

# Reality Church London

## Report and Accounts

period ended 31 August 2017

**stewardship<sup>®</sup>**

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**REALITY CHURCH LONDON**  
**FOR THE 15 MONTH PERIOD ENDED 31 AUGUST 2017**  
**CHARITY INFORMATION**

<b>Trustees</b>	Mr T Chadwick (appointed November 2016) Mr J Hughes Mr M Kottman Mr T Morgan
<b>Pastor</b>	Mr T Chadwick
<b>Governing Document</b>	CIO Constitution dated 7 June 2016
<b>Charity Registration Number</b>	1167535
<b>Registered Office</b>	90 Prebend Street London N1 8PR
<b>Independent Examiner</b>	Stephen Mathews FCA Stewardship 1 Lamb's Passage London, EC1Y 8AB
<b>Bankers</b>	Metro Bank One Southampton Row London WC1B 5HA

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**REALITY CHURCH LONDON**  
**REPORT OF THE TRUSTEES**  
**FOR THE 15 MONTH PERIOD ENDED 31 AUGUST 2017**

The Trustees have pleasure in submitting the Report and Accounts for the period from incorporation in June 2016 to 31 August 2017, although the activity did not start fully until September 2016.

**Objects of the charity**

The Object of the CIO is, for the public benefit, to persuade men and women to faith in Jesus Christ as Lord and Saviour by proclaiming and demonstrating the gospel; to increase Christian faithfulness "as good stewards of the manifold grace of God" (1 Pet. 4:10); to encourage individual Christians towards attaining "the measure of the stature of the fullness of Christ" (Eph. 4:23); to fulfil the great commission by sending missionaries, church planters, ministers and Christian influence throughout the world through giving gifts and praying for missionary ventures (Matt. 28:19).

**The Church: Its Aims and Objectives**

We are a new church in central London planted by Reality Carpinteria, California, USA. We seek to love God, love each other, and love our city. It is our desire to communicate the unchanging truth of the person and work of Jesus Christ in a way that everyone in our city and culture can comprehend. We gather on Sundays for public worship in Holborn and scatter throughout London in small communities committed to living the Christian life together as a family.

We are so thankful for all that God is doing through churches old and new in London and consider it a joy and a privilege to learn from and come alongside them in God's mission.

We believe in a message of good news – that God entered our world in the person of Jesus Christ and did for us what we could never do for ourselves: rescue, redeem and renew us from evil, brokenness and death. We seek to build a community on and around the reality of this message.

- We desire to be a theological church, seeking to be biblically faithful
- We desire to be a missional church, actively seeking God's purposes for our whole lives
- We desire to be a communal church, seeking to be relationally committed
- We desire to be a contextual church, seeking to be culturally thoughtful
- We desire to be a spiritual church, seeking to be supernaturally empowered by God's Spirit

**Government**

The spiritual government and leadership of the church is primarily responsible for carrying out the purposes and goals of the church. The duty of the Charity Trustees is confined to the proper management and administration of the CIO in accordance with the provisions of the constitution. The trustees have full and proper regard to the Spiritual Leadership as long as they do not act outside their powers given in the constitution and by general law.

In selecting individuals for appointment as Charity Trustees, the Spiritual Leadership has regard to the skills, knowledge and experience needed for the effective administration of the CIO. All Charity Trustees subscribe and adhere to, in belief and lifestyle, the Statement of Faith. The primary method of recruiting new trustees is a personal recommendation or word of mouth. This recommendation can come from any existing trustee or the spiritual leadership of the church. Once a potential trustee has been recommended, they will first be vetted by the spiritual leadership of the church to determine if they agree with the beliefs and aims of the church. After this, they will be vetted by the trustees to make sure that they are indeed a suitable candidate and that by appointing them that we would be acting within the law, in accordance to our governing document. Once the potential trustee has been recommended and vetted, the trustees will appoint the candidate by a vote.

Reality Church London "RCL" has a strong working partnership with Reality Carpinteria, California, USA which was the church 'sending' workers and resources to initiate the church in London. The administrative staff at the sending church works with the staff of RCL to support the ministry while it is getting off the ground. RCL has many US based donors who add to the support committed from the general funds from the church planting budget of the sending church. The total funding received from the US amounted to approximately £180,000 as detailed in note 2 to the accounts.

The church employs two staff members who manage and oversee the day to day operations of the church. The mission of the church, by design, is carried out with the help of volunteers. As a new church, we are continuing to build ministry teams made up of men and women who are keen to use their gifts to serve others. We believe serving together is one of the best ways to be connected to the church.

