

Company registration number: 05947463  
Charity registration number: 1119562

# Heart Church

(A company limited by guarantee)

Annual Report and Financial Statements  
for the Year Ended 31 December 2020

Page Kirk LLP  
Chartered accountants and tax advisors  
Sherwood House  
7 Gregory Boulevard  
Nottingham  
NG7 6LB

# Heart Church

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## Heart Church

### Reference and Administrative Details

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<b>Trustees</b>	Miss S Abel Mr A M Dickin Mr B M Kakimpa Mr G A Bowen Mr L C James-Davis Mr M W Baxter Mr M Jones Mr N C Gale Miss D Siriboe Ms E Taylor
<b>Secretary</b>	Mrs J Wallington-Jones
<b>Registered Office</b>	104-114 Talbot Street Nottingham NG1 5DL  The charity is incorporated in England and Wales.
<b>Company Registration Number</b>	05947463
<b>Charity Registration Number</b>	1119562
<b>Solicitors</b>	Geldards LLP Number One Pride Place Pride Park Derby DE24 8QR
<b>Bankers</b>	Allied Irish Bank(GB) Direct Banking PO Box 73306 London W5 9PB
<b>Auditor</b>	Page Kirk LLP Chartered accountants and tax advisors Sherwood House 7 Gregory Boulevard Nottingham NG7 6LB

## Heart Church

### Senior Minister's statement

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I realise that as I begin writing this statement that this will be like none other that has gone before. As everybody knows 2020 will forever be associated with the global pandemic and COVID-19.

Churches everywhere were profoundly impacted and forced to close, for the first time in 100 years. However we had one supreme advantage over the last pandemic and that was the Internet and streaming services which meant in the blink of an eye we went for a meeting in person, to presenting online!

To say that this was a steep learning curve is an understatement of note. We were trying to 'fly the plane' and 'build it' at the same time. The media equipment purchased in 2018 however, gave us an upper hand and enabled us to produce something reasonably professional in a very short space of time.

This was only half the story, however. We also had to rethink our points of connection and pastoral care of people, which included preparing weekly meals and food packages for those who were elderly and/or vulnerable. As well as finding online contexts where people could meet.

These weekly points of connection proved invaluable to those battling with isolation during the long months of lockdown.

The truth was...we had to rethink church right across the board. We had to assess where we were and what our immediate future was going to look like. In addition to the clear and present danger of a pandemic and how we were going to keep a disconnected church together with no end in sight, we also had the challenge of a global outcry for racial justice sparked by the murder of George Floyd in the USA. There was a social media storm that flared up fuelled by years of pain and resentment. As an extremely diverse community, this put Heart Church under the microscope in a unique way.

I am happy to report that we rose to the challenge extremely well celebrating all the areas where we were getting things right and bringing change where it has been a little slower in coming.

This resulted in our board of trustees going from being reasonably diverse to very diverse and much more representative of the church we have the privilege of leading.

As I write, we are slowly returning to in-person services. And people's confidence is also slowly returning as they return to a crowded space indoors.

The venue where we had been meeting was not available to us as it was being used as a vaccination centre so we have been meeting at our City centre facility. There is no doubt however that we are not getting back to the way things were, but rather moving forward to a new normal.

Our pre-pandemic setup & set-down took an extraordinary amount of work and after 17 months of lockdown, we did not perceive that there was the appetite for the level of work that we had to put in, week on week.

We have therefore been seeking a venue that we could hire long-term and minimise the workload. As of now, we have a good option in the pipeline and my sincere hope is that I will be coming with a good report in this regard in the next statement.

In the immediate future, it would appear that some things need to be scaled back and others that need to be scaled up. For the time being, we have had to put on hold our intention to plant churches in other cities north of Nottingham. Although ironically, the pandemic and lockdown have given us a template of how it might work going forward.

## Heart Church

### Senior Minister's statement

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We, for now, will focus on building up Heart Church in Nottingham and focusing on building community and people.

In this year's Vision Sunday I spoke of it this way... To RECOVER, REBUILD, and RESTORE. I also spoke of an opportunity to RECALIBRATE as a church. Our template and focus for the coming days will be: -

Connect to God,

Connect to His Word,

Connect to each other,

And connect with the world.

I am proud of our staff team as we emerge from some dark and difficult days. However, the 'storm' has also been a good test of all that we have been building. Recovery is going to take some time, but I can say hand on heart that I believe the best days for Heart Church are still ahead of us!

Regards,

A handwritten signature in black ink, appearing to read 'Malcolm Baxter', enclosed within a large, loopy oval shape.

Malcolm Baxter  
Senior leader

## Heart Church

### Trustees' Report

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The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 December 2020.

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

##### ***Nature of governing document***

Heart Church ("the Church") is a charitable company and is also registered as a charity. The company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association. New Memorandum and Articles of Association were adopted on 25 April 2018 and were updated on 31 July 2019.

##### ***Recruitment and appointment of trustees***

The Elders and current Trustees of the Church identify suitable candidates who are invited to serve as Trustees. Suitability would be based, primarily, on commitment to Heart Church, demonstrated by membership, regular attendance and a high degree of involvement. Potential candidates are not appointed as Trustees due to any particular professional competence that they may be able to bring although this is identified by means of a skills matrix within the Charity's risk management strategy and utilised as appropriate.

##### ***Induction and training of trustees***

New Trustees are provided with the governing document, latest accounts, recent minutes and Charity Commission guidance such as The essential trustee: what you need to know, what you need to do and The Advancement of religion for the Public Benefit. They are also provided with a copy of the Charity Governance Code.

##### ***Arrangements for setting key management personnel remuneration***

Key Management Personnel are now subject to the same performance appraisal process as other staff and are subject to the same performance related pay process. The results of these processes are ratified by a Salaries Committee delegated by the board of trustees. Malcolm Baxter's pay award is set by this independent committee.

##### ***Organisational structure***

The oversight and governance of the Church is vested in the board of trustees comprising the Senior Leader together with duly appointed or elected individuals from the Church. Spiritual oversight of the Church and its activities is vested in an Eldership.

Strategy and management of Heart Church is delegated to the Leadership Team under the direction of the Senior Minister.

## Heart Church

### Trustees' Report

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#### **Relationships with related parties**

##### **73rd Trust**

73rd Trust engages the unchurched through relevant communication of the Gospel. Heart Church and 73rd Trust share a trustee (Nigel Gale) who declares a potential conflict of interest at Heart Church board meetings. 73rd Trust's primary employee, Mark Ritchie, also serves as an elder of Heart Church.

#### ***Risk management***

The Trustees actively review the major risks which Heart Church faces on a regular basis, in particular those relating to its operations and finances. They are satisfied that systems are in place to mitigate Heart Church's exposure to the major risks. The Trustees' formal risk management strategy comprises: -

- an annual review of the risks which Heart Church may face;
- the adequacy of current systems and procedures to mitigate those risks identified in the strategy; and
- the implementation of procedures designed to minimise any potential risk on Heart Church should any of those risks materialise.

The strategy is reviewed and discussed at meetings of the Church Council.

Key controls used by Heart Church include:

- formal agendas for all Church Council activity;
- key person insurance;
- strategic planning, budgeting and management accounting;
- formal written policies;
- clear authorisation and appraisal levels; and
- vetting principles as required by law for the protection of the vulnerable.

