

CHARITY REGISTRATION NUMBER 1102542

COMPANY REGISTRATION NUMBER 4489582

HOPE CITY FOUNDATION

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

HOPE CITY FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	C Davies A E Ibbotson E Muthiah L Davies L E Willis	(Appointed 19 April 2019) (Appointed 11 November 2019) (Appointed 9 December 2019)
Secretary	S L Dunys	
Charity number	1102542	
Company number	4489582	
Registered office	The Megacentre Bernard Road Sheffield South Yorkshire S2 5BQ	
Independent examiner	R J Givans BA FCA UHY Hacker Young 6 Broadfield Court Broadfield Way Sheffield S8 0XF	
Bankers	Barclays Bank plc P.O. Box 1385 2 Arena Court Sheffield S9 2WV	
Solicitors	Geldards Number One Pride Place Pride Park Derby DE24 8QR	

HOPE CITY FOUNDATION

CONTENTS

	Page
Trustees' report	1 - 6
Independent examiner's report	7
Statement of financial activities	8
Balance sheet	9
Notes to the accounts	10 - 19

HOPE CITY FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

The trustees present their report and 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 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) (effective 1 January 2019)".

Objectives and activities

The charity's objects are:

- The advancement of education of children under statutory school age by provision of a nursery school;
- Relief of poverty and sickness;
- To provide facilities for recreation or other leisure time occupation with the object of improving the conditions of life; and
- Other such charitable purposes as the trustees think fit.

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

The principal activity of the charity is the provision of nursery education and care for children in the early years.

Achievements and performance

The Megacentre houses the charity's work and is located on the fringe of the city centre and is sandwiched between two of the most disadvantaged communities in Sheffield. Many of the parents and children taking advantage of the nursery provision are from these communities and have been able to take advantage of paid for and funded provision. The nursery is not only committed to providing quality childcare but also working in partnership with statutory agencies to support children and their families.

Meganursery itself has continued to provide quality and valuable early years education and childcare throughout the year until March 2020 when the first National Lockdown meant that services had to be suspended and most staff were Furloughed under the Governments Job Retention Scheme.

Notwithstanding the advent of a global pandemic, 2019-20 has been a challenging year for the nursery. Not unlike other childcare provision in the area, the nursery was unable to attract and retain sufficiently qualified and experienced staff and has been overly reliant on agency staff as a result. The cost of this support together with a generally lower capacity have meant that occupancy levels within the nursery remained lower than the level needed to break even financially within the financial year itself. Occupancy rates have however, gradually increased over the course of the year up to March 2020, due in main to the continuation of government funded places for 2-year-olds as well as 3 and 4-year-olds for nurseries supported by continued staff development.

In a move to further improve policy and procedures around Human Resources, Croner HR were appointed to assist with compliance and HR advice and guidance.

HOPE CITY FOUNDATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

Whilst the financial performance of Hope City Foundation has fallen further in the financial year ending March 2020 the nursery has continued to operate effectively and is a 'Good' Ofsted rating as a result of an inspection conducted in March 2019.

In the early part of Quarter 3 of the 2019-20 Financial Year trustees appointed a new management team to take the nursery forwards. Until 1 February 2020 Meganursery operated with one Nursery Early Years Manager, one Operations and Development Manager and one Early Years Deputy Manager.

From 1 February 2020, the Operations and Development Manager was replaced by a General Manager and a new Early Years Manager. The previous Early Years Manager became the Assistant Early Years Manager.

The team made significant progress in reviewing and improving internal systems and processes before March 2020 when the first National Lockdown occurred. As a result, Financial management within the nursery has improved, with better communication with parents around invoicing and fees. Credit control has improved, and payments are being received largely on time. Credit management company BFL Solutions has been employed to reclaim amounts that are proving more difficult to chase.

Three staff members have begun their Level 3 childcare qualification. Two staff have started and completed their SENCO Level 3 Award. There has been on-going training with all staff members, including training in Advanced Safeguarding and Child Protection, Children's Mental Health, FGM awareness, GDPR in Early Years and Prevent Duty and British Values.

