	515,000	
Selling costs	(4,288)	
Net proceeds of sale	<u>510,712</u>	
Fair value at beginning of year	(465,000)	
Gain on disposal	<u>£ 45,712</u>	

NOTE 8 — DEBTORS

	2022 £	2021 £
Gift Aid tax recoverable	9,529	10,271
Prepayments	2,655	3,988
	<u>£12,184</u>	<u>£14,259</u>
	2022 £	2021 £
Short term portion of:		
- Mortgage loan	29,340	59,048
- Hire purchase and capital lease commitments	1,855	4,161
- Defined benefit pension liability (see Note 30)	12	46,500
Suppliers' accounts payable	5,295	4,018
Taxation and social security	1,911	1,968
Other creditors	432	1,676
Accrued charges	6,194	9,606
	<u>£45,039</u>	<u>£126,977</u>

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

NOTE 9 – CREDITORS: Amounts falling due within one year

	2022 £	2021 £
Short term portion of:		
- Mortgage loan	29,340	59,048
- Hire purchase and capital lease commitments	1,855	4,161
- Defined benefit pension liability (see Note 30)	12	46,500
Suppliers' accounts payable	5,295	4,018
Taxation and social security	1,911	1,968
Other creditors	432	1,676
Accrued charges	6,194	9,606
	<u>£45,039</u>	<u>£126,977</u>

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

	2022 £	2021 £
Long term portion of:		
- Mortgage loan	1,260,275	1,793,122
- Hire purchase and lease commitments	-	1,855
- Defined benefit pension liability	41,705	-
	<u>£1,301,980</u>	<u>£1,794,977</u>
These long term liabilities fall due:		
- between the second and fifth years inclusive	180,074	325,995
- after more than five years	1,121,906	1,468,982
	<u>£1,301,980</u>	<u>£1,794,977</u>

The assets pledged as security for the mortgage loan are described at the foot of Note 6. The loan became subject to capital repayments from February 2021.

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

NOTE 11 – MOVEMENTS ON FUNDS

	Funds brought forward £	Incoming resources £	Resources expended £	Fund transfers £	Funds carried forward £
Year ended 31 December 2022					
Unrestricted funds					
General fund	282,615	459,912	(372,435)	(73,939)	296,153
Designated funds:					
Functional premises	3,452,650		(54,707)	552,224	3,950,167
Investment property	465,000			(465,000)	-
Parent and Toddler	350	435		(785)	-
	<u>4,200,615</u>	<u>460,347</u>	<u>(427,142)</u>	<u>12,500</u>	<u>4,246,320</u>
Restricted income fund					
Waypoint Hub	35,942	124,513	(111,111)	(12,500)	36,844
	<u>£4,236,557</u>	<u>£584,860</u>	<u>£ (538,253)</u>	<u>£ -</u>	<u>£4,283,164</u>
Year ended 31 December 2021					
	Funds brought forward £	Incoming resources £	Resources expended £	Fund transfers £	Funds carried forward £
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>

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

NOTE 12 — DONATIONS AND LEGACIES

	2022			2021		
	Unrest- ricted	Rest- ricted	Total	Unrest- ricted	Rest- ricted	Total
	£	£	£	£	£	£
Monetary offerings and donations	295,244	43,317	338,561	347,319	40,077	387,396
Contributions received from beneficiaries		2,250	2,250			
Gift Aid tax refundable	55,558		55,558	62,088		62,088
Estimated value of gifts in kind		10,035	10,035		31,000	31,000
	<u>£350,802</u>	<u>£55,602</u>	<u>£406,404</u>	<u>£409,407</u>	<u>£71,077</u>	<u>£480,484</u>

NOTE 13 — INCOME FROM CHARITABLE ACTIVITIES

	2022			2021		
	Unrest- ricted	Rest- ricted	Total	Unrest- ricted	Rest- ricted	Total
	£	£	£	£	£	£
Room hire	24,236		24,236	14,956		14,956
Service user contributions	1,231		1,231	20		20
Grants received from:						
Hampshire County Council		58,648	58,648		15,250	15,250
Fareham Borough Council	500	532	1,032		6,016	6,016
Community organisations		7,200	7,200		3,500	3,500
Other corporate		2,500	2,500		2,500	2,500
Church life, outreach and mission			-	143		143
Children's and youth ministries	3,109		3,109	3,951		3,951
	<u>£29,076</u>	<u>£68,880</u>	<u>£97,956</u>	<u>£19,070</u>	<u>£27,266</u>	<u>£46,336</u>

