

**Charity number SC019962**

**River Of Life Church**  
**Trustees' report and financial statements**  
**for the year ended 30th September 2018**

## River Of Life Church

### Reference and administrative information

Trustees	Mark Smith Helen Smith John Greenow Duke Miller Yasmin Ocansey Shiree Hyslop
Senior Pastor	Mark Smith
Charity number	SC019962
Independent Examiners	Carson & Trotter Chartered Accountants 123 Irish Street Dumfries DG1 2PE
Principal office address	The River of Life Christian Centre Dumfries Station Lovers Walk Dumfries DG1 1LU
Bankers	Bank of Scotland 91 High Street Dumfries

## River Of Life Church

### Contents

	<b>Page</b>
Trustees' report	<b>1 - 3</b>
Independent examiner's report	<b>4</b>
Statement of financial activities	<b>5</b>
Balance sheet	<b>6</b>
Notes to the financial statements	<b>7 - 13</b>

## River Of Life Church

### Trustees' report for the year ended 30th September 2018

The trustees present their report and the unaudited financial statements for the year ended 30th September 2018. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" FRS102 in preparing the annual report and financial statements of the charity.

#### **Objectives and activities**

The purpose of the River Of Life Church is to establish the Kingdom of God as laid down in the Bible (Old and New Testaments). Alongside the church, the charity operates a Christian bookshop and coffee shop.

#### **Achievements and performance**

We celebrate our 30th anniversary this year and planned a series of events to mark the occasion. We've continued to see our multi-cultural congregation grow, especially with teens, young adults and young families.

We've continued to be positively involved with many aspects of the wider local community, including Dumfries High School, Alive Radio and local youth work.

We continued to run two new CAP (Christians Against Poverty) initiatives: a CAP Debt Centre, for the support of people in chronic debt and a Job Club to help people to be more effective at seeking employment. These services are provided free of charge to absolutely anyone in the local area.

A wide range of teams are going well: hosting, media, children/crèche, pastoral, practical and music/worship. Our landlord (Abellio Scotrail) kindly took some steps to try to deal with a long standing problem of water ingress from the station platform, which has eased the situation to a degree.

We sought advice over restructuring the charity as a SCIO (Scottish Charitable Incorporated Organisation), with a view to doing so during the next financial year.

12 Queensberry Street has continued to provide a town centre base for the Church's ministry, through the large throughput of the general public who choose to benefit from Kings Coffee & Books, as well as a home for our Church office, meeting opportunities and a venue for evening events.

A ferocious winter storm, Ophelia, in late 2017 damaged a section of the flat roof of 12 Queensberry Street, resulting in an insurance claim which contributed a significant proportion of the cost of replacing the flat roof. Our landlords also kindly contributed as well, enabling us to carry out the improvements. We were then able to begin to renovate the staff room, releasing space to form a meeting space for private dining and events.

This year has been particularly challenging in terms of trading income, because of pressures facing Dumfries town centre, which is typical of market town centres across the nation. Trustees concluded that the value gained from the interface with the wider community through the coffee/bookshop, is a key element of our mission locally and agreed to weather the storm.

We continued to strengthen our links with the arts and creative community, as well as university and local business communities. We began hosting monthly events for another local Church, providing a venue for their successful 'Café Church' at 12 Queensberry Street and hosted much appreciated multicultural events to befriend people living in Dumfries from other nations and cultures

## **River Of Life Church**

### **Trustees' report** **for the year ended 30th September 2018**

#### **Plans for future periods**

Church - Celebrating our 30th anniversary, with a series of events throughout November. Developing our strengths as 'A contemporary Church with a timeless message' with further outreach and service toward the younger generation, whilst not neglecting the older folks who have faithfully supported us through the years. Develop a new website and engage with people through social media more effectively.

Kings - Playing to our strengths as a local social enterprise, and the unique way we can welcome people and serve top quality products not found elsewhere. Expanding the use of the facility as a venue for events and meetings and continuing to enhance our outreach to the community as the, 'Church in the high street'. Completing the launch of a private meeting space in the building.

Constitution - During the coming year, we plan to become an incorporated organisation.

