

CHARITY REGISTRATION NUMBER 1119791  
COMPANY REGISTRATION NUMBER 5999100

**HOPE CITY CHURCH**  
**GROUP ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

# HOPE CITY CHURCH

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	C Davies P Benger C W Davies O Olarinde J J Greenow A E Ibbotson
<b>Secretary</b>	A E Ibbotson
<b>Charity number</b>	1119791
<b>Company number</b>	5999100
<b>Principal address</b>	The Megacentre Bernard Road Sheffield South Yorkshire S2 5BQ
<b>Registered office</b>	The Megacentre Bernard Road Sheffield South Yorkshire S2 5BQ
<b>Auditors</b>	UHY Hacker Young 6 Broadfield Court Broadfield Way Sheffield South Yorkshire S8 0XF
<b>Bankers</b>	Barclays Bank plc City Office Sheffield S1 1NG
<b>Solicitors</b>	Geldards Number One Pride Place Pride Park Derby DE24 8QR

# HOPE CITY CHURCH

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# HOPE CITY CHURCH

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 MARCH 2020

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The Trustees present their report and consolidated accounts for the year ended 31 March 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 "Accounting and Reporting by Charities: Statement of Recommended Practice Applicable to Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

#### **Objectives and Activities**

The Articles of Association restrict the objectives of the Church to:

- a) advance the Christian faith in accordance with the Statement in such way and in such parts of the United Kingdom or the world as the directors from time to time may think fit;
- b) to relieve sickness and financial hardship and to promote and preserve good health by the provision of funds, goods or services of any kind including through the provision of counselling and support in such parts of the United Kingdom or the world as the directors from time to time may think fit; and
- c) to advance education in such parts of the United Kingdom or the world as the directors from time to time may think fit.

Within that framework the object or stated vision of the Church is:

- to be a life-changing Church bringing people everywhere into the exciting journey of discovering Christ;
- to be a faith-filled Church launching people into the journey of discovering their God given destiny;
- to be a world-impacting Church reaching the nation and the nations.

All other charitable activities undertaken by the Church are to further the attainment of the above objectives.

The trustees have paid due regard to the guidance issued by the Charity Commission in deciding what activities the charity should undertake.

#### **Achievements and performance**

##### **Hope City Church Growth & Attendance at Year-End**

By March 2020 Hope City Church had maintained a community of over 4,000 people worldwide. Sheffield continued to represent the largest congregation and despite continued leadership transitions, average attendance remained at approximately 1,400 according to internal records.

Leeds and York locations combined had maintained a total attendance of around 500 and Newcastle and Sunderland had grown to a combined total of around 310 alongside concluding building projects. Liverpool had maintained a strong attendance of around 230 and the London location substantially grew to 270.

The Birmingham location experienced a decline in numbers to around 180 by the financial year-end. At the time of writing this report, following continued membership decline and overall organisational restructure, the decision was made by Tebo and Becky Mpanza (the Birmingham Lead Pastors) working with the Board of Trustees, to conclude wind up Hope City Birmingham from the end of November 2020; a process which was undertaken working closely with local leaders and the local congregation.

The Frankfurt and Darmstadt locations had seen significant growth and by March 2020 the combined locations had grown to having 350 active members. Kuala Lumpur had declined slightly in membership but still maintained a healthy 230 total.

# HOPE CITY CHURCH

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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Hope City Accra had yet another year of growth and by the year-end had a total active membership of over 750 people. At the time of writing this report, several aspects to this have altered, including the local leadership change. In June 2020, Ali and Karen Bianchi, with the full support of the Board of Trustees made the decision to step down from leadership and move back to the UK. With the help of other Hope City Church Lead Pastors, a local leadership team has been managing the location whilst the long-term oversight plan is worked through. The location continues to be strong.

As a result of COVID-19 and restrictions on aspects of church life such as Sunday morning gatherings, active membership has been difficult to establish and many locations have faced significant setbacks. However, during the first few months of the 2020-2021 financial year, Hope City Online was officially established and an online global service took place, including the broadcast of a Sunday morning service as well as several midweek events. This was successful in helping to keep members engaged during an extremely difficult time. More recently we have resumed local online and in-person services where possible.

At the time of writing this report various other recent factors such as issues relating to an investigation surrounding racial discrimination and leadership culture have also contributed to an overall decline in attendance across most of the Hope City Church locations. The issue of racial discrimination was one of the main contributing factors that resulted in the resignation of the Senior Pastors of Hope City Church in June 2020. However, the Board of Trustees and location Lead Pastors have been and continue to work together to remodel and restructure the church for the future and bring both learning and healing for the next season. We remain hopeful for positive change.

#### **Church Property**

As of March 2020, Hope City Church owned two buildings to house its work and ministry and that of its affiliated organisations.

The Sheffield Megacentre is a 54,000 ft<sup>2</sup> building which comprises a large auditorium and overflow facility ('The Forge' with seating capacity for over 150 people) as well as varied and extensive conferencing and training rooms, office space, an indoor play centre and café. In the financial year to which these accounts relate, the use of the Megacentre for conferencing continued to rise steadily and as a result of a restructure of the Community Café and Play Centre, in-year losses within Megacentre Ltd were reduced significantly from previous years.

Following the pending administrative separation from City Hearts and subsequent departure of the related rental space, as well as the current business impact of COVID-19, the overall building use is under review, but its anticipated that through the work of Hope City Church, Hope City Foundation and Megacentre Limited, the building will house a mixture of church, community and commercial activities designed in order to deliver church health and growth, social value and longer-term financial sustainability for the building and the church.

Despite recent challenges largely brought on by the global pandemic, the building will continue to provide a foundation to deliver a number of the community projects still taking place. At the time of writing this report, Hope City Church is working together with The Message Trust, a Charity based in the North West of England whose objects are closely aligned with those of Hope City Church, and putting in place plans to help build and strengthen community delivery in Sheffield through a local grocery housed within the Megacentre providing affordable food for local families in need. This partnership in particular creates social value amongst areas that experience acute deprivation and disadvantage.

# HOPE CITY CHURCH

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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The church is actively promoting conferencing and room hire to grow income streams as part of its external fundraising strategy. Throughout the 2019-2020 financial year, this had seen steady growth. However, due to the current global pandemic and the fact that the building has remained closed to the public for extended periods of time - activity has not surprisingly declined for the 2020- 2021 financial year. However, the building continues to be used to work alongside organisations who are delivering support and training for key workers and those who are on the frontline in bringing solutions to the pandemic in England. The intention is to continue efforts to strengthen and recover income generation once COVID-19 restrictions are lifted.

As a result of a significant organisational restructure, the Trustees are no longer exploring ideas to purchase land in Sheffield or to build at Waverley and are focusing all efforts on maintaining and developing current facilities to drive forward the local mission of the church. As part of this revised strategy, Trustees are currently taking legal advice regarding the potential need to relocate existing and historic restricted 'Dream Offering' funds. This process is now being undertaken under strict advice and guidance from both our legal advisers and Charity Commission. The intention is to repurpose remaining funds towards a vision to invest in the Megacentre facility, a building which has served the church and community faithfully for over 20 years and facilitated significant levels of church growth and community impact over this time.

During this financial year, both the Liverpool and Newcastle locations concluded the majority of planned major refurbishments on both facilities, having previously secured long term lease agreements on both buildings. Whilst the facilities are leased and not owned by Hope City Church, they provide adequate quality space for the continued growth of both locations and the investment being made is deemed to represent value in consideration of both projected church growth and other local and community impact.

Hope City Church also owns the land and building of a property within the South Yorkshire region. During the financial year 2019-20, based on the anticipated sale of this property to City Hearts (UK) following tenancy for a number of years, City Hearts (UK) agreed to pre-pay/loan Hope City Church the total agreed purchase price of this property. This was done by way of a written formal agreement between the two companies made at the time of the advance. However, the Trustees of City Hearts have since made the decision not to proceed with the purchase of the building. On this basis, and after discussions with the Trustees of City Hearts (UK) the loan is due to be repaid in full by 31st March 2022. At the time of writing this report Hope City Church are in the final stages of agreeing a sale with another buyer and are looking to complete in April 2021.

#### **Annual Giving**

In addition to regular giving, Hope City Church undertook two major giving campaigns this year.

