

**COMPANY NUMBER: 05487537 (England and Wales)**

**CHARITY NUMBER: 1120355 (England and Wales)**

**HILLSONG CHURCH LONDON**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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## **Reference and Administrative Information**

### **Registered office and advisors**

*Hillsong Church London ("The Church") is a company limited by guarantee (Company No: 05487537)*

**Registered Charity Number**      1120355

**Registered Office**                      Hillsong Church London  
425 New Kings Road  
Fulham  
London  
SW6 4RN

**Company Secretary**                  R Newton

**Trustees**                                  R Dacre (Chairman)  
G Aghajanian (resigned 20 September 2019)  
J Lestz  
R Newton  
Dr R Van Dijk (resigned 1 July 2020)  
Dr S Wilson  
E Simmons  
B Sinniah  
D Whitewood

**Management Team**                      G J Clarke (Senior Pastor and Chief Executive Officer)  
K A Mikkelsen (Assistant Pastor) (resigned 8 April 2019)  
A Spies (Chief Financial Officer)

**Bankers**                                      Barclays Bank plc  
126 Station Road  
Edgware  
Middlesex  
HA8 7RY

**Auditors**                                      RSM UK Audit LLP  
25 Farringdon Street  
London  
EC4A 4AB

**Solicitors**                                      Bates Wells  
10 Queen Street Place  
London  
EC4R 1BE

## **Trustees' Report (Including Strategic Report)**

The Trustees, who are also Directors of the company for Companies Act purposes, present their report for the year ended 31 December 2019.

### **Objectives and Activities**

#### **Principal aims and objectives**

The principal aim and objective of Hillsong Church London ("the Church") is that of advancement of the Christian faith for the benefit of the public in the UK, Europe and elsewhere by the pronouncement of the Gospel of Jesus Christ in accordance with the Statement of Faith referred to in the company constitution.

#### **Strategy**

Our strategy in achieving these objectives has remained constant since the Church was first established:

1. To take the truth of the Gospel and teachings of the Christian faith and communicate them in the language and style of today's culture.
2. To build a large Christ centred Bible-based church headquartered in London, able to serve the Greater London area, the UK and Europe.
3. To engage all members of the Church to:
  - i. Be relationally connected in a Small Group in the life of the Church.
  - ii. Serve in some capacity, adding to the health, life and expression of the Church.
  - iii. Be involved in some form of personal social justice.
  - iv. Sustain one thing to help someone break out of the cycle of injustice.
  - v. Take personal responsibility to encourage people in their day to day life to become part of the expression and life of the Church.
  - vi. Personally study and to journal.
  - vii. Contribute financially.

#### **Principal Activities**

This past year has seen a continuation of our principal activities of:

1. Regular Sunday church services and children's activities around the UK based in:
  - a. Central London at the Dominion Theatre.
  - b. South Bermondsey, London at our leased premises.
  - c. Guildford, Surrey at G-Live.
  - d. Tonbridge, Kent at The River Centre.
  - e. Oxford, Oxfordshire at the Odeon Theatre
  - f. Newcastle-Upon-Tyne at Westgate Hall.
  - g. North London at the Bernie Grant Arts Centre.
  - h. Edinburgh, Scotland at the Rose Theatre
  - i. Liverpool at various locations within the city.
2. Support of regular Sunday church services in Milan, Italy
3. Approximately 800 mid-week home-based Small Groups.
4. Regular Youth and Young Adults services and activities at various locations in London, Guildford and Tonbridge and Oxford
5. Youth Ministry, particularly to students in High Schools in the Greater London area.
6. Children's, Youth and Young Adults camps.
7. Leadership training seminars and Evening College classes.
8. Women's Ministry.
9. Distribution of relief to people in need of emergency assistance for matters such as accommodation, food vouchers, counselling, travel, rental arrears and home repairs.
10. Support for programs for the relief of poverty in Uganda (Watoto), and in India (Vision Rescue). In addition, partnership with Compassion, sponsoring children in Uganda and other countries, and partnership with The A21 Campaign, a charity registered in England.
11. Support for local ministry to the homeless, including provision and maintenance of 'Green Light' medical vans to provide assistance to the homeless in London.
12. Ministry to the Elderly in the community including regular volunteer teams assisting at local centres.

## **Trustees' Report (Including Strategic Report) (continued)**

13. Support for the needs of refugees in the UK and Europe, including collection of clothing items and partnering with various local authorities to improve facilities for refugees and support resettlement programs.
14. Participation in the UK government's Community Sponsorship Scheme assisting refugee families settling in the UK.
15. A Women's Conference ("Colour Conference") in May, 2019 at The SSE Arena, Wembley.
16. Hillsong Conference Europe in July, 2019 at the O2 Arena, London.
17. A Youth conference ("Encounter") held at our premises in South Bermondsey in February 2019.
18. Three special Christmas services held at The SSE Arena, Wembley in December 2019.
19. A performing arts academy held on Saturdays including dance, vocals acting and music classes for ages 4-21.
20. A Heart for the House annual offering, part of which was used to support charitable programs including social justice causes.
21. Support to other Churches and Ministries in the UK, and Europe.

New activities & initiatives commenced in the year included the following:

1. Commencement of Sunday services in Birmingham, commencing January 2019.
2. Commencement of Sunday services in Croydon, London, commencing September 2019.

In excess of 2,000 volunteers continued to be involved in activities conducted or supported by Hillsong Church including:

- Running Sunday services in Central London, South Bermondsey, Guildford, Tonbridge, Oxford, Newcastle, North London, Edinburgh, Liverpool and Milan, Italy.
- Leading Small Groups in Greater London, Surrey, Kent, Oxford, Newcastle, Edinburgh, Liverpool, Birmingham and Milan, Italy.
- Running women's ministries in London Greater London, Surrey, Kent, Oxford and Newcastle.
- Leading youth ministries in Greater London, Surrey, Kent, Oxford and Newcastle.
- Helping the homeless in London by travelling with the Green Light van seven days per week.
- Through the youth initiative "I Care Revolution" we were able to continue to visit High Schools in the London region during the year and present to many thousands of school students.
- Participating in activities supporting refugees including decorating and furnishing accommodation, running community based workshops and activities and distribution of welcome packs.

