

Charity Registration No. 1102396

Company Registration No. 4824843 (England and Wales)

HOUSE ON THE ROCK
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

HOUSE ON THE ROCK

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	P A Adefarasin Mr A T Oyewumi A Oluwaleimu
Charity number	1102396
Company number	4824843
Principal address	The Rock Tower 49 Tufnell Park Road London N7 0PS
Registered office	The Rock Tower 49 Tufnell Park Road London N7 0PS
Auditor	D Lee & Co. 2nd Floor Premier House 309 Ballards Lane London N12 8LY
Bankers	Barclays Bank PLC 131 Finchley Road London NW3 6HY
Solicitors	Stone King 39 Cloth Fair London EC1A 7JQ

HOUSE ON THE ROCK

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HOUSE ON THE ROCK

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2017

The trustees present their report and financial statements for the year ended 31 December 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) (effective 1 January 2015)"

Objectives and activities

The charity's objects are the worship of God and the furtherance of the gospel of Lord Jesus Christ and general advancement of the Christian faith and to relieve persons who are in conditions of need or hardship or who are aged or sick and to relieve distress caused thereby in London and in such other parts of the United Kingdom or the world as the Trustees may from time to time think fit.

Within these objects, the charity also maintains restricted funds held for special purposes in connection with the continued maintenance and renovation of the freehold property situated at 49 Tufnell Park Road, London N7 0PS.

There has been no changes in the charity's objects or policies during the year.

The main objectives of the charity for the year were:

- (1) The continuous spread of the Christian faith.
- (2) The ongoing maintenance of the Church building at Tufnell Park, known as "The Rock Tower" (TRT).
- (3) Development of alternative revenue generation sources for the church like hiring out the Church building at Tufnell Park "The Rock Tower" to external users, church members, other charities and the general public.
- (4) Development of multiple income streams like Rock cafe, book store, letting out rooms.
- (5) Active engagement with the community and our surrounding boroughs.
- (6) Significant growth in attendance of all our services.
- (7) Building and developing relationships with other charities in the United Kingdom and around the world and showing our support through various means.
- (8) Review and reproduce aspects of the HOTR brand and making changes to our online presence.
- (9) Review all events in line with our strategic goals and then agree events based on relevance to HOTR.
- (10) Appointment, training and development of new volunteers in various key roles to improve processes for handling departments and request.

HOUSE ON THE ROCK

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2017

The strategies employed to achieve these objectives were:

- (1) Ongoing monthly strategy meetings with the Senior Management Team on ways to improve operations and commitment.
- (2) Networking with key locals groups within the Borough of Islington and beyond.
- (3) Continuous relationship building through positive influences within the community and partnering with local leaders such as Member of Parliament and the Mayor of London.
- (4) Continuous development of revenue sources, hiring out the venue as a business for weddings, concerts, meetings and making continuous improvements to the bookshop and Rock Cafe.
- (5) Securing regular clients for ongoing use of The Rock Tower, i.e hiring premises.
- (6) Monthly prayer and inspirational meetings and interactive sessions held by the Resident Pastor.
- (7) Improving the HOTR brand, online resources and website.
- (8) Having more business process improvements across the organisation.
- (9) Continuous development of our youth club and missions projects.

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

Ministry and outreach departments

House On The Rock benefits the public by currently providing services through our various ministries which are available to members of the church and our community are:

- Pre-marital counselling and classes
- Bereavement counselling
- Welfare and benevolence support
- Career counselling
- Drop-in counselling
- Hospital visits
- Career advice
- Telephone counselling by one of the dedicated pastors for prayers or general support
- Women's and Men's ministries and events
- Youth and young adults ministries and events
- Singles' ministries and events
- Promoting religious books and CD's and other material through our in house Media Resource Centre.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the charity continues and that the appropriate training is arranged. It is the policy of the charity that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The trustees are very grateful to the many volunteers who helped by staffing our prayer sessions and religious conference and events.

HOUSE ON THE ROCK

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2017

The charity relies on volunteers in providing a significant human resource in the activities that are run through the year.