#### **Tax status**

Heart Church is a registered charity (No. 1119562) and is exempt from corporation tax. It's subsidiary T Land Limited is a registered company (No. 06325433) and is registered for corporation tax. It's other subsidiary T Street Limited is a registered dormant company (No. 04757373) and is exempt from corporation tax.

## Heart Church

### Trustees' Report

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#### Objectives and activities

##### *Objects and aims*

The objectives of Heart Church continue as they have for decades, to proclaim the good news of Jesus Christ; to help believers develop in their faith and fulfil their potential and to reach out to the marginalised in our society, regardless of their circumstances. These aims are formally stated within the Memorandum of Association in that:-

The objects of the charity are for the benefit of the public:

- to advance the Christian faith in accordance with the Statement in such ways and in such parts of the United Kingdom or the world as the directors from time to time may think fit;
- 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 think fit; and
- to advance education in such ways and in such parts of the United Kingdom or the world as the directors from time to time may think fit.

##### *Public benefit*

The section of this report above entitled Objectives and activities sets out the aims and priorities of the trust.

The Trustees have considered this matter, in conjunction with the guidance contained in the Charity Commission's general guidance on public benefit together with the more specific guidance provided by their publication *The Advancement of Religion for the Public Benefit*, and have concluded:

1. That the aims of the organisation continue to be charitable;
2. That the aims and work done give identifiable benefits to the charitable sector and both indirectly and directly to individuals in need;
3. That the benefits are for the public, are not unreasonably restricted in any way and certainly not by ability to pay; and
4. That there is no detriment or harm arising from the aims or activities.

A more detailed explanation of how the Trustees believe that they have discharged their responsibilities to deliver a public benefit is included in the Achievements and Performance section below.

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

##### *Grant making policies*

During the year Heart Church awarded gifts and donations totalling £65,655 (2019: £91,919). Heart Church's policy is to make gifts of this nature to individuals and organisations which further the objectives of Heart Church and each request is reviewed by the Trustees on this basis.



## Heart Church

### Trustees' Report

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#### Financial Instruments

##### *Objectives and policies*

The group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the group's policies approved by the board of trustees, which provide written principles on the use of financial derivatives to manage these risks. The group does not use derivative financial instruments for speculative purposes.

##### *Cash flow risk*

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The group uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

##### *Credit risk*

The group's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

##### *Liquidity risk*

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

## Heart Church

### Trustees' Report

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#### **Financial review**

Heart Church has continued by good house-keeping and good budgeting to maintain a healthy balance sheet.

The continuing use of departmental budgets with monthly financial statements to department heads again proved an effective control and expenditure and staffing levels continue to be carefully monitored.

At 31 December 2020, the total funds held by the group is £4,152,384 (2019: £4,613,969) of which £751,312 (2019: £803,201) are unrestricted funds, which is a 6.46% decrease on last year. Restricted funds held at the end of the year were £443,130 (2019: £452,972), which is a decrease of 2.17% on last year. The remainder is designated funds which were £2,128,855 (2019: £2,525,150), a decrease of 15.69% and an unrestricted revaluation reserve of £829,087 (2019: £832,646), a decrease of £3,559 on last year.

Having received significant funds through the sale of the land on Talbot Street the Trustees considered a strategic financial review prepared by the Finance Director and subsequently adopted a five year plan to deliver the short to medium term financial goals of the organisation. The Trustees agreed to a series of new designated funds to accommodate this planning. These funds included a reserve toward rental of premises for Sunday services for five years; reserves for the purchase, maintenance and partial eventual replenishment of production equipment required in this rented venue and reserves for building refurbishment and reserves for employment costs.

#### ***Policy on reserves***

The management committee have established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets ('the free reserves') held by Heart Church should be between 3 and 6 months of the resources expended, which equates to £250,000 to £500,000 in general funds. At this level, the management committee feel that they would be able to continue the current activities of Heart Church in the event of a significant drop in funding. It would obviously be necessary to consider how the funding would be replaced or activities changed. At 31 December 2020, Heart Church held free reserves of £1,317,694 (2019: £1,352,986) and so the target level has been met.

## **Heart Church**

### **Trustees' Report**

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#### ***Investment policy and objectives***

The Trustees have the power to invest in such assets as they see fit.

Heart Church has a policy of keeping any surplus liquid funds in deposit accounts. These deposits are arranged such that funds can be accessed at reasonably short notice.

In addition, Heart Church holds land, included in these accounts at an amount of £1,124,000, which is rented to a third party at arm's length and under normal commercial terms.

On the 22 of December 2010 an option was granted to UKPP (Toton) Limited for £100,000. This income, as well as a £11,750 contribution by the company to legal fees, was included in investment income in 2010. During 2018, this option agreement was rescinded. Please refer to note 22.

The Trustees had considered the current investment policy and had decided to seek independent financial advice as to the best vehicles for investment. However, during the process of considering the investment policy and vehicles for investment the Coronavirus crisis occurred. The Trustees had understood that an eventual investment policy would see a level of diversification between banks but decided to diversify immediately as an emergency precaution and utilised two dormant reserve accounts, held at separate banks. £700,000 is now lodged at both of these banks in addition to the funds held at the charity's principal bankers, AIB . Once the Coronavirus crisis has abated the Trustees will revert to their deliberations on investments, but for now consider avoiding 'low probability, high impact' banking crisis is the best policy.

#### **FUTURE PLANS**

Malcolm Baxter, as Senior Leader, presented Vision Sunday on 7 March 2020, building on previous Vision Sundays but with recognition that the challenges of a pandemic had, and would, bring a different focus.

#### **Multisite Church**

An initiative to plant a number of congregations in Nottingham. The target is at least four congregations North, South, East and West of the City Campus on Talbot Street and, whilst not exclusively, there is a strong understanding that this initiative must include engaging with the housing estates. As we consider options for our venue for Sunday Services this principle is a key part of our thinking and planning.

#### **Go North**

The intention is to plant ten congregations in cities to the North of Nottingham. These being Stoke-on Trent, Sheffield, Liverpool, Salford, Preston, Leeds, York, Lancaster, Carlisle and Newcastle upon Tyne. However, in light of the impact of the pandemic, these plans need to be considered longer term now. The rapid learning curve in bringing services online may well help deliver this plan although not in the way previously envisaged.

#### **Heart Nottingham**

To continue to develop our social action ministry through partnership with existing projects.

#### **Purchase a site**

To investigate the possibility of purchasing a new site to develop a new church building capable of holding and hosting much larger events than currently possible.

## Heart Church

### Trustees' Report

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#### Statement of Trustees' Responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

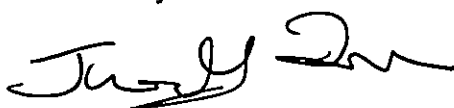
#### Disclosure of information to auditor

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Page Kirk LLP as auditors of the charity is to be proposed at the forthcoming Annual General Meeting.

The annual report was approved by the trustees of the charity on 24 December 2021 and signed on its behalf by:



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Mrs J Wallington-Jones  
Company Secretary

## Heart Church

### Independent Auditor's Report to the Members of Heart Church

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#### Opinion

We have audited the financial statements of Heart Church (the 'charitable parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020, which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

#### Basis for qualified opinion on financial statements

The previous auditor's qualified their opinion on the group financial statements for years ended 31 December 2014 through to 31 December 2019 in respect of a revaluation of £904,000 to the group's investment resulting in a net book value of £1,124,000. The revaluation was based on the directors' valuation of the investment held by the charity's subsidiary T Land Limited, being a 56.2 acre parcel of land. The audit evidence available to them, as well as us, was limited because, as disclosed in note 15, the directors' valuation was based on informal advice. In the absence of a formal professional valuation of the land we were unable to obtain sufficient appropriate evidence regarding the valuation of the land by using other audit procedures and therefore we qualified our opinion on the financial statements.