Additionally, there were approximately 1,000 volunteers who assisted with management of Colour Conference, and approximately 3,000 volunteers assisting in planning and management of Hillsong Conference Europe.

In the consideration of all activities undertaken the trustees have had regard to the public benefit guidance published by The Charity Commission.

### **Achievements and performance**

This year saw us build on the foundation already established, demonstrated by the increase in financial commitment to the Church through tithes and offerings, increase attendance at services and an increase in members volunteering.

The principal activities above all contributed to the achievement of our aims and objectives. Specifically, we continued to hold multiple church services at our main location in central London, at the Dominion Theatre and at ten other locations both in London and throughout the UK. Overall, we saw growth in the number of people attending our services each week.

The Church held a number of conferences in 2019 including:

1. Colour Your World Women's Conference, at The SSE Arena, Wembley, in May 2019 was attended by women from the UK, Europe and other countries, is designed to address issues of particular interest to women and to place value on womanhood. The SSE Arena was at capacity for this event.
2. Hillsong Conference Europe was held at the O2 Arena, London in July, 2019. This conference, with speakers from both the UK and overseas and different denominations, exists to inspire, empower and equip local churches, leaders and congregations not just Hillsong Church. There were approximately 21,000 registrations from more than 50 countries and 20 different denominations, with approximately 3,000 volunteers assisting in planning and management of the conference. This conference includes programs for youth and children.
3. Encounter Conference was held at church premises in London in February 2019. This conference is for youth (11-18 years old) and young adults (18-30 years old), and includes guest speakers and music artists. The event is supported by the Mayor of London's office and the Metropolitan Police, with the goal of equipping and inspiring young people to positively shape their society.

## **Trustees' Report (Including Strategic Report) (continued)**

The Church recognises that attendance at these conferences and camps may not be possible for the financially disadvantaged. Financial assistance is provided by way of full or part sponsorship to the events where possible, with similar financial assistance was provided to numbers of children and Young Adults attending camps and events.

The two main performance indicators for the Church are financial performance, and maintenance of, or growth of attendees at Sunday service locations. In 2019 financial growth was experienced with donation income increasing by approximately 8%. Sunday service attendance also grew by approximately 1% during the year.

The Covid-19 control measures implemented in 2020 will have an impact on the charity's activities. This impact is discussed below. To our knowledge, there are no other internal or external factors that will significantly prevent us from achieving our future objectives.

### **Financial review**

Balance sheet funds stood at £8,411,868 (2018: £7,099,029) comprising Restricted Funds of £2,190,166 (2018: £1,939,561) and Unrestricted Funds of £6,221,702 (2018: £5,159,468).

During this financial year, the charity made a net surplus of £1,312,839. This was an increase from 2018 where a surplus of £220,976 was made. Included in the surplus was profit from the disposal of fixed assets of £411,795.

The charity's main source of income continues to be donations from church members.

Governance costs represent less than 1% of total resources expended.

Overall we are very pleased with these results for the year ended 31 December 2019 and the charity is in a healthy financial position.

### **Reserves policy**

The charity had reserves of £8,411,868 at 31 December 2019. Of the total reserves of £8,411,868 an amount of £2,190,166 is considered restricted funds. Restricted funds relate to the Hillsong Building Fund, Spring the Trap (Green Light) funds and other social justice funds which are received and passed on to partner organisations.

The total unrestricted reserves of £6,221,702 consists of £2,456,739 in cash, with the remainder represented by fixed assets of £8,268,938, other current assets of £2,207,124 less creditors of £6,711,099. The total restricted reserves of £2,190,166 consists of £1,693,613 in cash, with the remainder represented by fixed assets.

It is the intention of Trustees to build the level of unrestricted funds of the charity to approximately 6 months of activities; this will require unrestricted funds to increase to a level of approximately £6m. In 2019, reserves were increased with a contribution from operating surplus. The planning for future years includes plans to reduce costs and grow income to allow for increased unrestricted surplus funds to contribute to unrestricted reserves. In the opinion of the trustees, the current unrestricted assets of £4,663,863 represent a cash or cash equivalent reserve of approximately five months of operating expenses, with saleable fixed assets representing a further two months of reserves.

### **Plans for future years**

Our mission and objectives for the future remain the same as outlined earlier, that is, to continue to communicate the Gospel of Jesus Christ.

Our objectives for the future are to build on the growth experienced and see a substantial increase in the number of people establishing a personal relationship with the Lord Jesus Christ. This objective will be fulfilled by creating additional capacity for Sunday services in existing and new locations. We also seek to see increasing numbers of people actively involved in Church life by attending Small Groups or being involved in our volunteer teams and other activities.

We will continue hosting our conferences in future years. Our plan is that these conferences will reach a wider cross section of church leaders and team members from across Europe and other nations inspiring them to keep building their local church and making a positive difference in their world.

We will continue to provide opportunities for designated giving towards specific projects, which we will partner within the UK and overseas. Our aim is for every member of the Church to do at least one thing, and sustain it, which helps someone else break the cycle of poverty.

We aim to help people in our Church become mature Christians, through a clear understanding of the Bible and how it applies to their life.

## **Trustees' Report (Including Strategic Report) (continued)**

On 23 March, 2020 the UK Government announced various control measures in response to the Covid-19 which impacted the charity. The main impact of these measures was the restriction of the principal activity of regular Sunday church services. From this date, regular services and any other gatherings, including small groups, were not permitted to proceed. While our long term plans for future years remain as stated above, our plans for 2020 have been impacted.