#### **Financial review**

The River of Life Church has a deficit on unrestricted funds of £37,615 to carry forward. There was a net deficit for the year of £10,205 as opposed to a surplus in the previous year of £7,063. Kings Christian Bookshop showed a deficit of £20,551, as opposed to a £15,797 deficit in the previous year. The River of Life Church showed a surplus of £12,836, as opposed to a surplus of £25,242 in the previous year.

The charity currently has a deficit on unrestricted funds and the Trustees are aware of the need to address this. The charity has in place a large overdraft facility on each bank account, which goes some way to ensuring that the charity can meet liabilities as they fall due. Individuals with a close connection to the charity have also loaned money to assist with cashflow.

#### **Reserves policy**

The Trustees have adopted a policy whereby unrestricted funds are maintained at a level equivalent to between three to six months expenditure. In the event that the charity should suffer a significant drop in funding, this level of reserves would enable the charity to continue with its current activities whilst alternative sources of income are found. At 30th September 2018 the charity's unrestricted funds are in deficit and individuals with a close connection to the charity have loaned money to assist with cashflow. The Trustees hope to better address this situation in the coming year.

#### **Risk management**

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and financing of the charity and are satisfied that systems are in place to mitigate exposure to these risks. These systems are reviewed periodically to ensure that they still meet the needs of the charity.

#### **Structure, governance and management**

The River Of Life Church is a charitable unincorporated organisation set up in April 1992, and is governed by its constitution.

#### **Recruitment and appointment**

The trustees are always on the lookout for responsible people who can help the Church grow and provide a firm foundation for the governance of the charity. Decisions for recruitment lie with the existing trustees and suitable people would need to be held in high regard in the Christian community, of integrity and treasure the values we hold dear, in accordance with our Statement of Faith and sound biblical theology.

## River Of Life Church

### Trustees' report for the year ended 30th September 2018

#### Volunteers

The Trustees are grateful for the unstinting efforts of volunteers who have assisted with the activities of the charity. The Trustees wish to thank all of those who have contributed to the charity and the members and attendees of the River Of Life Church for their strong commitment throughout the year.

#### **Reference and administrative details**

The charity is overseen by the Trustees who are drawn from the body of Elders by the existing Trustees. The Trustees who served during the year are as stated below:

Mark Smith (Senior Pastor)  
John Greenow  
Helen Smith  
Duke Miller  
Yasmin Ocansey  
Shiree Hyslop

Charity number: SC019962

Principal Office Address: The River of Life Christian Centre, Dumfries Station, Lovers Walk, Dumfries, DG1 1LU

#### Trustees' responsibilities

The trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Law applicable to charities in Scotland requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity for that year. In preparing these the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, Charities Accounts (Scotland) Regulations 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Trustees on 25th June 2019 and signed on their behalf by



**Mark Smith**  
**Senior Pastor and Trustee**

**River Of Life Church**

**Independent Examiner's Report to the Trustees of  
River Of Life Church**

I report on the accounts of the charity for the year ended 30th September 2018 which are set out on pages 5 to 13.

**Respective responsibilities of trustees and examiner**

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The trustees consider that the audit requirement of Regulation 10(1)(a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under Section 44(1)(c) of the Act and to state whether particular matters have come to my attention.

**Basis of the independent examiner's statement**

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

**Independent examiner's statement**

In the course of my examination, no matter has come to my attention

a. which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with Section 44(1)(a) of the 2005 Act and regulation 4 of the 2006 Accounts Regulations, and
- to prepare accounts which accord with the accounting records and comply with regulation 8 of the 2006 Accounts Regulations

have not been met, or

b. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached, except that which is outlined below.

**Emphasis of matter - going concern**

I have considered the adequacy of the disclosures made in note 18 to the accounts concerning the charity's ability to continue as a going concern. There is a deficit of £10,205 during the year ended 30th September 2018, and at that date, the charity had net liabilities and a deficit on unrestricted funds of £37,615. These conditions, along with the matters explained in note 18 to the accounts, indicate the existence of a material uncertainty which casts doubt over the charity's ability to continue as a going concern and is significant enough to warrant being highlighted in my report. The accounts do not include the adjustments that would result if the charity was unable to continue as a going concern.