As set out in note 15, for the year ended 31 December 2020 the directors have decided to leave the valuation at the same level and no further audit evidence has been provided to us to support the valuation. We are therefore unable to obtain sufficient appropriate evidence regarding the valuation of the land included in the group financial statements.

In addition to the above we were unable to obtain sufficient audit evidence in respect of brought forward restricted funds of £452,972. The audit evidence available to us materially disagreed to the financial statements.

#### Qualified opinion on the financial statements

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

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

#### Basis 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 the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Heart Church**

### **Independent Auditor's Report to the Members of Heart Church**

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

In auditing the financial statements, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

#### **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the and Trustees' Report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the and the Trustees' Report.

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

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

## **Heart Church**

### **Independent Auditor's Report to the Members of Heart Church**

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#### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 10), the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity'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 charity or to cease operations, or have no realistic alternative but to do so.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, Taxation legislation, COVID - furlough income and Money Laundering.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and the understatement of revenue. Our audit procedures to respond to these risks included:

- Enquiries of management about their own identification and assessment of the risks of irregularities.
- Sample testing on the posting of journals.
- Reviewing meeting minutes, regulatory correspondence and professional fees.
- Detailed substantive testing on the completeness of income.

## Heart Church

### Independent Auditor's Report to the Members of Heart Church

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Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

#### Use of our report

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



John S Wallis FCA (Senior Statutory Auditor)  
For and on behalf of Page Kirk LLP, Statutory Auditor

Sherwood House  
7 Gregory Boulevard  
Nottingham  
NG7 6LB

24 December 2021



# Heart Church

## Consolidated Statement of Financial Activities for the Year Ended 31 December 2020 (Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2020 £
<b>Income and Endowments from:</b>				
Donations and legacies	3	978,171	40,588	1,018,759
Charitable activities	4	20,049	520	20,569
Investment income	5	9,346	-	9,346
Total income		<u>1,007,566</u>	<u>41,108</u>	<u>1,048,674</u>
<b>Expenditure on:</b>				
Charitable activities	7	<u>(1,455,750)</u>	<u>(50,950)</u>	<u>(1,506,700)</u>
Total expenditure		<u>(1,455,750)</u>	<u>(50,950)</u>	<u>(1,506,700)</u>
Gains/losses on investment assets		<u>(7,118)</u>	<u>-</u>	<u>(7,118)</u>
Net expenditure		<u>(455,302)</u>	<u>(9,842)</u>	<u>(465,144)</u>
<b>Other recognised gains and losses</b>				
Other gains/losses		<u>3,559</u>	<u>-</u>	<u>3,559</u>
Net movement in funds		<u>(451,743)</u>	<u>(9,842)</u>	<u>(461,585)</u>
<b>Reconciliation of funds</b>				
Total funds brought forward		<u>4,160,997</u>	<u>452,972</u>	<u>4,613,969</u>
Total funds carried forward	22	<u>3,709,254</u>	<u>443,130</u>	<u>4,152,384</u>

The notes on pages 20 to 47 form an integral part of these financial statements.

# Heart Church

## Consolidated Statement of Financial Activities for the Year Ended 31 December 2020 (Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2019 £
<b>Income and Endowments from:</b>				
Donations and legacies	3	1,107,424	55,789	1,163,213
Charitable activities	4	51,034	4,996	56,030
Investment income	5	20,087	-	20,087
<b>Total income</b>		<b>1,178,545</b>	<b>60,785</b>	<b>1,239,330</b>
<b>Expenditure on:</b>				
Charitable activities	7	(1,525,867)	(85,441)	(1,611,308)
Other expenditure	8	(4,823)	-	(4,823)
<b>Total expenditure</b>		<b>(1,530,690)</b>	<b>(85,441)</b>	<b>(1,616,131)</b>
Gains/losses on investment assets		4,940	-	4,940
<b>Net expenditure</b>		<b>(347,205)</b>	<b>(24,656)</b>	<b>(371,861)</b>
Transfers between funds		3,767	(3,767)	-
<b>Other recognised gains and losses</b>				
Other gains/losses		(2,470)	-	(2,470)
<b>Net movement in funds</b>		<b>(345,908)</b>	<b>(28,423)</b>	<b>(374,331)</b>
<b>Reconciliation of funds</b>				
<b>Total funds brought forward</b>		<b>4,506,905</b>	<b>481,395</b>	<b>4,988,300</b>
<b>Total funds carried forward</b>	22	<b>4,160,997</b>	<b>452,972</b>	<b>4,613,969</b>

All of the group's activities derive from continuing operations during the above two periods.


The funds breakdown for 2019 is shown in note 22.


The notes on pages 20 to 47 form an integral part of these financial statements.

**Heart Church**  
**(Registration number: 05947463)**  
**Consolidated Balance Sheet as at 31 December 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	13	1,094,723	1,155,835
Investments		<u>1,124,000</u>	<u>1,124,000</u>
		<u>2,218,723</u>	<u>2,279,835</u>
<b>Current assets</b>			
Debtors	15	35,612	50,249
Investments	16	500,000	500,000
Cash at bank and in hand	17	<u>1,756,584</u>	<u>2,142,655</u>
		2,292,196	2,692,904
<b>Creditors: Amounts falling due within one year</b>	18	<u>(125,100)</u>	<u>(114,983)</u>
<b>Net current assets</b>		<u>2,167,096</u>	<u>2,577,921</u>
<b>Total assets less current liabilities</b>		4,385,819	4,857,756
<b>Provisions</b>	19	<u>(233,435)</u>	<u>(243,787)</u>
<b>Net assets</b>		<u>4,152,384</u>	<u>4,613,969</u>
<b>Funds of the group:</b>			
<b>Restricted income funds</b>			
Restricted funds	22	443,130	452,972
<b>Unrestricted income funds</b>			
Unrestricted funds		2,880,167	3,328,351
Revaluation reserve		<u>829,087</u>	<u>832,646</u>
Total unrestricted funds		<u>3,709,254</u>	<u>4,160,997</u>
<b>Total funds</b>	22	<u>4,152,384</u>	<u>4,613,969</u>

The financial statements on pages 15 to 47 were approved by the trustees, and authorised for issue on 24 December 2021 and signed on their behalf by:

  
 .....  
 Mr A M Dickin  
 Trustee

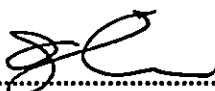
  
 .....  
 Mr G A Bowen  
 Trustee


The notes on pages 20 to 47 form an integral part of these financial statements.