NOTE 14 — OTHER TRADING INCOME

	2022			2021		
	Unrest- ricted	Rest- ricted	Total	Unrest- ricted	Rest- ricted	Total
	£	£	£	£	£	£
Waypoint Café						
Café sales	<u>£26,689</u>	<u>£ -</u>	<u>£26,689</u>	<u>£13,975</u>	<u>£ -</u>	<u>£13,975</u>

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

NOTE 15 — INCOME FROM INVESTMENTS

	2022			2021		
	Unrest- ricted £	Rest- ricted £	Total £	Unrest- ricted £	Rest- ricted £	Total £
Investment property rental	7,613		7,613	16,500		16,500
Bank interest received	455	31	486	276		276
	<u>£8,068</u>	<u>£ 31</u>	<u>£8,099</u>	<u>£16,776</u>	<u>£ -</u>	<u>£16,776</u>

The investment property was sold in the year (see Note 7).

NOTE 16 — EXPENDITURE ON CHARITABLE ACTIVITIES

	2022			2021		
	Unrest- ricted £	Rest- ricted £	Total £	Unrest- ricted £	Rest- ricted £	Total £
Payroll cost (Note 22)	110,699		110,699	139,103		139,103
Ministers' accommodation and expenses	2,674		2,674	18,726		18,726
Occupancy costs (Note 18)	60,839		60,839	56,735		56,735
Conferences, training and literature	6,887		6,887	1,281		1,281
Website and publicity costs	994		994	367	231	598
Office and general expenses (Note 19)	26,378	1,751	28,129	19,918	890	20,808
Provision of supplies for Waypoint Hub		108,862	108,862		79,797	79,797
Church life, outreach and mission	30,864		30,864	30,702		30,702
Children's and youth ministries	5,614		5,614	7,556		7,556
Depreciation and loss on disposal of fixed assets	82,944	498	83,442	80,325	404	80,729
	<u>£327,893</u>	<u>£111,111</u>	<u>£439,004</u>	<u>£354,713</u>	<u>£81,322</u>	<u>£436,035</u>

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

NOTE 17 – OTHER TRADING EXPENSES

	2022			2021		
	Unrest- ricted	Rest- ricted	Total	Unrest- ricted	Rest- ricted	Total
	£	£	£	£	£	£
Waypoint Café expenditure						
Purchases of café supplies	8,861		8,861	4,980		4,980
Repairs, maintenance and equipment expensed	1,019		1,019	397		397
Waste collection	445		445	538		538
Training volunteers	38		38	210		210
Travel expenses	272		272			-
Bank and card charges	348		348	205		205
Depreciation of equipment	725		725	725		725
	<u>£11,708</u>	<u>£ -</u>	<u>£11,708</u>	<u>£7,055</u>	<u>£ -</u>	<u>£7,055</u>

NOTE 18 – ANALYSIS OF OCCUPANCY COSTS

	2022			2021		
	Unrest- ricted	Rest- ricted	Total	Unrest- ricted	Rest- ricted	Total
	£	£	£	£	£	£
Light, heat and power	22,450		22,450	24,354		24,354
Water and sewerage	1,337		1,337	544		544
Buildings insurance	7,056		7,056	6,558		6,558
Building repairs and maint.	11,930		11,930	9,949		9,949
Cleaning & consumable stores	18,066		18,066	15,330		15,330
	<u>£60,839</u>	<u>£ -</u>	<u>£60,839</u>	<u>£56,735</u>	<u>£ -</u>	<u>£56,735</u>