During the year, activities carried out solely by volunteer resource included: weekly multimedia production and projection activities, protocol activities, welfare and benevolence support, outreach and evangelism, hospitality (catering for guest to services), children's and teenage church volunteers.

We have approximately 100 volunteers who work in various departments for an average of 5 hours per week.

Achievements and performance

Notable activities during the year

A notable activity during the year was HOTE Professionals' Workshop. The Professionals is a group set up under the Leadership and Organisation Development that is tasked with exploring ways of empowering members for advance in their careers and business through training, counselling and workshops. A number of seminars were held throughout the year and the Workshop held in August 2017 recorded a good attendance from church members and residents of the community in different areas of their careers and business. The workshop had reputable speakers who gave talks about their various careers and then the young people had one on one session regarding their careers.

Easter activities

The charity gave out over 200 Easter eggs and relevant counselling contact information to residents and members of the community on Tufnell Park Road and surrounding areas. This was followed by a special service held on Easter Sunday which included a mini concert production.

Fasting and Food Drive

The charity embarked on its annual twenty one days fasting period which members were encouraged to be part of from the 26th of March 2017 to Easter Sunday on the 16th of April 2017. Along with the fasting, the charity raised about 1,800 kg of food that was donated to the local Food Bank.

Other activities

We continue to hold our family services every Sunday and mid-week services every Wednesday. We have included a volunteers' meeting and prayer session before the Sunday services. These Sunday services also include thanksgiving and dedication Sundays to celebrate new births in the church.

Missionary Sunday - held once a year to highlight the missions work done in Kenya and India, supported by House On The Rock for over 6 years. The missionaries are welcomed and have an opportunity to educate the congregation on their progress and also invite people to sign up and commit to giving regular financial and non-financial support.

Youth club - the annual summer youth club project which runs in August for a month sees youth from the community between the ages of 8-17 years old showcasing their talent through various project based activities and the other activities such as debates, talk shows, Variety Night. A weekly youth club was also held with different activities such as games, cookery, drama, talks and workshops for young people in the community.

The "EDGE" ministry which is the singles ministry of the Church, was very active throughout the year. It included regular monthly meeting, a retreat weekend and an "EDGE" week that engaged many single persons.

Our notable annual concert had its second performance in the year 2017. It is called "AWE", which is an acronym for African Worship Experience. It was about the celebration of African music in the context of the worship of God. The concert was hosted by popular gospel artist Aaron T. Aaron, Mike Aremu, Muyiwa Aremu and Jonathan Butler. This concert attracted an attendance of over 700 people.

A special service was held on Mother's and Father's day to appreciate the mothers and fathers.

HOUSE ON THE ROCK

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2017

The charity raised money and contributed to other charities and community initiatives including Jeans for Genes and plans are in place to identify and support more charities in the New Year.

The charity also used the medium of performing arts to promote Christian narratives which is done through our dance group (Soul Expressions) who perform regularly at our services and conferences. We also held concerts and performances by other professional Christian artists.

A special welfare and benevolence Sunday is held annually. This service highlights the importance of supporting the benevolence initiative held by the charity and encourages people to show regular financial support. It also showcases the various ways the benevolence funds are used to make a difference to the lives of the church and local communities.

New members evening - The charities welcomed over 300 new attendees to our services and informal new members evening was held to give people the opportunity to meet other members and leaders in the church, to ask questions and get more information on the church.

The men, women, singles and youth ministries were very active throughout the year hosting regular meetings to cater to their specific demographics.

Financial review

The donations received from members for this year has decreased by 11.79% .

The cost of governance of the charity equates to 7.73% of the total resources expended for the year.

The net movement in funds has slightly improved from a deficit of £112,371 to a deficit of £21,686.

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 considers 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 not been maintained due to the current commitment to service existing debt in order to bring our debts levels to an acceptable level.

The level of reserves available to the charity as at 31 December 2017 was £20,532. These reserves were considered inadequate by the Trustees and the need to continually accumulate additional reserves to ensure that target amount is reached. It is noted that these funds will be required in order to continue to run the charity, service our debt and diversify our income streams.