Parental engagement has continued to be high with a number of events taking place over the course of the year involving parents. Parental feedback demonstrates very good satisfaction and continues to improve. The nursery as a team have worked intentionally to build exceptional working relationships and build strong working partnerships with the Sheffield City Council Childcare Provision Planning Team. As a result, the nursery has hosted numerous city and locality wide early years events in the 19-20 Financial Year. The nursery has obtained the Sheffield Healthy Early Years Status, Director of Public Health Award (HEY) as a setting.

In line with prolonged discussions amongst trustees within the year the charity has sought to extend its services to the community beyond early years education. It has chosen to do this in recognition of the social needs across the local communities neighbouring the Megacentre. A decision had been made by Hope City Church, (the landlord and owner of the Megacentre), to retain the building, terminating the plans for relocation of the church to a new site at Waverley, on the border of Sheffield and Rotherham. This had triggered these discussions around our community strategy as well as other discussions around mission, structure and identity.

Under the collective banner of 'Vision Centres' a number of community projects have been conceived and launched within this Financial Year which represent a clear diversification from the sole delivery of early years education.

These projects included Hope Hampers which was established to provide food relief and restore dignity across the local neighbourhood; a project which has mutated to adapt to the emergency needs of the local community which have been evident since March 2020.

HOPE CITY FOUNDATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

Other projects which were in their infancy have included Polka Dots play groups, the Business Colab, several ESOL (English for Speakers of other languages) and befriending programmes which ran successfully over a number of months prior to the National Lockdown. These projects' beneficiaries included parents and toddlers, members of the local business community and the elderly at risk of isolation and loneliness.

A fundraising strategy has been compiled to explore opportunities for external funding for additional community projects to be delivered sustainably and at the 2019-20 year end an application to The Henry Smith Charity has been successful in getting through to the final stages of consideration. This application has since been approved and as a result Hope City Foundation has been able to appoint both a Volunteer Co-ordinator and a Community Connector to build capacity within the charity to deliver additional community provision.

Our volunteer base has steadily grown throughout the year until March 2020 and largely comprised active members of Hope City Church although the charity is now working to engage and attract volunteers and community activists from within the local community.

Financial review

The trustees make strategic and operational decisions based on the financial position of the charity by reference to the financial information (i.e. budgets, cashflows) provided to them quarterly at their formal meetings. The trustees however do not get involved in the day to day detailed running of the charity except where required in order to support the appointed officers for the charity.

The charity received £307,110 (2019: £293,391) of income during the financial year to 31 March 2020 and expended £357,118 (2019: £296,515) showing a deficit of £50,008 (2019: £3,124). The principal sources of income are disclosed in note 3 to the accounts.

The charity has unrestricted reserves of £17,075 (2019: £67,083). The trustees have identified that the available reserves are at a low level and are addressing this in order to build reserves in line with the charity's reserves policy of three month's operating costs.

The trustees have assessed the major risks to which the charity is exposed, which include the risk of over-gearing due to the cross guarantee of borrowings taken out in Hope City Church. The trustees are satisfied that systems are in place to mitigate exposure to the major risks.

HOPE CITY FOUNDATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

Future Progress and Development - Post 2019-20

Despite 2020-21 being a challenging year for our communities and the charity itself we have been successful in adapting services and navigating the inevitable disruption brought about by a series of Lockdowns very well.

Our newer community projects have focused on two main areas, being food poverty and loneliness with both projects being able to either be delivered safely under COVID-19 guidance or online or by telephone. Our Hope Hampers project has gained additional funding through the National Emergencies Trust and other smaller funders to enable the charity to deliver considerable community support to families in our area in conjunction with local partners and schools. At the time of writing this report, our Hope Hampers project in Sheffield has directly helped over 4,200 people in the local community.

