

Charity number SC019962

River Of Life Church
Trustees' report and financial statements
for the year ended 30th September 2016

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

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River Of Life Church

Trustees' report for the year ended 30th September 2016

The trustees present their report and the unaudited financial statements for the year ended 30th September 2016. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2015) 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 school and a Christian bookshop and coffee shop.

Achievements and performance

In Church this year, we've seen growth in numbers and have built on our strength as a multi-cultural congregation, attracting people from many different nations who, for various reasons have relocated to Dumfries. We're able to help them feel at home and integrate into the local community.

We've continued to be involved with Alive Radio, Dumfries Christian Network and Dumfries Retailers Association amongst others.

We've held a very successful "Society Sunday" event in June, coinciding with the Queen's official birthday celebrations, where our MP, MSPs, councillors, community leaders and officials joined in our special Sunday morning service. Events like this reinforce our calling to be a Church concerned about and seeking to bless the wider community. Some community groups continue to benefit from the use of our building at times.

Youth and young adults work continues to thrive, under the leadership of our youth/young adults pastor, who's also been developing stronger links with colleagues in other local churches. Our live video online streaming service continues to enable people to connect and view services without actually being there and has benefited from the installation of superfast broadband in the premises.

We've been working towards the launch of CAP (Christians Against Poverty) initiatives and hope to launch a CAP debt centre for the support of people in chronic debt as well as a job club to help people to be more effective at seeking employment. These services will be provided free of charge to absolutely anyone in the local area.

A wide range of teams are going well: hosting, media, children/creche, pastoral, practical and music/worship. We've continued to impress upon our landlord (Albelio Scotrail) the need to help remove the flooding risk and water ingress from the station platform, especially on health and safety grounds but progress is slow.

Kings Coffee and Books 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 the coffee shop, as well as a home for our Church office, meeting opportunities and a venue for evening events.

The local retailing environment continues to be challenging for the retail aspects of our work at 12 Queensbury Street, but through careful management of time, resources and marketing, we're still able to provide this much appreciated service.

Local Christian Community Radio station, Alive 107.3fm, continued to benefit from studio space on the first floor throughout the year, but were able to secure larger long term premises on the edge of the town centre so will be relocating there in the next financial year.

We continued to strengthen our reputation as a music venue through summer acoustic series and have continued to build links with the university student body.

River Of Life Church

Trustees' report for the year ended 30th September 2016

Plans for future periods

Constitution - we've been working with the local third sector interface to review our constitution, with a few amendments. During the coming year, we hope to finalise plans for the restructuring process.

Church - Continue to impress upon our landlord (Albelio Scotrail) the need to help remove the flooding risk and water ingress from the station platform. Looking at more ways to present the gospel in a relevant and engaging way to our community. Recognising our multi-cultural ethos, exploring more ways we can build bridges with people from other parts of the world, living in Dumfries.

Kings - Continuing to develop our local distinctive in a changing retail environment. Expanding the use of the facility as a venue for events and meetings and especially to enhance our outreach to the community as our 'Church in the High Street'.

Financial review

The River of Life Church has a deficit on unrestricted funds of £34,473 carried forward. There was a net surplus for the year of £5,293 as opposed to a surplus in the previous year of £10,596. Kings Christian Bookshop showed a deficit of £10,097, as opposed to £13,048 deficit in the previous year. The River of Life Church showed a surplus of £18,879, as opposed to a surplus of £26,081 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 2016 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 2016

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 4th September 2017 and signed on their behalf by

X 

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 2016 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:

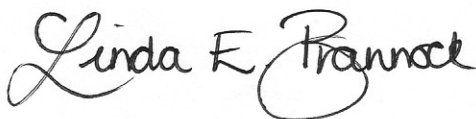
- to keep accounting records in accordance with Section 44(1)(a) of the 2005 Act and regulation 4 of the 2006 Accounts Regulations, and
- to prepare accounts which accord with the accounting records and comply with regulation 8 of the 2006 Accounts Regulations

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 surplus of £5,293 during the year ended 30th September 2016, and at that date, the charity had net liabilities and a deficit on unrestricted funds of £34,473. 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 L E Brannock, BA, C.A.
Messrs Carson & Trotter
Chartered Accountants
123 Irish Street
Dumfries
DG1 2PE