**Heart Church**  
**(Registration number: 05947463)**  
**Balance Sheet as at 31 December 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	13	1,094,723	1,155,835
Investments		<u>310,001</u>	<u>310,001</u>
		<u>1,404,724</u>	<u>1,465,836</u>
<b>Current assets</b>			
Debtors	15	442,188	367,731
Investments	16	500,000	500,000
Cash at bank and in hand	17	<u>1,709,518</u>	<u>2,100,936</u>
		2,651,706	2,968,667
<b>Creditors: Amounts falling due within one year</b>	18	<u>(86,274)</u>	<u>(76,157)</u>
<b>Net current assets</b>		<u>2,565,432</u>	<u>2,892,510</u>
<b>Total assets less current liabilities</b>		3,970,156	4,358,346
<b>Provisions</b>	19	<u>(158,522)</u>	<u>(172,433)</u>
<b>Net assets</b>		<u>3,811,634</u>	<u>4,185,913</u>
<b>Funds of the charity:</b>			
<b>Restricted income funds</b>			
Restricted funds	22	443,130	452,972
<b>Unrestricted income funds</b>			
Unrestricted funds		<u>3,368,504</u>	<u>3,732,941</u>
<b>Total funds</b>	22	<u>3,811,634</u>	<u>4,185,913</u>

The financial statements on pages 15 to 47 were approved by the trustees, and authorised for issue on 24 December 2021 and signed on their behalf by:

  
 .....  
 Mr A M Dickin  
 Trustee

  
 .....  
 Mr G A Bowen  
 Trustee

The notes on pages 20 to 47 form an integral part of these financial statements.

## Heart Church

### Consolidated Statement of Cash Flows for the Year Ended 31 December 2020

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Net cash expenditure		(458,026)	(376,801)
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation	8	89,071	88,646
Investment income	5	<u>(9,346)</u>	<u>(20,087)</u>
		(378,301)	(308,242)
<b>Working capital adjustments</b>			
Decrease in debtors	15	14,637	1,421
Increase/(decrease) in creditors	18	18,612	(6,463)
Decrease in provisions	19	(13,911)	(13,724)
(Decrease)/increase in deferred income		<u>(8,495)</u>	<u>42,579</u>
Net cash flows from operating activities		<u>(367,458)</u>	<u>(284,429)</u>
<b>Cash flows from investing activities</b>			
Interest receivable and similar income	5	9,346	20,087
Purchase of tangible fixed assets	13	<u>(27,959)</u>	<u>(9,286)</u>
Net cash flows from investing activities		<u>(18,613)</u>	<u>10,801</u>
Net decrease in cash and cash equivalents		(386,071)	(273,628)
Cash and cash equivalents at 1 January		<u>2,142,655</u>	<u>2,416,283</u>
Cash and cash equivalents at 31 December		<u>1,756,584</u>	<u>2,142,655</u>

All of the cash flows are derived from continuing operations during the above two periods.

The notes on pages 20 to 47 form an integral part of these financial statements.

## Heart Church

### Notes to the Financial Statements for the Year Ended 31 December 2020

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#### 1 Charity status

The charity is limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

104-114 Talbot Street  
Nottingham  
NG1 5DL

These financial statements were authorised for issue by the trustees on 24 December 2021.

#### 2 Accounting policies

##### Summary of significant accounting policies and key accounting estimates

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

##### Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). They also comply with the Companies Act 2006 and Charities Act 2011.

##### Basis of preparation

Heart Church meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

##### Basis of consolidation

The consolidated financial statements consolidate the financial statements of the charity and its subsidiary undertakings drawn up to 31 December 2020.

No statement of financial activities is presented for the charity as permitted by section 408 of the Companies Act 2006. The charity made a loss after tax for the financial year of £374,279 (2019 - loss of £250,986).

## **Heart Church**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

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

The results of subsidiaries acquired or disposed of during the year are included in the statement of financial activities from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the charity and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### **Exemption from preparing a cash flow statement**

The charity has adopted to not disclose a charitable company early cash flow statement in these financial statements as permitted by the small companies regime.

#### **Going concern**

The trustees consider that there are no material uncertainties about the group's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the group.

#### **Income and endowments**

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably.

## Heart Church

### Notes to the Financial Statements for the Year Ended 31 December 2020

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#### ***Donations and legacies***

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

#### ***Grants receivable***

Grants are recognised when the group has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

#### ***Deferred Income***

Deferred Income represents amounts received for future periods and is released to incoming resources in the period for which, it has been received. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

#### ***Investment income***

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

#### ***Expenditure***

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

#### ***Charitable activities***

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

#### ***Grant provisions***

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

#### ***Support costs***

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.



## Heart Church

### Notes to the Financial Statements for the Year Ended 31 December 2020

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#### Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

#### Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

#### Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### Tangible fixed assets

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

Fixed assets costing under £750 in value are not capitalised but treated as revenue expenditure in the year of purchase.

#### Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Freehold property	2% to 10% straight line
Computer equipment	33 1/3% straight line
Fixtures and fittings	20% reducing balance
Plant and machinery	5 - 25% reducing balance
Motor vehicles	33 1/3% straight line

#### Business combinations

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

## Heart Church

### Notes to the Financial Statements for the Year Ended 31 December 2020

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#### **Fixed asset investments**

Group investment land is included in the financial statements at fair value as determined by the directors. Any movement in the value of the land will be accounted through the Statement of financial activities.

Company shares in and loans to trading subsidiaries are included in the financial statements initially at cost and subsequently measured at cost less any accumulated impairment losses.

#### **Current asset investments**

Current asset investments are included at the lower of cost and net realisable value / market value.

#### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

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

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

## **Heart Church**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

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#### **Provisions**

Provisions are recognised when the charity has an obligation at the reporting date as a result of a past event, it is probable that the charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

#### **Foreign exchange**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in the Statement of Financial Activities in the period in which they arise except for:

- 1) exchange differences on transactions entered into to hedge certain foreign currency risks (see above);
- 2) exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and
- 3) in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity.

#### **Fund structure**

Unrestricted income funds are general funds that are available for use at the trustees's discretion in furtherance of the objectives of the group.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

#### **Pensions and other post retirement obligations**

The group operates a defined contribution pension scheme which is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised in the Statement of Financial Activities when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

## Heart Church

### Notes to the Financial Statements for the Year Ended 31 December 2020

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#### Financial Instruments

##### *Classification*

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

##### *Recognition and measurement*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

## Heart Church

### Notes to the Financial Statements for the Year Ended 31 December 2020

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#### *Debt Instruments*

Debt Instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt Instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

#### *Investments*

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

## Heart Church

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### **Derivative financial instruments**

The group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in statement of financial activities immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of financial activities depends on the nature of the hedge relationship.

#### **Fair value measurement**

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

### **3 Income from donations and legacies**

	Unrestricted funds		Restricted funds	Total 2020	Total 2019
	Designated	General			
	£	£	£	£	£
Missions	40	-	37,231	37,271	52,506
General Tithes	-	795,815	-	795,815	943,817
Other gifts	19,486	-	3,357	22,843	6,672
Gift aid reclaimed	-	146,894	-	146,894	160,218
Government grants	-	15,936	-	15,936	-
	<u>19,526</u>	<u>958,645</u>	<u>40,588</u>	<u>1,018,759</u>	<u>1,163,213</u>

During the year, the charity obtained Coronavirus Job Retention Scheme grants totalling £15,936 (2019 - £nil).