**Mrs G K Gray, BAcc, C.A.  
Messrs Carson & Trotter  
Chartered Accountants  
123 Irish Street  
Dumfries  
DG1 2PE**

**Date: 26th June 2019**

**River Of Life Church**

**Statement of financial activities**  
**for the year ended 30th September 2018**

	Notes	2018 Total Funds £	2017 Total Funds £
<b>Income and endowments from:</b>			
Donations and legacies	2	79,757	90,943
Charitable activities	3	6,849	3,737
Income from other trading activities	4	157,305	174,949
Investment income		1	1
<b>Total income</b>		<b>243,912</b>	<b>269,630</b>
<b>Expenditure on:</b>			
Raising funds	5	177,856	190,736
Charitable expenditure	6	76,261	71,831
<b>Total expenditure</b>		<b>254,117</b>	<b>262,567</b>
<b>Net movement in funds</b>		<b>(10,205)</b>	<b>7,063</b>
<b>Reconciliation of funds</b>			
Total funds brought forward		(27,410)	(34,473)
Total funds carried forward		(37,615)	(27,410)

All funds are unrestricted.

The notes on pages 7 to 13 form an integral part of these financial statements.

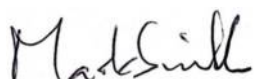


**River Of Life Church**

**Balance sheet**  
**as at 30th September 2018**

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		1,757		2,055
<b>Current assets</b>					
Stocks	10	11,500		12,000	
Debtors	11	4,913		4,090	
Cash at bank and in hand		4,502		1,331	
		<u>20,915</u>		<u>17,421</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(60,287)</u>		<u>(46,886)</u>	
<b>Net current liabilities</b>			<u>(39,372)</u>		<u>(29,465)</u>
<b>Net liabilities</b>			<u>(37,615)</u>		<u>(27,410)</u>
<b>The funds of the charity</b>					
Unrestricted funds			<u>(37,615)</u>		<u>(27,410)</u>
<b>Total charity deficit</b>	15		<u>(37,615)</u>		<u>(27,410)</u>

The financial statements were approved by the Trustees on 25th June 2019 and signed on their behalf by



**Mark Smith**  
**Senior Pastor and Trustee**

The notes on pages 7 to 13 form an integral part of these financial statements.

## River Of Life Church

### Notes to the financial statements for the year ended 30th September 2018

#### **1. Summary of significant accounting policies**

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

##### **1.1. General information and basis of preparation**

River of Life Church is an unincorporated charity. The nature of the charities operations are included in the trustees report.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 (as updated through update Bulletin 1 published on 2 February 2016), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The financial statements are prepared on the going concern basis under the historical cost convention. The financial statements are presented in sterling which is the functional currency of the charity.

The charity transitioned to FRS102 on 1st October 2015 and consideration was given as to whether any transitional adjustments were required. No adjustments were required.

##### **1.2. Income recognition**

All income is included in the Statement of Financial Activities when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amount and settlement date. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then the income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

Income from Kings Coffee shop is included, exclusive of VAT, in the statement of financial activities on an accruals basis.

##### **1.3. Expenditure recognition**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised when there is a constructive or legal obligation to make payment, it is probable that settlement will be required and the amount can be measured reliably.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Expenditure on raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes. Costs of raising funds include the running of Kings coffee and bookshop.

## River Of Life Church

### Notes to the financial statements for the year ended 30th September 2018

#### 1.4. Fund accounting

Funds held by the charity are either:

Unrestricted general funds - these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees. The Trustees may set aside monies for specific future purposes in a designated fund. Designated funds form part of unrestricted funds.

Restricted funds - these are funds that can only be used for a particular restricted purpose within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

#### 1.5. Tangible fixed assets and depreciation

The Trustees have adopted a policy whereby assets costing less than £100 will be charged as an expense in the statement of financial activities in the year in which they are purchased. All other assets are capitalised. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Tenants improvements	-	10% Straight Line
Fixtures, fittings and equipment	-	25% Straight Line

#### 1.6. Operating leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.7. Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.8. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

#### 1.9. Irrecoverable VAT

A proportion of the output VAT on cold carry outs from the coffee shop is deemed to be irrecoverable by HM Revenue & Customs. Following a VAT visit, HM Revenue and Customs have agreed that output VAT for each period should be calculated by deducting 10% of the total output VAT due.