The Charity's plans to expand its portfolio and social impact are continuing to move forward with the addition of a food bank and a community grocery store both of which are to launch in April 2021 and both of which represent a new era of open partnerships with others across Sheffield and further afield who share the charity's social aims.

In addition, the charity plans to take on 9 six-month 18-24 year old work placements from April 2021 under the Government's Kickstart Scheme which aims to tackle the inevitable impact of the pandemic on youth unemployment. These will work across the charity's community provision and provide valuable support, training and experience for young people who would otherwise struggle to find employment in the current economic climate.

HOPE CITY FOUNDATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

These steps forward are key evidence of a clear and intentional shift towards a vision to repurpose the Megacentre as a facility into a vibrant community hub serving the needs of local people of all ages. This vision is fuelled and resourced through a partnership between Hope City Church and Hope City Foundation which concentrates on outworking the social mission of both charity's and being an expression, of the love and compassion of the Christian community across the city of Sheffield.

The Covid-19 pandemic began impacting the nursery in March 2020 when settings were closed to all but key worker children. The low level of key worker children attending made it necessary to close temporarily due to financial and staff safety concerns. Staff were furloughed, making use of the government's Coronavirus Job Retention Scheme, until June 2020. Attendance was low at that point but has steadily increased despite numerous Lockdowns, to around 50% capacity in January 2021 compared to January 2020. Some staff remain flexi-furloughed, with child attendance increasing gradually each month.

Despite the intense and significant disruption, occupancy levels within the nursery have continued to steadily rise in 2020-21 and the nursery has been able to secure the Government backed 'Bounce -back loan', a 6-year facility which will enable a much needed investment in capital infrastructure, staffing, rebranding and the restoration of working capital for the nursery to operate sustainably. The Bounce-back loan is for a total of £50,000 and will provide a much needed capital and revenue investment for the nursery not only to recover from the impact of the global pandemic but to position the nursery and its facilities in the best place for the next phase of its development and growth. The trustees believe this decision represents a facility for the nursery which is serviceable and a strategy which will take advantage of emerging opportunities arising out of the last year to provide quality and affordable childcare to existing and new client families in our catchment area.

In June 2020 David Anthony Gilpin resigned from the board of Trustees following events linked to his role as Senior Global Pastor of Hope City Church. Trustees at the time did not feel this represented a serious risk to the charity as the charity operates independently with its own board of Trustees and has separate policies and procedures.

Structure, governance and management

The charity is a company (number 4489582) limited by guarantee under the provisions of the Companies Act 2006. The company does not have any share capital. Hope City Foundation was set up as a new limited company as at 18 July 2002 and received charity status in March 2004 (charity number 1102542). The charitable company officially changed its name to Hope City Foundation from 6 September 2019 to reflect the wider charitable purposes and increased social impact outside of nursery education and childcare.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

D A Gilpin	(Resigned 21 June 2020)
C Davies	
K Downes	(Resigned 30 September 2019)
A E Ibbotson	
E Muthiah	(Appointed 19 April 2019)
L Davies	(Appointed 11 November 2019)
L E Willis	(Appointed 9 December 2019)

HOPE CITY FOUNDATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

There are at least 3 managing trustees at any one time in line with the charity's governing documents. When a vacancy occurs, the trustees discuss potential candidates and instruct a trustee representative to approach potential candidates. The trustees make a final decision to appoint trustees based on cultural fit, experience, knowledge and commitment.

None of the trustees have any beneficial interest in the company. At the time of preparing these financial statements, all of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

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

The current company secretary is Sarah Dunys (appointed 1 July 2020).

The trustees' report was approved by the Board of Trustees.

C Davies

Trustee

Dated: 22 March 2021

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF HOPE CITY FOUNDATION

I report to the trustees on my examination of the financial statements of Hope City Foundation (the charity) for the year ended 31 March 2020.

Responsibilities and basis of report

As the trustees of the charity (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 (the 2006 Act).