The impact of the UK Government's restriction on activity has resulted in all church services now being broadcast on several online platforms. This format has been successful and is also used for any other meetings where it is appropriate. The Colour Your World Women's Conference and Hillsong Conference Europe have been postponed for 2020, with the dates for the 2021 events announced at the same time.

The activity to support those in need of emergency assistance, homeless in the UK, elderly in the community and refugees in the UK has continued. The charity has been able to respond quickly and effectively to the needs of the community in this situation, particularly in the area of supporting programs to protect London's homeless population. This activity has included medical triage support of homeless population, assisting with provision of vehicles to other medical operations, and provision of food and meals.

The volunteers assisting in these activities have been able to continue to do so, while observing the current social distancing and isolation guidelines. There has been an increase in volunteering particularly in areas of medical assistance and helping those in need in local communities.

The financial implications of these changes are discussed below. At the current date, the restrictions are still in place preventing church meetings and gatherings from taking place.

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

Day to day management is vested in the management team led by the senior pastor.

Hillsong Church London is governed by Memorandum and Articles of Association dated 22 June 2005 and most recently amended 27 September 2018. It is incorporated and domiciled in the United Kingdom. The address of the registered office is 425 New Kings Road, Fulham, London, SW6 4RN.

The trustees have delegated all aspects of decision making to the management team.

The charity is affiliated with other Hillsong churches across the world including in Australia, South Africa, the U.S.A., South America, Europe and has established churches in the Netherlands and Spain.

The trustees have had due regard to the public benefit guidance published by the Charity Commission. The current Trustee body is diverse and dynamic and has the knowledge and skills required to ensure due diligence for the organisation. The board constitutes of eight trustees, seven who are locally based, one in Europe who travels to the UK regularly. Information on each of the trustees is included below:

- A Chartered Accountant and former senior financial manager with a major international insurance broker based in the UK, having over 30 years financial experience in a number of organisations both in the UK and overseas.
- A Managing Director of an automotive sales group, and the chairman of a charity focussed on youth activities, with extensive experience in the development, operation and management of youth based charities.
- A Visiting Lecturer at London School of Economics and former Visiting Fellow at Harvard University with extensive experience advising multi-national companies and public sector organisations on leadership development.
- A former National Chairman and Managing Partner of a major Australian national law firm, with extensive experience advising churches, educational institutions and charities.
- A CEO of a company which provides financial advice and is regulated by the Financial Conduct Authority, with extensive management and financial experience.
- A senior executive at a digital bank with experience in Transformation Director and Chief Operating Officer roles within large commercial and retail banks
- A senior executive of a multinational insurance group, with extensive financial, strategy and management experience.
- A church management and leadership specialist, who travels regularly throughout Europe, Asia and the U.S.A. presenting to churches on management and at leadership seminars and has a Doctorate of Ministry in Church Administration.

The Trustees are provided with a Trustee Induction Pack with information on the organisation, the Trustee's role in relation to governance and their responsibilities under Charity Law.

## **Trustees' Report (Including Strategic Report) (continued)**

Consideration for appointment of new trustees usually arises when new ventures or challenges are facing the Charity, all Trustees are at liberty to make recommendations to the Chairman and the Management, in discussion with the Chairman, also make recommendations to the Trustees. The trustees, after completion of due diligence, in turn make recommendations to the members, for appointment by resolution.

The remuneration of key management personnel is reviewed by the Chairman and two other trustees each year. Consideration is given to equivalent salaries of similar positions within the marketplace, using published salary information.

### **Related parties**

Hillsong NL and Hillsong Espana are considered related parties as the board of trustees for these entities consist of trustees and management personnel of Hillsong London.

During the year there were related party transactions totalling £28,274 (2018: £25,644) with Hillsong NL. These transactions represent costs on behalf of Hillsong NL, which were reimbursed, or revenue from Hillsong NL for events held by Hillsong London or sale of teaching resources. There was also related party transactions totalling £28,500 (2018: £49,815) with Hillsong Espana. These transactions represented donations to Hillsong Espana, or revenue from Hillsong Espana for sale of teaching resources.

No trustee received remuneration in relation to their duties as trustees or incurred expenses (2018: £nil). During the year trustees received remuneration in respect of services provided by them including legal services, management consultancy services and supplying teaching resources. The trustees' remuneration for these items for the year was £106,140 (2018: £101,049).

### **Risk management**

The Church is a fit for purpose organisational structure, Company Limited by Guarantee.

Both the risks and systems are regularly reviewed with a risk register maintained by the trustees. The risk register presents the principal risks facing the Church in the following categories:

- Governance Risks
- Operational Risks
- Financial risks
- External risks
- Law and regulation compliance risks

These risks have been mitigated, with action taken including the following:

- Appointment of diverse skilled individuals to the Board of Trustees
- Appointment of qualified and appropriately experienced employees, in particular to the areas of HR, OH&S and Asset Management
- Separation of authority to approve significant financial decisions
- Regular reporting of areas of risk to the trustees
- Engagement of external consultants to advise on significant issues
- Regular review of policies and procedures

The principal external risk has been loss of large premises in which to hold Sunday services. The Trustees have taken steps to mitigate this by:

- Establishing commercial relationships with alternative theatre venues in central London
- The lease of premises in South East London for services, including mid-week activities, additional offices and production facilities
- The acquisition of permanent venues in Tonbridge, Kent and Newcastle, Tyne and Wear



## **Trustees' Report (Including Strategic Report) (continued)**

### **Going concern**

As discussed above, the UK Government's Covid-19 control measures, and particularly the restrictions on public gatherings, has had an impact on the charity. The main impact has been the inability to hold any gatherings, including Sunday services and large conferences. The main risk to the charity from this action is the financial risk of lower than expected donation income. This risk is amplified by the general economic conditions within the UK, and the possible increase in unemployment and loss of income within the general population.