Date: 4th September 2017

River Of Life Church

Statement of financial activities
for the year ended 30th September 2016

	Notes	2016 Total Funds £	2015 Total Funds £
Income and endowments from:			
Donations and legacies	2	80,891	88,675
Charitable activities	3	4,032	3,689
Income from other trading activities	4	185,353	205,564
Investment income		-	1
Total income		<u>270,276</u>	<u>297,929</u>
Expenditure on:			
Raising funds	5	195,450	220,345
Charitable expenditure	6	69,533	66,988
Total expenditure		<u>264,983</u>	<u>287,333</u>
Net movement in funds		5,293	10,596
Reconciliation of funds			
Total funds brought forward		(39,766)	(50,362)
Total funds carried forward		<u>(34,473)</u>	<u>(39,766)</u>

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 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	8		3,257		4,506
Current assets					
Stocks	9	12,250		13,400	
Debtors	10	5,902		6,633	
Cash at bank and in hand		2,147		2,090	
		<u>20,299</u>		<u>22,123</u>	
Creditors: amounts falling due within one year	11	<u>(56,919)</u>		<u>(50,336)</u>	
Net current liabilities			<u>(36,620)</u>		<u>(28,213)</u>
Total assets less current liabilities			<u>(33,363)</u>		<u>(23,707)</u>
Creditors: amounts falling due after more than one year	12		<u>(1,110)</u>		<u>(16,059)</u>
Net liabilities			<u>(34,473)</u>		<u>(39,766)</u>
The funds of the charity					
Unrestricted funds			<u>(34,473)</u>		<u>(39,766)</u>
Total charity deficit	15		<u>(34,473)</u>		<u>(39,766)</u>

The financial statements are prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Trustees on 4th September 2017 and signed on their behalf by

X 
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 2016

1.1. Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice (FRSSE SORP 2015) the Financial Reporting Standard for Smaller Entities (effective January 2015), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

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.

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.

River Of Life Church

Notes to the financial statements
for the year ended 30th September 2016

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. 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.

1.9. SORP 2015

The 2015 comparative figures have been restated in line with the requirements of the 2015 SORP where appropriate. There are no changes to the overall totals on the Statement of Financial Activities and no changes to any of the figures on the balance sheet.

2. Income from donations and legacies

	2016	2015
	£	£
Offerings	66,351	71,943
Gift aid	11,122	14,999
Other donations	3,418	1,733
	<u>80,891</u>	<u>88,675</u>

All income from donations and legacies in 2016 & 2015 was unrestricted.

3. Income from charitable activities

	2016	2015
	£	£
Colour conference	3,638	3,689
Sundry income	394	-
	<u>4,032</u>	<u>3,689</u>

All income from charitable activities in 2016 & 2015 was unrestricted.

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Notes to the financial statements
for the year ended 30th September 2016

4. **Income from other trading activities**

	2016	2015
	£	£
Kings Coffee shop	174,624	189,413
Kings Christian bookshop	7,021	10,979
VAT adjustment	3,708	5,172
	<u>185,353</u>	<u>205,564</u>

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

	Total	Total
	2016	2015
	£	£
Kings cafe & bookshop		
Wages, salaries and staff costs	71,531	89,580
Cost of sales	60,868	69,923
Rent and rates	36,431	36,706
Heat, light and power	4,668	3,679
Repairs and maintenance	9,509	8,975
Printing, stationery and advertising	1,896	1,926
Newspapers	1,357	1,561
Insurance	1,151	831
Telephone and postage	489	980
General expenses	2,524	2,468
Travel and subsistence	1,320	102
Subscriptions	230	199
Bank interest and charges	2,419	2,202
Card processing charges	1,057	1,213
	<u>195,450</u>	<u>220,345</u>

Expenditure on raising funds in 2016 and 2015 was unrestricted.

River Of Life Church

Notes to the financial statements
for the year ended 30th September 2016

6. Expenditure on charitable activities

	Total 2016 £	Total 2015 £
Direct costs		
Wages, salaries and staff costs	14,131	13,338
Pastors' fees and expenses	26,004	26,004
Gifts and donations	709	2,582
PA expenses	2,865	583
Rent and rates	5,820	5,952
Heat, light and power	1,865	2,439
Repairs and maintenance	402	817
Printing, stationery and advertising	2,278	1,049
Depreciation	1,249	1,337
	<hr/>	<hr/>
	55,323	54,101
 Support and governance costs		
Hospitality - accommodation, food and recreation	31	34
Insurance	1,032	979
Computer costs	315	394
Telephone and postage	1,446	1,954
General expenses	1,414	776
Travel and subsistence	5,844	6,172
Independent examiners fees	2,240	1,100
Bank interest and charges	943	1,034
Subscriptions	945	444
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	14,210	12,887
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	69,533	66,988
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Expenditure on charitable activities in 2016 and 2015 was unrestricted.