'First Fruits' in September 2019, in which £135k (including Gift Aid) was given or pledged towards global Christian missions and the central running costs across Hope City Church. This amount was down slightly from the previous year but can be explained through a continued time of overall transition.

The 'Dream Offering' has mostly continued to go towards the buildings and venue costs for all locations, excluding Sheffield and was comprised of one-off giving, standing orders and financial pledges.

The 'Dream Offering' in Sheffield continued to go towards both capital and development costs as well as funds towards support costs for seven community Vision Centres. Whilst the overall vision for church growth and community impact remained intact, this change represented a different approach from the previous Sheffield Dream Offerings which focused on the establishment of a new site at Waverley on the border of Sheffield and Rotherham.

# **HOPE CITY CHURCH**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2020**

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#### **Staffing**

At the beginning of the financial period Gross Monthly Pay on salaries for Hope City Church was £64,673 for 44 people working on either a full time or part time basis. By the end of the financial period in March 2020 the Gross Monthly Pay to Hope City staff had decreased to £55,305 employing 40 people.

By December 2020 as a result of significant restructure and related cost savings the Gross Monthly Pay had reduced even further to £41,687 with a total of 32 people employed.

#### **Hope City Church Internship Programme**

Hope City Church remains committed to raise up and champion both local and global leaders across the wider church and beyond. Throughout the years this has taken many forms of mentorship programmes. In September 2019, the Hope City Internship was launched with 48 students representing all locations. Jo and Lois Willis have acted as Internship Deans under the continued oversight of the Senior Pastors.

Towards the end of the financial year and during the initial pandemic phase, Hope City Church launched online Masterclasses in leadership, personal discipleship, and New Testament teaching.

Due to several limiting factors, including continued COVID-19 restrictions and a shift in leadership oversight more recently, the Trustees have decided to pause the central programme and focus on locally based discipleship within individual locations, increasing accessibility and enhancing overall congregational engagement as well as eliminating the need and the associated cost of operating a centralised Internship Programme.

#### **Annual Conferences and Preaching Ministry**

Hope City Church has always been a church that loves God and loves people and is passionate about sharing Jesus with the rest of the world. Through the celebration of The Holy Spirit, inspiring and contemporary worship, relevant preaching and leadership training, Hope City Church hosted and ran several successful conferences within this financial year, directly impacting hundreds of families and individuals worldwide.

As part of the mandate and mission to resource and equip the global church community beyond the borders of Hope City Church, Senior Pastors Dave and Jenny Gilpin along with the wider senior leadership team travelled globally preaching, training and resourcing leaders and other churches including many C3 Churches as well as Oxford Falls, Sydney, Australia.

# HOPE CITY CHURCH

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### Subsidiary and other controlled companies

The achievements and performance of the church's subsidiaries and other controlled companies for the year ended 31 March 2020 were as follows:

- Megacentre Limited through its trading activities suffered a loss of £35,189 (2019: £66,658). Closing shareholders' funds were in deficit at £580,622 (2019: £545,433). Megacentre Limited is a limited company incorporated in England and Wales and Hope City Church owns 100% of the share capital. The nature of its business is the provision of conference facilities, running a café and a children's play area.
- Hope City Foundation, formerly Meganursery, made a deficit of £50,008 (2019 deficit of £3,124) this year. Closing funds were £17,075 (2019: £67,083) all of which were unrestricted. Hope City Foundation is a charitable company registered in England and Wales. Hope City Church are able to appoint and remove the trustees of this charitable company and the nature of its business is the provision of nursery education and care.
- City Hearts (UK) continued with its expansion of the City Hearts programme, which provides accommodation for men and women overcoming serious life issues. The company made a surplus this year of £571,270 (2019: £152,108). Closing funds were £1,836,485 (2019: £1,265,215), of which £1,836,485 (2019: £1,215,975) were unrestricted. City Hearts (UK) is a charitable company registered in England and Wales. Hope City Church are able to appoint and remove the trustees of this charitable company and the nature of its business is the relief of poverty and advancement of education. It has been agreed by the trustees of both Hope City Church and City Hearts (UK) that City Hearts (UK) will leave the Hope City Church group on 1 April 2020.

#### Financial review

The trustees make strategic decisions based on the financial position of the church by reference to the financial information (i.e. budgets, cash flows) provided to them. They do not however carry out the routine day to management of the church, for which the budget leader for each department is responsible.

The Statement of Financial Activities shows a net increase in funds of £143,756 (2019: net decrease in funding of £289,164) before gains on investment assets. The church has general unrestricted reserves of £682,769 excluding the revaluation reserve, compared with £502,600 the previous year. The trustees have identified that the reserves are at a low level, representing more than 47% (including the revaluation reserve) of annual net resources expended (2020: 35%). This percentage is much lower than previous years and the trustees are currently keeping this under review. The freely available unrestricted reserves were £(103,661).

The Consolidated Statement of Financial Activities shows a net increase in funds of £664,637 (2019: decrease in funds of £123,943) before gains on investment assets. The group has general unrestricted reserves of £3,173,346 excluding the revaluation reserve, compared with £2,387,967 the previous year. The trustees have identified that the reserves are at a low level, representing more than 36% (including the revaluation reserve) of annual net resources expended (2019: 30%). The freely available unrestricted reserves were £1,415,087.

The financial results for the subsidiary entities are shown in note 27 to the accounts.

#### Reserves

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained as a level equivalent to between three and six months expenditure. The trustees consider the reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised.

# HOPE CITY CHURCH

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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As of March 2020, Hope City Church has £401,536 held in a treasury account with Kingdom Bank. This is funds collected from the Waverley Dream Offering and has been kept for future Dream Offering use. Following significant changes in overall governance and organisational structure, as well as major changes in local leadership, the Trustees are currently in the process of re-evaluating this fund and are following the strict charity regulations of a potential redistribution process.

Hope City Church policy in general is to also work towards building three months' worth of cash reserves.

#### **Recent investments**

Continued investments have been made within the infrastructure of Hope City Church including data protection developments, IT upgrades and Health and Safety training.

During an exceptional time of transition during the period from June 2020 to the time of this report, significant advancements in supportive infrastructure have been made with particular focus on strengthening HR practice, ensuring improved policies and procedures across all locations. Other developments include areas such as Diversity and Equality training for all key leaders.

#### **Dave and Jenny Gilpin**

In June 2020, the decision was made by Dave and Jenny Gilpin to resign from their positions as Senior Pastors of Hope City Church. One of the main contributing factors surrounded allegations and admittance of racially discriminatory practice predominantly but not exclusively between 2015 and 2016. This decision which was made after almost 30 years of ministry both in Sheffield and further afield represented a difficult and challenging time in the life of Hope City Church with both the decision and the circumstances surrounding it being the cause of a considerable degree of hurt and pain amongst past and present members of the church.

This represents both events and a season which Trustees sincerely regret and have been working to bring resolution to in recent months through an internal investigation.

Through the support of C3 Globally and more specifically in Europe and the intensive work of Trustees and Lead Pastors across Hope City Church locations, changes have been and continue to be implemented to policy, structure, and process which seek to encourage greater diversity and redefine aspects of church leadership culture ensuring a greater degree of accountability and transparency across Hope City Church.

#### **Racial Discrimination and leadership culture Investigation**

In June 2020, information was brought to light arising from a significant number of comments made on social media about practices within Hope City Church which were seen as racially discriminative. Hope City Church Trustees recognised the need to fully investigate these allegations and to make the necessary changes to personnel, policy, practice, and the leadership culture. As well as an internal investigation that included a BAME Advisory Board with representatives from congregations of Hope City Church, Trustees invited third-party external involvement to bring objectivity, challenge and support and is currently in the closing stages of compiling findings, conclusions, and recommendations in a detailed report. As a result, the church will be able to implement, track and evaluate recommended changes. A copy of the full report will be submitted to the Charity Commission in due course and be communicated and made available, along with an Executive Summary, to all members of Hope City Church and those who have reached out to Trustees during the investigation.

# HOPE CITY CHURCH

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### Goals and Developments

At the time of writing this report, Hope City Church has embarked on a journey of substantial change, structurally and organisationally. Across all locations, the Trustees and Lead Pastors have been united in working together to establish the fundamental priorities for the church going forward. These priorities include strengthening spiritual oversight and governance, as well as creating a new operating model that allows each location a greater degree of autonomy for strategy making and local decision making whilst at the same time strengthening governance and compliance across Hope City Church.