NOTE 19 – ANALYSIS OF OFFICE AND GENERAL EXPENSES

	2022			2021		
	Unrest- ricted	Rest- ricted	Total	Unrest- ricted	Rest- ricted	Total
	£	£	£	£	£	£
Printing, photocopying, stationery and postage	1,403	345	1,748	1,184	12	1,196
Telephone and internet	685		685	956		956
General insurance	1,350		1,350	1,300		1,300
Equipment testing, repairs and servicing	6,146		6,146	1,646	486	2,132
Equipment expensed	6,845	1,041	7,886	1,308		1,308
Waste removal	756		756	980		980
Subscriptions and licences	3,313	251	3,564	3,116		3,116
Finance and management software	1,218		1,218	1,403		1,403
Church secretary costs	3,468		3,468	6,552		6,552
Bank charges	279	114	393			-
Miscellaneous	915		915	1,473	392	1,865
	<u>£26,378</u>	<u>£1,751</u>	<u>£28,129</u>	<u>£19,918</u>	<u>£890</u>	<u>£20,808</u>

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

NOTE 20 – OTHER EXPENDITURE

	2022			2021		
	Unrest- ricted	Rest- ricted	Total	Unrest- ricted	Rest- ricted	Total
	£	£	£	£	£	£
Property rental expenses:						
Repairs and maintenance	939		939	1,405		1,405
Letting agent's charges	731		731	1,584		1,584
Council tax	711		711			-
Building insurance	417		417	405		405
Accountancy fees	2,400		2,400	2,400		2,400
Audit fees	2,400		2,400	2,400		2,400
VAT consultancy	2,280		2,280			-
Finance costs (see Note 21)	77,663		77,663	60,989		60,989
	£87,541	£ -	£87,541	£69,183	£ -	£69,183

NOTE 21 – FINANCE COSTS

	2022			2021		
	Unrest- ricted	Rest- ricted	Total	Unrest- ricted	Rest- ricted	Total
	£	£	£	£	£	£
Mortgage interest	77,360		77,360	58,610		58,610
Hire purchase and capital lease interest	303		303	1,429		1,429
Unwinding present value adjustment on pension funding deficit	-		-	950		950
	£77,663	£ -	£77,663	£60,989	£ -	£60,989

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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 a staff termination settlement that is shown separately in Note 23.

Year ended 31 December 2022

	<u>No. of staff</u>	<u>Gross wages & salaries</u> £	<u>Employers' national insurance</u> £	<u>Pension contri- butions</u> £	<u>Total</u> £
Minister	1	33,103	3,496	1,484	38,083
Hub leadership & children's workers	2	38,394	3,156	1,452	43,002
Administration and caretaking	4	34,011	546	57	34,614
	—	—	—	—	—
	7	£105,508	£7,198	£2,993	115,699
	=	—	—	—	—
Less: Employer's NIC allowance					(5,000)
					<u>£110,699</u>

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 and team leadership	3	62,092	6,988	4,048	73,128
Hub leadership & children's workers	2	30,880	2,960	1,484	35,324
Administration and caretaking	4	33,218	1,289	387	34,894
	—	—	—	—	—
	9	£126,190	£11,237	£5,919	143,346
	=	—	—	—	—
Less: Employer's NIC allowance					(4,000)
Furlough recoveries					(243)
					<u>£139,103</u>

The average number of full-time equivalent staff is 3.6 (2021: 4.5). 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 amounted to £43,185 charged in the year ended 31 December 2021 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.

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

NOTE 24 – TRANSFER BETWEEN FUNDS

The following transfers were made from Waypoint Hub to the General Fund to partially recoup the salary and occupancy costs related to the Hub's activities that were borne by the Church in the year ended 31 December 2022. No similar recoveries were made in previous years.

	<u>2022</u> £	<u>2021</u> £
Salary of Hub leader	10,000	–
Occupancy of North building	2,500	–
	<u>£12,500</u>	<u>£ –</u>

NOTE 25 – ANALYSIS OF NET ASSETS BETWEEN FUNDS

31 December 2022

	<u>Fixed assets</u> £	<u>Net curr- ent assets</u> £	<u>Other liabilities</u> £	<u>Net assets</u> £
Unrestricted funds				
General fund	140,877	196,981	(41,705)	296,153
Designated fund:				
Functional freehold properties	5,239,782	(29,340)	(1,260,275)	3,950,167
	<u>5,380,659</u>	<u>167,641</u>	<u>(1,301,980)</u>	<u>4,246,320</u>
Restricted income fund				
Waypoint Hub	1,883	34,961		36,844
FUNDS AT 31 DECEMBER 2022	<u>£5,382,542</u>	<u>£202,602</u>	<u>£(1,301,980)</u>	<u>£4,283,164</u>