The charity had no funds in deficit during the year.

The principal funding source for the charity is donations made from members who attended the services of the church, rental income and donation from Lagos. The charity also received to a smaller extent income from sales of various inspirational and Christian materials which include books, CDs and DVDs.

House On The Rock Lagos in Nigeria, (the headquarters) have been providing regular financial support as donation to the London church and this is being used towards our main operational activities.

There is no significant events that will have a financial effect.

The trustees has assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

A risk register has been established and is updated as and when new risks are identified. There were no new major risks identified during the year.

HOUSE ON THE ROCK

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2017

Plans for the future

To achieve significant increase in church attendance through introducing evangelism and outreach programmes.

Planting new 'home based' (CITY) prayer groups.

Having more fundraising projects for the charity.

Increasing awareness and community involvement in Islington and surrounding areas.

Continued partnership and support of local and International charities and partnerships with other charities and churches.

The charity plans to continue reaching out to the immediate community in the Tufnell Park and the wider Islington borough. Community initiatives are being developed with the intention of rolling them out in the following year.

The charity will provide activities and services to our community that reflect the charity's statement of belief.

Structure, governance and management

The charity was originally registered under a Deed of Trust in 1996. The Trustees were advised to incorporate the Trust as a charity and with effect from 8 July 2003, House On The Rock was registered as a charity and a company limited by guarantee with charitable objects.

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

P A Adefarasin

Mr A T Oyewumi

A Oluwaleimu

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

The trustees are appointed by way of a vote and recommendation. It is then approved by the board of trustees through a simple majority.

The Trustees are eligible to appoint additional trustees under the terms of the Articles of Association of the company.

HOUSE ON THE ROCK

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2017

A chief executive was appointed by the trustees to manage the day-to-day operation of the charity including decisions making on behalf of the charity. All day-to-day management is then delegated via the chief executive to a senior management team who, between them manage the following departments:

Worship Ministry
Special Ministry
Fellowship Ministry
The Rock Tower Office Operations
Protocol and Church Relations
Leadership & Organisational Development
Outreach & Communities Ministry

The senior management team consists of:
Chief executive - T T Odejide
Treasurer - A Oluwaleimu

Members of the senior management team report to the board regularly and are charged with responsibility for particular areas of operation.

The directors consider the board of directors, who are also the trustees, and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis. All directors give their time freely and no director received remuneration in the year. The pay of senior staff is reviewed annually by the directors.

There is no specific restrictions imposed by the governing document concerning the way the charity can operate.

In accordance with the memorandum and articles of association, the trustees/directors have the power to make any investment which they see fit.

There were no connected charities other than House On The Rock in Lagos, Nigeria.

Asset cover for funds

Note 17 sets out an analysis of the assets attributable to the various funds and a description of the trusts. These assets are sufficient to meet the charity's obligations on a fund by fund basis.

There has been no commitments or guarantees given by the charity.

Auditor

In accordance with the company's articles, a resolution proposing that D Lee & Co. be reappointed as auditor of the company will be put at a General Meeting.

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

A Oluwaleimu

Trustee

Dated: 4 September 2018

HOUSE ON THE ROCK

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2017

The trustees, who are also the directors of House On The Rock for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

In preparing these financial statements, 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

HOUSE ON THE ROCK

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOUSE ON THE ROCK

We have audited the financial statements of House On The Rock for the year ended 31 December 2017 set out on pages 10 to 24. 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 charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities set out on page 7, the trustees, who are also the directors of House On The Rock for the purposes of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements 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 financial statements sufficient to give reasonable assurance that the financial statements 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 financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements 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.

Opinion on financial statements.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

HOUSE ON THE ROCK

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HOUSE ON THE ROCK

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made.
- we have not received all the information and explanations we require for our audit.

for and on behalf of D Lee & Co.

