

CHARITY REGISTRATION NUMBER 1119791
COMPANY REGISTRATION NUMBER 5999100

HOPE CITY CHURCH
GROUP ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017

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

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HOPE CITY CHURCH

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The trustees present their report and consolidated accounts for the year ended 31 March 2017.

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)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

The Articles of Association restrict the objectives 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 steady growth between April 2016 and March 2017.

By March 2017 Hope City Church was approximately 3400 people strong, including children and youth. Sheffield continues to represent the largest congregation with approximately 1500 people in it, with Leeds / York around 500 strong. Newcastle/ Sunderland are 250 strong (up 25% from previous year), Birmingham 270 strong (up by 20% from previous year), Liverpool is 200 strong (up 10% from previous year) and London is 110 strong (up 10% from previous year). Frankfurt has increased to 240 strong (up 40% from previous year). KL is 150 strong and Accra is 140.

Our Lancashire location closed in October 2016 due to several factors but mainly as a result of a continued decline in attendance.

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.

HOPE CITY CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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. We are in negotiations of agreeing a sale with some strong offers around the region of £1.5m.

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 has been sold subject to contract to Leeds City Apartments Limited for £1,050,000- due to exchange December 2017. The purchaser will grant Hope City Church a license to occupy the premises at a peppercorn rent for a minimum of six months from exchange of contracts, allowing for time to find a suitable venue for the next stage of development for Hope City Leeds.

Hope City Church also owns a house on Beaumont Road North in Sheffield. We are currently in a Commercial Lease Agreement with City Hearts UK for this property. We have agreed to purchase the freehold title for £10,000 and are currently working this through with our solicitors, Geldards.

Annual Offerings

Hope City Church took up two major offerings this year, First Fruits in September 2016, in which £157k (including Gift Aid) was given or pledged towards our missions and central expenses across Hope City. This amount was up significantly from the previous year showing overall growth across all of our locations.

Staff

At the beginning of the financial period Gross Monthly Pay on salaries for Hope City Church was £46,449 for 34 people working 126 days a week. By the end of the financial period in March 2017 the Gross Monthly Pay to Hope City staff had increased to £57,195 employing 38 people working 140.5 days.

Hope City Academy

Hope City Academy started in September 2016 with 18 students in Year 1 and 4 students in Year 2. 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 over 220 church leaders present representing many churches across the globe. Whitefields- our family conference- saw over 600 delegates attending in May, this year was a special 25th Anniversary year for Hope City Church. This New Republic, the annual conference for 16-30s and hosted by Colin and Beth Blois, Lead Pastors in the Sheffield Congregation, had 460 delegates. Jenny Gilpin hosted the She Is Conference in February with over 550 women attending. These figures represent good attendance overall- higher than the previous year. This shows growth across all of our locations.

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, and also at many C3 locations including Oxford Falls, Sydney.

HOPE CITY CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Subsidiary and other controlled companies

The achievements and performance of the church's subsidiaries and other controlled companies for the year ended 31 March 2017 were as follows:

- Megacentre Limited through its trading activities suffered a loss of £69,477 (2016: £51,652). Closing shareholders' funds were in deficit at £414,030 (2016: £344,553). 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 £6,158 (2016: £16,701) this year and the charity did not make any donations to connected companies again this year. Closing funds were £46,854 (2016: £53,012) 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 £272,817 (2016: £142,855). Closing funds were £665,965 (2016: £393,148), of which £650,367 (2016: £382,309) 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 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 £2,100 (compared with a net increase of £239,904 for 2016) before gains on investment assets. The church has general unrestricted reserves of £556,790 excluding the revaluation reserve, compared with £453,379 the previous year. The trustees have identified that the reserves are at a low level, representing more than 53% (including the revaluation reserve) of annual net resources expended (2015: 65%). This percentage is much lower than previous years and the trustees are currently keeping this under review. The freely available unrestricted reserves were £32,071.

The Consolidated Statement of Financial Activities shows a net increase in funds of £258,895 (compared with a net increase of £362,312 for 2016) before gains on investment assets. The group has general unrestricted reserves of £1,702,903 excluding the revaluation reserve, compared with £1,270,629 the previous year. The trustees have identified that the reserves are at a low level, representing more than 44% (including the revaluation reserve) of annual net resources expended (2016: 45%). The freely available unrestricted reserves were £632,394.