From April 2021, Hope City Church, which up until now has been one church in multiple locations within the C3 Global movement, will become a family of autonomous churches within the C3 Global movement and will sit under the collective governance of Hope City Church Trustees. In recent months, the Trustees of Hope City Church have played an active and frontline role in bringing stability and change, and the governance and financial structure will continue to be reviewed and strengthened.

Alongside the spiritual oversight and guidance of the C3 European Leadership Team and the existing Hope City Church Board of Trustees, a new Executive Board will be formed comprising representatives from the Lead Pastors of each Hope City Church location and Executive Trustee representation.

A new Church Resourcing & Support department (CRS) will be created that will provide financial and corporate services to support, empower and release each church to move forward in their local vision as well as providing stability to the overall Hope City Church charity.

From April 2021, all UK locations of Hope City Church will begin to operate as largely autonomous churches working under the joint governance of Hope City Church trustees and the Spiritual Oversight of the C3 Church Global through European Regional Directors. At this point our remaining international locations will either have transitioned to become separate independent C3 Churches with their own governance or will be in transition towards this goal during financial year 2021/22.

Trustees will ensure that local strategy created and outworked by the local Lead Pastors will remain aligned within the overall mission of the charity which includes:

- investing in developing disciples of Jesus Christ and strengthening teams to build cross-generational and multicultural engagement.
- enhancing capacity and membership retention through the help and dedication of lay members of the church who share a passion and zeal for the local church.
- developing location-specific community programmes that will enrich the impact and standing of the Hope City Church family of churches by meeting the needs of local people and adhere to the overall objects of the charity and its subsidiaries.
- create both online and in-person environments where people can encounter the presence of God in worship, received Biblical teaching, grow spiritually and be part of local communities of faith which help share the gift of salvation with the world.

# HOPE CITY CHURCH

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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Due to the many transitions outlined in this report, including the administrative separation of City Hearts, internal organisational change and impact of COVID-19, the Hope City Church budgets for 2021-2022 are predicting a substantial loss in income. The decision has also been made to move to one main annual offering, instead of two. This annual offering will take place at a local level, which therefore means the usual central 'First Fruits' offering will no longer exist. However, the Trustees are confident that this loss will be managed through the extensive change in structure and overall reduction in activity and spend. Some of this change includes the fact that Hope City Church will no longer financially support the KL and Accra locations or have any senior pastor budgets. All Design and Media will now be housed in individual locations and both internal and external conferences will either pause or be significantly reduced. Plans are also in place to obtain new tenants in the Sheffield and Liverpool buildings, replacing City Hearts. Other sections of reduced spend include overall staffing levels, travel, and hospitality. The introduction of a central collective reserve will also provide short term assistance to locations if needed. Although this evidence and current situation highlights significant shortfall and could initially suggest a difficult time, the Trustees are certain that through the resources available the church can continue as a going concern.

#### **Structure, Governance and Management**

The Church is a company limited by guarantee and a registered charity. The Company was incorporated on 15 November 2006 and commenced activities on 1 April 2007 when it took over the assets, liabilities and running of the Church.

The Trustees, who are also directors for the purpose of company law, and who served during the period are:

C Davies	
D A Gilpin	(Resigned 21 June 2020)
P Benger	
C W Davies	
O Olarinde	
J J Greenow	
A E Ibbotson	(Appointed 10 June 2020)

Hope City Church is affiliated to C3 Church Global - a worldwide community of churches that come together as one movement under the direction and leadership of C3 Church Global Directors and Team. As part of the C3 movement since 2013, Hope City Church remains an autonomous and independent church under the Spiritual Oversight of C3 itself.

In accordance with both the charity's governing documents and C3's recommendations, there are at least three Managing Trustees at any one time and Trustees who are not on the charity's payroll should be in the majority. None of the Trustees have any beneficial interest in the company. All the Trustees are also the Members of the company and guarantee to contribute £1 in the event of a dissolution or winding up. Following recent recommendations, when a Trustee vacancy occurs, potential candidates with the relevant experience, skill set, and expertise will be identified and discussed at Board meetings. Once this process has taken place, one of the Trustees will then approach the prospective candidate, with further due diligence taking place before any official appointment is made.

The trustees review payments made to employees in similar managerial positions in other churches and similar organisations when considering the levels of pay for key managers. The trustees also take into consideration the ability of the charitable company to be able to pay such salaries.

# HOPE CITY CHURCH

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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The Church is a registered charity (number 1119791), and a company limited by guarantee (number 5999100). Hope City Church owns all of the share capital in Megacentre Limited, a trading company which generates funds to resource the wider mission and objects of Hope City Church and to deliver the non-primary purpose trading of the charity.

Hope City Foundation, a company limited by guarantee with separate charitable objects and status and is also connected with Hope City Church. With its primary focus of operation and area of benefit in Sheffield at the time of this report, it operates an Ofsted Registered Early Years Day Nursery on the Sheffield church premises and a number of community projects intended to deliver the social mission of Hope City Church.

The social mission of the church is therefore expressed through its community arm, Hope City Foundation. Despite the restrictions of COVID-19, at the time of writing this report, our 'Hope Hampers' project in Sheffield has directly helped over 4,200 people in the local community. Other areas of social impact delivered in Sheffield have involved a Polka Dots playgroup and several ESOL (English for Speakers of other languages) and befriending programmes tackling issues of loneliness. To further expand the community work and make a tangible and lasting difference in local areas, Hope City Foundation has recently appointed both a Volunteer Co-ordinator and a Community Connector through the help of external funding bodies such as the Henry Smith Charity.

Following combined Trustee meetings in June 2020 it was confirmed that Hope City Church and City Hearts (UK) (formerly Hope City Enterprise, founded by Hope City Church) should operate as separate entities and that from March 31st, 2021 all operational and financial links will be severed. This excludes the formal arrangement regarding the ongoing debt owed for the previously agreed property sale.

As a whole, the Trustees have identified and assessed the major risks to which the Church is exposed and are satisfied that the mitigation and systems are in place to limit exposure to these risks.

#### **Disclosure of Information to Auditors**

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

On behalf of the Board of Trustees

**C Davies**

Trustee

Dated: 22 March 2021

# **HOPE CITY CHURCH**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

### **FOR THE YEAR ENDED 31 MARCH 2020**

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The trustees, who are also the directors of Hope City Church for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that year.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF HOPE CITY CHURCH**

### **Opinion**

We have audited the financial statements of Hope City Church (the 'charitable company') for the year ended 31 March 2020 which comprise the consolidated Statement of Financial Activities, the parent Statement of Financial Activities, the consolidated Balance Sheet, the parent Balance Sheet, the consolidated Statement of Cash Flows, the parent Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accounts:

- give a true and fair view of the state of the group and the parent charitable company's affairs as at 31 March 2020 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of accounts 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 accounts 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.

### **Conclusion 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 accounts is not appropriate; or
- the trustees have not disclosed in the accounts 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 accounts are authorised for issue.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOPE CITY CHURCH (CONTINUED)**

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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 our audit:

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year of which the accounts are prepared is consistent with the accounts; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

### **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 Directors' Report included within the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which 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 accounts 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOPE CITY CHURCH (CONTINUED)**

### **Responsibilities of the 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 accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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 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 accounts as a whole are free from material misstatements, 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 accounts.

A further description of our responsibilities for the audit of the accounts 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 the 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 purposes. 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.