4 September 2018

**Chartered Certified Accountants
Statutory Auditor**

2nd Floor
Premier House
309 Ballards Lane
London
N12 8LY

D Lee & Co. is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

HOUSE ON THE ROCK

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<u>Income from:</u>					
Donations and legacies	3	528,249	31,837	560,086	634,941
Activities for generating fund	4	(701)	-	(701)	1,761
Investments	5	126,839	-	126,839	114,421
Total income		<u>654,387</u>	<u>31,837</u>	<u>686,224</u>	<u>751,123</u>
<u>Expenditure on:</u>					
Raising funds	6	3,505	-	3,505	11,996
Charitable activities	7	660,387	44,018	704,405	851,498
Total resources expended		<u>663,892</u>	<u>44,018</u>	<u>707,910</u>	<u>863,494</u>
Net expenditure for the year/ Net movement in funds		(9,505)	(12,181)	(21,686)	(112,371)
Fund balances at 1 January 2017		<u>2,562,418</u>	<u>610,268</u>	<u>3,172,686</u>	<u>3,285,057</u>
Fund balances at 31 December 2017		<u><u>2,552,913</u></u>	<u><u>598,087</u></u>	<u><u>3,151,000</u></u>	<u><u>3,172,686</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

HOUSE ON THE ROCK

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	11		6,143,317		6,308,925
Current assets					
Debtors	13	6,405		8,403	
Cash at bank and in hand		20,532		3,299	
		<u>26,937</u>		<u>11,702</u>	
Creditors: amounts falling due within one year	15	<u>(822,433)</u>		<u>(853,474)</u>	
Net current liabilities			<u>(795,496)</u>		<u>(841,772)</u>
Total assets less current liabilities			5,347,821		5,467,153
Creditors: amounts falling due after more than one year	16		<u>(2,196,821)</u>		<u>(2,294,467)</u>
Net assets			<u>3,151,000</u>		<u>3,172,686</u>
Income funds					
Restricted funds	17		598,087		610,268
Unrestricted funds			2,552,913		2,562,418
			<u>3,151,000</u>		<u>3,172,686</u>

HOUSE ON THE ROCK

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2017

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2017, although an audit has been carried out under section 144 of the Charities Act 2011. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements under the requirements of the Companies Act 2006.

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

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

The accounts were approved by the Trustees on 4 September 2018

A Oluwaleimu
Trustee

Company Registration No. 4824843

HOUSE ON THE ROCK

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash absorbed by operations	22		(11,068)		(81,027)
Investing activities					
Interest received		126,839		114,421	
Net cash generated from investing activities			126,839		114,421
Financing activities					
Repayment of bank loans		(97,646)		(62,025)	
Net cash used in financing activities			(97,646)		(62,025)
Net increase/(decrease) in cash and cash equivalents			18,125		(28,631)
Cash and cash equivalents at beginning of year			2,407		31,038
Cash and cash equivalents at end of year			20,532		2,407
Relating to:					
Cash at bank and in hand			20,532		3,299
Short term deposits included in current asset investments			-		-
Bank overdrafts included in creditors payable within one year			-		(892)

HOUSE ON THE ROCK

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

1 Accounting policies

Charity information

House On The Rock is a private company limited by guarantee incorporated in England and Wales. The registered office is The Rock Tower, 49 Tufnell Park Road, London, N7 0PS.

1.1 Accounting convention

The accounts have been prepared in accordance with the Charity's Act 2011, 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 financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

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

1.3 Charitable funds

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

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Donations, gift and similar incoming resources are included in the year in which they are receivable, which is when the charity becomes entitled to the resource.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

HOUSE ON THE ROCK

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

1 Accounting policies

(Continued)

1.5 Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Resources expended are allocated to the charitable company's principal activity as direct costs where the costs can be identified as being directly related to that activity. All costs that cannot be identified as relating directly to the charitable company's principal activity are categorised as either support costs or governance costs. Any costs that cannot be specifically categorised are allocated in proportions based upon a suitable ratio applicable to the nature of the cost involved.

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, finance, governance costs and staff cost.

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

1.6 Tangible fixed assets

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

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

Freehold land and buildings	2% on straight line
Fixtures, fittings & equipment	25% on reducing balance

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.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible 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).