### **The Year: Its Objectives and Achievements**

During the year ended 31 August 2017 the main ways the church sought to achieve its mission and charitable purposes for the public benefit have been as follows:

- **Sunday Services:** From September 2016 to August 2017, our Sunday attendance went from a small core team of 30 to an average of 150, which is an incredible success. Due to the increase in attendance, our venue size was becoming problematic as there was no more room to grow at the Seven Dials Club. One of our objectives during this year was to find and secure a new venue which would better suit our needs and give us room to grow. By August, we were able to secure the Old Theatre at the London School of Economics for our Sunday services which would begin in September of 2017. This particular venue has a seating capacity of 400 and is much better suited to our needs. Also, this venue also has better classroom facilities for youth and kids work.
- **Community Groups:** One of our main objectives was to multiply the amount of Community Groups we ran as a church. Community Groups are central to our purposes as a church and therefore the planning, organising and leading of these groups is vital. Thankfully, over the course of the year, we were able to grow from 4 to 8 groups around the city, with each group averaging some 10-15 people. This is a great sign of health for us. Our staff team and volunteers have spent a lot of time working on both the material and planning of these groups along with training and development for current and future leaders. We believe that these efforts have played a large part of our success in this area.

- **Volunteers:** One of our key objectives has been to increase volunteer involvement from the church in our various weekly ministries. From September 2016 to August 2017, we were able to significantly increase the number of volunteers from 20 to 50, which also is a sign of health and growth for us. About half of the church (70 people) are involved in serving in one ministry or another.
- **Staff:** In addition to our staff team of two, we were successfully able to sponsor a Tier 5 Charity Worker to our team in July 2017. As a team member, this Charity Worker took on the temporary responsibility of building and training a team of musicians for Sunday worship to become self-sustaining. Also, this Charity Worker began to assist in building and launching a media team and special events team which benefit the mission of Reality Church London.
- **Overall Growth:** Over the course of the year, we have seen new people join the church and original members grow in applying the weekly teaching to their lives and commit to serving weekly in the church. These signs of growth are at the very heart of our purpose as a church.

### **Plans for the New Year**

Our overall goal and strategy as a church remain the same. Although we do not have specific numbers in mind, we desire to see the church community grow in depth and breadth. We have planned to communicate this to the church by using the language of maturity and mission. We want our church to grow in their understanding of the Bible and put it into practice. In addition, we want people to mature in relationships, especially in community. Many of our events and training sessions will be focused on these themes.

This new year will see the launch of several new ministries which will help us achieve our goals. First, a course entitled "Essentials" has been designed to lay a foundation of sound doctrine and godly living through 6 weeks of teaching on the essentials of the Christian faith. We hope to run this course twice a year beginning in 2018. We believe this will help us achieve our goal of growing in maturity.

We also want to grow in mission. This will specifically entail an increased emphasis on evangelism and mercy ministry. Our ongoing School of Faith events are really focused on engaging with Non-Christians, and one of our part-time staff members will be organising our Mercy ministry starting with a monthly class and prayer meeting. Combined, these two ministries will help us engage with and care for those outside the church while investing in those within.

In regards to our volunteers, we recently held an all-volunteer appreciation and dinner night for everyone who serves that they would feel loved and informed as we began 2018. The difficulty we are now facing is clear communication with and proper leadership of volunteers. This year we endeavour to create good structures which will enable the number of volunteers to increase while remaining healthy in relation to each other and the church as a whole. Ideally, we would eventually like to hire a part-time worker who will help organise and train both volunteers and community group leaders.

### **Grant Making Policy**

Gifts to external organisations and individuals are considered by the Trustees on the basis of need and fulfilment of the charitable objectives. There are no upper or lower limits of support.

### **Financial Review**

Reality Church London received donations and other income of £252,000. £181,736 was donated via the sending church, Reality Carpinteria. Expenditure was £228,000 resulting in a net gain of approximately £24,000 over the financial year.

## **Reserves Policy**

The reserves policy of Reality Church London is to hold three months of all operational expenditures on reserve. The trustees currently believe this amount to be £56,000, compared to £24,273 in free cash reserves held at the year-end. While this is less than required by the policy the planting church have informed the trustees that they are committed to the continuing to making regular donations to Reality Church London and that they currently hold funds of £200,000 from which can be made available.

Where there are specific capital expenditures foreseen, amounts are set aside into designated funds so the free cash reserves are available to meet the costs of normal operating expenditures and to ensure the Church can meet the commitments that have been entered into. At the year-end there were no material designated funds held on reserve. This reserve policy will be reviewed annually.

