

CHARITY REGISTRATION NUMBER 1119791
COMPANY REGISTRATION NUMBER 5999100

HOPE CITY CHURCH
GROUP ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016

HOPE CITY CHURCH

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	C Davies D A Gilpin P Bengier C W Davies E Newton (Appointed 28 November 2016)
Secretary	A Ibbotson
Charity number	1119791
Company number	5999100
Principal address	The Megacentre Bernard Road Sheffield South Yorkshire S2 5BQ
Registered office	The Megacentre Bernard Road Sheffield South Yorkshire S2 5BQ
Auditors	UHY Hacker Young 6 Broadfield Court Broadfield Way Sheffield South Yorkshire S8 0XF
Bankers	Barclays Bank plc City Office Sheffield S1 1NG
Solicitors	Geldards Number One Pride Place Pride Park Derby DE24 8QR

HOPE CITY CHURCH

CONTENTS

	Page
Trustees' report	1 – 5
Statement of trustees' responsibilities	6
Independent auditors' report	7 – 8
Consolidated statement of financial activities	9
Statement of financial activities	10
Consolidated balance sheet	11
Balance sheet	12
Statement of cash flows	13
Notes to the accounts	14 – 31

HOPE CITY CHURCH

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The trustees present their report and accounts for the year ended 31 March 2016.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)".

Objectives and activities

The Articles of Association restrict the objects of the church to:

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

Within that framework the object of the church is:

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

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

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

Achievements and performance

Hope City Church Attendance and Growth

Hope City Church showed growth of approximately 12.5% between April 2015 and March 2016. This increase is due in part to the development of Hope City Kuala Lumpur, the increase in most of our UK congregations and the revamp of Hope City Birmingham. By March 2016 Hope City Church was approximately 3,500 people strong, including children and youth. Sheffield continues to represent the largest congregation with approximately 1,600 people in it (up 14% from the previous year), with Leeds seeing an increase to around 560 strong, Newcastle/ Sunderland around 200 strong (up 67% from previous year), Birmingham 230 strong (up by 130% from previous year), Liverpool and London- remain the same as the previous year. Frankfurt has increased to 170 strong (up 6% from previous year). KL has grown to 190 people. Lancashire has declined slightly to 80 people. Accra has also dropped to 300 active people- this is due to a lot of expats returning to their country of origin.

Megacentre Buildings

Hope City Church owns three buildings to house its work and ministry and that of its affiliated organisations. Two of these are Megacentre's - Bernard Road in Sheffield and York Road in Leeds. The Sheffield Megacentre comprises an 800 seat auditorium and overflow facility ('The Forge' with seating capacity for over 200 people) as well as varied and extensive conferencing and training rooms, office space, an indoor play centre and café. This property has been on the market since April 2014 with commercial property consultants Knight Frank, as we look forward to building or renovating a new facility for Hope City Sheffield to expand in to. Recently we have received some strong offers, which we hope will lead to a potential sale.

HOPE CITY CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

The Leeds Megacentre has a 300 seat auditorium on the ground floor with room for expansion. Its main entrance, reception and some office space have been refurbished too. This property is also on the market at an asking price of just under £1.5m, with commercial property consultants Sanderson Weatherall since May 2014. We have also recently received strong offers, which we hope will lead to a potential sale.

Hope City Church also owns the land and improvements commonly known and numbered as 89 Beaumont Road North, Sheffield, S2 1RT. We are currently in a Commercial Lease Agreement with City Hearts UK for this property.

2015 saw the final settlement with the Eldonian Group regarding the exit of the Liverpool Megacentre on Vauxhall Road.

Annual Offerings

Hope City Church took up two major offerings this year, First Fruits in September 2015, in which £120k (including Gift Aid) was given or pledged towards our missions and central expenses across Hope City. This amount was down 14% on the previous year, this appears to be a result of inflated giving in 2014 as well as continued focus on our Dream Offering.

The Dream Offering was taken up in March 2016. This offering was towards the buildings and venue costs for all Locations and was made up of one-off giving, standing orders and pledges. This year a lot more weight was placed on Standing orders rather than one-off giving and 'faith pledges.' This could be due to the nature of the offering- having run for a number of years. The 'faith pledges' this year were amounts that donors knew they could give over the course of the year.

Staff

At the beginning of the financial period Gross Monthly Pay on salaries for Hope City Church was £41,570 for 33 people working 120 days a week. By the end of the financial period in March 2016 the Gross Monthly Pay to Hope City staff had increased to £46,110 employing 34 people working 126 days.

Hope City Academy

The Leadership Academy became Hope City Academy this year. This started in September 2015 with 12 students in Year 1. The Year 2 Internship was introduced this year with 6 interns. Chris Denham, Congregation Pastor in Leeds, continued as Academy Director and Lois Willis continued her role as the Dean of the Academy.

Annual Conferences

Hope City Church ran four annual conferences in this period. The Leadership Summit was hosted by Dave and Jenny Gilpin in May. There were 200 church leaders present representing over 30 churches. Whitefields - our family conference - saw over 440 delegates attending in May. This New Republic, the annual conference for 16-30s and hosted by Colin and Beth Blois, Lead Pastors in the Sheffield Congregation, had 490 delegates. Jenny Gilpin hosted the She Is Conference in February with over 550 women attending. These figures represent good attendance overall- despite a slight decline when compared to previous years. This could be due to other local events happening at similar times.