In response to this risk, the charity is taking the following steps:

- Reviewing and reducing all expenditure to essential items only
- Liaising with venue suppliers for postponement and / or refund of prepaid costs and contracted liabilities
- Accessing the UK Government's Job Retention Scheme for employees who have been placed on furlough where roles are not required under control measures
- Continuing to offer opportunities to donate to unrestricted and restricted funds through online services, including the promotion of electronic methods for donations and regularly communicating to church congregation on activities.
- Detailed planning and financial forecasting for the remainder of 2020 and beyond, including understand the capacity of reserves, cash position and options to reduce future costs

Given the charity's current cash reserves, and ability to reduce costs, the trustees' are of the opinion that the charity can continue as a going concern.

The trustees, working closely with the members and management team, have in place the infrastructure to continue our mission to advance the Christian faith through growing the Church and maintaining our mission to London, the UK and other nations.

### **Trustees' statement of responsibilities**

The Trustees (who are also directors of Hillsong Church London for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and group and of the income, expenditure and financial activities of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 charitable company 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 charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

RSM UK Audit LLP has expressed its willingness to continue in office.

### **Statement of disclosure to auditors**

- a) So far as the Trustees are aware, there is no relevant audit information of which the charity's auditors are unaware, and
- b) They have taken all the steps they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

**Trustees' Report (Including Strategic Report) (continued)**

The Trustees Report, which incorporates the Strategic Report has been approved by the Board of Trustees at its meeting on.....16 June 2020..... 2020 and signed on its behalf by:

*Ray newton*

.....  
R A Newton  
Director

13 August 2020

## **Independent Auditor's report to the Members of Hillsong Church London**

### **Opinion on financial statements**

We have audited the financial statements of Hillsong Church London (the 'charitable company') for the year ended 31 December 2019 which comprise the Statement of Financial Activities, Statement of Financial Position, the Cash Flow Statement 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit: the information given in the Trustees' Report, which includes the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

## **Independent Auditor's report to the Members of Hillsong Church London (continued)**

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee' Report and the incorporated Strategic Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

MALCOLM PIROUET (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

14 August 2020

**Statement of Financial Activities**  
**For the Year Ended 31 December 2019**

		2019			2018		
		Unrestricted funds	Restricted funds		Unrestricted funds	Restricted funds	
	Notes	£	£	Total £	£	£	Total £
<b>Incoming resources</b>							
Donations	3	16,534,740	700,288	17,235,028	15,442,604	1,061,935	16,504,539
Charitable activities	4	3,393,728	-	3,393,728	3,363,086	-	3,363,086
Investments		5,113	-	5,113	3,864	-	3,864
Other income		411,795	-	411,795	-	-	-
<b>Total incoming resources</b>		20,345,376	700,288	21,045,664	18,809,554	1,061,935	19,871,489
<b>Resources expended</b>							
Raising funds	5	5,529,912	-	5,529,912	4,733,633	-	4,733,633
Charitable activities	5	13,753,230	449,683	14,202,913	14,306,827	610,053	14,916,880
<b>Total resources expended</b>		19,283,142	449,683	19,732,825	19,040,460	610,053	19,650,513
<b>Net movement in funds</b>		1,062,234	250,605	1,312,839	(230,906)	451,882	220,976
<b>Reconciliation of funds:</b>							
Total funds brought forward	15	5,159,468	1,939,561	7,099,029	5,390,374	1,487,679	6,878,053
Transfer of funds	15	-	-	-	-	-	-
<b>Total funds carried forward</b>		6,221,702	2,190,166	8,411,868	5,159,468	1,939,561	7,099,029

The statement of financial activities includes all gains and losses in the year.

All income and expenditure derive from continuing activities.

Other income relates to the profit on disposal of property held for the charity's own use for the year of £411,795 (2018: £Nil).

**Statement of Financial Position as at 31 December 2019**

		2019	2018
	Note	£	£
<b>Fixed assets</b>			
Tangible assets	9	8,765,491	10,070,534
<b>Current assets</b>			
Stocks		76,379	106,607
Debtors	10	2,130,744	1,988,972
Cash at bank and in hand	11	4,150,353	2,352,194
<b>Total Current assets</b>		6,357,476	4,447,773
<b>Liabilities</b>			
Creditors: amounts falling due within one year	12	(2,197,650)	(3,790,787)
<b>Net current assets</b>		4,159,826	656,986
<b>Total assets less current liabilities</b>		12,925,317	10,727,520
Creditors: Amounts falling due after more than one year	14	(4,513,449)	(3,628,491)
<b>Total Net assets</b>		8,411,868	7,099,029
<b>The funds of the charity</b>			
Restricted income funds	16	2,190,166	1,939,561
Unrestricted income funds		6,221,702	5,159,468
<b>Total charity funds</b>		8,411,868	7,099,029

Approved and authorised for issue by the trustees on .....16 June 2020..... and were signed on its behalf by:

*Ray newton*  
.....  
R A Newton  
Director  
13 August 2020

The notes on pages 16 – 28 form part of these financial statements.  
**Company number: 05487537 (England and Wales)**  
**Charity number: 1120355 (England and Wales)**

**Statement of Cash Flows**  
**For the year ended 31 December 2019**

	<b>Note</b>	<b>2019 £</b>	<b>2018 £</b>
<b>Cash generated from operating activities</b>	18	1,649,504	1,359,113
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Interest income		5,113	3,864
Interest expenditure		(134,100)	(131,818)
Purchase of tangible fixed assets		(936,693)	(802,512)
Proceeds on disposal of tangible assets		1,718,210	19,612
		<hr/>	<hr/>
<b>Cash used/(generated) in investing activities</b>		652,530	(910,854)
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(346,472)	(370,686)
Payment of obligations under finance leases		(157,403)	(100,116)
		<hr/>	<hr/>
<b>Cash used in financing activities</b>		(503,875)	(470,802)
		<hr/>	<hr/>
Increase / (decrease) in cash and cash equivalents in the year		1,798,159	(22,542)
Cash and cash equivalents at the beginning of the year		2,352,194	2,374,736
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	11	4,150,353	2,352,194
		<hr/>	<hr/>

## **Notes forming part of the Financial Statements**

### **1. Accounting policies**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

#### **General information**

Hillsong Church London is a company limited by guarantee (Companies House No. 05487537) and a registered charity (Registered Charity No. 1120355). It is governed by Memorandum and Articles of Association dated 22 June 2005 and most recently amended 27 September 2018. It is incorporated and domiciled in the United Kingdom. The address of the registered office is 425 New Kings Road, Fulham, London, SW6 4RN.