### **4 Income from charitable activities**

	Unrestricted funds		Restricted funds	Total 2020	Total 2019
	Designated	General			
	£	£	£	£	£
Sundry receipts	5,678	7,411	520	13,609	48,230
Rent receivable	-	6,960	-	6,960	7,800
	<u>5,678</u>	<u>14,371</u>	<u>520</u>	<u>20,569</u>	<u>56,030</u>

## Heart Church

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 5 Investment Income

	Unrestricted funds Designated £	General £	Restricted funds £	Total 2020 £	Total 2019 £
Bank interest receivable	3,002	850	-	3,852	16,003
Rent receivable	-	5,494	-	5,494	4,084
	<u>3,002</u>	<u>6,344</u>	<u>-</u>	<u>9,346</u>	<u>20,087</u>

#### 6 Gift made

During the year, Heart Church has made the following gifts:

	No of gifts	2020 £	No of gifts	2019 £
<b>United Kingdom:</b>				
Citizen UK - Seeding Fund	-	-	1	1,800
Open Homes Nottingham	2	8,195	2	4,779
73rd Trust	13	4,385	15	4,824
Jericho Road	1	105	1	2,500
Jubilee Foundation	20	3,509	21	8,058
Emmanuel House	16	3,327	25	9,400
Other small gifts in the year	98	12,280	73	15,635
	<u>150</u>	<u>31,801</u>	<u>138</u>	<u>46,996</u>
<b>Overseas:</b>				
Ghana - King's Village	8	30,885	43	40,118
Ghana - B & M Owusu-Sekyere as missionaries	8	2,969	12	4,305
Colombia - David Taylor	-	-	1	500
	<u>16</u>	<u>33,854</u>	<u>56</u>	<u>44,923</u>
<b>Total gifts made:</b>	<u>166</u>	<u>65,655</u>	<u>194</u>	<u>91,919</u>

# Heart Church

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 7 Expenditure on charitable activities

		Unrestricted funds		Restricted funds	Total 2020
	Note	Designated £	General £	£	£
Other direct costs		2,570	102,532	284	105,386
Grant funding of activities		695	49,056	15,904	65,655
Staff costs		-	650,593	-	650,593
Allocated support costs	9	421,236	229,068	34,762	685,066
		<u>424,501</u>	<u>1,031,249</u>	<u>50,950</u>	<u>1,506,700</u>

### 8 Other expenditure

	Note	Total 2020 £	Total 2019 £
Building fund project costs		-	4,823
		<u>-</u>	<u>4,823</u>



## Heart Church

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 9 Analysis of governance and support costs

##### Charitable activities expenditure

	Unrestricted funds		Restricted funds	Total 2020	Total 2019
	Designated	General			
	£	£	£	£	£
Staff costs	-	44,591	-	44,591	43,165
Premises costs	143,476	151,313	17	294,806	432,996
Depreciation	62,453	26,618	-	89,071	88,646
Legal and professional	151,075	8,843	-	159,918	15,713
Governance costs	-	-	-	-	53,738
Other costs	141	30,847	74	31,062	63,762
	<u>357,145</u>	<u>262,212</u>	<u>91</u>	<u>619,448</u>	<u>698,020</u>

#### 10 Trustees remuneration and expenses

During the year the group made the following transactions with trustees:

	2020		2019	
	Remuneration	Expenses	Remuneration	Expenses
	£	£	£	£
Miss S Abel	30,588	225	29,810	182
Mr M W Baxter	56,639	443	55,195	1,460
Mr G A Bowen	49,404	2,899	46,858	900
Mr R J Clarke	-	430	-	2,967
Mr A M Dickin	11,614	23	-	200
Mr L C James-Davis	37,500	1,204	36,682	2,699

The trustees through their attendance at church and support of the charity give voluntary tithes and collections to the charity throughout the year. Donations made by the trustees without any conditions attached totalled £59,725 for the year (2019 - £96,707).

#### 11 Staff costs

The aggregate payroll costs were as follows:

## Heart Church

### Notes to the Financial Statements for the Year Ended 31 December 2020

	2020 £	2019 £
<b>Staff costs during the year were:</b>		
Wages and salaries	634,708	590,116
Social security costs	51,463	49,651
Pension costs	43,506	45,088
	<u>729,677</u>	<u>684,855</u>

The monthly average number of persons (including senior management team) employed by the group during the year expressed as full time equivalents was as follows:

	2020 No	2019 No
Senior leadership	5	5
Support staff	22	18
Administrative staff	<u>2</u>	<u>2</u>
	<u>29</u>	<u>25</u>

5 (2019 - 5) of the above employees participated in the Defined Contribution Pension Schemes.

Contributions to the employee pension schemes for the year totalled £43,056 (2019 - £45,088).

No employee received emoluments of more than £60,000 during the year.

The total employee benefits of the key management personnel of the group were £299,216 (2019 - £281,776).

#### 12 Auditors' remuneration

	2020 £	2019 £
Audit of the financial statements	<u>14,400</u>	<u>19,800</u>
<b>Other fees to auditors</b>		
Taxation compliance services	360	5,756
All other non-audit services	<u>14,833</u>	<u>-</u>
	<u>15,193</u>	<u>5,756</u>

# Heart Church

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 13 Tangible fixed assets

Group	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Plant and machinery £	Total £
<b>Cost</b>					
At 1 January 2020	787,071	26,329	8,100	698,296	1,519,796
Additions	-	3,420	-	24,539	27,959
At 31 December 2020	<u>787,071</u>	<u>29,749</u>	<u>8,100</u>	<u>722,835</u>	<u>1,547,755</u>
<b>Depreciation</b>					
At 1 January 2020	204,666	16,150	1,706	141,439	363,961
Charge for the year	<u>15,770</u>	<u>2,637</u>	<u>2,131</u>	<u>68,533</u>	<u>89,071</u>
At 31 December 2020	<u>220,436</u>	<u>18,787</u>	<u>3,837</u>	<u>209,972</u>	<u>453,032</u>
<b>Net book value</b>					
At 31 December 2020	<u>566,635</u>	<u>10,962</u>	<u>4,263</u>	<u>512,863</u>	<u>1,094,723</u>
At 31 December 2019	<u>582,405</u>	<u>10,179</u>	<u>6,394</u>	<u>556,857</u>	<u>1,155,835</u>

# Heart Church

## Notes to the Financial Statements for the Year Ended 31 December 2020

Charity	Land and buildings £	Furniture and equipment £	Motor vehicles £	Plant and machinery £	Total £
<b>Cost</b>					
At 1 January 2020	787,071	26,329	8,100	698,296	1,519,796
Additions	-	3,420	-	24,539	27,959
At 31 December 2020	<u>787,071</u>	<u>29,749</u>	<u>8,100</u>	<u>722,835</u>	<u>1,547,755</u>
<b>Depreciation</b>					
At 1 January 2020	204,666	16,150	1,706	141,439	363,961
Charge for the year	15,770	2,637	2,131	68,533	89,071
At 31 December 2020	<u>220,436</u>	<u>18,787</u>	<u>3,837</u>	<u>209,972</u>	<u>453,032</u>
<b>Net book value</b>					
At 31 December 2020	<u>566,635</u>	<u>10,962</u>	<u>4,263</u>	<u>512,863</u>	<u>1,094,723</u>
At 31 December 2019	<u>582,405</u>	<u>10,179</u>	<u>6,394</u>	<u>556,857</u>	<u>1,155,835</u>

## Heart Church

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 14 Fixed asset Investments

##### Group

	2020 £	2019 £
Other investments	<u>1,124,000</u>	<u>1,124,000</u>

##### Other investments

	Unlisted investments £	Total £
Cost or Valuation		
At 1 January 2020	<u>1,124,000</u>	<u>1,124,000</u>
At 31 December 2020	<u>1,124,000</u>	<u>1,124,000</u>
Net book value		
At 31 December 2020	<u>1,124,000</u>	<u>1,124,000</u>
At 31 December 2019	<u>1,124,000</u>	<u>1,124,000</u>

## Heart Church

### Notes to the Financial Statements for the Year Ended 31 December 2020

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The unlisted investment of land held by the group was revalued by the directors at the 31 December 2014, and in their opinion the fair value of the land was considered to be £1,124,000. The valuation was made by the directors on reviewing the current developments on the value of the land with respect to the recent advances in planning status of the 56.2 acre parcel of land. There was considerable uncertainty regarding the market value of the land due to a lack of comparable transactions and uncertainty over the proposed HS2 development. The directors had been informally advised that the value was between £20,000 and £50,000 per acre. The directors chose a prudent approach and revalued to the lower end of this range.