## **Risk Statement**

All major insurable risks are subject to normal Churches and employers' insurance. Contractual risks are reviewed before being entered into to assess that they could not significantly impact the Churches ability to fulfil its objectives. An annual review of areas of risk is undertaken by the Trustees in conjunction with staff and volunteers responsible for the area of activity.

## **Trustees' Responsibilities**

Charity law requires us as Trustees to prepare financial statements for each accounting year which give a true and fair view of the state of the charity and of its income and expenditure for the year.

We are required to:

1. Select suitable accounting policies and apply them consistently
2. Make judgements and estimates that are reasonable and prudent
3. State whether the applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.
4. Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in business.

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable us to ensure that the financial statements comply with the Charities Act 2011.

We also have a responsibility to safeguard the assets of the charity and to take reasonable steps to prevent fraud or any other irregularities.

The Trustees have complied with the duty under the Charities Acts to have due regard to the public benefit guidance published by the Charity Commission.

## **Approval**

This report was approved by the Trustees on 7 June 2018 and signed on their behalf by:

Tyler Morgan

**INDEPENDENT EXAMINER'S REPORT  
TO THE TRUSTEES OF  
REALITY CHURCH LONDON**

I report to the trustees on my examination of the accounts of the Reality Church London (the charity) for the period ended 31 August 2017 on pages 7 to 12 following, which have been prepared on the basis of the accounting policies set out on page 9.

**Responsibilities and basis of report**

As the charity trustees of the charity you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

The charity's gross income exceeded £250,000 and I am qualified to undertake the examination.

**Independent examiner's statement**

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

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination.

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

Stephen Mathews FCA  
Institute of Chartered Accountants of England and Wales

20 June 2018

For and on behalf of:  
Stewardship  
1 Lamb's Passage  
London,  
EC1Y 8AB

REALITY CHURCH LONDON  
STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE 15 MONTH PERIOD ENDED 31 AUGUST 2017  
SUMMARY INCOME AND EXPENDITURE ACCOUNT

	Note	Unrestricted Funds £	Total funds 2017 £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	2	244,932	244,932
Charitable activities		7,286	7,286
Total income and endowments		<u>252,218</u>	<u>252,218</u>
<b>EXPENDITURE ON</b>			
Charitable activities	3	228,245	228,245
Total expenditure		<u>228,245</u>	<u>228,245</u>
<b>Net movement in funds</b>		<u>23,973</u>	<u>23,973</u>
<b>Reconciliation of funds:</b>			
Total funds brought forward		-	-
<b>Total funds carried forward</b>		<u>23,973</u>	<u>23,973</u>

Movements on reserves and all recognised gains and losses are shown above.

The notes on page 9-12 form part of these accounts.



**REALITY CHURCH LONDON**  
**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	Unrestricted Funds £	Total 2017 £
<b>CURRENT ASSETS</b>			
Cash at bank	5	27,305	27,305
		<u>27,305</u>	<u>27,305</u>
<b>CURRENT LIABILITIES</b>			
Liabilities falling due within one year	6	3,333	3,333
Net Current Assets		<u>23,973</u>	<u>23,973</u>
<b>NET ASSETS</b>		<u><u>23,973</u></u>	<u><u>23,973</u></u>
<b>FUND BALANCES</b>			
Unrestricted funds			
General Funds		<u>23,973</u>	<u>23,973</u>
		<u><u>23,973</u></u>	<u><u>23,973</u></u>

Approved by the Trustees and signed on their behalf on the 7 June 2018 by:

Tyler Morgan

The notes on page 9-12 form part of these accounts.

REALITY CHURCH LONDON  
NOTES TO THE ACCOUNTS  
FOR THE 15 MONTH PERIOD ENDED 31 AUGUST 2017

**1 Accounting Policies**

The accounts have been prepared under the historic cost convention, in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014; and with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The accounts have been prepared on the going concern basis, as there are no material uncertainties about the charity's ability to continue. Based on the adequacy of the charity's reserves as at the balance sheet date, along with their knowledge of the charity's ability to meet bills, payments and other liabilities as they fall due, and the commitment from Reality Carpinteria, California, USA the trustees have a reasonable expectation that the charity has sufficient resources to continue in operational existence for the foreseeable future.

The following are the accounting policies which have been applied in dealing with material

a) Donated and grant income:

Donated income and grants receivable are taken into account when received by the charity. Income received in circumstances where a claim for repayment of tax has been or will be made to HM Revenue & Customs is grossed up for the tax recoverable. Any amount of tax reclaimed from HM Revenue & Customs but not yet received is shown within the charity's debtors.

b) Other income and expenditure:

Investment income is taken into account when receivable and expenditure, including irrecoverable VAT, when incurred by the charity, regardless of when payment is made. Grants payable are taken into account at the earlier of when they are paid or become constructive obligations.