**Roland Givans (Senior Statutory Auditor)**  
**for and on behalf of UHY Hacker Young**

**22 March 2021**

**Chartered Accountants**  
**Statutory Auditor**

# HOPE CITY CHURCH

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Unrestricted funds £	Restricted funds £	Total 2020 £	Unrestricted funds £	Restricted funds £	Total 2019 £
<b>Income from:</b>							
Donations and gifts	3	1,758,289	550,290	2,308,579	1,774,487	465,007	2,239,494
Charitable activities	4	6,547,316	-	6,547,316	4,591,228	91,430	4,682,658
Other trading activities	5	103,666	-	103,666	107,243	-	107,243
Investments	6	662	3,275	3,937	2,396	2,986	5,382
Other income	7	852	-	852	102,503	-	102,503
<b>Total income</b>		<b>8,410,785</b>	<b>553,565</b>	<b>8,964,350</b>	<b>6,577,857</b>	<b>559,423</b>	<b>7,137,280</b>
<b>Expenditure on:</b>							
Raising funds	8	139,835	31,391	171,226	155,494	33,150	188,644
Charitable activities	9	7,488,267	637,920	8,126,187	6,289,779	761,424	7,051,203
Other	14	2,300	-	2,300	1,194	-	1,194
<b>Total expenditure</b>		<b>7,630,402</b>	<b>669,311</b>	<b>8,299,713</b>	<b>6,446,467</b>	<b>794,574</b>	<b>7,241,041</b>
<b>Net incoming/(outgoing) resources before associated undertakings and transfers</b>		<b>780,383</b>	<b>(115,746)</b>	<b>664,637</b>	<b>131,390</b>	<b>(235,151)</b>	<b>(103,761)</b>
Gross transfers between funds		(30,093)	30,093	-	-	-	-
<b>Net incoming/(outgoing) resources</b>		<b>750,290</b>	<b>(85,653)</b>	<b>664,637</b>	<b>131,390</b>	<b>(235,151)</b>	<b>(103,761)</b>
<b>Other recognised gains and losses</b>							
Revaluation of tangible fixed assets		-	-	-	(20,182)	-	(20,182)

## HOPE CITY CHURCH

### CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

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Notes	Unrestricted funds £	Restricted funds £	Total 2020 £	Unrestricted funds £	Restricted funds £	Total 2019 £
<b>Net movement in funds</b>	750,290	(85,653)	664,637	111,208	(235,151)	(123,943)
Fund balances at 1 April 2019	<u>2,218,861</u>	<u>515,215</u>	<u>2,734,076</u>	<u>2,107,653</u>	<u>750,366</u>	<u>2,858,019</u>
<b>Fund balances at 31 March 2020</b>	<u>2,969,151</u>	<u>429,562</u>	<u>3,398,713</u>	<u>2,218,861</u>	<u>515,215</u>	<u>2,734,076</u>

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# HOPE CITY CHURCH

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Unrestricted funds £	Restricted funds £	Total 2020 £	Unrestricted funds £	Restricted funds £	Total 2019 £
<b><u>Income from:</u></b>							
Donations and gifts	3	1,719,786	491,515	2,211,301	1,648,199	405,007	2,053,206
Charitable activities	4	351,202	-	351,202	353,581	11,430	365,011
Other trading activities	5	22,670	-	22,670	25,657	-	25,657
Investments	6	105	3,275	3,380	1,768	2,986	4,754
Other income	7	446	-	446	102,503	-	102,503
<b>Total income</b>		<b><u>2,094,209</u></b>	<b><u>494,790</u></b>	<b><u>2,588,999</u></b>	<b><u>2,131,708</u></b>	<b><u>419,423</u></b>	<b><u>2,551,131</u></b>
<b><u>Expenditure on:</u></b>							
Raising funds	8	14,557	31,391	45,948	7,373	33,150	40,523
Charitable activities	9	2,012,427	356,018	2,368,445	2,109,357	592,402	2,701,759
Other	14	30,850	-	30,850	77,831	-	77,831
<b>Total expenditure</b>		<b><u>2,057,834</u></b>	<b><u>387,409</u></b>	<b><u>2,445,243</u></b>	<b><u>2,194,561</u></b>	<b><u>625,552</u></b>	<b><u>2,820,113</u></b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>36,375</b>	<b>107,381</b>	<b>143,756</b>	<b>(62,853)</b>	<b>(206,129)</b>	<b>(268,982)</b>
Gross transfers between funds		<u>143,794</u>	<u>(143,794)</u>	-	-	-	-
<b>Net incoming/(outgoing) resources</b>		<b>180,169</b>	<b>(36,413)</b>	<b>143,756</b>	<b>(62,853)</b>	<b>(206,129)</b>	<b>(268,982)</b>
<b>Other recognised gains and losses</b>							
Revaluation of tangible fixed assets		-	-	-	(20,182)	-	(20,182)
<b>Net movement in funds</b>		<b><u>180,169</u></b>	<b><u>(36,413)</u></b>	<b><u>143,756</u></b>	<b><u>(83,035)</u></b>	<b><u>(206,129)</u></b>	<b><u>(289,164)</u></b>

## HOPE CITY CHURCH

### STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

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Notes	Unrestricted funds £	Restricted funds £	Total 2020 £	Unrestricted funds £	Restricted funds £	Total 2019 £
Fund balances at 1 April 2019	<u>983,035</u>	<u>465,975</u>	<u>1,449,010</u>	<u>1,066,070</u>	<u>672,104</u>	<u>1,738,174</u>
<b>Fund balances at 31 March 2020</b>	<u><b>1,163,204</b></u>	<u><b>429,562</b></u>	<u><b>1,592,766</b></u>	<u><b>983,035</b></u>	<u><b>465,975</b></u>	<u><b>1,449,010</b></u>

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# HOPE CITY CHURCH

## CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2020

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	Notes	2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	15		2,542,243		2,142,470
<b>Current assets</b>					
Stocks	17	1,050		5,500	
Debtors	18	944,524		771,148	
Cash at bank and in hand		<u>1,290,740</u>		<u>1,265,760</u>	
		2,236,314		2,042,408	
<b>Creditors: amounts falling due within one year</b>	19	<u>(450,978)</u>		<u>(462,237)</u>	
Net current assets			<u>1,785,336</u>		<u>1,580,171</u>
<b>Total assets less current liabilities</b>			4,327,579		3,722,641
<b>Creditors: amounts falling due after one year</b>	20		<u>(928,866)</u>		<u>(988,565)</u>
<b>Net assets</b>			<u>3,398,713</u>		<u>2,734,076</u>
<b>Income funds</b>					
Restricted funds	22		429,562		515,215
<u>Unrestricted funds:</u>					
Retained within the charity		3,173,346		2,387,967	
Revaluation reserve		<u>376,427</u>		<u>376,427</u>	
			3,549,773		2,764,394
Non-charitable trading funds			<u>(580,622)</u>		<u>(545,533)</u>
			<u>3,398,713</u>		<u>2,734,076</u>

The financial statements were approved by the board of directors and authorised for issue on 22 March 2021 and are signed on its behalf by:

C Davies  
Trustee

Company Registration No. 5999100

# HOPE CITY CHURCH

## BALANCE SHEET

AS AT 31 MARCH 2020

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	Notes	2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	15		2,078,564		1,701,685
<b>Current assets</b>					
Stocks	17	1,000		5,000	
Debtors	18	100,625		105,145	
Cash at bank and in hand		<u>492,282</u>		<u>650,259</u>	
		593,907		760,404	
<b>Creditors: amounts falling due within one year</b>	19	<u>(320,348)</u>		<u>(201,183)</u>	
Net current assets			<u>273,559</u>		<u>559,221</u>
<b>Total assets less current liabilities</b>			2,352,123		2,260,906
<b>Creditors: amounts falling due in more than one year</b>	20		<u>(759,357)</u>		<u>(811,896)</u>
<b>Net assets</b>			<u>1,592,766</u>		<u>1,449,010</u>
<b>Income funds</b>					
Restricted funds	22		429,562		465,975
<u>Unrestricted funds:</u>					
General unrestricted funds		682,769		502,600	
Revaluation reserve		<u>480,435</u>		<u>480,435</u>	
			<u>1,163,204</u>		<u>983,035</u>
			<u>1,592,766</u>		<u>1,449,010</u>

The financial statements were approved by the board of directors and authorised for issue on 22 March 2021 and are signed on its behalf by:

C Davies  
Trustee

Company Registration No. 5999100

# HOPE CITY CHURCH

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Group			
		2020		2019	
		£	£	£	£
<b>Cash flow from operating activities</b>					
Cash generated from operations	28		621,819		(144,637)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(542,792)		(102,581)	
Proceeds on disposal of tangible fixed assets		446		1,052,900	
Interest received		<u>3,937</u>		<u>5,382</u>	
<b>Net cash (used in)/ generated from investing activities</b>			(538,409)		955,701
<b>Financing activities</b>					
Repayment of bank loans		<u>(58,430)</u>		<u>(800,693)</u>	
<b>Net cash used in financing activities</b>			<u>(58,430)</u>		<u>(800,693)</u>
<b>Net increase in cash and cash equivalents</b>			24,980		10,371
Cash and cash equivalents at beginning of year			<u>1,265,760</u>		<u>1,255,389</u>
<b>Cash and cash equivalents at end of year</b>			<u>1,290,740</u>		<u>1,265,760</u>
<b>Charity</b>					
		2020		2019	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	28		369,817		(144,945)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(480,064)		(62,994)	
Proceeds on disposal of tangible fixed assets		446		1,052,900	
Interest received		<u>3,380</u>		<u>4,754</u>	
<b>Net cash (used in)/ generated from investing activities</b>			(476,238)		994,660
<b>Financing activities</b>					
Repayment of bank loans		<u>(51,556)</u>		<u>(794,064)</u>	
<b>Net cash used in financing activities</b>			<u>(51,556)</u>		<u>(794,064)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>			(157,977)		55,651
Cash and cash equivalents at beginning of year			<u>650,259</u>		<u>594,608</u>
<b>Cash and cash equivalents at end of year</b>			<u>492,282</u>		<u>650,259</u>

# HOPE CITY CHURCH

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

#### Company information

Hope City Church is a private company limited by guarantee incorporated in England and Wales. The registered office is The Megacentre, Bernard Road, Sheffield, S2 5BQ.