Preaching Ministry

Senior Pastors Dave and Jenny Gilpin between them preached at over 30 churches across the world in this financial period. They also preached regularly at the Congregations of Hope City Church in the UK and worldwide.

HOPE CITY CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

Subsidiary and other controlled companies

The achievements and performance of the church's subsidiaries and other controlled companies for the year ended 31 March 2016 were as follows:

- Megacentre Limited through its trading activities suffered a loss of £51,652 (2015: £50,475). Closing shareholders' funds were in deficit at £344,553 (2015: £292,901). Megacentre Limited is a limited company incorporated in England and Wales and Hope City Church owns 100% of the share capital. The nature of its business is the provision of conference facilities, running a café and a children's play area.
- Meganursery made a deficit of £16,701 (2015: £8,281) this year and the charity did not make any donations to connected companies again this year. Closing funds were £53,012 (2015: 69,713) all of which were unrestricted. Meganursery is a charitable company registered in England and Wales. Hope City Church are able to appoint and remove the trustees of this charitable company and the nature of its business is the provision of nursery education and care.
- City Hearts (UK) continued with its expansion of the City Hearts programme, which provides accommodation for men and women overcoming serious life issues. The company made a surplus this year of £142,855 (2015: £127,099). Closing funds were £393,148 (2015: £250,293), of which £382,309 (2015: £204,865) were unrestricted. City Hearts (UK) is a charitable company registered in England and Wales. Hope City Church are able to appoint and remove the trustees of this charitable company and the nature of its business is the relief of poverty and advancement of education.

Financial review

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

The Statement of Financial Activities shows a net increase in funds of £239,904 (compared with a net decrease of £98,856 for 2015) before gains on investment assets. The church has general unrestricted reserves of £453,379 excluding the revaluation reserve, compared with £409,219 the previous year. The trustees have identified that the reserves are at a low level, representing more than 65% (including the revaluation reserve) of annual net resources expended (2015: 63%). This percentage is much lower than previous years and the trustees are currently keeping this under review. The freely available unrestricted reserves were £57,818.

The Consolidated Statement of Financial Activities shows a net increase in funds of £362,312 (compared with a net increase of £48,102 for 2015) before gains on investment assets. The group has general unrestricted reserves of £1,270,629 excluding the revaluation reserve, compared with £1,017,360 the previous year. The trustees have identified that the reserves are at a low level, representing more than 45% (including the revaluation reserve) of annual net resources expended (2015: 55%). The freely available unrestricted reserves were £414,548.

The financial results for the subsidiary entities are shown in note 25 to the accounts.

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

Currently, Hope City Church has set aside money raised from the Dream Offering which is held in a treasury account with Kingdom Bank. These funds will be kept and used for future development of Hope City Church including allowing the church to purchase new premises in Sheffield.

HOPE CITY CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

Financial review (continued)

The trustees have assessed the major risks to which the charity is exposed, which include the risk of over-gearing due to borrowings for capital expenditure. The trustees are satisfied that systems are in place to mitigate exposure to the major risks.

Hope City Church has a 2020 vision statement that it is currently working towards:

- Over 25 congregations
- City Hearts in 10 cities (including Europe and Africa)
- 1,500-seater auditorium in Sheffield
- National media influence across Britain.

Structure, governance and management

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

The trustees, who are also the directors for the purpose of company law, and who served during the year were:

C Davies	
D A Gilpin	
R Davies	(Resigned 11 August 2015)
P Benger	
C W Davies	
B Snowzell	(Appointed 16 September 2015 and resigned 15 November 2016)
E Newton	(Appointed 28 November 2016)

The church is a part of the C3 Global group of churches, which is based in Sydney, Australia. Although no longer a member of the AOG, the church follows AOG guidelines which state that a church is required to have at least three trustees at any one time of which one, D A Gilpin, is the senior minister. Trustees not on the payroll should be in the majority. When a vacancy occurs the trustees are required to approach a member of the church deemed to have the relevant experience and commitment.

None of the trustees has any beneficial interest in the charity. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

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

The church is a registered charity (number 1119791) and a company limited by guarantee (number 5999100). Hope City Church owns all of the share capital in Megacentre Limited, a trading company which generates funds for the church.

The church also controls the following charitable companies which are limited by guarantee:

- Meganursery, which operates a nursery on the church premises; and
- City Hearts (UK), which operates many of the church's community activities.