#### **Basis of preparation**

These Financial Statements have been prepared in accordance with the Charities Act 2011, the Companies Act 2006, and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Hillsong Church London meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historic cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest whole £.

#### **Going concern**

As discussed in the trustee's report, the UK Government's Covid-19 control measures, and particularly the restrictions on public gatherings, has had an impact on the charity. The main impact has been the inability to hold any gatherings, including Sunday services and large conferences. The main risk to the charity from this action is the financial risk of lower than expected donation income. This risk is amplified by the general economic conditions within the UK, and the possible increase in unemployment and loss of income within the general population.

The trustees consider the use of the going concern basis of accounting is appropriate. While there is a general economic uncertainty within the UK, the trustees have considered the charity's current cash reserves, and ability to reduce costs, and remain of the opinion that the charity can continue as a going concern. There are no other material uncertainties related to events or conditions that may cast significant doubt about the ability of the Church to continue as a going concern.

#### **Income**

##### *Donation income*

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met and it is probable that the income will be received and the income can be reliably measured.

Income is received by way of donations, tithes and offerings and is included in full in the statement of financial activities when received. Donations arising under Gift Aid are accounted for on the date of receipt and provisions are made for income tax remaining unclaimed at the year end.

##### *Income from charitable activities*

Income from conferences, events, and sales of Christian resources are made in furtherance of the objects of the Church, and are accounted for when income is receivable.

Income received in advance of an event is deferred until the criteria for income recognition are met.

##### *Investment income*

Investment income relates to interest on funds held on deposit and is recognised when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.



## **Notes forming part of the Financial Statements (continued)**

### **1. Accounting policies (continued)**

#### **Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Cost of raising funds comprises the costs of commercial trading including venue premises, productions and their associated support costs.
- Expenditure on charitable activities includes, but is not limited to, the cost of conferences and events, resource sales, teaching and ministry, missions and governance.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

#### **Allocation of support costs**

Total expenditure includes the allocation of support costs to the various expenditure categories set out in the statement of financial activities. These support costs relate to the corporate functions including information technology, property and facilities management, human resources, finance and governance, in addition to the support costs incurred by communications and other centralised departments that are not otherwise directly allocated. Support costs have been allocated to activities based on the apportionment of time spent by employees in each category. This apportionment is calculated for each key employee department.

Governance costs represent costs from external service providers relating to the strategic management of the Church. While the trustees meet regularly on an informal and formal basis to discuss strategic and governance issues, the Church structure and involvement of the trustees in its day-to-day activities means that these meetings do not give rise to specific costs.

#### **Leases**

An asset and corresponding liability are recognised for leasing agreements that transfer to the Church substantially all of the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are expensed as incurred.

Operating lease rentals are charged to the statement of financial activities on a straight line basis over the life of the lease.

#### **Restricted funds**

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to that fund.

The Building Fund was set up using gifts specified to be used to acquire appropriate accommodation for the Church in the future, and to make improvements to church accommodation.

#### **Unrestricted funds**

Unrestricted funds are donations and other income received or generated for the objectives of the Church without further specified purpose and are available as general funds.

## **Notes forming part of the Financial Statements (continued)**

### **1. Accounting policies (continued)**

#### **Tangible fixed assets**

Fixed assets are for use by the Church in fulfilling its main charitable objectives and are capitalised and depreciated. Items under £1,000 are written off against income in the year of purchase.

Depreciation is charged at a rate to reduce useful economic lives of tangible fixed assets to £nil in accordance with the following policies:

Freehold buildings	- 2% reducing balance basis (10%-25% on property improvements)
Production equipment	- 10-33% straight line basis
Vehicles	- 33.3-50% straight line basis
Office equipment	- 20-33.3% straight line basis
Leasehold improvements	- 10-20% straight line basis

No depreciation is provided in respect of freehold land.

#### **Donated goods**

Donated goods for on-going use by a charity in carrying out its activities are recognised as tangible fixed assets with the corresponding gain recognised as income from donations within the statement of financial activities.

Donated goods held as tangible fixed assets are subject to depreciation and are assessed at the reporting date of whether there is any indication that the asset should be written down to its recoverable amount.

#### **Impairments of fixed assets**

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the charitable company estimates the recoverable amount of the asset.

#### **Stocks**

Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors are initially recognised at transaction price. The Charity has not entered into any financing transactions.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Cash and cash equivalents**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Notes forming part of the Financial Statements (continued)**

**1. Accounting policies (continued)**

**Employee benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

**Pensions**

The church contributes to a defined contribution scheme with Scottish Widows in respect of staff. Contributions are charged to the income and expenditure account when payable. Differences between contributions payable in the year and contributions actually paid are shown as either other creditors or other debtors.

**2. Judgement in applying accounting policies and key sources of estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations for future events that are believed to be reasonable under the circumstances.

*(i) Leases*

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Company as lessee.