#### 1.1 Accounting convention

The accounts have been prepared in accordance with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the main functional currency of the company. The charity also has Ghanaian Cedi and Malaysian Ringgit as functional currencies. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and leasehold properties. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. In making that assessment, the trustees have specifically considered the impact of the coronavirus on the operations of the charity, alongside actions taken to mitigate that impact. Thus the trustees continue to adopt the going concern basis of accounting in preparing the accounts.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

#### 1.4 Incoming resources

Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when receivable except insofar as they are incapable of financial measurement. Gifts donated for resale are included as income when they are sold. Donated assets are included at the value to the charity where this can be quantified and a third party is bearing the cost. The value of services provided by volunteers has not been included.

Grants, including grants for the purchase of fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they are receivable.

Rental income, income from the sale of resources, investment income and income from charitable activities is included in the year in which it is receivable.

Turnover from Megacentre Limited activities represents amounts receivable for goods and services net of VAT.

# HOPE CITY CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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### 1.5 Resources expended

Resources expended are recognised in the year in which they are incurred.

Charitable activities comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes grants made to projects, costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Costs of generating funds relate to costs incurred by trading subsidiaries.

Grant expenditure is included based on the date that individual projects' expenditure has been incurred, rather than the date that the grants are defrayed to the projects.

Governance costs included those costs associated with meeting constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource, and include irrecoverable VAT.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources.

### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Freehold property	-	2% straight line
Leasehold buildings	-	2%/ 33% straight line
Fixtures, fittings and equipment	-	20%/ 33.33% straight line
Motor vehicles	-	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

Fixed assets costing less than £500 are not capitalised.

### 1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/ (expenditure) for the year. Transaction costs are expensed as incurred.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

### 1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

# HOPE CITY CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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### 1.8 Impairment of fixed assets (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/(expenditure) for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured at cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

### 1.10 Leasing and hire purchase commitments

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

### 1.11 Pensions

The charity operates a defined contribution pension scheme. Contributions are charged in the accounts as they become payable in accordance with the rules of the scheme.

### 1.12 Basis of consolidation

The financial statements consolidate the accounts of Hope City Church and all of its subsidiary undertakings ('subsidiaries').

### 1.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowing in current liabilities.

### 1.14 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the charity becomes party to the contractual provisions of the instrument.

# HOPE CITY CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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### 1.14 Financial instruments (continued)

Financial assets are offset, with the net amounts presented in the accounts when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other receivables 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 the 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.

#### ***Impairment of financial assets***

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortisation cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# HOPE CITY CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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### 1.14 Financial instruments (continued)

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.15 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

## 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### **Critical judgements**

#### **Valuation of land and buildings**

The estimates and assumptions which have a significant risk of causing material adjustment to the carrying amount of assets and liabilities are as follows.

The charity has revalued its land and buildings and depreciated from each revaluation. The trustees will ensure that valuations will be made regularly and will review the values of the land and buildings shown in the accounts each year to make a judgement as to whether any evidence exists that their values are materially different to the values in the financial statements. This may take into account the state of the fabric of the buildings and the conditions in the market for the types of property owned.

# HOPE CITY CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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### 3 Donations and gifts

	<b>Group</b>					
	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total 2020 £</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total 2019 £</b>
Donations and gifts	<u>1,758,289</u>	<u>550,290</u>	<u>2,308,579</u>	<u>1,774,487</u>	<u>465,007</u>	<u>2,239,494</u>

	<b>Charity</b>					
	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total 2020 £</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total 2019 £</b>
Donations and gifts	<u>1,719,786</u>	<u>491,515</u>	<u>2,211,301</u>	<u>1,648,199</u>	<u>405,007</u>	<u>2,053,206</u>

# HOPE CITY CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 4 Charitable activities

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Sales within charitable activities	399,001	451,128	92,027	143,917
Services provided under contract	6,131,648	4,217,008	-	-
Charitable rental income, recharges and other income	<u>16,667</u>	<u>28,522</u>	<u>259,175</u>	<u>221,094</u>
	<u>6,547,316</u>	<u>4,682,658</u>	<u>351,202</u>	<u>365,011</u>
Analysis by fund				
Unrestricted funds	6,547,316	4,591,228	351,202	353,581
Restricted funds	<u>-</u>	<u>91,430</u>	<u>-</u>	<u>11,430</u>
	<u>6,547,316</u>	<u>4,682,658</u>	<u>351,202</u>	<u>365,011</u>

### 5 Other trading activities

	Group	
	2020 £	2019 £
Megacentre Limited	80,996	81,586
Sales of books and resources	<u>22,670</u>	<u>25,657</u>
	<u>103,666</u>	<u>107,243</u>
	Charity	
	2020 £	2019 £
Sales of books and resources	<u>22,670</u>	<u>25,657</u>

# HOPE CITY CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 6 Investments

	Group					
	Unrestricted funds	Restricted funds	Total 2020	Unrestricted funds	Restricted funds	Total 2019
	£	£	£	£	£	£
Interest receivable	<u>662</u>	<u>3,275</u>	<u>3,937</u>	<u>2,396</u>	<u>2,986</u>	<u>5,382</u>

	Charity					
	Unrestricted funds	Restricted funds	Total 2020	Unrestricted funds	Restricted funds	Total 2019
	£	£	£	£	£	£
Interest receivable	<u>105</u>	<u>3,275</u>	<u>3,380</u>	<u>1,768</u>	<u>2,986</u>	<u>4,754</u>

### 7 Other income

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Gain on disposal of tangible fixed assets	446	102,503	446	102,503
Sundry income	<u>406</u>	-	-	-
	<u>852</u>	<u>102,503</u>	<u>446</u>	<u>102,503</u>

# HOPE CITY CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 8 Raising funds

	<b>Group</b>					
	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total 2020</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total 2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<u>Fundraising and publicity</u>						
Seeking donations, grants and legacies	-	2,831	2,831	8,825	-	8,825
Staging fundraising events	<u>-</u>	<u>28,552</u>	<u>28,552</u>	<u>-</u>	<u>33,150</u>	<u>33,150</u>
Fundraising and publicity	<u>-</u>	<u>31,383</u>	<u>31,383</u>	<u>8,825</u>	<u>33,150</u>	<u>41,975</u>
<u>Trading costs</u>						
Other trading activities	<u>139,835</u>	<u>8</u>	<u>139,843</u>	<u>146,669</u>	<u>-</u>	<u>146,669</u>
	<u>139,835</u>	<u>31,391</u>	<u>171,226</u>	<u>155,494</u>	<u>33,150</u>	<u>188,644</u>

Raising funds include payments to the auditors of £1,750 (2019: £1,650) for services not connected to the charity and consolidated group accounts.