Having satisfied myself that the financial statements of the charity are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's financial statements carried out under section 145 of the Charities Act 2011 (the 2011 Act). In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of ICAEW, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- 1 accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; or
- 4 the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.

R J Givans BA FCA
UHY Hacker Young

Chartered Accountants

Dated: 22 March 2021

HOPE CITY FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020

		2020	2019
	Notes	£	£
<u>Income from:</u>			
Charitable activities	3	307,110	293,383
Investments	4	-	8
Total income		<u>307,110</u>	<u>293,391</u>
<u>Expenditure on:</u>			
Charitable activities	5	<u>357,118</u>	<u>296,515</u>
Net expenditure for the year/ Net movement in funds		(50,008)	(3,124)
Fund balances at 1 April 2019		<u>67,083</u>	<u>70,207</u>
Fund balances at 31 March 2020		<u><u>17,075</u></u>	<u><u>67,083</u></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 FOUNDATION

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	10		38,079		45,179
Current assets					
Debtors	11	10,449		10,966	
Cash at bank and in hand		1,428		32,132	
		<u>11,877</u>		<u>43,098</u>	
Creditors: amounts falling due within one year	12	<u>(32,881)</u>		<u>(21,194)</u>	
Net current (liabilities)/assets			(21,004)		21,904
Total assets less current liabilities			<u>17,075</u>		<u>67,083</u>
Income funds					
Unrestricted funds			17,075		67,083
			<u>17,075</u>		<u>67,083</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2020.

The trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 22 March 2021

C Davies
Trustee

Company Registration No. 4489582

HOPE CITY FOUNDATION

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

1 Accounting policies

Company information

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

1.1 Accounting convention

The financial statements 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) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. However, the charity is showing net current liabilities at 31 March 2020, but will receive support from its parent. Also, in making this 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 financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

1.4 Incoming resources

Grants and voluntary income comprising gifts, donations and other forms of income, 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, except insofar as they are incapable of financial measurement.

The value of services provided by volunteers has not been included.

Income is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

1.5 Resources expended

Resources expended are recognised in the year in which they are incurred inclusive of irrecoverable VAT.

HOPE CITY FOUNDATION

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

1 Accounting policies

(Continued)

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

Grants for other charitable activities are made at the discretion of the trustees and are recognised in the year in which they are made.

Governance costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements.

1.6 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold buildings	Straight line over the period of the lease
Fixtures, fittings & equipment	20% 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 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 FOUNDATION

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

1 Accounting policies

(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.

1.8 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 borrowings in current liabilities.

1.9 Financial instruments

The charity 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 in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, 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 debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless 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. Financial assets classified as receivable within one year are not amortised.

HOPE CITY FOUNDATION

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

1 Accounting policies

(Continued)

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 amortised 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.

Derecognition of financial liabilities

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

1.10 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 charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

HOPE CITY FOUNDATION

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

1 Accounting policies (Continued)

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

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. There are no judgements or estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

3 Charitable activities

	2020 £	2019 £
Sales within charitable activities	306,974	293,211
Other income	136	172
	<u>307,110</u>	<u>293,383</u>

4 Investments

	2020 £	2019 £
Interest receivable	<u>-</u>	<u>8</u>

HOPE CITY FOUNDATION

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

5 Charitable activities

	2020 £	2019 £
Staff costs	254,505	202,034
Depreciation and impairment	7,100	7,100
Rent	40,569	18,000
Insurance	1,527	1,518
Cleaning	2,178	2,469
Printing, postage and stationery	707	1,631
Staff training	3,071	572
Catering costs	11,747	14,727
Legal and professional fees	12,089	10,346
Bad and doubtful debts	5,392	11,533
Sundry expenses	8,065	7,627
Repairs and maintenance	2,845	6,857
Educational activities	6,873	11,651
	<u>356,668</u>	<u>296,065</u>
Share of governance costs (see note 6)	450	450
	<u>357,118</u>	<u>296,515</u>

6 Support costs

	Support costs £	Governance costs £	2020 £	Support costs £	Governance costs £	2019 £
Independent examination fees	-	450	450	-	450	450
	<u>-</u>	<u>450</u>	<u>450</u>	<u>-</u>	<u>450</u>	<u>450</u>
Analysed between Charitable activities	-	450	450	-	450	450
	<u>-</u>	<u>450</u>	<u>450</u>	<u>-</u>	<u>450</u>	<u>450</u>

Governance costs includes payment to the independent examiner of £450 for independent examination fees (2019: £450). Other costs includes payments to the independent examiner of £1,770 (2019: £1,710) for other services.