**3. Incoming resources from donations**

	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>2019 Total £</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>2018 Total £</b>
Tithes & Offerings	13,843,610	700,288	14,543,898	12,774,553	1,061,935	13,836,488
Gift Aid Claimed	2,691,130	-	2,691,130	2,668,051	-	2,668,051
	<u>16,534,740</u>	<u>700,288</u>	<u>17,235,028</u>	<u>15,442,604</u>	<u>1,061,935</u>	<u>16,504,539</u>

**4. Income from charitable activities**

	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>2019 Total £</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>2018 Total £</b>
Conferences and events	2,930,979	-	2,930,979	2,739,266	-	2,739,266
Resource sales	186,496	-	186,496	261,599	-	261,599
Music royalties receivable	11,911	-	11,911	15,164	-	15,164
Other income	264,342	-	264,342	347,057	-	347,057
	<u>3,393,728</u>	<u>-</u>	<u>3,393,728</u>	<u>3,363,086</u>	<u>-</u>	<u>3,363,086</u>

**Notes forming part of the Financial Statements (continued)**

**5. Total resources expended**

	Basis of allocation	Cost of raising funds	Conference and events	Resource sales	Teaching and ministry	Missions	Governance costs	Total 2019	Total 2018
		£	£	£	£	£	£	£	£
<b>Costs directly allocated to activities</b>									
Staff costs	Direct	-	386,351	-	3,497,745	-	-	3,884,096	3,629,380
Venue costs	Direct	3,750,056	682,374	-	35,372	-	-	4,467,802	4,100,387
Production costs, equipment hire and transport costs	Direct	1,251,196	1,095,636	-	12,167	-	-	2,358,999	1,782,947
Ministry and mission expenses	Direct	-	1,383,321	-	3,019,391	641,713	-	5,044,425	4,808,826
Cost of sales	Direct	-	-	239,326	-	-	-	239,326	267,686
<b>Support costs allocated to activities</b>									
Staff costs	Staff time	35,042	182,390	5,840	499,696	16,326	4,579	743,873	1,058,702
Premises	Staff time	28,224	146,902	4,704	402,467	13,149	3,688	599,134	291,679
General management and office administration costs	Staff time	37,537	195,375	6,256	530,153	17,488	4,905	791,714	2,233,897
Communications and IT costs	Staff time	24,514	127,593	4,086	349,567	11,421	3,203	520,384	413,000
Legal and professional	Direct	-	-	-	-	-	58,438	58,438	38,198
Accounting fees	Direct	-	-	-	-	-	42,164	42,164	41,756
Audit fees	Direct	-	-	-	-	-	31,350	31,350	29,900
Depreciation	Staff time	403,343	141,626	4,535	388,939	12,677	-	951,120	954,156
Total resources expended		5,529,912	4,341,568	264,747	8,735,497	712,774	148,327	19,732,825	19,650,514

Expenditure on charitable activities was £14,202,913 (2018: £14,916,880), of which £13,753,230 was unrestricted (2018: £14,306,827) and £449,683 was restricted (2018: £610,053).

**Notes forming part of the Financial Statements (continued)**

**6. Analysis of expenditure**

This is stated after charging:

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Auditors' remuneration - audit	31,350	29,900
Auditors' remuneration - other services	29,636	16,770
Depreciation		
Owned	888,283	902,058
Leased	62,837	52,099
Operating lease rentals	644,677	501,290
Profit on disposal of fixed assets	(411,795)	(15,477)
	<hr/>	<hr/>

**7. Analysis of staff costs and costs of key management personnel**

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Wages and salaries	3,842,900	4,002,027
Social security costs	383,047	413,873
Pension costs	134,971	79,465
	<hr/>	<hr/>
	4,360,918	4,495,365
	<hr/>	<hr/>

No trustee received remuneration in relation to their duties as trustees or incurred expenses (2018: £nil). During the year four (2018: four) trustees received remuneration in respect of services provided by them including legal services, management consultancy services and supplying teaching resources. The trustees' remuneration for the year was £106,140 (2018: £101,049). The trustees are responsible for governing the charity and directing how it is managed and run.

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The total employee benefits and remuneration of the key management personnel during the year, including employer NI, was £344,571 (2018: £376,057).

**The average monthly number of employees during the year was as follows:**

	<b>2019</b> <b>No</b>	<b>2018</b> <b>No</b>
	116	124
	<hr/>	<hr/>

One member of staff received remuneration between £160,000 - £170,000 (2018: two), one between £140,000 - £150,000 (2018: none), none between £90,000 - £100,000 (2018: one), one between £80,000 - £90,000 (2018: none), none between £70,000 - £80,000 (2018: one) and one between £60,000 - £70,000 (2018: one).

Pensions contributions paid to higher paid staff during the year to 31 December 2019 were £33,290 (2018: £5,063).

## Notes forming part of the Financial Statements (continued)

### 8. Donated services and facilities

There are approximately 2,200 (2018: 2,200) unpaid volunteers involved in activities conducted or supported by Hillsong Church. The value to be placed on these resources cannot be reliably quantified and measured and is not therefore recognised in the statement of financial activities.

During the year a property was donated to the church. This donation was recorded as income at the date of the donation, for its market value of £29,950.

### 9. Tangible fixed assets

	Freehold land and buildings	Leasehold Improvement	Production equipment	Vehicles	Office equipment	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 January 2019	7,680,110	1,207,221	5,281,059	448,701	1,641,229	16,258,320
Additions	155,767	270,764	301,502	86,743	137,715	952,491
Disposals	(1,458,115)	(136,518)	(126,341)	(138,928)	(179,733)	(2,039,635)
<b>At 31 December 2019</b>	<b>6,377,762</b>	<b>1,341,467</b>	<b>5,456,220</b>	<b>396,516</b>	<b>1,599,211</b>	<b>15,171,176</b>
<b>Depreciation</b>						
At 1 January 2019	704,000	794,459	3,276,958	287,875	1,124,494	6,187,786
Charge for the year	160,938	111,065	428,006	75,120	175,991	951,120
On disposals	(262,933)	(122,603)	(126,341)	(49,714)	(171,630)	(733,221)
<b>At 31 December 2019</b>	<b>602,005</b>	<b>782,921</b>	<b>3,578,623</b>	<b>313,281</b>	<b>1,128,855</b>	<b>6,405,685</b>
<b>Net book value 31 December 2019</b>	<b>5,775,757</b>	<b>558,546</b>	<b>1,877,597</b>	<b>83,235</b>	<b>470,356</b>	<b>8,765,491</b>
<b>Net book value 31 December 2018</b>	<b>6,976,110</b>	<b>412,762</b>	<b>2,004,101</b>	<b>160,826</b>	<b>516,735</b>	<b>10,070,534</b>

Barclays Plc holds a first charge over all tangible fixed assets owned by The Church under mortgage at the year end.