	<b>Charity</b>					
	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total 2020</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total 2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<u>Fundraising and publicity</u>						
Seeking donations, grants and legacies	-	2,831	2,831	-	17,043	17,043
Staging fundraising events	<u>-</u>	<u>28,552</u>	<u>28,552</u>	<u>-</u>	<u>16,107</u>	<u>16,107</u>
Fundraising and publicity	<u>-</u>	<u>31,383</u>	<u>31,383</u>	<u>-</u>	<u>33,150</u>	<u>33,150</u>
<u>Trading costs</u>						
Other trading activities	<u>14,557</u>	<u>8</u>	<u>14,565</u>	<u>7,373</u>	<u>-</u>	<u>7,373</u>
	<u>14,557</u>	<u>31,391</u>	<u>45,948</u>	<u>7,373</u>	<u>33,150</u>	<u>40,523</u>

# HOPE CITY CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 9 Charitable activities

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Staff costs	4,296,938	3,602,194	896,441	924,921
Depreciation and impairment	142,289	99,004	103,185	71,870
Church departments and events	86,076	74,965	86,076	74,965
Minister's consultancy fees	31,575	40,020	31,575	40,020
Food and drink	61,780	82,059	-	-
Activities and outings	32,313	42,266	-	-
City Hearts allowances	850,992	384,558	-	-
Hospitality and gifts	128,307	110,790	128,307	110,790
Rent, rates, and service charges	572,380	500,326	292,855	233,975
Insurance and utilities	194,744	158,754	107,002	89,925
Repairs and cleaning	490,447	423,921	239,815	229,884
Hire of office equipment	52,892	49,095	52,892	49,095
Subscriptions	47,861	39,990	42,346	33,023
Postage, stationery and adverts	70,801	90,673	50,650	64,707
Telephone and fax	80,214	63,208	22,699	19,211
Motor and travel expenses	488,651	482,636	128,160	223,968
Bad and doubtful debts	5,392	11,533	-	-
Educational activities	6,873	11,651	-	-
Legal, professional and consultancy fees	253,882	270,527	88,204	96,835
Staff recruitment and training	47,087	16,336	-	-
Catering costs	11,747	14,727	-	-
General expenses	105,186	80,675	65,283	59,340
Bank interest and charges	38,581	73,686	26,403	54,419
AKW costs	21,907	-	-	-
Development costs	-	301,842	-	301,842
	8,118,915	7,025,514	2,361,893	2,678,790
Grant funding of activities (see note 10)	3,872	22,289	3,152	19,569
Share of governance costs (see note 11)	3,400	3,400	3,400	3,400
	<u>8,126,187</u>	<u>7,051,203</u>	<u>2,368,445</u>	<u>2,701,759</u>
<b>Analysis by fund</b>				
Unrestricted funds	7,488,267	6,289,779	2,012,427	2,109,357
Restricted funds	<u>637,920</u>	<u>761,424</u>	<u>356,018</u>	<u>592,402</u>
	<u>8,126,187</u>	<u>7,051,203</u>	<u>2,368,445</u>	<u>2,701,759</u>

# HOPE CITY CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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### 10 Grants payable

	Group	
	2020	2019
	£	£
Grants to institutions	3,772	22,289
Grants to individuals	<u>100</u>	<u>-</u>
	<u>3,872</u>	<u>22,289</u>

  

	Charity	
	2020	2019
	£	£
Grants to institutions	3,052	19,569
Grants to individuals	<u>100</u>	<u>-</u>
	<u>3,152</u>	<u>19,569</u>

# HOPE CITY CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 11 Support costs

	Group and Charity					2019 £
	Support costs £	Governance costs £	2020 £	Support costs £	Governance costs £	
Audit fees	<u>-</u>	<u>3,400</u>	<u>3,400</u>	<u>-</u>	<u>3,400</u>	<u>3,400</u>
	<u>-</u>	<u>3,400</u>	<u>3,400</u>	<u>-</u>	<u>3,400</u>	<u>3,400</u>
Analysed between Charitable activities	<u>-</u>	<u>3,400</u>	<u>3,400</u>	<u>-</u>	<u>3,400</u>	<u>3,400</u>

#### Group

Governance costs includes payments to the auditors of £3,400 (2019: £3,400) for audit fees. Charitable activities costs includes payments of £14,060 (2019: £15,080) to the auditors for other services.

#### Charity

Governance costs includes payments to the auditors of £3,400 (2019: £3,400) for audit fees. Charitable activities costs includes payments of £5,000 (2019: £7,328) to the auditors for other services.

## HOPE CITY CHURCH

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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#### 12 Trustees

D A Gilpin received emoluments of £44,854 (2019: £43,300) and pension contributions of £11,174 (2019: £10,350) during the year and invoiced the church for his services through his company Dagarte Limited. The total charges for ministry, advisory and other services paid to Dagarte Limited were £31,575 (2019: £40,020). His wife was also an employee of the church and received £16,640 (2019: £7,020) for work carried out under contracts of employment.

C Davies received emoluments of £43,333 (2019: £37,500) and pension contributions of £1,350 (2019: £600) during the year. A company owned and controlled by C Davies and his wife received £1,101 (2019: £9,471) for providing payroll and consultancy services to the charity. They received £6,031 (2019: £18,647) for providing payroll and consultancy services to the group. C Davies and his wife made donations totaling £12,040 (2019: £21,155) to the church with donations being made personally by both of them and also through making donations from their business.

The wife of C W Davies received £1,043 (2019: £2,771) for speaking at and holding worship sessions.

None of the other trustees received emoluments during the year (2019: £nil).

No other trustees received any other benefits during the year (2019: £nil).

The church's constitution expressly permits trustees to be remunerated provided certain conditions are met.

#### 13 Employees

##### Number of employees

The average number of employees during the year was:

	Group		Charity	
	2020	2019	2020	2019
	Number	Number	Number	Number
Trustees of Hope City Church	6	6	6	6
Trustees / directors of subsidiaries	8	5	-	-
Employees	<u>226</u>	<u>214</u>	<u>40</u>	<u>44</u>
	<u>240</u>	<u>225</u>	<u>46</u>	<u>50</u>

**HOPE CITY CHURCH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

**13 Employees (continued)**

**Employment costs**

	Raising funds		Charitable activities		Group	
	2020	2019	2020	2019	2020	2019
	£	£	£	£	£	£
Wages and salaries	47,322	3,901,332	3,948,654	54,882	3,310,207	3,365,089
Social security costs	2,554	274,110	276,664	2,142	223,712	225,854
Other pension costs	<u>836</u>	<u>121,496</u>	<u>122,332</u>	<u>611</u>	<u>68,275</u>	<u>68,886</u>
	<u>50,712</u>	<u>4,296,938</u>	<u>4,347,650</u>	<u>57,635</u>	<u>3,602,194</u>	<u>3,659,829</u>

	Charity	
	2020	2019
	£	£
Wages and salaries	796,088	839,813
Social security costs	55,394	57,339
Other pension costs	<u>44,959</u>	<u>27,769</u>
	<u>896,441</u>	<u>924,921</u>

	Group and Charity	
	2020	2019
The number of employees whose annual remuneration was £60,000 or more were;		
£80,001 to £90,000	1	-
£90,001 to £100,000	<u>-</u>	<u>1</u>

Contributions totalling £11,174 (2019: £10,750) were made to defined contribution pension schemes on behalf of employees whose emoluments exceed £60,000.

**14 Other**

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Loss on disposal of tangible fixed assets	-	1,194	-	1,194
Bad debts	<u>2,300</u>	<u>-</u>	<u>30,850</u>	<u>76,637</u>
	<u>2,300</u>	<u>1,194</u>	<u>30,850</u>	<u>77,831</u>

# HOPE CITY CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 15 Tangible fixed assets

	Group			Total
	Freehold property	Long leasehold property	Fixtures fittings & equipment	
	£	£	£	£
<b>Cost</b>				
At 1 April 2019	398,251	1,664,279	910,606	2,973,136
Additions at cost	-	459,481	83,311	542,792
Disposals	-	-	(1,352)	(1,352)
Transfers	<u>163,000</u>	<u>(163,000)</u>	-	-
At 31 March 2020	<u>561,251</u>	<u>1,960,760</u>	<u>992,565</u>	<u>3,514,576</u>
<b>Depreciation and impairment</b>				
At 1 April 2019	14,697	59,842	756,127	830,666
Charge for the year	7,963	70,010	65,046	143,019
Eliminated in respect of disposals	-	-	(1,352)	(1,352)
Transfers	<u>3,993</u>	<u>(3,993)</u>	-	-
At 31 March 2020	<u>26,653</u>	<u>125,859</u>	<u>819,821</u>	<u>972,333</u>
<b>Carrying amount</b>				
At 31 March 2020	<u>534,598</u>	<u>1,834,901</u>	<u>172,744</u>	<u>2,542,243</u>
At 31 March 2019	<u>383,554</u>	<u>1,604,437</u>	<u>154,479</u>	<u>2,142,470</u>