HOPE CITY CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

Disclosure of information to auditors

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

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

D A Gilpin

Trustee

Dated: 20 December 2016

HOPE CITY CHURCH

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2016

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

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

In preparing these accounts, the trustees are required to:

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

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

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

We have audited the financial statements of Hope City Church for the year ended 31 March 2016 set out on pages 9 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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

Respective responsibilities of the trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 6, the trustees (who are also the directors of Hope City Church for the purposes of company law) are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF HOPE CITY CHURCH (CONTINUED)

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2016 and of the group's 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 properly prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Trustees' Report for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

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:

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

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

Chartered Accountants
Statutory Auditor

Dated: 20 December 2016

HOPE CITY CHURCH

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Income from:					
Donations and gifts	3	1,342,454	374,812	1,717,266	1,507,967
Charitable activities	4	1,898,605	-	1,898,605	1,186,313
Other trading activities	5	106,477	-	106,477	128,948
Investments	6	3,281	-	3,281	67
Total income		<u>3,350,817</u>	<u>374,812</u>	<u>3,725,629</u>	<u>2,823,295</u>
Expenditure on:					
Raising funds	7	160,235	14,387	174,622	203,315
Charitable activities	8	3,046,119	141,177	3,187,296	2,571,878
Other	13	1,399	-	1,399	-
Total expenditure		<u>3,207,753</u>	<u>155,564</u>	<u>3,363,317</u>	<u>2,775,193</u>
Net incoming resources before associated undertakings and transfers		143,064	219,248	362,312	48,102
Gross transfers between funds		<u>58,093</u>	<u>(58,093)</u>	-	-
Net income for the year/ Net movement in funds		201,157	161,155	362,312	48,102
Fund balances at 1 April 2015		<u>1,312,496</u>	<u>222,107</u>	<u>1,534,603</u>	<u>1,486,501</u>
Fund balances at 31 March 2016		<u>1,513,653</u>	<u>383,262</u>	<u>1,896,915</u>	<u>1,534,603</u>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006 and has been prepaid on the basis that all operations are continuing.

HOPE CITY CHURCH

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Income from:					
Donations and gifts	3	1,409,710	374,812	1,784,522	1,458,310
Charitable activities	4	180,006	-	180,006	165,059
Other trading activities	5	14,651	-	14,651	11,497
Investments	6	<u>3,281</u>	<u>-</u>	<u>3,281</u>	<u>67</u>
Total income		<u>1,607,648</u>	<u>374,812</u>	<u>1,982,460</u>	<u>1,634,933</u>
Expenditure on:					
Raising funds	7	12,677	14,387	27,064	36,187
Charitable activities	8	1,563,413	107,562	1,670,975	1,628,275
Other	13	<u>44,517</u>	<u>-</u>	<u>44,517</u>	<u>69,327</u>
Total resources expended		<u>1,620,607</u>	<u>121,949</u>	<u>1,742,556</u>	<u>1,733,789</u>
Net (outgoing)/incoming resources before transfers		(12,959)	252,863	239,904	(98,856)
Gross transfers between funds		<u>57,119</u>	<u>(57,119)</u>	<u>-</u>	<u>-</u>
Net (expenditure)/ income for the year/ Net movement in funds		(44,160)	195,744	239,904	(98,856)
Fund balances at 1 April 2015		<u>1,093,554</u>	<u>176,679</u>	<u>1,270,233</u>	<u>1,369,089</u>
Fund balances at 31 March 2016		<u>1,137,714</u>	<u>372,423</u>	<u>1,510,137</u>	<u>1,270,233</u>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006 and has been prepared on the basis that all operations are continuing.

HOPE CITY CHURCH

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	14		2,936,014		3,021,793
Current assets					
Stocks	16	6,000		6,000	
Debtors	17	374,666		238,632	
Cash at bank and in hand		<u>663,906</u>		<u>370,925</u>	
		1,044,572		615,557	
Creditors: amounts falling due within one year	18	<u>(332,708)</u>		<u>(265,198)</u>	
Net current assets			<u>711,864</u>		<u>350,359</u>
Total assets less current liabilities			3,647,878		3,372,152
Creditors: amounts falling due after one year	19		<u>(1,750,963)</u>		<u>(1,837,549)</u>
Net assets			<u>1,896,915</u>		<u>1,534,603</u>
Income funds					
Restricted funds	21		383,262		222,107
<u>Unrestricted funds:</u>					
Retained within the charity		1,270,629		1,017,360	
Revaluation reserve		<u>587,677</u>		<u>587,677</u>	
			1,858,306		1,605,037
Non-charitable trading funds			<u>(344,653)</u>		<u>(292,541)</u>
			<u>1,896,915</u>		<u>1,534,603</u>

The financial statements were approved by the board of directors and authorised for issue on 20 December 2016 and are signed on its behalf by:

D A Gilpin
Trustee

Company Registration No. 5999100

HOPE CITY CHURCH

BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	14		2,916,805		3,001,814
Current assets					
Stocks	16	5,000		5,000	
Debtors	17	135,621		82,561	
Cash at bank and in hand		<u>413,013</u>		<u>346,958</u>	
		553,634		434,519	
Creditors: amounts falling due within one year	18	<u>(209,339)</u>		<u>(328,551)</u>	
Net current assets			<u>344,295</u>		<u>105,968</u>
Total assets less current liabilities			<u>3,261,100</u>		<u>3,107,782</u>
Creditors: amounts falling due in more than one year	19		<u>(1,750,963)</u>		<u>(1,837,549)</u>
Net assets			<u>1,510,137</u>		<u>1,270,233</u>
Income funds					
Restricted funds	21		372,423		176,679
<u>Unrestricted funds:</u>					
General unrestricted funds		453,379		409,219	
Revaluation reserve		<u>684,335</u>		<u>684,335</u>	
			<u>1,137,714</u>		<u>1,093,554</u>
			<u>1,510,137</u>		<u>1,270,233</u>