# REALITY CHURCH LONDON

## NOTES TO THE ACCOUNTS

### FOR THE 15 MONTH PERIOD ENDED 31 AUGUST 2017

c) Funds:

Unrestricted funds are donations and other income received or generated for the objects of the charity without specified purpose and are available for purposes as directed by the trustees. Restricted funds are amounts received where the donor has specified the purpose for which they should be used.

d) Fixed assets and depreciation:

Fixed assets acquired for use by the charity are capitalised and depreciated over their estimated useful life unless they cost less than £2,000 when they are written off on purchase.

Depreciation periods are as follows:

Equipment	4 years
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e) Cashflow statement

The charity has taken advantage of the exemption provided by the FRS 102 SORP and has not prepared a Cash Flow Statement for the year.

## 2 Voluntary income

	Unrestricted Funds £	Total 2017 £
General donations	63,196	63,196
Donations from Reality Carpinteria	181,736	181,736
	<u>244,932</u>	<u>244,932</u>

## 3 Charitable activity

	Unrestricted Funds £	Total 2017 £
<b>a Direct Charitable Costs</b>		
Staffing Costs	94,285	94,285
Ministry & Outreach	26,182	26,182
Venue Hire	40,944	40,944
Travel & Conferences	13,431	13,431
Equipment	15,782	15,782
Media	2,273	2,273
Other	632	632
Grants payable	23,096	23,096
	<u>216,625</u>	<u>216,625</u>
<b>b Support &amp; Administration</b>		
General Administration	8,810	8,810
Legal services	1,309	1,309
Accounts preparation and examination	1,500	1,500
	<u>11,619</u>	<u>11,619</u>
<b>Combined charitable activity cost</b>	<u>228,245</u>	<u>228,245</u>

**REALITY CHURCH LONDON**  
**NOTES TO THE ACCOUNTS**  
**FOR THE 15 MONTH PERIOD ENDED 31 AUGUST 2017**

<b>c Grants</b>	Institutions	Individuals	2017
	£	£	£
Mission	18,796	4,300	23,096
	<u>18,796</u>	<u>4,300</u>	<u>23,096</u>

The main features of the grants over £1,000 were:

Reality Church Honolulu	£14,195
Training re Kingham Hill Trust Oak Hill College	£4,000
Calvary Chapel Leatherhead	£2,006
Trinity Church Nottingham	£2,006

<b>4 Staff &amp; Trustees</b>	2017
	£
Gross wages, salaries & benefits in kind	91,679
Employer's National Insurance costs	2,606
Total staff costs	<u>94,285</u>

The charity has 2 full time equivalent employed staff. Its activities are generally carried out by volunteers.

No staff received salaries at a rate of more than £60,000 per annum other than the lead elder as detailed below.

There was no remuneration payable to key management other than to the trustee as detailed below. Key management is considered to cover the church leader directly employed by the charity.

T Chadwick was paid £50,900 in his capacity as Lead Elder & Pastor, and not as a trustee, as permitted by the governing document. In addition he received £15,396 directly from Reality Carpinteria, California, USA.

No remuneration was paid to any other trustee during the year nor to any person connected to them.

The trustees were reimbursed travel costs of £1,900 which were incurred monitoring and supporting charitable activities and programmes. Otherwise no trustee received reimbursed expenses other than those incurred when purchasing supplies, equipment and consumables on behalf of the charity.

The total amount of donations funded by trustees and connected parties, and other related parties, was £3,140.

No other transactions have taken place with related parties during the year.

Fees payable to Stewardship, other than for the annual accounts and independent examination of £1,200, for payroll bureau services and consultancy services totalled £750.

REALITY CHURCH LONDON  
NOTES TO THE ACCOUNTS  
FOR THE 15 MONTH PERIOD ENDED 31 AUGUST 2017

<b>5</b>	<b>Cash at Bank and in Hand</b>	£
	Bank operating accounts	27,305
		<u>27,305</u>
<b>6</b>	<b>Creditors: liabilities falling due within one year</b>	
	Accruals	3,333
		<u>3,333</u>

**7 Guarantees and security provided**

No guarantees have been made, which result in an outstanding potential liability as at the year-end date.

There are no outstanding debts at the balance sheet date which are owed and which are secured by an express charge on any of the assets of the CIO.