1.8 Cash and cash equivalents

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

HOUSE ON THE ROCK

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

1 Accounting policies

(Continued)

1.9 Financial instruments

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

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

1.10 Employee benefits

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

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

1.11 Retirement benefits

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

1.12 Fund accounting

(i) The Charity's unrestricted general fund consists of funds which can be used in accordance with the charitable objects at the discretion of the trustees.

(ii) The Charity's restricted funds are funds that can be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

HOUSE ON THE ROCK

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

1 Accounting policies

(Continued)

1.13 Value added tax

Value added tax incurred for the cost and expenditure of the freehold property has been claimed at fifty seven percent of the residual costs of the property costs.

1.14 Going concern

These accounts have been prepared on the going concern basis as the trustees will arrange for a bank overdraft facility to cover for short term cash flow requirement, if required.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees 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.

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2017	Total 2016
	£	£	£	£
Donations and gifts	528,249	31,837	560,086	634,941
For the year ended 31 December 2016	<u>602,547</u>	<u>32,394</u>		<u>634,941</u>

4 Activities for generating fund

	2017	2016
	£	£
Non-charitable trading activities	<u>(701)</u>	<u>1,761</u>

HOUSE ON THE ROCK

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

5 Investments

	2017	2016
	£	£
Rental income	126,838	114,420
Interest receivable	1	1
	<u>126,839</u>	<u>114,421</u>

6 Raising funds

	2017	2016
	£	£
<u>Fund raising and publicity cost</u>		
Advertising	3,505	11,996
	<u>3,505</u>	<u>11,996</u>

HOUSE ON THE ROCK

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

7 Charitable activities

	2017 £	2016 £
Staff costs	50,302	49,283
Depreciation and impairment	147,595	147,595
Religious activities	143,453	229,942
	<u>341,350</u>	<u>426,820</u>
Share of support costs (see note 8)	308,358	361,310
Share of governance costs (see note 8)	54,697	63,368
	<u>704,405</u>	<u>851,498</u>
Analysis by fund		
Unrestricted funds	660,387	
Restricted funds	44,018	
	<u>704,405</u>	
For the year ended 31 December 2016		
Unrestricted funds		796,887
Restricted funds		54,611
		<u>851,498</u>

HOUSE ON THE ROCK

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

8 Support costs

	Support costs	Governance costs	2017	2016	Basis of allocation
	£	£	£	£	
Staff costs	81,629	42,995	124,624	122,050	Allocated on time
Depreciation	18,013	-	18,013	24,018	
Repairs, maintenance and security costs	49,182	-	49,182	70,173	
Rates and utilities costs	23,317	-	23,317	33,560	
Other indirect cost	9,676	-	9,676	11,353	
Bank charges and bank loan interest	59,073	-	59,073	66,873	
Travel expenses	7,542	-	7,542	3,778	
Telephone	6,680	-	6,680	5,928	
Insurance	11,289	-	11,289	16,897	
Cleaning costs	29,806	-	29,806	29,345	
Computer expenses	12,151	-	12,151	14,840	
Audit fees	-	3,801	3,801	5,430	Governance
Accountancy	-	7,901	7,901	7,914	Governance
Legal and professional	-	-	-	12,519	Governance
	<u>308,358</u>	<u>54,697</u>	<u>363,055</u>	<u>424,678</u>	
Analysed between Charitable activities	<u>308,358</u>	<u>54,697</u>	<u>363,055</u>	<u>424,678</u>	

Governance costs includes payments to the auditors of £4,000 (2016- £4,000) for audit fees.

9 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year (2016: £nil).

None of the trustees had any expenses reimbursed or paid for by the charity during the year (2016: £nil).