The financial statements were approved by the board of directors and authorised for issue on 20 December 2016 and are signed on its behalf by:

D A Gilpin
Trustee

Company Registration No. 5999100

HOPE CITY CHURCH

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Group			
		2016	2015	2016	2015
		£	£	£	£
Cash flow from operating activities					
Cash generated from operations	26		384,467		168,545
Investing activities					
Purchase of tangible fixed assets		(9,979)		(34,137)	
Interest received		<u>3,281</u>		<u>67</u>	
Net cash (used in)/generated from investing activities			(6,698)		(34,070)
Financing activities					
Repayment of bank loans		(84,788)		(82,995)	
Net cash used in financing activities			(84,788)		(82,995)
Net increase in cash and cash equivalents			292,981		51,480
Cash and cash equivalents at beginning of year			<u>370,925</u>		<u>319,445</u>
Cash and cash equivalents at end of year			<u>663,906</u>		<u>370,925</u>

		Charity			
		2016	2015	2016	2015
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	26		150,214		184,285
Investing activities					
Purchase of tangible fixed assets		(2,652)		(22,231)	
Interest received		<u>3,281</u>		<u>67</u>	
Net cash generated from/(used in) investing activities			629		(22,164)
Financing activities					
Repayment of bank loans		(84,788)		(82,995)	
Net cash used in financing activities			(84,788)		(82,995)
Net increase in cash and cash equivalents			66,055		79,126
Cash and cash equivalents at beginning of year			<u>346,958</u>		<u>267,832</u>
Cash and cash equivalents at end of year			<u>413,013</u>		<u>346,958</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

Company information

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

1.1 Accounting convention

These accounts have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), "Accounting and Reporting by Charities" the Statement of Recommended Practice for charities applying FRS 102, the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015. The charity is a Public Benefit Entity as defined by FRS 102.

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

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

These accounts for the year ended 31 March 2016 are the first accounts of Hope City Church prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition of FRS 102 was 1 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Charitable funds

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

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

1.4 Incoming resources

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

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

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

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

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

1.5 Resources expended

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

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

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

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

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

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

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

1.6 Tangible fixed assets and depreciation

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

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

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

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

Fixed assets costing less than £500 are not capitalised.

1.7 Fixed asset investments

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

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

1.8 Impairment of fixed assets

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

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

1.8 Impairment of fixed assets (continued)

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

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

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

1.9 Stocks

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

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

1.10 Leasing and hire purchase commitments

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

1.11 Pensions

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

1.12 Basis of consolidation

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

1.13 Cash and cash equivalents

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

1.14 Financial instruments

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

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

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

1.14 Financial instruments (continued)

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

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Derecognition of financial assets

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

Basic financial liabilities

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

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

Derecognition of financial liabilities

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

1.15 Employee benefits

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

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

2 Critical accounting estimates and judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. There are no judgements or estimates which have a significant risk of causing material adjustment to the carrying amount of assets and liabilities.

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

3 Donations and gifts

	Group			
	Unrestricted funds	Restricted funds	Total 2016	Total 2015
	£	£	£	£
Donations and gifts	<u>1,342,454</u>	<u>374,812</u>	<u>1,717,266</u>	<u>1,507,967</u>
For the year ended 31 March 2015	<u>1,298,615</u>	<u>209,352</u>		<u>1,507,967</u>

	Charity			
	Unrestricted funds	Restricted funds	Total 2016	Total 2015
	£	£	£	£
Donations and gifts	<u>1,409,710</u>	<u>374,812</u>	<u>1,784,522</u>	<u>1,458,310</u>
For the year ended 31 March 2015	<u>1,265,067</u>	<u>193,243</u>		<u>1,458,310</u>

4 Charitable activities

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Sales within charitable activities	288,584	283,817	103,937	94,928
Services provided under contract	1,600,519	853,786	-	-
Charitable rental income, recharges and other income	<u>9,502</u>	<u>7,710</u>	<u>76,069</u>	<u>70,131</u>
	<u>1,898,605</u>	<u>1,186,313</u>	<u>180,006</u>	<u>165,059</u>
Analysis by fund				
Unrestricted funds	1,898,605		180,006	
Restricted funds	<u>-</u>		<u>-</u>	
	<u>1,898,605</u>		<u>180,006</u>	
For the year ended 31 March 2015				
Unrestricted funds		1,145,313		165,059
Restricted funds		<u>41,000</u>		<u>-</u>
		<u>1,186,313</u>		<u>165,059</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

5 Other trading activities

	Group	
	2016	2015
	£	£
Megacentre Limited	91,626	117,153
Sales of books and resources	<u>14,851</u>	<u>11,795</u>
	<u>106,477</u>	<u>128,948</u>

	Charity	
	2016	2015
	£	£
Sales of books and resources	<u>14,651</u>	<u>11,497</u>

6 Investments

	Group and Charity	
	2016	2015
	£	£
Interest receivable	<u>3,281</u>	<u>67</u>
	<u>3,281</u>	<u>67</u>