#### 2. Income from donations and legacies

	2018	2017
	£	£
Offerings	61,798	71,887
Gift aid	14,574	16,526
Other donations	3,385	2,530
	<u>79,757</u>	<u>90,943</u>

All income from donations and legacies in 2018 & 2017 was unrestricted.

**River Of Life Church**

**Notes to the financial statements**  
**for the year ended 30th September 2018**

**3. Income from charitable activities**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Insurance compensation monies and other income	6,380	-
Colour conference	340	3,737
Sundry income	129	-
	<u>6,849</u>	<u>3,737</u>

All income from charitable activities in 2018 & 2017 was unrestricted.

**4. Income from other trading activities**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Kings Coffee shop	144,831	165,602
Kings Christian bookshop	7,197	5,650
Cinnamon Trust grant	2,000	-
VAT adjustment	3,277	3,697
	<u>157,305</u>	<u>174,949</u>

All income from trading activities in 2018 and 2017 was unrestricted.

**5. Raising funds - expenditure on other trading activities**

	<b>Total</b>	<b>Total</b>
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Kings cafe &amp; bookshop</b>		
Wages, salaries and staff costs	79,343	75,096
Pension costs	208	125
Cost of sales	57,590	57,542
Rent and rates	21,818	33,485
Heat, light and power	4,001	4,970
Repairs and maintenance	5,204	7,032
Printing, stationery and advertising	1,504	2,342
Newspapers	832	1,066
Insurance	1,284	1,198
Telephone and postage	22	480
General expenses	1,755	1,904
Travel and subsistence	82	417
Subscriptions	208	202
Bank interest and charges	2,825	3,625
Card processing charges	1,180	1,252
	<u>177,856</u>	<u>190,736</u>

Expenditure on raising funds in 2018 and 2017 was unrestricted.

**River Of Life Church**

**Notes to the financial statements**  
**for the year ended 30th September 2018**

**6. Expenditure on charitable activities**

	<b>Total 2018 £</b>	<b>Total 2017 £</b>
<b>Direct costs</b>		
Wages, salaries and staff costs	21,187	19,274
Pastors' fees and expenses	26,064	25,004
Pension costs	118	-
Gifts and donations	816	2,797
CAP membership	2,452	2,096
PA expenses	50	558
Rent and rates	275	8,819
Heat, light and power	1,093	866
Repairs and maintenance	12,288	480
Printing, stationery and advertising	1,212	1,128
Depreciation	1,270	1,202
	<hr/>	<hr/>
	66,825	62,224
 <b>Support and governance costs</b>		
Hospitality - accommodation, food and recreation	249	125
Insurance	1,093	1,049
Computer costs	504	230
Telephone and postage	1,073	565
Entertaining	1,348	-
General expenses	1,015	1,251
Travel and subsistence	1,811	4,114
Independent examiners fees	1,218	1,190
Bank interest and charges	717	548
Subscriptions	408	535
	<hr/>	<hr/>
	9,436	9,607
	<hr/>	<hr/>
	76,261	71,831
	<hr/>	<hr/>

Expenditure on charitable activities in 2018 and 2017 was unrestricted.

## River Of Life Church

### Notes to the financial statements for the year ended 30th September 2018

#### 7. Employees

<b>Number of employees</b>	<b>2018</b>	<b>2017</b>
The average monthly numbers of employees (excluding unsalaried trustees) during the year were:	<b>Number</b>	<b>Number</b>
	13	12

The Pastor and his wife, both trustees, received fees and expenses totalling £26,064 for the year; this amount is not included within wages and salaries. No other trustees receive remuneration for their services, or were reimbursed for expenses during the year. A contract for services provided by the Pastor and his wife was put in place when River of Life Church was set up, the contract was reviewed and increased appropriately in the year to 30th September 2012.