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
Parent and toddler		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>£5,938,739</u>	<u>£ 92,795</u>	<u>£(1,794,977)</u>	<u>£4,236,557</u>

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

NOTE 26 – 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 provision</u>	<u>2022</u> £	<u>2021</u> £
Mr C Snook*	Church trustee	Mission support	500	1,000
Miss I Madavan	Relative of Church trustee	Website design and development fees	-	40
Mrs R Keen**	Church trustee	Operational management Goods for Waypoint Hub	3,468 125	6,552 -
Mr A Banes ***	Church trustee	Ministry Support	500	500

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

** Payable to Printed Edge, Mrs Keen's sole trade of which £nil remained outstanding at the balance sheet date (2021: £672).

*** Payable to Time For Marriage Ministry, a charitable company of which Mr Banes is a Trustee

In addition £3,574, net of participants contributions, was defrayed for a leaders' retreat and training days in January 2022. No similar event was held in the year ended 31 December 2021 because of Covid.

NOTE 27 – 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 2022

	<u>Total</u> £	<u>Gross salary</u> £	<u>Accomm- odation</u> £	<u>Pension</u> £	<u>Payments/ expenses</u> £
J Privett	37,229	33,103	2,476	1,452	198
C Johnson	32,168	30,684		1,484	
	<u>£69,397</u>	<u>£63,787</u>	<u>£2,476</u>	<u>£2,936</u>	<u>£198</u>

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	32,705	2,282	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>£118,523</u>	<u>£10,326</u>	<u>£5,919</u>	<u>£ -</u>

* Excludes termination settlement (see Note 23).

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

NOTE 28 – REMUNERATION OF KEY MANAGEMENT PERSONNEL

The Trustees listed in Note 27 above include all the key management personnel. The total employee benefits received by them including employer's national insurance amounted to £76,397 (2021: £146,005).

NOTE 29 – TRUSTEE DONATIONS

The total donations received from Trustees including persons connected with them amounted to £40,455 (2021: £37,431). None of these donations attached conditions that would or might require the Church to significantly change the nature of its existing activities.

NOTE 30 – 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).

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 agreed 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.

In the previous reporting period, the employment of the Church's sole active participant in the DB section of the Scheme ended 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 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.

WAYPOINT
(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

NOTE 30 – PENSION OBLIGATIONS (continued)

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 most recent triennial 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. A further valuation is to be made effective 31 December 2022 but its results are not expected to be available prior to the approval of the financial statements by the Trustees. Accordingly, and in the absence of other relevant information, the estimated employer debt liability as reduced by the deficit contributions paid in the year (see below) is carried at the balance sheet date.

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

	<u>2022</u> £	<u>2021</u> £
DCs paid and payable in respect of employees in the year	2,993	5,919
DCs paid in connection with terminated employment (see Note 23)	-	2,250
DB deficit recovery contributions paid in the year	<u>4,783</u>	<u>8,071</u>
	<u>£7,776</u>	<u>£16,240</u>

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

	<u>2022</u> £	<u>2021</u> £
Balance at 1 January,	46,500	45,523
Deficiency contributions paid in the year	(4,783)	(8,071)
Implicit annual finance cost in PV calculations	-	950
Estimated increase in Church liability as a consequence of the cessation event referred to above	<u>-</u>	<u>8,098</u>
Liability for pension deficit at 31 December,	<u>£ 41,717</u>	<u>£46,500</u>

WAYPOINT

(a charitable incorporated organisation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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. In addition to the capital repayments, the mortgage loan was further reduced by the net proceeds of sale of the Church's investment property (see Note 7) to leave an outstanding balance at 31 December 2022 of £1,289,615 (2021: £1,854,025).

The trustees consider the existing level of repayments to be affordable out of recurring income notwithstanding that planned giving of the Church congregation declined in the latter half of 2021 and early part of 2022. This fall has been managed because the severance of two senior employees resulted in significant savings in payroll cost throughout 2022 and into 2023.

At present the Church's existing liquid resources supplemented by recurring tithes, offerings and other income in 2023 will be sufficient to meet Church outgoings for a period of at least twelve months from the date of issue of these financial statements.

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