7 Raising funds

	Group			
	Unrestricted funds	Restricted funds	Total 2016	Total 2015
	£	£	£	£
<u>Fundraising and publicity</u>				
Staging fundraising events	-	14,387	14,387	23,665
<u>Trading costs</u>				
Other trading activities	<u>160,235</u>	<u>-</u>	<u>160,235</u>	<u>179,650</u>
	<u>160,235</u>	<u>14,387</u>	<u>174,622</u>	<u>203,315</u>
For the year ended 31 March 2015				
Fundraising and publicity	-	23,665		23,665
Trading costs	<u>179,650</u>	<u>-</u>		<u>179,650</u>
	<u>179,650</u>	<u>23,665</u>		<u>203,315</u>

Raising funds include payments to the auditors of £1,650 (2015: £2,400) for services not connected to the charity and consolidated group accounts.

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

7 Raising funds (continued)

	Unrestricted funds £	Charity Restricted funds £	Total 2016 £	Total 2015 £
<u>Fundraising and publicity</u>				
Staging fundraising events	-	14,387	14,387	23,665
<u>Trading costs</u>				
Other trading activities	<u>12,677</u>	<u>-</u>	<u>12,677</u>	<u>12,522</u>
	<u>12,677</u>	<u>14,387</u>	<u>27,064</u>	<u>36,187</u>
For the year ended 31 March 2015				
Fundraising and publicity	-	23,665		23,665
Trading costs	<u>12,522</u>	<u>-</u>		<u>12,522</u>
	<u>12,522</u>	<u>23,665</u>		<u>36,187</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

8 Charitable activities

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Staff costs	1,418,880	1,051,348	565,716	509,332
Depreciation and impairment	92,181	92,885	87,661	87,694
Church departments and events	57,163	52,863	57,163	52,863
Minister's consultancy fees	34,200	45,925	34,200	45,925
Food and drink	37,491	18,358	-	-
Activities and outings	12,736	6,145	-	-
City Hearts allowances	182,532	108,692	-	-
Hospitality and gifts	114,471	110,422	114,471	110,422
Rent, rates, and service charges	346,053	263,048	180,919	176,792
Insurance and utilities	105,586	91,298	83,826	72,347
Repairs and cleaning	190,780	159,192	145,427	135,213
Hire of office equipment	47,666	54,517	47,666	54,517
Subscriptions	45,065	37,294	42,955	36,659
Postage, stationery and adverts	55,679	86,783	47,445	84,687
Telephone and fax	22,106	19,220	10,688	12,339
Motor and travel expenses	245,338	218,465	135,813	154,849
Bad and doubtful debts	(208)	693	-	-
Legal, professional and consultancy fees	74,612	59,281	37,345	25,215
Staff recruitment and training	8,185	9,147	-	-
Catering costs	7,733	10,052	-	-
General expenses	25,101	30,461	16,059	23,841
Bank interest and charges	52,246	50,892	51,921	50,683
Dilapidations and associated costs	-	(17,603)	-	(17,603)
	<u>3,175,596</u>	<u>2,559,378</u>	<u>1,659,275</u>	<u>1,615,775</u>
Grant funding of activities (see note 9)	9,200	10,000	9,200	10,000
Share of governance costs (see note 10)	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>
	<u>3,187,296</u>	<u>2,571,878</u>	<u>1,670,975</u>	<u>1,628,275</u>
Analysis by fund				
Unrestricted funds	3,046,119		1,563,413	
Restricted funds	<u>141,177</u>		<u>107,562</u>	
	<u>3,187,296</u>		<u>1,670,975</u>	
For the year ended 31 March 2015				
Unrestricted funds		2,478,521		1,563,087
Restricted funds		<u>93,357</u>		<u>65,188</u>
		<u>2,571,878</u>		<u>1,628,275</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

9 Grants payable

	Group and Charity	
	2016	2015
	£	£
Grants to institutions (0 grants)	-	-
Grants to individuals (3 grants)	<u>9,200</u>	<u>10,000</u>
	<u>9,200</u>	<u>10,000</u>

10 Support costs

	Group and Charity				
	Support costs	Governance costs	2016	2015	Basis of allocation
	£	£	£	£	
Audit fees	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	Governance
	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	
Analysed between charitable activities	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	

Group

Governance costs includes payments to the auditors of £2,500 (2015: £2,500) for audit fees. Charitable activities costs includes payments of £11,660 (2015: £11,300) to the auditors for other services.

Charity

Governance costs includes payments to the auditors of £2,500 (2015: £2,500) for audit fees. Charitable activities costs includes payments of £5,420 (2015: £5,060) to the auditors for other services.

11 Trustees

D A Gilpin received emoluments of £37,196 (2015: £34,300) during the year and invoiced the church for his services through his company Dagarte Limited. The total charges for ministry, advisory and other services paid to Dagarte Limited were £34,200 (2015: £45,925). His wife is also an employee of the church and received £22,231 (2015: £21,700) for work carried out under contracts of employment.

P Bengier received £1,500 (2015: £1,500) for services provided for speaking at lectures.

A company owned and controlled by C Davies and his wife received £12,721 (2015: £2,032) for providing payroll and consultancy services to the charity.