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 for future Dream Offering use.

HOPE CITY CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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, Africa and Asia)
- 1,500-seater auditorium in Sheffield
- New homes for our Liverpool and Leeds locations
- National media influence across Britain
- Continue to develop our team of volunteers who add a great deal of strength across our locations and are crucial in everything that we do.

Structure, governance and management

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

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

C Davies

D A Gilpin

P Benger

C W Davies

B Snowzell

(Resigned 15 November 2016)

E Newton

(Appointed 28 November 2016)

R Tailby

(Appointed 15 November 2016 and resigned 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, Mr D 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 company. 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 in to consideration the ability of the charitable company to be able to pay such salaries.

The Church is a registered charity (number 1052585), 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.

HOPE CITY CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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

- Meganursery, which operates a nursery on the church premises; and
- City Hearts (UK) (formerly Hope City Enterprise), which operates the mercy and community arm of the church.

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 2017

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 2017 set out on pages 9 to 32. 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 2017 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 2017

HOPE CITY CHURCH

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<u>Income from:</u>					
Donations and gifts	3	1,541,690	280,167	1,821,857	1,717,266
Charitable activities	4	3,001,657	10,000	3,011,657	1,898,605
Other trading activities	5	113,606	-	113,606	106,477
Investments	6	<u>5,614</u>	<u>-</u>	<u>5,614</u>	<u>3,281</u>
Total income		<u>4,662,567</u>	<u>290,167</u>	<u>4,952,734</u>	<u>3,725,629</u>
<u>Expenditure on:</u>					
Raising funds	7	181,450	3,041	184,491	174,622
Charitable activities	8	4,167,471	150,809	4,318,280	3,187,296
Other	13	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,399</u>
Total expenditure		<u>4,348,921</u>	<u>153,850</u>	<u>4,502,771</u>	<u>3,363,317</u>
Net incoming resources before associated undertakings and transfers		313,646	136,317	449,963	362,312
Gross transfers between funds		<u>49,151</u>	<u>(49,151)</u>	<u>-</u>	<u>-</u>
Net incoming resources		362,797	87,166	449,963	362,312
Other recognised gains and losses					
Revaluation of tangible fixed assets		<u>(191,068)</u>	<u>-</u>	<u>(191,068)</u>	<u>-</u>
Net movement in funds		171,729	87,166	258,895	362,312
Fund balances at 1 April 2016		<u>1,513,653</u>	<u>383,262</u>	<u>1,896,915</u>	<u>1,534,603</u>
Fund balances at 31 March 2017		<u>1,685,382</u>	<u>470,428</u>	<u>2,155,810</u>	<u>1,896,915</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 2017

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<u>Income from:</u>					
Donations and gifts	3	1,621,722	280,167	1,901,939	1,784,522
Charitable activities	4	245,778	-	245,778	180,006
Other trading activities	5	20,973	-	20,973	14,651
Investments	6	<u>5,614</u>	<u>-</u>	<u>5,614</u>	<u>3,281</u>
Total income		<u>1,894,137</u>	<u>280,167</u>	<u>2,174,304</u>	<u>1,982,460</u>
<u>Expenditure on:</u>					
Raising funds	7	19,840	3,041	22,881	27,064
Charitable activities	8	1,758,712	145,568	1,904,280	1,670,975
Other	13	<u>61,325</u>	<u>-</u>	<u>61,325</u>	<u>44,517</u>
Total resources expended		<u>1,839,877</u>	<u>148,609</u>	<u>1,988,486</u>	<u>1,742,556</u>
Net incoming resources before transfers		54,260	131,558	185,818	239,904
Gross transfers between funds		<u>49,151</u>	<u>(49,151)</u>	<u>-</u>	<u>-</u>
Net incoming resources		103,411	82,407	185,818	239,904
Other recognised gains and losses					
Revaluation of tangible fixed assets		<u>(183,718)</u>	<u>-</u>	<u>(183,718)</u>	<u>-</u>
Net movement in funds		(80,307)	82,407	2,100	239,904
Fund balances at 1 April 2016		<u>1,137,714</u>	<u>372,423</u>	<u>1,510,137</u>	<u>1,270,233</u>
Fund balances at 31 March 2017		<u>1,057,407</u>	<u>454,830</u>	<u>1,512,237</u>	<u>1,510,137</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 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	14	2,712,993	2,936,014
Current assets			
Stocks	16	6,000	6,000
Debtors	17	370,571	374,666
Cash at bank and in hand		<u>1,137,472</u>	<u>663,906</u>
		1,514,043	1,044,572
Creditors: amounts falling due within one year	18	<u>(411,221)</u>	<u>(332,708)</u>
Net current assets		<u>1,102,822</u>	<u>711,864</u>
Total assets less current liabilities		3,815,815	3,647,878
Creditors: amounts falling due after one year	19	<u>(1,660,005)</u>	<u>(1,750,963)</u>
Net assets		<u>2,155,810</u>	<u>1,896,915</u>
Income funds			
Restricted funds	21	470,428	383,262
<u>Unrestricted funds:</u>			
Retained within the charity		1,702,903	1,270,629
Revaluation reserve		<u>396,609</u>	<u>587,677</u>
		2,099,512	1,858,306
Non-charitable trading funds		<u>(414,130)</u>	<u>(344,653)</u>
		<u>2,155,810</u>	<u>1,896,915</u>