  

	Charity			Total
	Freehold property	Long leasehold property	Fixtures fittings & equipment	
	£	£	£	£
<b>Cost</b>				
At 1 April 2019	-	1,664,279	750,700	2,414,979
Additions at cost	-	458,105	21,959	480,064
Disposals	-	-	(1,352)	(1,352)
Transfers	<u>163,000</u>	<u>(163,000)</u>	-	-
At 31 March 2020	<u>163,000</u>	<u>1,959,384</u>	<u>771,307</u>	<u>2,893,691</u>
<b>Depreciation and impairment</b>				
At 1 April 2019	-	59,842	653,452	713,294
Charge for the year	-	69,911	33,274	103,185
Eliminated in respect of disposals	-	-	(1,352)	(1,352)
Transfers	<u>3,993</u>	<u>(3,993)</u>	-	-
At 31 March 2020	<u>3,993</u>	<u>125,760</u>	<u>685,374</u>	<u>815,127</u>
<b>Carrying amount</b>				
At 31 March 2020	<u>159,007</u>	<u>1,833,624</u>	<u>85,933</u>	<u>2,078,564</u>
At 31 March 2019	<u>-</u>	<u>1,604,437</u>	<u>97,248</u>	<u>1,701,685</u>

# HOPE CITY CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 15 Tangible fixed assets (continued)

Some of the church's freehold land and buildings were externally revalued at £1,475,000 at their open market value in December 2017 by Cushman and Wakefield, Chartered Surveyors. Improvements made since 31 March 2007 are included at a cost less accumulated depreciation. Improvements to leasehold premises with a net book value of £35,914 are included within the fixed assets of Hope City Foundation (a charitable company controlled by Hope City Church) which has a sublease on part of the premises. The trustees are of the opinion that the value at 31 March 2020 would not differ significantly from this valuation.

Another of the church's freehold properties was externally revalued at £160,000 at their open market value in February 2019 by Reeds Rains, Estate Agents. The trustees are of the opinion that the value at 31 March 2020 would not differ significantly from this valuation.

#### Group

Some of the charity's leasehold and freehold land and buildings are subject to a mortgage with the balance owed at 31 March 2020 amounting to 55% (2019: 57%) of their net book value as stated in these accounts.

#### Charity

Some of the charity's leasehold and freehold land and buildings are subject to a mortgage with the balance owed at 31 March 2020 amounting to 57% (2019: 59%) of their net book value as stated in these accounts.

#### Comparable historical cost for the land and buildings included at valuation:

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Cost	1,652,496	1,652,496	1,536,586	1,536,586
Accumulated depreciation	<u>628,265</u>	<u>592,761</u>	<u>556,178</u>	<u>515,462</u>
At 31 March 2020	<u>1,024,231</u>	<u>1,059,735</u>	<u>990,408</u>	<u>1,021,124</u>

All other tangible fixed assets are stated at historical cost.

### 16 Financial instruments

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	<u>2,210,848</u>	<u>1,994,471</u>	<u>579,001</u>	<u>722,939</u>
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	<u>1,316,033</u>	<u>1,393,806</u>	<u>1,068,113</u>	<u>998,647</u>

### 17 Stocks

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Goods for resale	<u>1,050</u>	<u>5,500</u>	<u>1,000</u>	<u>5,000</u>

# HOPE CITY CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 18 Debtors

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Trade debtors	858,690	674,737	20,790	29,572
Amounts due from subsidiary undertakings	-	-	18,688	2,609
Other debtors	61,418	53,974	47,241	40,499
Prepayments and accrued income	<u>24,416</u>	<u>42,437</u>	<u>13,906</u>	<u>32,465</u>
	<u>944,524</u>	<u>771,148</u>	<u>100,625</u>	<u>105,145</u>

### 19 Creditors: amounts falling due within one year

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Bank loans and overdrafts	70,878	66,754	52,325	51,342
Trade creditors	88,930	125,554	56,832	72,593
Amounts owed to group undertakings	-	-	154,617	8,014
Taxation and social security	63,811	56,996	11,592	14,432
Other creditors	116,670	108,939	27,101	38,986
Accruals	43,558	33,069	17,881	15,816
Deferred income	<u>67,131</u>	<u>70,935</u>	-	-
	<u>450,978</u>	<u>462,237</u>	<u>320,348</u>	<u>201,183</u>

### 20 Creditors: amounts falling due after more than one year

	Group	
	2020 £	2019 £
Mortgage and loan	<u>928,866</u>	<u>988,565</u>
<b>Analysis of mortgage and loan</b>		
Not wholly repayable within five years by instalments	677,799	742,935
Wholly repayable within five years	<u>310,380</u>	<u>303,675</u>
	988,179	1,046,610
Included in current liabilities	<u>(59,313)</u>	<u>(58,045)</u>
	<u>928,866</u>	<u>988,565</u>
<b>Loan maturity analysis</b>		
Debt due in one year or less	59,313	58,045
In more than one year but not more than two years	60,659	59,446
In more than two years but not more than five years	190,408	186,184
In more than five years	<u>677,799</u>	<u>742,935</u>
	<u>988,179</u>	<u>1,046,610</u>

The mortgages are secured by first legal charges over the group's freehold and leasehold land and buildings.

# HOPE CITY CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 20 Creditors: amounts falling due after more than one year (continued)

	Charity	
	2020	2019
	£	£
Mortgage	<u>759,357</u>	<u>811,896</u>
<b>Analysis of loans</b>		
Not wholly repayable within five years by instalments	539,529	596,219
Wholly repayable within five years	<u>272,153</u>	<u>267,019</u>
	811,682	863,238
Included in current liabilities	<u>(52,325)</u>	<u>(51,342)</u>
	<u>759,357</u>	<u>811,896</u>
<b>Loan maturity analysis,</b>		
Debt due in one year or less	52,325	51,342
In more than one year but not more than two years	53,357	52,443
In more than two years but not more than five years	166,471	163,234
In more than five years	<u>539,529</u>	<u>569,219</u>
	<u>811,682</u>	<u>863,238</u>

The mortgage is secured by a first legal charge over the charity's freehold land and buildings.

### 21 Pension and other post-retirement benefit commitments

#### Defined contribution

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Contributions payable by the group and charity for the year	<u>122,332</u>	<u>68,886</u>	<u>23,153</u>	<u>27,769</u>

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the fund.

# HOPE CITY CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 22 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	<b>Group Movement in funds</b>							
	<b>Balance at 1 April 2018 £</b>	<b>Incoming resources £</b>	<b>Resources expended £</b>	<b>Balance at 31 March 2019 £</b>	<b>Incoming resources £</b>	<b>Resources expended £</b>	<b>Transfers £</b>	<b>Balance at 31 March 2020 £</b>
Dream Offering	672,104	419,423	(625,552)	465,975	494,790	(387,409)	(143,794)	429,562
ISP Project	78,262	120,000	(169,022)	29,240	-	(175,191)	145,951	-
Antislavery Knowledge Network	-	20,000	-	20,000	58,775	(106,711)	27,936	-
	<u>750,366</u>	<u>559,423</u>	<u>(794,574)</u>	<u>515,215</u>	<u>553,565</u>	<u>(669,311)</u>	<u>30,093</u>	<u>429,562</u>

	<b>Charity Movement in funds</b>							
	<b>Balance at 1 April 2018 £</b>	<b>Incoming resources £</b>	<b>Resources expended £</b>	<b>Balance at 31 March 2019 £</b>	<b>Incoming resources £</b>	<b>Resources expended £</b>	<b>Transfers £</b>	<b>Balance at 31 March 2020 £</b>
Dream Offering	<u>672,104</u>	<u>419,423</u>	<u>(625,552)</u>	<u>465,975</u>	<u>494,790</u>	<u>(387,409)</u>	<u>(143,794)</u>	<u>429,562</u>

## HOPE CITY CHURCH

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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#### **22 Restricted funds (continued)**

The Dream Offering was an offering made with the intention of raising funds to fund the future development of each of the church's locations. Each location has its own forward looking plan and the Dream Offering is therefore appropriated and allocated against the specific requirements of each location. In some instances this will relate to the purchase or refurbishment of premises and in others securing the medium to long term future of the congregation by enabling the hiring of venues.