A company owned and controlled by B Snowzell received £2,950 (2015: £nil) for services provided.

None of the other trustees received emoluments during the year (2015: £nil).

During the year, life insurance payments were made on behalf of D A Gilpin totaling £nil (2015: £205). No other trustees received any other benefits during the year (2015: £nil).

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

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

12 Employees

Number of employees

The average number of employees during the year was:

	Group		Charity	
	2016 Number	2015 Number	2016 Number	2015 Number
Trustees of Hope City Church	5	4	5	4
Trustees / directors of subsidiaries	7	3	-	-
Employees	103	95	33	31
Service delivery – casual	<u>17</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>132</u>	<u>102</u>	<u>38</u>	<u>35</u>

Employment costs

	Raising funds £	Charitable activities £	Group	
			2016 £	2015 £
Wages and salaries	64,340	1,329,517	1,393,857	1,068,742
Social security costs	735	75,214	75,949	50,108
Other pension costs	<u>61</u>	<u>14,149</u>	<u>14,210</u>	<u>8,633</u>
	<u>65,136</u>	<u>1,418,880</u>	<u>1,484,016</u>	<u>1,127,483</u>

	Charity	
	2016 £	2015 £
Wages and salaries	517,244	477,143
Social security costs	34,323	23,556
Other pension costs	<u>14,149</u>	<u>8,633</u>
	<u>565,716</u>	<u>509,332</u>

There were no employees whose annual remuneration was £60,000 or more. The number of trustees for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2015: 1).

13 Other

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Bad debts	<u>1,399</u>	<u>-</u>	<u>44,517</u>	<u>69,327</u>
	<u>1,399</u>	<u>-</u>	<u>44,517</u>	<u>69,327</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

14 Tangible fixed assets

	Freehold land and buildings £	Long leasehold property £	Group Fixtures fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2015	3,274,154	135,466	692,402	20,610	4,122,632
Additions at cost	-	-	9,979	-	9,979
At 31 March 2016	<u>3,274,154</u>	<u>135,466</u>	<u>702,381</u>	<u>20,610</u>	<u>4,132,611</u>
Depreciation and impairment					
At 1 April 2015	434,750	25,959	624,885	15,245	1,100,839
Charge for the year	<u>65,343</u>	<u>2,707</u>	<u>24,216</u>	<u>3,492</u>	<u>95,758</u>
At 31 March 2016	<u>500,093</u>	<u>28,666</u>	<u>649,101</u>	<u>18,737</u>	<u>1,196,597</u>
Carrying amount					
At 31 March 2016	<u>2,774,061</u>	<u>106,800</u>	<u>53,280</u>	<u>1,873</u>	<u>2,936,014</u>
At 31 March 2015	<u>2,839,404</u>	<u>109,507</u>	<u>67,517</u>	<u>5,365</u>	<u>3,021,793</u>

	Freehold land and buildings £	Long leasehold property £	Charity Fixtures fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2015	3,274,154	135,466	598,488	7,290	4,015,358
Additions at cost	-	-	2,652	-	2,652
At 31 March 2016	<u>3,274,154</u>	<u>135,466</u>	<u>601,100</u>	<u>7,290</u>	<u>4,018,010</u>
Depreciation and impairment					
At 1 April 2015	434,750	25,959	549,240	3,595	1,013,544
Charge for the year	<u>65,343</u>	<u>2,707</u>	<u>17,789</u>	<u>1,822</u>	<u>87,661</u>
At 31 March 2016	<u>500,093</u>	<u>28,666</u>	<u>567,029</u>	<u>5,417</u>	<u>1,101,205</u>
Carrying amount					
At 31 March 2016	<u>2,774,061</u>	<u>106,800</u>	<u>34,071</u>	<u>1,873</u>	<u>2,916,805</u>
At 31 March 2015	<u>2,839,404</u>	<u>109,507</u>	<u>49,208</u>	<u>3,695</u>	<u>3,001,814</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

14 Tangible fixed assets (continued)

The charity's leasehold buildings were externally revalued at £2,000,000 at their open market value on 31 March 2007 by Lambert Smith Hampton, Chartered Surveyors. Improvements made since 31 March 2007 are included at cost less accumulated depreciation. Improvements to leasehold premises with a net book value of £52,975 (2015: £57,763) are included within the fixed assets of Meganursery (a company controlled by Hope City Church) which has a sublease on part of the premises. The trustees are not aware of any further material changes since the last valuation.

One of the charity's freehold properties was externally revalued at £1,000,000 at its open market value on 14 March 2011 by Knight Frank LLP, Chartered Surveyors. The other freehold land and buildings owned by the charity continue to be stated at cost less accumulated depreciation.

Some of the charity's leasehold and freehold land and buildings are subject to a mortgage with the balance owed at 31 March 2016 amounting to 65% (2015: 66%) of their net book value as stated in these accounts.

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

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Cost	2,617,502	2,617,502	2,501,592	2,501,592
Accumulated depreciation	<u>613,179</u>	<u>558,377</u>	<u>550,244</u>	<u>500,230</u>
At 31 March 2016	<u>2,004,323</u>	<u>2,059,125</u>	<u>1,951,348</u>	<u>2,001,362</u>

All other tangible fixed assets are stated at historical cost.