The financial statements were approved by the board of directors and authorised for issue on 20 December 2017 and are signed on its behalf by:

D A Gilpin
Trustee

Company Registration No. 5999100

HOPE CITY CHURCH

BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	14	2,685,341	2,916,805
Current assets			
Stocks	16	5,000	5,000
Debtors	17	107,543	135,621
Cash at bank and in hand		<u>577,792</u>	<u>413,013</u>
		690,335	553,634
Creditors: amounts falling due within one year	18	(<u>203,434</u>)	(<u>209,339</u>)
Net current assets		<u>486,901</u>	<u>344,295</u>
Total assets less current liabilities		3,172,242	3,261,100
Creditors: amounts falling due in more than one year	19	(<u>1,660,005</u>)	(<u>1,750,963</u>)
Net assets		<u>1,512,237</u>	<u>1,510,137</u>
Income funds			
Restricted funds	21	454,830	372,423
<u>Unrestricted funds:</u>			
General unrestricted funds		556,790	453,379
Revaluation reserve		<u>500,617</u>	<u>684,335</u>
		<u>1,057,407</u>	<u>1,137,714</u>
		<u>1,512,237</u>	<u>1,510,137</u>

The financial statements were approved by the board of directors and authorised for issue on 20 December 2017 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 2017

	Notes	Group			
		2017	2016		
		£	£	£	£
Cash flow from operating activities					
Cash generated from operations	26		621,357		384,467
Investing activities					
Purchase of tangible fixed assets		(64,799)		(9,979)	
Proceeds on disposal of tangible fixed assets		803		-	
Interest received		<u>5,614</u>		<u>3,281</u>	
Net cash (used in)/generated from investing activities			(58,382)		(6,698)
Financing activities					
Repayment of bank loans		(89,409)		(84,788)	
Net cash used in financing activities			<u>(89,409)</u>		<u>(84,788)</u>
Net increase in cash and cash equivalents			473,566		292,981
Cash and cash equivalents at beginning of year			<u>663,906</u>		<u>370,925</u>
Cash and cash equivalents at end of year			<u>1,137,472</u>		<u>663,906</u>

	Notes	Charity			
		2017	2016		
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	26		288,238		150,214
Investing activities					
Purchase of tangible fixed assets		(40,467)		(2,652)	
Proceeds on disposal of tangible fixed assets		803		-	
Interest received		<u>5,614</u>		<u>3,281</u>	
Net cash generated from/(used in) investing activities			(34,050)		629
Financing activities					
Repayment of bank loans		(89,409)		(84,788)	
Net cash used in financing activities			<u>(89,409)</u>		<u>(84,788)</u>
Net increase in cash and cash equivalents			164,779		66,055
Cash and cash equivalents at beginning of year			<u>413,013</u>		<u>346,958</u>
Cash and cash equivalents at end of year			<u>577,792</u>		<u>413,013</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

Company information

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

1.1 Accounting convention

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

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

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

1.2 Going concern

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. 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 2017

1.5 Resources expended

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

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

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

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

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

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

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

1.6 Tangible fixed assets and depreciation

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

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

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

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

Fixed assets costing less than £500 are not capitalised.