River Of Life Church

Notes to the financial statements
for the year ended 30th September 2016

7. **Employees**

Number of employees	2016	2015
The average monthly numbers of employees (excluding unsalaried trustees) during the year were:	Number	Number
	12	18
	<u> </u>	<u> </u>

The Pastor and his wife, both trustees, received fees and expenses totalling £26,004 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.

Employment costs	2016	2015
	£	£
Wages and salaries	85,662	100,983
Social security costs	-	1,935
	<u>85,662</u>	<u>102,918</u>

There are no high paid staff.

8. **Tangible fixed assets**

	Tenants improvements	Fixtures, fittings and equipment	Total
	£	£	£
Cost			
At 1st October 2015	52,636	48,296	100,932
At 30th September 2016	<u>52,636</u>	<u>48,296</u>	<u>100,932</u>
Depreciation			
At 1st October 2015	48,528	47,898	96,426
Charge for the year	1,027	222	1,249
At 30th September 2016	<u>49,555</u>	<u>48,120</u>	<u>97,675</u>
Net book values			
At 30th September 2016	<u>3,081</u>	<u>176</u>	<u>3,257</u>
At 30th September 2015	<u>4,108</u>	<u>398</u>	<u>4,506</u>

9. **Stocks**

	2016	2015
	£	£
Goods for resale	12,250	13,400
	<u>12,250</u>	<u>13,400</u>

River Of Life Church

Notes to the financial statements
for the year ended 30th September 2016

10.	Debtors: all receivable within one year	2016	2015
		£	£
	Trade debtors	321	859
	Other debtors	5,096	5,289
	Prepayments and accrued income	485	485
		<u>5,902</u>	<u>6,633</u>

11.	Creditors: amounts falling due within one year	2016	2015
		£	£
	Bank overdraft	17,492	13,597
	Trade creditors	26,897	9,340
	Other taxes and social security costs	6,539	16,443
	Other creditors	2,651	4,356
	Accruals and deferred income	3,340	6,600
		<u>56,919</u>	<u>50,336</u>

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

12.	Creditors: amounts falling due after more than one year	2016	2015
		£	£
	Long term loans	<u>1,110</u>	<u>16,059</u>

13.	Financial commitments		
	At 30th September 2016 the charity had annual commitments under non-cancellable operating leases as follows:		
		2016	2015
		£	£
	Expiry date:		
	In over five years	<u>25,000</u>	<u>25,000</u>

14.	Analysis of net assets in funds			
		Tangible	Net	Total
		fixed assets	assets/(liabilities)	
		£	£	£
	Unrestricted funds	<u>3,257</u>	<u>(37,730)</u>	<u>(34,473)</u>
	Total funds	<u>3,257</u>	<u>(37,730)</u>	<u>(34,473)</u>

River Of Life Church

Notes to the financial statements
for the year ended 30th September 2016

15. Movement in funds

Funds	At 1st	Income	Expenditure	At 30th
	October 2015			September 2016
	£	£	£	£
Unrestricted funds	<u>(39,766)</u>	<u>270,276</u>	<u>(264,983)</u>	<u>(34,473)</u>

16. Related party transactions

During the year, a total of £26,004 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 in the year. A further amount of £1,110 was advanced in the year and this amount remains outstanding at the year end. No interest is being charged on the loan and there are no fixed terms for repayment.

Mr H Smith, a relative of Mr & Mrs Smith mentioned above, also loaned money to the charity in a prior year, to assist with cashflow. This balance has now been repaid.

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 £34,473 at the year end. The negative Balance Sheet position is due to the fact that the charity recorded a deficit in 2010, having suffered a drop in income, due mainly to a reduction in gift aid recovered and miscellaneous income. The bookshop and coffee shop undertook a programme of redevelopment during 2010 and was also invoiced for utilities, that had previously not been invoiced and so there is an element of 'one-off' expenditure that skewed the results for that year. 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.