15 Financial instruments

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	<u>1,013,757</u>	<u>595,403</u>	<u>539,190</u>	<u>425,498</u>
Carrying amount of financial liabilities				
Measured at amortised cost	<u>2,044,750</u>	<u>2,067,434</u>	<u>1,942,888</u>	<u>2,148,744</u>

16 Stocks

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Goods for resale	<u>6,000</u>	<u>6,000</u>	<u>5,000</u>	<u>5,000</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

17 Debtors

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	237,082	165,056	12,950	16,658
Amounts due from subsidiary undertakings	-	-	458	-
Other debtors	112,769	59,422	112,769	61,882
Prepayments and accrued income	<u>24,815</u>	<u>14,154</u>	<u>9,444</u>	<u>4,021</u>
	<u>374,666</u>	<u>238,632</u>	<u>135,621</u>	<u>82,561</u>

18 Creditors: amounts falling due within one year

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts	95,997	92,606	85,946	84,148
Trade creditors	81,075	56,114	61,318	43,834
Amounts owed to group undertakings	-	-	21	109,527
Taxation and social security	22,249	17,215	8,632	8,163
Other creditors	53,715	79,157	44,640	73,686
Accruals	16,672	18,098	8,782	9,193
Deferred income	<u>63,000</u>	<u>2,008</u>	<u>-</u>	<u>-</u>
	<u>332,708</u>	<u>265,198</u>	<u>209,339</u>	<u>328,551</u>

19 Creditors: amounts falling due after more than one year

	Group	
	2016	2015
	£	£
Mortgage and loan	<u>1,750,963</u>	<u>1,837,549</u>
Analysis of mortgage and loan		
Not wholly repayable within five years by instalments	1,291,730	1,481,916
Wholly repayable within five years	<u>545,179</u>	<u>439,781</u>
	1,836,909	1,921,697
Included in current liabilities	<u>(85,946)</u>	<u>(84,148)</u>
	<u>1,750,963</u>	<u>1,837,549</u>
Loan maturity analysis		
Debt due in one year or less	85,946	84,148
In more than one year but not more than two years	87,852	86,007
In more than two years but not more than five years	371,380	269,626
In more than five years	<u>1,291,730</u>	<u>1,481,916</u>
	<u>1,836,909</u>	<u>1,921,697</u>

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

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

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

	Charity	
	2016	2015
	£	£
Mortgage	<u>1,750,963</u>	<u>1,837,549</u>
Analysis of loans		
Not wholly repayable within five years by instalments	1,291,730	1,481,916
Wholly repayable within five years	<u>545,179</u>	<u>439,781</u>
	1,836,909	1,921,697
Included in current liabilities	<u>(85,946)</u>	<u>(84,148)</u>
	<u>1,750,963</u>	<u>1,837,549</u>
Loan maturity analysis,		
Debt due in one year or less	85,946	84,148
In more than one year but not more than two years	87,852	86,007
In more than two years but not more than five years	371,380	269,626
In more than five years	<u>1,291,730</u>	<u>1,481,916</u>
	<u>1,836,909</u>	<u>1,921,697</u>

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

20 Pension and other post-retirement benefit commitments Defined contribution

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Contributions payable by the group and charity for the year	<u>14,210</u>	<u>8,633</u>	<u>14,149</u>	<u>8,633</u>

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

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

21 Restricted funds

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

Group Movement in funds					
	Balance at 1 April 2015	Incoming resources	Resources expended	Transfers	Balance at 31 March 2016
	£	£	£	£	£
Dream Offering	176,679	374,812	(121,949)	(57,119)	372,423
Salvation Army – RSP Project	19,301	-	(8,462)	-	10,839
Salvation Army – Mum and Baby After care Programme	10,018	-	(9,044)	(974)	-
City Hearts International Offering	16,109	-	(16,109)	-	-
	<u>222,107</u>	<u>374,812</u>	<u>(155,564)</u>	<u>(58,093)</u>	<u>383,262</u>

Charity Movement in funds					
	Balance at 1 April 2015	Incoming resources	Resources expended	Transfers	Balance at 31 March 2016
	£	£	£	£	£
Dream Offering	<u>176,679</u>	<u>374,812</u>	<u>(121,949)</u>	<u>(57,119)</u>	<u>372,423</u>

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

The Salvation Army funding was from their Victim Care Fund which became available to people within the Anti-Human Trafficking Adult Victim Care and Coordination Service. The grant was to be used in providing a Reintegration Support Programme which aims to support male victims of human trafficking to connect with their community and reintegrate into the labour market. The programme seeks to empower, 'up-skill' and inspire each individual to take hold of a pathway to employment and to engage effectively with their local community, moving them towards full independence. The charity provides coaching and guidance and encourages the individuals to manage their own lives independently. This was achieved through weekly coaching sessions, befriending activities, classroom work, work placement and training.