The land was granted conditional outline consent in February 2016 and it was granted full consent on 1 July 2016. Whilst the indicative land values received in 2014 included the effect of these subsequent developments, there are still a number of uncertainties and variables that at this point cannot be foreseen to enable a more reliable estimate of the land value at this time. As such the directors consider it prudent to leave the value at the same level as since the year ended 31 December 2014 accounts.

The historical cost of the unlisted investment is £220,000 (2019: £220,000).

Subsequent to the year end it has become apparent that there is a question over whether the land at Toton is owned by the subsidiary T Land Limited or by the Charity. The land was originally acquired by the trustees of the Christian Centre (which was at the time an unincorporated charity) in 1992, transferred to the Charity following its incorporation and subsequently transferred to its subsidiary T Land Limited in 2010. It now appears that the necessary procedures for this transfer may not have been completely followed and as a result the transfer may be void such that ownership reverts back to the Charity. The Trustees have applied to the Court for a ruling that the transfer was void subject to the Charity Commission granting consent under section 115 of the Charities Act 2011. Until a ruling is obtained, which is not anticipated until later in 2021, there is uncertainty in relation to the present recognition of the land in the subsidiary financial statements and the deferred tax position in respect of the revaluation of the land, or whether the land should instead be recognised in the financial statements of the Charity.

The financial statements of the Charity are presented as if the land is owned by the subsidiary and do not include any adjustments that would be necessary if this were not the case. The ownership issue only affects whether the land should be recognised by the Charity or its subsidiary T Land Limited and so does not affect the Group's position. However, the deferred tax position in respect of the valuation of the land may not arise if it is determined that the land belongs to the Charity. The group financial statements do not include any deferred tax adjustments that might arise should it be determined that the ownership of the land resides with the Charity rather than its subsidiary T Land Limited. The Trustees intend as part of the application to the Court to ask for a ruling that the Charity can make any payments due under the deed of covenant referred to in note 22.

## Heart Church

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Charity

	2020 £	2019 £
Shares in group undertakings and participating interests	<u>310,001</u>	<u>310,001</u>

#### Shares in group undertakings and participating interests

	Subsidiary undertakings £	Total £
<b>Cost</b>		
At 1 January 2020	<u>310,001</u>	<u>310,001</u>
At 31 December 2020	<u>310,001</u>	<u>310,001</u>
<b>Net book value</b>		
At 31 December 2020	<u>310,001</u>	<u>310,001</u>
At 31 December 2019	<u>310,001</u>	<u>310,001</u>

Details of the investments in which the charity holds 20% or more of the nominal value of any class of share capital are as follows:

The charitable company owns 100% of the ordinary share capital of T Land Limited (company number 06325433), incorporated in England and Wales. T Land Limited's principal activity is that of land investment. The loss for the financial period of T Land Limited was £87,306 (2019 - £123,345) and the aggregate amount of capital and reserves at the end of the period was £340,751 (2019 - £428,057).

The charitable company also owns 100% of the ordinary share capital of T Street Limited (company number 04757373), a company registered in England and Wales, which is presently dormant.

#### 15 Debtors

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Trade debtors	7,753	11,062	3,673	6,982
Due from group undertakings	-	-	410,717	321,622
Prepayments	14,879	26,362	14,818	26,302
Other debtors	<u>12,980</u>	<u>12,825</u>	<u>12,980</u>	<u>12,825</u>
	<u>35,612</u>	<u>50,249</u>	<u>442,188</u>	<u>367,731</u>

#### 16 Current asset investments

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Cash equivalents on deposit	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

# Heart Church

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 17 Cash and cash equivalents

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Cash on hand	2,883	3,094	2,883	3,094
Cash at bank	1,753,701	2,139,561	1,706,635	2,097,842
	<u>1,756,584</u>	<u>2,142,655</u>	<u>1,709,518</u>	<u>2,100,936</u>

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

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	23,027	31,343	23,027	31,343
Accruals	43,374	22,605	43,374	22,605
Other creditors	11,494	6,384	6,752	1,642
Other taxation and social security	13,121	12,072	13,121	12,072
Deferred income	34,084	42,579	-	8,495
	<u>125,100</u>	<u>114,983</u>	<u>86,274</u>	<u>76,157</u>

### Deferred Income

### 19 Provisions

Group	Employment provisions	Deferred tax	Total
	£	£	£
At 1 January 2020	(172,433)	(71,354)	(243,787)
Charged to the statement of recognised gains and losses	<u>(13,911)</u>	<u>(3,559)</u>	<u>(17,470)</u>
At 31 December 2020	<u>(186,344)</u>	<u>(74,913)</u>	<u>(261,257)</u>



## Heart Church

### Notes to the Financial Statements for the Year Ended 31 December 2020

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#### Charity

	Employment provisions £	Total £
At 1 January 2020	(172,433)	(172,433)
Charged to the statement of recognised gains and losses	<u>(13,911)</u>	<u>(13,911)</u>
At 31 December 2020	<u>(186,344)</u>	<u>(186,344)</u>

#### Employment provision

This provision relates to future payments for life to be made to a former employee (and on death at a reduced rate for the life of the spouse of a former employee) under a formal agreement. The provision has been calculated using life expectancy data and the agreed payments to be made and is discounted to present values. This discount will unwind into future finance costs as the provision unwinds.

#### Deferred tax

The deferred tax liability set out above relates to the potential capital gain on the revalued investment in land.

## Heart Church

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 20 Reserves

##### Group

	Unrestricted revaluation reserve £	Total £
At 1 January 2020	(832,646)	(832,646)
Other reserve movements	<u>3,559</u>	<u>3,559</u>
At 31 December 2020	<u>(829,087)</u>	<u>(829,087)</u>

##### Group

	Unrestricted revaluation reserve £	Total £
At 1 January 2020	(830,176)	(830,176)
Other reserve movements	<u>(2,470)</u>	<u>(2,470)</u>
At 31 December 2020	<u>(832,646)</u>	<u>(832,646)</u>

#### 21 Contingent liabilities

##### Group

In June 2018, the group rescinded an option agreement with UKPP (Toton) Limited which was originally signed in 2010. The group had been notified that UKPP (Toton) Limited were intending to initiate legal proceedings in respect of this decision. There has been no further communication since the last financial statements were approved. The trustees have determined that, at the date of approval of these financial statements, it is still not possible to estimate the outcome or economic effect of this.

On a sale of the land at Toton the subsidiary company T Land Limited has covenanted to pay to a third party 45% of the amount by which the open market value has increased above the purchase price. This obligation was novated to T Land Limited on the transfer of the land to it by the Charity described in note 13. Subsequent to the year end the legal position of the deed of covenant has been examined. Subject to the Charity Commission granting consent under section 115 of the Charities Act 2011, the Trustees intend to apply to seek the Court's sanction to make the payment due under the deed of covenant. Until a ruling is obtained, which is not anticipated until later in 2021, there is uncertainty in relation to the payment required under the deed of covenant should the land at Toton be sold, and due to the issue in note 13 if there is an obligation whether that obligation is that of the subsidiary T Land or the Charity.