1.7 Fixed asset investments

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

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

1.8 Impairment of fixed assets

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

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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 2017

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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in net income/(expenditure), except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Basic financial liabilities

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

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

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1.14 Financial instruments (continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in or in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

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 2017

3 Donations and gifts

	Group			
	Unrestricted funds	Restricted funds	Total	Total
	£	£	2017	2016
	£	£	£	£
Donations and gifts	<u>1,541,690</u>	<u>280,167</u>	<u>1,821,857</u>	<u>1,717,266</u>
For the year ended 31 March 2016	<u>1,342,454</u>	<u>374,812</u>		<u>1,717,266</u>

	Charity			
	Unrestricted funds	Restricted funds	Total	Total
	£	£	2017	2016
	£	£	£	£
Donations and gifts	<u>1,621,772</u>	<u>280,167</u>	<u>1,901,939</u>	<u>1,784,522</u>
For the year ended 31 March 2016	<u>1,409,710</u>	<u>374,812</u>		<u>1,784,522</u>

4 Charitable activities

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Sales within charitable activities	364,301	288,584	130,023	103,937
Services provided under contract	2,622,262	1,600,519	-	-
Charitable rental income, recharges and other income	<u>25,094</u>	<u>9,502</u>	<u>115,755</u>	<u>76,069</u>
	<u>3,011,657</u>	<u>1,898,605</u>	<u>245,778</u>	<u>180,006</u>
Analysis by fund				
Unrestricted funds	3,001,657		245,778	
Restricted funds	<u>10,000</u>		<u>-</u>	
	<u>3,011,657</u>		<u>245,778</u>	
For the year ended 31 March 2016				
Unrestricted funds		1,898,605		180,006
Restricted funds		<u>-</u>		<u>-</u>
		<u>1,898,605</u>		<u>180,006</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

5 Other trading activities

	Group	
	2017	2016
	£	£
Megacentre Limited	92,633	91,626
Sales of books and resources	<u>20,973</u>	<u>14,851</u>
	<u>113,606</u>	<u>106,477</u>

	Charity	
	2017	2016
	£	£
Sales of books and resources	<u>20,973</u>	<u>14,651</u>

6 Investments

	Group and Charity	
	2017	2016
	£	£
Interest receivable	<u>5,614</u>	<u>3,281</u>
	<u>5,614</u>	<u>3,281</u>

7 Raising funds

	Group			
	Unrestricted funds	Restricted funds	Total 2017	Total 2016
	£	£	£	£
<u>Fundraising and publicity</u>				
Staging fundraising events	-	3,041	3,041	14,387
<u>Trading costs</u>				
Other trading activities	<u>181,450</u>	<u>-</u>	<u>181,450</u>	<u>160,235</u>
	<u>181,450</u>	<u>3,041</u>	<u>184,491</u>	<u>174,622</u>
For the year ended 31 March 2016				
Fundraising and publicity	-	14,387		14,387
Trading costs	<u>160,235</u>	<u>-</u>		<u>160,235</u>
	<u>160,235</u>	<u>14,387</u>		<u>174,622</u>

Raising funds include payments to the auditors of £1,650 (2016: £1,650) 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 2017

7 Raising funds (continued)

	Unrestricted funds £	Charity Restricted funds £	Total 2017 £	Total 2016 £
<u>Fundraising and publicity</u>				
Staging fundraising events	-	3,041	3,041	14,387
<u>Trading costs</u>				
Other trading activities	<u>19,840</u>	<u>-</u>	<u>19,840</u>	<u>12,677</u>
	<u>19,840</u>	<u>3,041</u>	<u>22,881</u>	<u>27,064</u>
For the year ended 31 March 2016				
Fundraising and publicity	-	14,387		14,387
Trading costs	<u>12,677</u>	<u>-</u>		<u>12,677</u>
	<u>12,677</u>	<u>14,387</u>		<u>27,064</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