Salvation Army – Mum and Baby After Care Programme – City Hearts started the Family Outreach support programme in October 2014 to meet the need of an increased number of pregnant women (clients) arriving at City Hearts and then moving into accommodation in Sheffield with their babies. The aim of the project was to provide more specialised family support to help these women in the longer term. This was achieved through a weekly family drop in for 25 clients, providing lunch, crafts, childcare, English sessions, IT skills and parenting skills, through life skill programmes and support with practical (baby) items. A befriender system, was also used where the Family Outreach Team had trained volunteers that individually linked with each lady and befriended them in the community and supported them by linking them with play centres, breast feeding support classes, Sure Start centres, Mast programmes and extra support after giving birth.

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

21 Restricted funds (continued)

The City Hearts International offering was taken during the year ended 31 March 2015 to help with the set up of homework club in Ghana under the umbrella of City Hearts (UK). The money was used to cover the salary cost of a work employed to deliver this project.

22 Analysis of net assets between funds

	Unrestricted funds £	Group Restricted funds £	Total £
Fund balances at 31 March 2016 are represented by:			
Tangible fixed assets	2,936,014	-	2,936,014
Current assets/(liabilities)	328,602	383,262	711,864
Creditors: amounts falling due after more than one year	(1,750,963)	-	(1,750,963)
	<u>1,513,653</u>	<u>383,262</u>	<u>1,896,915</u>
Unrealised gains included above:			
On tangible fixed assets	<u>587,677</u>	<u>-</u>	<u>587,677</u>
	<u>587,677</u>	<u>-</u>	<u>587,677</u>
Reconciliation of movements in unrealised gains			
Unrealised gains at 1 April 2015	<u>587,677</u>	<u>-</u>	<u>587,677</u>
Unrealised gains at 31 March 2016	<u>587,677</u>	<u>-</u>	<u>587,677</u>
	Unrestricted funds £	Charity Restricted funds £	Total £
Fund balances at 31 March 2016 are represented by:			
Tangible fixed assets	2,916,805	-	2,916,805
Current assets/(liabilities)	(28,128)	372,423	344,295
Creditors: amounts falling due after more than one year	(1,750,963)	-	(1,750,963)
	<u>1,137,714</u>	<u>372,423</u>	<u>1,510,137</u>
Unrealised gains included above:			
On tangible fixed assets	<u>684,335</u>	<u>-</u>	<u>684,335</u>
	<u>684,335</u>	<u>-</u>	<u>684,335</u>
Reconciliation of movements in unrealised gains			
Unrealised gains at 1 April 2015	<u>684,335</u>	<u>-</u>	<u>684,335</u>
Unrealised gains at 31 March 2016	<u>684,335</u>	<u>-</u>	<u>684,335</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

23 Operating lease commitments

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

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Within one year	172,660	51,809	11,459	25,585
Between two and five years	<u>76,570</u>	<u>21,045</u>	<u>4,094</u>	<u>6,713</u>
	<u>249,230</u>	<u>72,854</u>	<u>15,553</u>	<u>32,298</u>

Capital commitments

The group and charity had no capital commitments at 31 March 2016.

24 Related party transactions

Remuneration of key management personnel

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

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Aggregate compensation	<u>103,607</u>	<u>108,285</u>	<u>75,000</u>	<u>75,000</u>

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

25 Subsidiaries

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

The charity has control of 100% of the assets and trade of **Meganursery**, a company limited by guarantee. The company operates as a children's nursery on church premises utilising assets purchased by the charity. Meganursery became a registered charity in March 2004 (charity number 1102542). At the year end Meganursery had net assets of £53,012 (2015: £69,713). During the year ended 31 March 2016 its total incoming resources were £192,971 (2015: £191,736) and its total resources expended were £209,672 (2015: £200,017) leaving a net decrease in funds of £16,701 (2015: £8,281).

Hope City Church owns 100% of the ordinary share capital of **Megacentre Limited**, a trading company which generates funds for the church. Megacentre Limited began trading on 1 April 2003, it operates from church premises and its principal activity is the letting of conference facilities and running a children's play area and café. At 31 March 2016 the net liabilities of Megacentre were £344,553 (2015: £292,901). Its turnover for the year ended 31 March 2016 was £91,626 (2015: £117,153) and its total resources expended were £143,278 (2015: £167,628) leaving a loss for the year of £51,652 (2015: £50,475).

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

25 Subsidiaries (continued)

The charity has control of 100% of the assets and trade of **City Hearts (UK)**, a company limited by guarantee and a registered charity (charity number 1110314). At 31 March 2016 the net assets of City Hearts (UK) were £393,148 (2015: £250,293). Its total incoming resources for the year ended 31 March 2016 were £1,633,340 (2015: £944,741) and its total resources expended were £1,490,485 (2015: £817,642) leaving a net increase in funds of £142,855 (2015: £127,099).

26 Cash generated from operations

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
(Deficit)/Surplus for the year	362,312	48,102	139,904	(98,856)
Adjustments for:				
Investment income recognised in profit or loss	(3,281)	(67)	(3,281)	(67)
Depreciation and impairment of tangible fixed assets	95,758	96,320	87,661	87,694
Movements in working capital:				
Decrease/(increase) in debtors	(136,034)	48,175	(53,060)	150,618
(Decrease)/increase in creditors	65,712	(23,985)	(21,010)	44,896
Cash generated from operations	<u>384,467</u>	<u>168,545</u>	<u>150,214</u>	<u>184,285</u>