The Integration Support Programme aims to support male victims of human trafficking to connect with their community and reintegrate into the labour market. The programme seeks to empower, 'up-skill' and inspire each individual to take hold of a pathway to employment and to engage effectively with their local community, moving them towards full independence. The charity provided coaching and guidance and encourage individuals to manage their own lives independently. This was achieved through weekly coaching sessions, befriending activities, classroom work, work placement and training.

The Antislavery Knowledge Network offers the extended effort to address slavery as a core development challenge in sub-Saharan Africa via innovative approaches from the arts and humanities that deliver community-engaged antislavery work. This involves classroom based sessions utilising visual arts and photography and collaborating with local schools engaging with and building upon the existing City Hearts education programme.

# HOPE CITY CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 23 Analysis of net assets between funds

	Unrestricted funds 2020 £	Restricted funds 2020 £	Group			Total 2019 £
			Total 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	
Fund balances at 31 March 2020 are represented by:						
Tangible assets	2,542,243	-	2,542,243	2,142,470	-	2,142,470
Current assets/(liabilities)	1,355,774	429,562	1,785,336	1,064,956	515,215	1,580,171
Long term liabilities	(928,866)	-	(928,866)	(988,565)	-	(988,565)
	<u>2,969,151</u>	<u>429,562</u>	<u>3,398,713</u>	<u>2,218,861</u>	<u>515,215</u>	<u>2,734,076</u>

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £		
Unrealised gains included above:								
On tangible fixed assets	<u>376,427</u>	-	<u>376,427</u>	<u>376,427</u>	-	<u>376,427</u>		
	<u>376,427</u>	-	<u>376,427</u>	<u>376,427</u>	-	<u>376,427</u>		
Reconciliation of movements in unrealised gains:								
Unrealised gains at 1 April 2019	376,427	-	376,427	396,609	-	396,609		
Revaluation of tangible fixed asset	-	-	-	(20,182)	-	(20,182)		
Unrealised gains at 31 March 2020	<u>376,427</u>	-	<u>376,427</u>	<u>376,427</u>	-	<u>376,427</u>		

**HOPE CITY CHURCH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

**23 Analysis of net assets between funds (continued)**

	Unrestricted funds		Restricted funds		Charity		Total
	2020		2020		2019		
	£	£	£	£	£	£	
Fund balances at 31 March 2020 are represented by:							
Tangible assets	2,078,564	-	2,078,564	1,701,685	-	1,701,685	
Current assets/(liabilities)	(156,003)	429,562	273,559	93,246	465,975	559,221	
Long term liabilities	(759,357)	-	(759,357)	(811,896)	-	(811,896)	
	<u>1,163,204</u>	<u>429,562</u>	<u>1,592,766</u>	<u>983,035</u>	<u>465,975</u>	<u>1,449,010</u>	

	Unrestricted funds		Restricted funds		Charity		Total
	2020		2020		2019		
	£	£	£	£	£	£	
Unrealised gains included above:							
On tangible fixed assets	480,435	-	480,435	480,435	-	480,435	
	<u>480,435</u>	<u>-</u>	<u>480,435</u>	<u>480,435</u>	<u>-</u>	<u>480,435</u>	
Reconciliation of movements in unrealised gains:							
Unrealised gains at 1 April 2019	480,435	-	480,435	500,617	-	500,617	
Revaluation of tangible fixed asset	-	-	-	(20,182)	-	(20,182)	
Unrealised gains at 31 March 2020	<u>480,435</u>	<u>-</u>	<u>480,435</u>	<u>480,435</u>	<u>-</u>	<u>480,435</u>	

## HOPE CITY CHURCH

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

#### 24 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Within one year	146,569	92,488	100,340	15,984
Between two and five years	378,499	13,351	375,629	6,457
In over five years	<u>217,375</u>	-	<u>217,375</u>	-
	<u>742,443</u>	<u>105,839</u>	<u>693,344</u>	<u>22,421</u>

#### Capital commitments

The group and charity had no capital commitments at 31 March 2020.

#### 25 Events after the reporting date

As referred to in the going concern section of the accounting policies, the trustees are monitoring the situation concerning the coronavirus and any impact it may have on the charity. Given the current uncertainties, any longer term financial effect cannot be estimated.

#### 26 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel, none of whom were trustees, is as follows.

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Aggregate compensation	<u>131,902</u>	<u>130,367</u>	<u>45,440</u>	<u>59,051</u>

The trustees review payments made to employees in similar managerial positions in other churches and similar organisations when considering the levels of pay for key managers. The trustees also take into consideration the ability of the charitable company to be able to pay such salaries.

## HOPE CITY CHURCH

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

#### 27 Subsidiaries

These financial statements are separate company financial statements for Hope City Church.

The charity has control of 100% of the assets and trade of **Hope City Foundation**, a charitable company limited by guarantee. The company operates as a children's nursery on church premises utilising assets purchased by the charity. Hope City Foundation became a registered charity in March 2004 (charity number 1102542). At the year-end Hope City Foundation had net assets of £17,075 (2019: £67,083). During the year ended 31 March 2020 its total incoming resources were £307,110 (2019: £293,391) and its total resources expended were £357,118 (2019: £286,627) leaving a net decrease in funds of £50,008 (2019: decrease in funds of £3,124).

Hope City Church owns 100% of the ordinary share capital of **Megacentre Limited**, a trading company which generates funds for the church. Megacentre Limited began trading on 1 April 2003, it operates from church premises and its principal activity is the letting of conference facilities and running a children's play area and café. At 31 March 2020 the net liabilities of Megacentre were £580,622 (2019: £545,433). Its turnover for the year ended 31 March 2020 was £80,996 (2019: £81,586) and its total resources expended were £116,185 (2019: £148,244) leaving a loss for the year of £35,189 (2019: £66,658).

The charity has control of 100% of the assets and trade of **City Hearts (UK)**, a company limited by guarantee and a registered charity (charity number 1110314). At 31 March 2020 the net assets of City Hearts (UK) were £1,836,485 (2019: £1,265,215). Its total incoming resources for the year ended 31 March 2020 were £6,229,706 (2019: £4,403,916) and its total resources expended were £5,658,436 (2019: £4,253,330) leaving a net increase in funds of £571,270 (2019: £152,108).

#### 28 Cash generated from operations

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Surplus/(deficit) for the year	664,637	(103,761)	143,756	(268,982)
Adjustments for:				
Investment income recognised in statement of financial activities	(3,937)	(5,382)	(3,380)	(4,754)
Gain on disposal of tangible fixed assets	(446)	(101,309)	(446)	(101,309)
Depreciation and impairment of tangible fixed assets	143,019	101,226	103,185	71,870
Movements in working capital:				
Decrease in stock	4,450	-	4,000	-
(Increase)/decrease in debtors	(173,376)	(12,756)	4,520	(220,046)
(Decrease)/increase in creditors	(8,724)	(22,676)	118,182	(61,816)
(Decrease)/increase in deferred income	<u>(3,804)</u>	<u>21</u>	<u>-</u>	<u>-</u>
<b>Cash generated from/(absorbed by) operations</b>	<b><u>621,819</u></b>	<b><u>(144,637)</u></b>	<b><u>369,817</u></b>	<b><u>(144,945)</u></b>

# HOPE CITY CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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### 29 Analysis of changes in net (debt)/funds

	<b>At 1 April 2019 £</b>	<b>Group Cash flows £</b>	<b>At 31 March 2020 £</b>
Cash at bank and in hand	1,265,760	24,980	1,290,740
Loans falling due within one year	(66,754)	(4,124)	(70,878)
Loans falling due after more than one year	<u>(988,565)</u>	<u>59,699</u>	<u>(928,866)</u>
	<u>210,441</u>	<u>80,555</u>	<u>290,996</u>

  

	<b>At 1 April 2019 £</b>	<b>Charity Cash flows £</b>	<b>At 31 March 2020 £</b>
Cash at bank and in hand	650,259	(157,977)	492,282
Loans falling due within one year	(51,342)	(983)	(52,325)
Loans falling due after more than one year	<u>(811,896)</u>	<u>52,539</u>	<u>(759,357)</u>
	<u>(212,979)</u>	<u>(106,421)</u>	<u>(319,400)</u>