<b>Employment costs</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Wages and salaries	100,530	94,370
Other pension costs	326	125
	<u>100,856</u>	<u>94,495</u>

There are no high paid staff.

#### 8. Pension costs

The company operates a defined contribution pension scheme in respect of the employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £326 (2017 - £125).

#### 9. Tangible fixed assets

<b>Cost</b>	<b>Tenants</b>	<b>Fixtures,</b>	<b>Total</b>
	<b>improvements</b>	<b>fittings and</b>	<b>£</b>
	<b>£</b>	<b>equipment</b>	
		<b>£</b>	
At 1st October 2017	52,636	48,296	100,932
Additions	-	972	972
At 30th September 2018	<u>52,636</u>	<u>49,268</u>	<u>101,904</u>
<b>Depreciation</b>			
At 1st October 2017	50,582	48,295	98,877
Charge for the year	1,027	243	1,270
At 30th September 2018	<u>51,609</u>	<u>48,538</u>	<u>100,147</u>
<b>Net book values</b>			
At 30th September 2018	<u>1,027</u>	<u>730</u>	<u>1,757</u>
At 30th September 2017	<u>2,054</u>	<u>1</u>	<u>2,055</u>

**River Of Life Church**

**Notes to the financial statements**  
**for the year ended 30th September 2018**

<b>10. Stocks</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Goods for resale	11,500	12,000
	<u>11,500</u>	<u>12,000</u>
	<u><u>11,500</u></u>	<u><u>12,000</u></u>
<b>11. Debtors: all receivable within one year</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade debtors	119	120
Other debtors	4,794	3,781
Prepayments and accrued income	-	189
	<u>4,913</u>	<u>4,090</u>
	<u><u>4,913</u></u>	<u><u>4,090</u></u>
<b>12. Creditors: amounts falling due within one year</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Bank overdraft	12,770	12,074
Trade creditors	35,771	23,268
Other taxes and social security costs	7,681	6,131
Other creditors	2,865	4,213
Accruals and deferred income	1,200	1,200
	<u>60,287</u>	<u>46,886</u>
	<u><u>60,287</u></u>	<u><u>46,886</u></u>

Letters of Guarantee have been provided by Mark and Helen Smith, Trustees, to the Bank of Scotland as security against the bank overdraft.

**13. Financial commitments**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Not later than one year	15,000	25,000
Later than one and not later than five years	-	-
Later than five years	-	-
	<u>15,000</u>	<u>25,000</u>
	<u><u>15,000</u></u>	<u><u>25,000</u></u>

**14. Analysis of net assets in funds**

	<b>Tangible fixed assets</b>	<b>Net assets/(liabilities)</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Unrestricted funds	1,757	(39,372)	(37,615)
Total funds	<u>1,757</u>	<u>(39,372)</u>	<u>(37,615)</u>
	<u><u>1,757</u></u>	<u><u>(39,372)</u></u>	<u><u>(37,615)</u></u>

**River Of Life Church**

**Notes to the financial statements**  
**for the year ended 30th September 2018**

**15. Movement in funds**

	At 1st October 2017 £	Income £	Expenditure £	At 30th September 2018 £
<b>Funds</b>				
Unrestricted funds	(27,410)	243,912	(254,117)	(37,615)

**16. Related party transactions**

During the year, a total of £26,064 was paid to Mark Smith, a trustee, in respect of his fees as Pastor and expenses for himself and his wife, Helen Smith, also a trustee.

Mark and Helen Smith also loaned money to the charity in a prior year, this balance was repaid after the year end.

During the year a total of £12,034 was donated to the charity by the Trustees.

**17. Controlling interest**

The charity is under the control of the trustees.

**18. Going concern**

The continuing operation of the River Of Life Church is reliant on income from donations and offerings, the support of the Trustees and the bank and also the success of the Kings Bookshop and Coffee Shop. The charity has a funding deficit of £37,615 at the year end. The Church recorded a surplus for the year and the Trustees are confident that the bookshop and coffee shop will return to a surplus position and that the deficits incurred in previous years will be recovered. Accordingly the accounts have been prepared on the going concern basis.