8 Charitable activities

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Staff costs	2,054,788	1,418,880	658,419	565,716
Depreciation and impairment	92,754	92,181	87,410	87,661
Church departments and events	63,642	57,163	63,642	57,163
Minister's consultancy fees	50,113	34,200	50,113	34,200
Food and drink	36,074	37,491	-	-
Activities and outings	31,773	12,736	-	-
City Hearts allowances	313,072	182,532	-	-
Hospitality and gifts	123,755	114,471	123,755	114,471
Rent, rates, and service charges	431,650	346,053	179,902	180,919
Insurance and utilities	147,256	105,586	85,976	83,826
Repairs and cleaning	242,868	190,780	176,705	145,427
Hire of office equipment	48,252	47,666	48,252	47,666
Subscriptions	58,699	45,065	56,577	42,955
Postage, stationery and adverts	62,682	55,679	48,344	47,445
Telephone and fax	30,696	22,106	10,248	10,688
Motor and travel expenses	302,096	245,338	153,629	135,813
Bad and doubtful debts	5,621	(208)	-	-
Educational activities	7,608	2,350	-	-
Legal, professional and consultancy fees	93,464	72,740	56,815	37,345
Staff recruitment and training	3,707	8,185	-	-
Catering costs	9,731	7,733	-	-
General expenses	39,234	24,623	36,507	16,059
Bank interest and charges	<u>51,772</u>	<u>52,246</u>	<u>51,013</u>	<u>51,921</u>
	4,301,307	3,175,596	1,887,307	1,659,275
Grant funding of activities (see note 9)	14,423	9,200	14,423	9,200
Share of governance costs (see note 10)	<u>2,550</u>	<u>2,500</u>	<u>2,550</u>	<u>2,500</u>
	<u>4,318,280</u>	<u>3,187,296</u>	<u>1,904,280</u>	<u>1,670,975</u>
Analysis by fund				
Unrestricted funds	4,167,471		1,758,712	
Restricted funds	<u>150,809</u>		<u>145,568</u>	
	<u>4,318,280</u>		<u>1,904,280</u>	
For the year ended 31 March 2016				
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>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

9 Grants payable

	Group and Charity 2017	2016
	£	£
Grants to institutions (4 grants)	14,423	-
Grants to individuals (3 grants)	-	9,200
	<u>14,423</u>	<u>9,200</u>

10 Support costs

	Support costs	Governance costs	Group and Charity 2017	2016	Basis of allocation
	£	£	£	£	
Audit fees	-	2,550	2,550	2,500	Governance
	-	2,550	2,550	2,500	
Analysed between charitable activities	-	2,550	2,550	2,500	

Group

Governance costs includes payments to the auditors of £2,550 (2016: £2,500) for audit fees. Charitable activities costs includes payments of £13,530 (2016: £11,660) to the auditors for other services.

Charity

Governance costs includes payments to the auditors of £2,550 (2016: £2,500) for audit fees. Charitable activities costs includes payments of £5,490 (2016: £5,420) to the auditors for other services.

11 Trustees

D A Gilpin received emoluments of £40,400 (2016: £37,196) 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 £50,113 (2016: £34,000). His wife was also an employee of the church and received £1,954 (2016: £22,231) for work carried out under contracts of employment. During the year his wife became an employee of City Hearts (UK), one of the subsidiaries. She received remuneration of £21,496 (2016: £nil) and pension contributions of £391 (2016: £nil) during the year for work carried out under her contract of employment.

P Benger received £3,000 (2016: £1,500) for services provided for speaking at lectures.

A company owned and controlled by C Davies and his wife received £20,988 (2016: £12,721) for providing payroll and consultancy services to the charity. They received £25,588 (2016: £15,260) for providing payroll and consultancy services to the group.

A company owned and controlled by B Snowzell received £nil (2016: £2,950) for services provided.

None of the other trustees received emoluments during the year (2016: £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 2017

12 Employees

Number of employees

The average number of employees during the year was:

	Group		Charity	
	2017	2016	2017	2016
	Number	Number	Number	Number
Trustees of Hope City Church	5	5	5	5
Trustees / directors of subsidiaries	5	7	-	-
Employees	142	103	34	33
Service delivery – casual	-	17	-	-
	<u>152</u>	<u>132</u>	<u>39</u>	<u>35</u>

Employment costs

	Raising funds	Charitable activities	Group	
	£	£	2017	2016
			£	£
Wages and salaries	75,851	1,898,700	1,974,551	1,393,857
Social security costs	1,146	119,593	120,739	75,949
Other pension costs	<u>123</u>	<u>36,495</u>	<u>36,618</u>	<u>14,210</u>
	<u>77,120</u>	<u>2,054,788</u>	<u>2,131,908</u>	<u>1,484,016</u>