HOPE CITY FOUNDATION

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

7 Trustees

C Davies together with his wife controls another company that during the year received payments totalling £1,043 (2019: £963) for payroll services.

None of the other trustees (or any persons connected with them) received any remuneration or any other benefits from employment with the charitable company and no trustee expenses have been incurred in the year (2019: none).

8 Employees

Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Staff	17	17
Trustees	5	4
	<u>22</u>	<u>21</u>

Employment costs

	2020 £	2019 £
Wages and salaries	238,529	190,987
Social security costs	10,848	8,259
Other pension costs	5,128	2,788
	<u>254,505</u>	<u>202,034</u>

There were no employees whose annual remuneration was £60,000 or more.

9 Taxation

In view of the charitable objects of the company and of its registered charity status, no taxation should be payable.

HOPE CITY FOUNDATION

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

10 Tangible fixed assets

	Leasehold buildings £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 April 2019	122,767	20,769	143,536
At 31 March 2020	<u>122,767</u>	<u>20,769</u>	<u>143,536</u>
Depreciation and impairment			
At 1 April 2019	80,595	17,762	98,357
Depreciation charged in the year	6,258	842	7,100
At 31 March 2020	<u>86,853</u>	<u>18,604</u>	<u>105,457</u>
Carrying amount			
At 31 March 2020	<u>35,914</u>	<u>2,165</u>	<u>38,079</u>
At 31 March 2019	<u>42,172</u>	<u>3,007</u>	<u>45,179</u>

11 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	9,642	10,159
Amounts owed by fellow group undertakings	807	807
	<u>10,449</u>	<u>10,966</u>

12 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Other taxation and social security		2,114	1,788
Deferred income	13	-	2,475
Trade creditors		7,431	8,715
Amount owed to parent undertaking		18,688	2,609
Amounts owed to fellow group undertakings		336	78
Other creditors		1,109	2,974
Accruals and deferred income		3,203	2,555
		<u>32,881</u>	<u>21,194</u>

HOPE CITY FOUNDATION

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

13 Deferred income

	2020 £	2019 £
Other deferred income	-	2,475

Deferred income is included in the financial statements as follows:

	2020 £	2019 £
Current liabilities	-	2,475
	-	2,475

14 Financial commitments, guarantees and contingent liabilities

Hope City Foundation along with Megacentre Limited cross guarantee bank loan held by Hope City Church. At 31 March 2020 the bank loan amounted to £811,682 (2019: £863,238) and is due to mature on 27 November 2033.

15 Events after the reporting date

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

16 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	33,016	26,520

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

HOPE CITY FOUNDATION

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

16 Related party transactions

(Continued)

The company has taken advantage of the exemption from the requirement to disclose transactions with group companies on the grounds that any such transactions were entered into between the ultimate parent or wholly owned subsidiaries of the group and that group accounts are prepared.

17 Control

The ultimate controlling party is Hope City Church, a charitable company incorporated in the United Kingdom. Hope City Church control Hope City Foundation as it is able to appoint and remove all the trustees of Hope City Foundation. Hope City Church (being the smallest and largest group of which the charitable company is a member for which group financial statements are prepared) prepares group accounts and copies can be obtained from The Megacentre, Bernard Road, Sheffield, South Yorkshire, S2 5BQ.

The parent's principal purposes are to advance the Christian faith, to relieve sickness and financial hardship and to advance education.