# Heart Church

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 22 Funds

#### Group

	Balance at 1 January 2020 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2020 £
<b>Unrestricted funds</b>					
<i>General</i>					
General funds	803,201	979,359	(1,031,248)	-	751,312
<i>Designated</i>					
Other designated funds	161,121	28,206	(260,363)	342,785	271,749
Building funds	513	-	-	-	513
Operation Rudolph	1,027	-	-	-	1,027
Projects Reserve	16,952	-	-	-	16,952
KMC Fund	1,209,563	-	(94,870)	-	1,114,693
Employment costs	342,785	-	-	(342,785)	-
Capital repairs	788,155	-	(66,643)	-	721,512
Music Production	5,034	-	(2,625)	-	2,409
	<u>2,525,150</u>	<u>28,206</u>	<u>(424,501)</u>	<u>-</u>	<u>2,128,855</u>
<i>Other</i>					
Revaluation reserve	832,646	-	(3,559)	-	829,087
	<u>832,646</u>	<u>-</u>	<u>(3,559)</u>	<u>-</u>	<u>829,087</u>
<b>Total unrestricted funds</b>	<u>4,160,997</u>	<u>1,007,565</u>	<u>(1,459,308)</u>	<u>-</u>	<u>3,709,254</u>
<b>Restricted funds</b>					
Missions	76,579	40,015	(47,441)	-	69,153
Childrens Work	1,534	-	-	-	1,534
InSpire Building Project	351,570	-	-	-	351,570
Jubilee Foundation	10,439	1,084	(3,509)	-	8,014
Other restricted funds	12,850	9	-	-	12,859
	<u>452,972</u>	<u>41,108</u>	<u>(50,950)</u>	<u>-</u>	<u>443,130</u>
<b>Total restricted funds</b>	<u>452,972</u>	<u>41,108</u>	<u>(50,950)</u>	<u>-</u>	<u>443,130</u>
<b>Total funds</b>	<u>4,613,969</u>	<u>1,048,673</u>	<u>(1,510,258)</u>	<u>-</u>	<u>4,152,384</u>

# Heart Church

## Notes to the Financial Statements for the Year Ended 31 December 2020

	Balance at 1 January 2019 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2019 £
<b>Unrestricted funds</b>					
<i>General</i>					
General funds	751,107	1,173,085	(1,090,781)	(30,210)	803,201
<i>Designated</i>					
Other designated funds	145,808	5,460	(24,124)	33,977	161,121
Building funds	513	-	-	-	513
Operation Rudolph	1,027	-	-	-	1,027
Projects Reserve	16,952	-	-	-	16,952
KMC Fund	1,407,650	-	(239,585)	41,498	1,209,563
Employment costs	442,641	-	(99,856)	-	342,785
Capital repairs	905,997	-	(76,344)	(41,498)	788,155
Music Production	5,034	-	-	-	5,034
	<u>2,925,622</u>	<u>5,460</u>	<u>(439,909)</u>	<u>33,977</u>	<u>2,525,150</u>
<i>Other</i>					
Revaluation reserve	830,176	-	-	2,470	832,646
	<u>830,176</u>	<u>-</u>	<u>-</u>	<u>2,470</u>	<u>832,646</u>
<b>Total unrestricted funds</b>	<u>4,506,905</u>	<u>1,178,545</u>	<u>(1,530,690)</u>	<u>6,237</u>	<u>4,160,997</u>
<b>Restricted funds</b>					
Missions	85,559	60,141	(76,052)	6,931	76,579
Childrens Work	1,534	-	-	-	1,534
InSpire Building Project	362,268	-	-	(10,698)	351,570
Jubilee Foundation	19,270	558	(9,389)	-	10,439
Other restricted funds	12,764	86	-	-	12,850
	<u>481,395</u>	<u>60,785</u>	<u>(85,441)</u>	<u>(3,767)</u>	<u>452,972</u>
<b>Total restricted funds</b>	<u>481,395</u>	<u>60,785</u>	<u>(85,441)</u>	<u>(3,767)</u>	<u>452,972</u>
<b>Total funds</b>	<u>4,988,300</u>	<u>1,239,330</u>	<u>(1,616,131)</u>	<u>2,470</u>	<u>4,613,969</u>

# Heart Church

## Notes to the Financial Statements for the Year Ended 31 December 2020

### Charity

	Balance at 1 January 2020 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2020 £
<b>Unrestricted funds</b>					
<i>General</i>					
General funds	1,207,791	1,062,990	(1,031,132)	-	1,239,649
<i>Designated</i>					
Other designated funds	161,121	28,206	(260,363)	342,785	271,749
Building funds	513	-	-	-	513
Operation Rudolph	1,027	-	-	-	1,027
Projects Reserve	16,952	-	-	-	16,952
KMC fund	1,209,563	-	(94,870)	-	1,114,693
Employment cost	342,785	-	-	(342,785)	-
Capital repairs	788,155	-	(66,643)	-	721,512
Music Production	5,034	-	(2,625)	-	2,409
	<u>2,525,150</u>	<u>28,206</u>	<u>(424,501)</u>	<u>-</u>	<u>2,128,855</u>
<b>Total unrestricted funds</b>	<u>3,732,941</u>	<u>1,091,196</u>	<u>(1,455,633)</u>	<u>-</u>	<u>3,368,504</u>
<b>Restricted funds</b>					
Missions	76,579	40,015	(47,441)	-	69,153
Childrens work	1,534	-	-	-	1,534
InSpire Building Project	351,570	-	-	-	351,570
Jubilee Foundation	10,439	1,084	(3,509)	-	8,014
Other restricted funds	12,850	9	-	-	12,859
	<u>452,972</u>	<u>41,108</u>	<u>(50,950)</u>	<u>-</u>	<u>443,130</u>
<b>Total restricted funds</b>	<u>452,972</u>	<u>41,108</u>	<u>(50,950)</u>	<u>-</u>	<u>443,130</u>
<b>Total funds</b>	<u>4,185,913</u>	<u>1,132,304</u>	<u>(1,506,583)</u>	<u>-</u>	<u>3,811,634</u>

# Heart Church

## Notes to the Financial Statements for the Year Ended 31 December 2020

	Balance at 1 January 2019 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2019 £
<b>Unrestricted funds</b>					
<i>General</i>					
General funds	1,029,882	1,180,626	(972,507)	(30,210)	1,207,791
<i>Designated</i>					
Other designated funds	145,808	5,460	(24,124)	33,977	161,121
Building funds	513	-	-	-	513
Operation Rudolph	1,027	-	-	-	1,027
Projects Reserve	16,952	-	-	-	16,952
KMC fund	1,407,650	-	(239,585)	41,498	1,209,563
Employment cost	442,641	-	(99,856)	-	342,785
Capital repairs	905,997	-	(76,344)	(41,498)	788,155
Music Production	5,034	-	-	-	5,034
	<u>2,925,622</u>	<u>5,460</u>	<u>(439,909)</u>	<u>33,977</u>	<u>2,525,150</u>
<b>Total unrestricted funds</b>	<u>3,955,504</u>	<u>1,186,086</u>	<u>(1,412,416)</u>	<u>3,767</u>	<u>3,732,941</u>
<b>Restricted funds</b>					
Missions	85,559	60,141	(76,052)	6,931	76,579
Childrens work	1,534	-	-	-	1,534
InSpire Building Project	362,268	-	-	(10,698)	351,570
Jubilee Foundation	19,270	558	(9,389)	-	10,439
Other restricted funds	12,764	86	-	-	12,850
	<u>481,395</u>	<u>60,785</u>	<u>(85,441)</u>	<u>(3,767)</u>	<u>452,972</u>
<b>Total restricted funds</b>	<u>481,395</u>	<u>60,785</u>	<u>(85,441)</u>	<u>(3,767)</u>	<u>452,972</u>
<b>Total funds</b>	<u>4,436,899</u>	<u>1,246,871</u>	<u>(1,497,857)</u>	<u>-</u>	<u>4,185,913</u>