HOUSE ON THE ROCK

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

10 Employees

Number of employees

The average monthly number employees during the year was:

	2017 Number	2016 Number
Religious	1	1
Administration	5	5
	<u>6</u>	<u>6</u>

Employment costs

	2017 £	2016 £
Wages and salaries	164,299	162,561
Social security costs	8,616	7,030
Other pension costs	2,011	1,742
	<u>174,926</u>	<u>171,333</u>

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

11 Tangible fixed assets

	Freehold land and buildings £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2017	7,379,754	680,831	8,060,585
At 31 December 2017	<u>7,379,754</u>	<u>680,831</u>	<u>8,060,585</u>
Depreciation and impairment			
At 1 January 2017	1,142,881	608,779	1,751,660
Depreciation charged in the year	147,595	18,013	165,608
At 31 December 2017	<u>1,290,476</u>	<u>626,792</u>	<u>1,917,268</u>
Carrying amount			
At 31 December 2017	<u>6,089,278</u>	<u>54,039</u>	<u>6,143,317</u>
At 31 December 2016	<u>6,236,873</u>	<u>72,052</u>	<u>6,308,925</u>

HOUSE ON THE ROCK

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

12	Financial instruments	2017	2016
		£	£
	Carrying amount of financial assets		
	Debt instruments measured at amortised cost	6,405	8,403
		<u> </u>	<u> </u>
	Carrying amount of financial liabilities		
	Measured at amortised cost	3,014,788	3,146,679
		<u> </u>	<u> </u>
13	Debtors	2017	2016
		£	£
	Amounts falling due within one year:		
	Other debtors	6,405	8,403
		<u> </u>	<u> </u>
14	Loans and overdrafts	2017	2016
		£	£
	Bank overdrafts	-	892
	Bank loans	2,292,730	2,390,376
		<u> </u>	<u> </u>
		2,292,730	2,391,268
		<u> </u>	<u> </u>
	Payable within one year	95,909	96,801
	Payable after one year	2,196,821	2,294,467
		<u> </u>	<u> </u>
	Amounts included above which fall due after five years:		
	Payable by instalments	(1,813,185)	(1,910,831)
		<u> </u>	<u> </u>

The bank loan is secured by a first legal mortgage over the freehold property known as St George's Theatre, 49 Tufnell Park Road, London, London N7 OPS.

The loan is repayable by equal instalment over 20 years and it is renewable every 5 years. The rate of interest is 2% above the base rate .

HOUSE ON THE ROCK

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

15 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	14	95,909	96,801
Other taxation and social security		4,466	1,262
Trade creditors		708,381	742,637
Other creditors		657	534
Accruals and deferred income		13,020	12,240
		<u>822,433</u>	<u>853,474</u>

16 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans	14	<u>2,196,821</u>	<u>2,294,467</u>

17 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:

	Movement in funds			Balance at 31 December 2017 £
	Balance at 1 January 2017 £	Incoming resources £	Resources expended £	
Land and building	<u>610,268</u>	<u>31,837</u>	<u>(44,018)</u>	<u>598,087</u>

The above restricted funds comprises of £594,910 tangible assets in relation to the purchase of property in Tufnell Park Road, London N7 OPS and current assets amounting to £3,177. The available funds will be used predominantly for the renovation of the above property.

18 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 December 2017 are represented by:			
Tangible assets	5,548,407	594,910	6,143,317
Current assets/(liabilities)	(798,673)	3,177	(795,496)
Long term liabilities	(2,196,821)	-	(2,196,821)
	<u>2,552,913</u>	<u>598,087</u>	<u>3,151,000</u>

HOUSE ON THE ROCK

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

19 Financial commitments, guarantees and contingent liabilities

There were no financial commitments, guarantees and contingent liabilities at the year end.

20 Capital commitments

There were no capital commitments either authorised by the board or contracted for at the balance sheet date.

21 Related party transactions

Remuneration of key management personnel

	2017 £	2016 £
Aggregate compensation	50,302	49,283

Transactions with related parties

During the year the charity entered into the following transactions with related parties:

	Donation received	
	2017 £	2016 £
Entities with control, joint control or significant influence over the company	-	106,962

22 Cash generated from operations

	2017 £	2016 £
Deficit for the year	(21,686)	(112,371)
Adjustments for:		
Investment income recognised in statement of financial activities	(126,839)	(114,421)
Depreciation and impairment of tangible fixed assets	165,608	171,613
Movements in working capital:		
Decrease in debtors	1,998	58,342
(Decrease) in creditors	(30,149)	(84,190)
Cash absorbed by operations	(11,068)	(81,027)