	Charity	
	2017	2016
	£	£
Wages and salaries	593,055	517,244
Social security costs	43,714	34,323
Other pension costs	<u>21,650</u>	<u>14,149</u>
	<u>658,419</u>	<u>565,716</u>

	Group and Charity	
	2017	2016

The number of employees whose annual remuneration was £60,000 or more were;

£70,001 to £80,000	-	1
£90,001 to £100,000	1	-

Contributions totalling £8,496 (2016: £7,800) were made to defined contribution pension schemes on behalf of employees whose emoluments exceed £60,000.

13 Other

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Bad debts	-	1,399	61,325	44,517
	<u>-</u>	<u>1,399</u>	<u>61,325</u>	<u>44,517</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

14 Tangible fixed assets

	Freehold property £	Long leasehold property £	Group Fixtures fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2016	3,274,154	135,466	702,381	20,610	4,132,611
Additions at cost	-	-	55,049	2,400	57,449
Disposals	-	-	(22,236)	(4,940)	(27,176)
Revaluation	14,644	(763,798)	-	-	(749,154)
Transfers	(2,238,798)	2,238,798	-	-	-
At 31 March 2017	<u>1,050,000</u>	<u>1,610,466</u>	<u>735,194</u>	<u>18,070</u>	<u>3,413,730</u>
Depreciation and impairment					
At 1 April 2016	500,093	28,666	649,101	18,737	1,196,597
Charge for the year	65,343	2,707	26,677	1,222	95,949
Eliminated in respect of disposals	-	-	(22,236)	(4,137)	(26,373)
Revaluation	(123,958)	(441,478)	-	-	(565,436)
Transfers	(441,478)	441,478	-	-	-
At 31 March 2017	<u>-</u>	<u>31,373</u>	<u>653,542</u>	<u>15,822</u>	<u>700,737</u>
Carrying amount					
At 31 March 2017	<u>1,050,000</u>	<u>1,579,093</u>	<u>81,652</u>	<u>2,248</u>	<u>2,712,993</u>
At 31 March 2016	<u>2,839,404</u>	<u>109,507</u>	<u>67,517</u>	<u>5,365</u>	<u>3,021,793</u>

	Freehold property £	Long leasehold property £	Charity Fixtures fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2016	3,274,154	135,466	601,100	7,290	4,018,010
Additions at cost	-	-	38,067	2,400	40,467
Disposals	-	-	-	(4,940)	(4,940)
Revaluation	14,644	(763,799)	-	-	(749,154)
Transfers	(2,238,798)	238,798	-	-	-
At 31 March 2017	<u>1,050,000</u>	<u>1,610,466</u>	<u>639,167</u>	<u>4,750</u>	<u>3,304,383</u>
Depreciation and impairment					
At 1 April 2016	500,093	28,666	567,029	5,417	1,101,205
Charge for the year	65,343	2,707	18,138	1,222	87,410
Eliminated in respect of disposals	-	-	-	(4,137)	(4,137)
Revaluation	(123,958)	(441,478)	-	-	(565,436)
Transfers	(441,478)	441,478	-	-	-
At 31 March 2017	<u>-</u>	<u>31,373</u>	<u>585,167</u>	<u>2,502</u>	<u>619,042</u>
Carrying amount					
At 31 March 2017	<u>1,050,000</u>	<u>1,579,093</u>	<u>54,000</u>	<u>2,248</u>	<u>2,685,341</u>
At 31 March 2016	<u>2,774,062</u>	<u>106,799</u>	<u>34,071</u>	<u>1,873</u>	<u>2,916,805</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

14 Tangible fixed assets (continued)

Some of the Church's leasehold land and buildings were externally revalued at £1,475,000 at their open market value in December 2017 by Cushman and Wakefield, Chartered Surveyors. Improvements to leasehold premises with a net book value of £54,688 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 of the opinion that the value at 31 March 2017 would not differ significantly from this valuation.

One of the Church's freehold properties was externally revalued at £1,050,000 at its open market value in October 2017 by Sanderson Weatherall, Chartered Surveyors. The trustees are of the opinion that the value at 31 March 2017 would not differ significantly from this valuation.