# Heart Church

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 23 Analysis of net assets between funds

#### Group

	Unrestricted funds			Restricted funds	Total funds at 31 December 2020
	General £	Designated £	Other £	£	£
Tangible fixed assets	262,705	480,448	-	351,570	1,094,723
Fixed asset investments	220,000	-	904,000	-	1,124,000
Current assets	552,229	1,648,407	-	91,560	2,292,196
Current liabilities	(125,100)	-	-	-	(125,100)
Provisions	(158,522)	-	(74,913)	-	(233,435)
Total net assets	<u>751,312</u>	<u>2,128,855</u>	<u>829,087</u>	<u>443,130</u>	<u>4,152,384</u>

	Unrestricted funds			Restricted funds	Total funds at 31 December 2019
	General £	Designated £	Other £	£	£
Tangible fixed assets	282,861	521,404	-	351,570	1,155,835
Fixed asset investments	220,000	-	904,000	-	1,124,000
Current assets	587,756	2,003,746	-	101,402	2,692,904
Current liabilities	(114,983)	-	-	-	(114,983)
Provisions	(172,433)	-	(71,354)	-	(243,787)
Total net assets	<u>803,201</u>	<u>2,525,150</u>	<u>832,646</u>	<u>452,972</u>	<u>4,613,969</u>

#### Charity

	Unrestricted funds		Restricted funds	Total funds at 31 December 2020
	General £	Designated £	£	£
Tangible fixed assets	262,705	480,448	351,570	1,094,723
Fixed asset investments	310,001	-	-	310,001
Current assets	911,739	1,648,407	91,560	2,651,706
Current liabilities	(86,274)	-	-	(86,274)
Provisions	(158,522)	-	-	(158,522)
Total net assets	<u>1,239,649</u>	<u>2,128,855</u>	<u>443,130</u>	<u>3,811,634</u>

## Heart Church

### Notes to the Financial Statements for the Year Ended 31 December 2020

	Unrestricted funds		Restricted funds	Total funds at 31 December 2019
	General	Designated		
	£	£	£	£
Tangible fixed assets	282,861	521,404	351,570	1,155,835
Fixed asset investments	310,001	-	-	310,001
Current assets	863,519	2,003,746	101,402	2,968,667
Current liabilities	(76,157)	-	-	(76,157)
Provisions	(172,433)	-	-	(172,433)
Total net assets	<u>1,207,791</u>	<u>2,525,150</u>	<u>452,972</u>	<u>4,185,913</u>



## Heart Church

### Notes to the Financial Statements for the Year Ended 31 December 2020

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#### 24 Financial instruments

##### Group

##### Categorisation of financial instruments

	2020 £	2019 £
Financial assets that are debt instruments measured at amortised cost	1,777,317	2,163,413
Financial liabilities measured at amortised cost	77,895	60,332

##### Charity

##### Categorisation of financial instruments

	2020 £	2019 £
Financial assets that are debt instruments measured at amortised cost	2,136,888	2,439,236
Financial liabilities measured at amortised cost	73,153	55,590

#### 25 Related party transactions

##### Charity

During the year the charity made the following related party transactions:

##### 73rd Trust

(Heart Church and 73rd Trust share a trustee, Nigel Gale, who declares a potential conflict of interest at Heart Church board meeting.)

73rd Trust engages the unchurched through relevant communication of the Gospel. Heart Church support 73rd Trust through financial support of £4,385 (2019 - £4,824).. At the balance sheet date the amount due to/from 73rd Trust was £Nil (2019 - £Nil).

#### 26 Ultimate controlling party

The charity is controlled by it's Trustees, who are also directors.

## Heart Church

### Statement of Financial Activities by fund for the Year Ended 31 December 2020

	Note	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
<b>Income and Endowments from:</b>					
Donations and legacies	3	978,171	40,588	1,018,759	1,163,213
Charitable activities	4	93,879	520	94,399	56,030
Investment income	5	19,146	-	19,146	27,628
Total income		<u>1,091,196</u>	<u>41,108</u>	<u>1,132,304</u>	<u>1,246,871</u>
<b>Expenditure on:</b>					
Charitable activities	7	(1,455,633)	(50,950)	(1,506,583)	(1,493,034)
Other expenditure	8	-	-	-	(4,823)
Total expenditure		<u>(1,455,633)</u>	<u>(50,950)</u>	<u>(1,506,583)</u>	<u>(1,497,857)</u>
Net expenditure		<u>(364,437)</u>	<u>(9,842)</u>	<u>(374,279)</u>	<u>(250,986)</u>
Net movement in funds		(364,437)	(9,842)	(374,279)	(250,986)
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>3,732,941</u>	<u>452,972</u>	<u>4,185,913</u>	<u>4,436,899</u>
Total funds carried forward	22	<u>3,368,504</u>	<u>443,130</u>	<u>3,811,634</u>	<u>4,185,913</u>

# Heart Church

## Statement of Financial Activities by fund for the Year Ended 31 December 2020

### Unrestricted Funds

	Total Unrestricted Funds 2020 £	Total Unrestricted Funds 2019 £
<b>Income and Endowments from:</b>		
Donations and legacies	978,171	1,107,424
Charitable activities	20,049	51,034
Investment income	9,346	20,087
<b>Total income</b>	<b>1,007,566</b>	<b>1,178,545</b>
<b>Expenditure on:</b>		
Charitable activities	(1,455,750)	(1,525,867)
Other expenditure	-	(4,823)
<b>Total expenditure</b>	<b>(1,455,750)</b>	<b>(1,530,690)</b>
Net expenditure	(448,184)	(352,145)
Transfers between funds	-	3,767
Net movement in funds	(448,184)	(348,378)
<b>Reconciliation of funds</b>		
Total funds brought forward	3,328,351	3,676,729
Total funds carried forward	2,880,167	3,328,351

# Heart Church

## Statement of Financial Activities by fund for the Year Ended 31 December 2020

### Restricted Funds

	Total Restricted Funds 2020 £	Total Restricted Funds 2019 £
<b>Income and Endowments from:</b>		
Donations and legacies	40,588	55,789
Charitable activities	<u>520</u>	<u>4,996</u>
Total income	<u>41,108</u>	<u>60,785</u>
<b>Expenditure on:</b>		
Charitable activities	<u>(50,950)</u>	<u>(85,441)</u>
Total expenditure	<u>(50,950)</u>	<u>(85,441)</u>
Net expenditure	(9,842)	(24,656)
Transfers between funds	<u>-</u>	<u>(3,767)</u>
Net movement in funds	(9,842)	(28,423)
<b>Reconciliation of funds</b>		
Total funds brought forward	<u>452,972</u>	<u>481,395</u>
Total funds carried forward	<u>443,130</u>	<u>452,972</u>