Included in the total net book value of assets is £292,090 (2018: £218,550) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £62,837 (2018: £52,099).

### 10. Debtors

	2019 £	2018 £
Trade Debtors	37,278	36,332
Gift Aid recoverable	283,011	305,963
Other debtors	420,410	545,289
Prepayments and accrued income	1,390,045	1,101,388
	<b>2,130,744</b>	<b>1,988,972</b>

**Notes forming part of the Financial Statements (continued)**

**11. Cash at bank and in hand**

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Cash at bank	4,137,899	2,333,681
Cash in hand	12,454	18,513
	<hr/>	<hr/>
	4,150,353	2,352,194
	<hr/>	<hr/>

**12. Creditors: amounts falling due within one year**

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Bank loan	310,841	365,700
Obligations under finance leases	74,797	130,315
Trade creditors	1,234,969	1,251,443
Taxation and social security	105,641	109,959
Other creditors	155,011	190,749
Accruals and deferred income	316,391	1,742,621
	<hr/>	<hr/>
	2,197,650	3,790,787
	<hr/>	<hr/>

A bank loan was borrowed in July 2008 from Barclays Bank over a 20 year term with 228 capital repayment instalments. The current repayments are £9,286 together with interest payments at the bank base rate plus 1.20%.

A second loan was borrowed in October 2014 from Barclays Bank over a 5 year term with 60 capital repayment instalments of £14,368 including interest payments of £1,769. There was an additional drawdown in January 2015 over a 5 year term with 60 capital repayment instalments of £952 including interest payments of £117. The balance outstanding on this loan at 31 December 2019 is £1,904 and is repayable in full on maturity date of 15 February 2020.

A third loan was borrowed in August 2016 from Barclays Bank over a 5 year term with 20 capital repayment instalments. The current repayments are £3,621 together with interest payments at the bank base rate plus 2.25%.

A fourth loan was borrowed in August 2016 from Barclays Bank over a 5 year term with 20 capital repayment instalments. The current repayments are £45,756 together with interest payments at the bank base rate plus 2.25%.

Finance leases were taken out during prior years for motor vehicles and production equipment over lease terms of 3 years, with 35 capital repayment instalments. Two finance leases were taken out in 2019 relating to motor vehicles, over a lease term of 3 years with 35 capital repayment instalments. Total current repayments in 2019 under finance leases are £13,365 including interest of £1,758.

Included in other creditors above is £35,402 (2018: £17,563) owing to the pension fund.

**Notes forming part of the Financial Statements (continued)**

**13. Deferred income**

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
At 1 January	1,378,317	1,270,145
Less amount released to income resources	(1,378,317)	(1,270,145)
Plus amount deferred in the year	1,290,297	1,378,317
	<hr/>	<hr/>
At 31 December	1,290,297	1,378,317
	<hr/>	<hr/>

As at 31 December 2019 and 31 December 2018 all deferred income relates to income received in advance of conferences and events to be held at a future date.

**14. Creditors: amount falling due after more than one year**

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Bank loan	3,209,700	3,501,312
Obligations under finance leases	41,092	127,179
Accruals and deferred income	1,262,657	-
	<hr/>	<hr/>
	4,513,449	3,628,491
	<hr/>	<hr/>
Analysis of bank loan and finance leases:	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Debt can be analysed as falling due		
In one year or less, or on demand	385,638	496,015
Between one and two years	2,602,314	309,018
Between two and five years	300,116	3,319,474
In five years or more	348,362	-
	<hr/>	<hr/>
	3,636,430	4,124,507
	<hr/>	<hr/>



**Notes forming part of the Financial Statements (continued)**

**15. Analysis of net assets between funds**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>2019 Total £</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>2018 Total £</b>
Tangible fixed assets	8,268,938	496,553	8,765,491	9,497,996	572,538	10,070,534
Current assets	4,663,863	1,693,613	6,357,476	3,080,750	1,367,023	4,447,773
Current liabilities	(2,197,650)	-	(2,197,650)	(3,790,787)	-	(3,790,787)
Non-current liabilities	(4,513,449)	-	(4,513,449)	(3,628,491)	-	(3,628,491)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Total	6,221,702	2,190,166	8,411,868	5,159,468	1,939,561	7,099,029
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Reconciliation of funds						
Total funds brought forward at 1 January	5,159,468	1,939,561	7,099,029	5,390,374	1,487,679	6,878,053
Movement in funds	1,062,234	250,605	1,312,839	(230,906)	451,882	220,976
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds carried forward at 31 December	6,221,702	2,190,166	8,411,868	5,159,468	1,939,561	7,099,029
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The transfer of funds represents previously charged depreciation on buildings that has been reclassified against Restricted Funds to more accurately reflect the use of assets within the Charity.

**16. Analysis of restricted income funds**

Summary of the activity of the restricted funds was as follows :

	<b>Balance Brought forward £</b>	<b>Incoming resources £</b>	<b>Outgoing resources £</b>	<b>Balance carried forward £</b>
Spring the Trap	67,101	86,061	(104,056)	49,106
Because We Can	64,234	256,762	(285,433)	35,563
Building Fund	1,808,226	355,466	(58,195)	2,105,497
Youth Services	-	1,999	(1,999)	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	1,939,561	700,288	(449,683)	2,190,166
	<hr/>	<hr/>	<hr/>	<hr/>

The major restricted funds comprise Hillsong Foundation Funds, including:

***Spring The Trap***

As 'Green Light' (formerly City Care) funds are generated in order to provide care, compassion and support to people from all walks of life facing challenges in the local community.