Some of the charity's leasehold and freehold land and buildings are subject to a mortgage with the balance owed at 31 March 2017 amounting to 67% (2016: 65%) of their net book value as stated in these accounts.

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

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Cost	2,617,502	2,617,502	2,501,592	2,501,592
Accumulated depreciation	<u>667,981</u>	<u>613,179</u>	<u>600,258</u>	<u>550,244</u>
At 31 March 2016	<u>1,949,521</u>	<u>2,004,323</u>	<u>1,901,334</u>	<u>1,951,348</u>

All other tangible fixed assets are stated at historical cost.

15 Financial instruments

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	<u>1,445,355</u>	<u>1,013,757</u>	<u>661,713</u>	<u>539,190</u>
Carrying amount of financial liabilities				
Measured at amortised cost	<u>2,037,791</u>	<u>2,061,422</u>	<u>1,851,830</u>	<u>1,942,888</u>

16 Stocks

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
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 2017

17 Debtors

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	267,624	237,082	15,354	12,950
Amounts due from subsidiary undertakings	-	-	28,308	458
Other debtors	40,259	112,769	40,259	112,769
Prepayments and accrued income	<u>62,688</u>	<u>24,815</u>	<u>23,622</u>	<u>9,444</u>
	<u>370,571</u>	<u>374,666</u>	<u>107,543</u>	<u>135,621</u>

18 Creditors: amounts falling due within one year

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts	93,981	95,997	87,495	85,946
Trade creditors	77,528	81,075	41,519	61,318
Amounts owed to group undertakings	-	-	5,264	21
Taxation and social security	33,435	22,249	11,609	8,632
Other creditors	96,320	53,715	48,715	44,640
Accruals	38,042	16,672	8,832	8,782
Deferred income	<u>71,915</u>	<u>63,000</u>	<u>-</u>	<u>-</u>
	<u>411,221</u>	<u>332,708</u>	<u>203,434</u>	<u>209,339</u>

19 Creditors: amounts falling due after more than one year

	Group	
	2017	2016
	£	£
Mortgage and loan	<u>1,660,005</u>	<u>1,750,963</u>
Analysis of mortgage and loan		
Not wholly repayable within five years by instalments	1,289,901	1,291,730
Wholly repayable within five years	<u>457,599</u>	<u>545,179</u>
	1,747,500	1,836,909
Included in current liabilities	<u>(87,495)</u>	<u>(85,946)</u>
	<u>1,660,005</u>	<u>1,750,963</u>
Loan maturity analysis		
Debt due in one year or less	87,495	85,946
In more than one year but not more than two years	89,460	87,852
In more than two years but not more than five years	280,644	371,380
In more than five years	<u>1,289,901</u>	<u>1,291,730</u>
	<u>1,747,500</u>	<u>1,836,909</u>

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

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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

	Charity	
	2017	2016
	£	£
Mortgage	<u>1,660,005</u>	<u>1,750,963</u>
Analysis of loans		
Not wholly repayable within five years by instalments	1,289,901	1,291,730
Wholly repayable within five years	<u>457,599</u>	<u>545,179</u>
	1,747,500	1,836,909
Included in current liabilities	<u>(87,495)</u>	<u>(85,946)</u>
	<u>1,660,005</u>	<u>1,750,963</u>
Loan maturity analysis,		
Debt due in one year or less	87,495	85,946
In more than one year but not more than two years	89,460	87,852
In more than two years but not more than five years	280,644	371,380
In more than five years	<u>1,289,901</u>	<u>1,291,730</u>
	<u>1,747,500</u>	<u>1,836,909</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	
	2017	2016	2017	2016
	£	£	£	£
Contributions payable by the group and charity for the year	<u>36,618</u>	<u>14,210</u>	<u>21,650</u>	<u>14,149</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 2017

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 2016	Incoming resources	Resources expended	Transfers	Balance at 31 March 2017
	£	£	£	£	£
Dream Offering	372,423	280,167	(148,609)	(49,151)	454,830
Salvation Army – RSP Project	<u>10,839</u>	<u>10,000</u>	<u>(5,241)</u>	<u>-</u>	<u>15,598</u>
	<u>383,262</u>	<u>290,167</u>	<u>(153,850)</u>	<u>(49,151)</u>	<u>470,428</u>

	Charity Movement in funds				
	Balance at 1 April 2016	Incoming resources	Resources expended	Transfers	Balance at 31 March 2017
	£	£	£	£	£
Dream Offering	<u>372,423</u>	<u>280,167</u>	<u>(148,609)</u>	<u>(49,151)</u>	<u>454,830</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.