***Because We Can***

Hillsong Church London collaborates with international social justice organisations as part of a global effort to make poverty history.

***Youth Services***

As the 'I Care Revolution' Hillsong delivers a strong message via schools to encourage people to start to take responsibility and care for others.

***Building Fund***

The Building Fund was set up using gifts specified to be used to acquire appropriate accommodation for the Church in the future, and to make improvements to church accommodation.

**Notes forming part of the Financial Statements (continued)**

**17. Commitments**

The total future minimum payments under non-cancellable operating leases are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Operating leases which expire :		
Within one year	631,037	584,800
Between one and five years	1,477,370	1,438,597
In over five years	684,583	-
	<hr/>	<hr/>
	2,792,990	2,023,397
	<hr/>	<hr/>

**18. Reconciliation of net movement in funds to net cash flow from operating activities**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Net movements in funds	1,312,839	220,975
Deduct interest income shown in investing activities	(5,113)	(3,864)
Add back interest expenditure shown in investing activities	134,100	131,818
Add back depreciation charges	951,120	954,157
Profit on disposal of tangible asset	(411,795)	(15,477)
Decrease in stocks	30,228	(41,806)
Increase in debtors	(141,772)	(219,918)
(Decrease) / Increase in creditors	(220,103)	333,228
	<hr/>	<hr/>
<b>Net cash provided by operating activities</b>	1,649,504	1,359,113
	<hr/>	<hr/>

**19. Analysis of changes in net funds**

	<b>At start of year</b>	<b>Cash flows</b>	<b>New finance leases</b>	<b>At end of year</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	2,352,194	1,798,159	-	4,150,353
Borrowings excluding overdrafts	(3,867,013)	346,472	-	(3,520,541)
Obligations under finance leases	(257,494)	157,403	(15,798)	(115,889)
	<hr/>	<hr/>	<hr/>	<hr/>
	(1,772,313)	2,302,034	(15,798)	513,923
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes forming part of the Financial Statements (continued)

### 20. Related party transactions

Hillsong NL and Hillsong Espana are considered related parties as the board of trustees for these entities consist of trustees and management personnel of Hillsong London.

During the year there were related party transactions totalling £28,274 (2018: £25,644) with Hillsong NL. These transactions represent costs on behalf of Hillsong NL, which were reimbursed, or revenue from Hillsong NL for events by Hillsong London. There were also costs of £28,500 (2018: £49,815) paid on behalf of Hillsong Espana. There were no donations received from related parties (2018: £nil).

No trustee received remuneration in relation to their duties as trustees or incurred expenses (2018: £nil). During the year trustees received remuneration in respect of services provided by them including legal services, management consultancy services and supplying teaching resources. The trustees' remuneration for these items for the year was £106,140 (2018: £101,049), remunerated to the following trustees:

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Scott Wilson:		
- Consultancy fees	20,500	20,500
- Sales Teaching Resources	440	-
Ray Newton: Salary - Legal Counsel	25,000	32,212
David Whitewood: Salary	60,000	39,465
Rebecca Van Dijk: Consultancy fees	200	8,872
<b>Total</b>	<b><u>106,140</u></b>	<b><u>101,049</u></b>

There were no other outstanding balances with related parties as at 31 December 2019 (2018: £nil)

### 21. Controlling party

The company is limited by guarantee and does not have share capital. No one individual member has control.

## **Notes forming part of the Financial Statements (continued)**

### **22. Events after the reporting date**

On 23 March, 2020 the UK Government announced various control measures in response to the Covid-19 which impacted the charity. The main impact of these measures was the restriction of the principal activity of regular Sunday church services. From this date, regular services and any other gatherings, including small groups, was not permitted to proceed. While our long term plans for future years remain as stated above, our plans for 2020 have been impacted.

The impact of the UK Government's restriction on activity has resulted in all church services now being broadcast on several online platforms. This format has been successful and is also used for any other meetings where it is appropriate. The Colour Your World Women's Conference and Hillsong Conference Europe have been postponed for 2020, with the dates for the 2021 events announced at the same time.

The activity to support those in need of emergency assistance, homeless in the UK, elderly in the community and refugees in the UK has continued. The charity has been able to respond quickly and effectively to the needs of the community in this situation, particularly in the area of supporting the programs to protect London's homeless population. This activity has included medical triage support of homeless population, assisting with provision of vehicles to other medical operations, and provision of food and meals.

The volunteers assisting in these activities have been able to continue to do so, while observing the current social distancing and isolation guidelines. There has been an increase in volunteering particularly in areas of medical assistance and helping those in need in local communities.

At the current date, the restrictions are still in place preventing church meetings and gatherings from taking place.

The main risk to the charity from this action is the financial risk of lower than expected donation income. This risk is amplified by the general economic conditions within the UK, and the possible increase in unemployment and loss of income within the general population.

In response to this risk, the charity is taking the following steps:

- Reviewing and reducing all expenditure to essential items only.
- Liaising with venue suppliers for postponement and / or refund of prepaid costs and contracted liabilities.
- Accessing the UK Government's Job Retention Scheme for employees who have been placed on furlough where roles are not required under control measures.
- Continuing to offer opportunities to donate to unrestricted and restricted funds through online services, including the promotion of electronic methods for donations and regularly communicating to church congregation on activities.
- Detailed planning and financial forecasting for the remainder of 2020 and beyond, including understand the capacity of reserves, cash position and options to reduce future costs.

Given the charity's current cash reserves, and ability to reduce costs, the trustees' are of the opinion that the charity can continue as a going concern.