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

22 Analysis of net assets between funds

	Unrestricted funds £	Group Restricted funds £	Total £
Fund balances at 31 March 2017 are represented by:			
Tangible fixed assets	2,712,993	-	2,712,993
Current assets/(liabilities)	632,394	470,428	1,102,822
Creditors: amounts falling due after more than one year	(1,660,005)	-	(1,660,005)
	<u>1,685,382</u>	<u>470,428</u>	<u>2,155,810</u>
Unrealised gains included above:			
On tangible fixed assets	<u>396,609</u>	-	<u>396,609</u>
	<u>396,609</u>	-	<u>396,609</u>
Reconciliation of movements in unrealised gains			
Unrealised gains at 1 April 2016	587,677	-	587,677
Revaluation of tangible fixed asset	(191,068)	-	(191,068)
Unrealised gains at 31 March 2017	<u>396,609</u>	-	<u>396,609</u>

	Unrestricted funds £	Charity Restricted funds £	Total £
Fund balances at 31 March 2017 are represented by:			
Tangible fixed assets	2,685,341	-	2,685,341
Current assets/(liabilities)	32,071	454,830	486,901
Creditors: amounts falling due after more than one year	(1,660,005)	-	(1,660,005)
	<u>1,057,407</u>	<u>454,830</u>	<u>1,512,237</u>
Unrealised gains included above:			
On tangible fixed assets	<u>500,617</u>	-	<u>500,617</u>
	<u>500,617</u>	-	<u>500,617</u>
Reconciliation of movements in unrealised gains			
Unrealised gains at 1 April 2016	684,335	-	684,335
Revaluation of tangible fixed asset	(183,718)	-	(183,718)
Unrealised gains at 31 March 2017	<u>500,617</u>	-	<u>500,617</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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	
	2017	2016	2017	2016
	£	£	£	£
Within one year	161,764	172,660	25,412	14,189
Between two and five years	<u>74,468</u>	<u>76,570</u>	<u>41,982</u>	<u>4,094</u>
	<u>236,232</u>	<u>249,230</u>	<u>67,394</u>	<u>18,283</u>

Capital commitments

The group and charity had no capital commitments at 31 March 2017.

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	
	2017	2016	2017	2016
	£	£	£	£
Aggregate compensation	<u>117,952</u>	<u>103,607</u>	<u>61,552</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 £46,854 (2016: £53,012). During the year ended 31 March 2017 its total incoming resources were £234,780 (2016: £192,971) and its total resources expended were £240,918 (2016: £209,672) leaving a net decrease in funds of £6,158 (2016: £16,701).

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 2017 the net liabilities of Megacentre were £414,030 (2016: £344,553). Its turnover for the year ended 31 March 2017 was £92,633 (2016: £91,626) and its total resources expended were £162,110 (2016: £143,278) leaving a loss for the year of £69,477 (2016: £51,652).

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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 2017 the net assets of City Hearts (UK) were £665,965 (2016: £393,148). Its total incoming resources for the year ended 31 March 2017 were £2,690,087 (2016: £1,633,340) and its total resources expended were £2,417,270 (2016: £1,490,485) leaving a net increase in funds of £272,817 (2016: £142,855).

26 Cash generated from operations

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Surplus for the year	449,963	362,312	185,818	239,904
Adjustments for:				
Investment income recognised in statement of financial activities	(5,614)	(3,281)	(5,614)	(3,281)
Depreciation and impairment of tangible fixed assets	95,949	95,758	87,410	87,661
Movements in working capital:				
Decrease/(increase) in debtors	(56,747)	(136,034)	28,078	(53,060)
(Decrease)/increase in creditors	128,891	65,712	(7,454)	(21,010)
Increase in deferred income	<u>8,915</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash generated from operations	<u>621,357</u>	<u>384,467</u>	<u>288,238</u>	<u>150,214</u>