

CHARITY REGISTRATION NUMBER 1119791
COMPANY REGISTRATION NUMBER 5999100

HOPE CITY CHURCH
GROUP ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

HOPE CITY CHURCH

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	C Davies D A Gilpin P Benger C W Davies O Olarinde (Appointed 3 July 2018) J Greenow (Appointed 31 July 2018)
Secretary	A Ibbotson
Charity number	1119791
Company number	5999100
Principal address	The Megacentre Bernard Road Sheffield South Yorkshire S2 5BQ
Registered office	The Megacentre Bernard Road Sheffield South Yorkshire S2 5BQ
Auditors	UHY Hacker Young 6 Broadfield Court Broadfield Way Sheffield South Yorkshire S8 0XF
Bankers	Barclays Bank plc City Office Sheffield S1 1NG
Solicitors	Geldards Number One Pride Place Pride Park Derby DE24 8QR

HOPE CITY CHURCH

CONTENTS

	Page
Trustees' report	1 – 5
Statement of trustees' responsibilities	6
Independent auditors' report	7 – 9
Consolidated statement of financial activities	10
Statement of financial activities	11
Consolidated balance sheet	12
Balance sheet	13
Statement of cash flows	14
Notes to the accounts	15 – 34

HOPE CITY CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

The trustees present their report and financial statements for the year ended 31 March 2018.

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 Growth & Attendance

Since April 2017 the charity's policies and procedures have been further improved and now produce even more accurate and reliable statistics to measure our performance against our objective to advance the Christian faith throughout the United Kingdom and further afield.

By March 2018 Hope City Church had a community of over 3,500 people worldwide. Sheffield continues to represent the largest congregation. At the time of compiling this report attendance in Sheffield had risen to 1,550 despite a temporary drop in attendance to 1,300 people as at end of March 2018. Leeds & York locations combined are over 500 strong. Newcastle & Sunderland combined are 270 strong. These show a steady increase from previous years. Liverpool has an active membership of 250 which has shown significant in-year growth. Birmingham is around 225 strong and London has increased to 195. Frankfurt & Darmstadt combined stand at around 240 strong and Kuala Lumpur is 150 strong. Hope City Accra has grown significantly to 450 active members reflecting over 200% growth compared to the previous year. This is largely attributable to the recent construction of a purpose-built facility for this location, which is now being led by Ali & Karen Bianchi.

HOPE CITY CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Megacentre Buildings

As at March 2018, Hope City Church owned three buildings to house its work and ministry and that of its affiliated organisations. Two of these were Megacentres - Bernard Road in Sheffield and York Road in Leeds.

The Sheffield Megacentre comprises an 800 seat auditorium and overflow facility ('The Forge' with seating capacity for over 200 people) as well as varied and extensive conferencing and training rooms, office space, an indoor play centre and café. This property has been on the market since April 2014 with commercial property consultants Knight Frank, as we look forward to building or renovating a new facility for Hope City Sheffield to expand in to. We are in discussions with regards to some strong offers around the region of £1.5m.

The Leeds Megacentre was sold, in accordance with Charity Commission guidelines and under advice from RICS accredited Chartered Surveyors, to Leeds City Apartments Limited for £1,050,000 with contracts exchanged July 2018. The purchaser granted 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 the building commonly known and numbered as 89 Beaumont Road North, Sheffield, S2 1RT. The charity is 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 with the intention of selling this property to City Hearts UK in order to invest into our work in the North West of England.

Annual Offerings

Hope City Church took up two major offerings this year, First Fruits in September 2017, in which £165k (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.

This year's Dream Offering continues to go towards the buildings and venue costs for all locations and was made up of one-off giving, standing orders and pledges. The total amount received during the year was £512,266.

Staff

At the beginning of the financial period Gross Monthly Pay on salaries for Hope City Church was £57,195 for 38 people working on either a full time or part time basis. By the end of the financial period in March 2018 the Gross Monthly Pay to Hope City staff had increased to £60,396 employing 45 people.

Whitefields Leadership College

As part of a renewed commitment to expand our commitment to raise up leaders across Hope City Church and beyond, Whitefields Leadership College, previously known as Hope City Academy launched in January 2018 with 18 students in Year 1 and 7 students in Year 2. Ian Harding began his role as the College Director in January 2018. Dave Gilpin continues his role as the College President and Chris Denham, a Lead Pastor in Leeds, also remains on the senior College team. The new diversified model includes training students in management, leadership, ministry, entrepreneurship, administration, creative media and social work.

HOPE CITY CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Annual Conferences

Hope City Church ran four annual conferences in this period. The Leadership Summit, hosted by Dave and Jenny Gilpin in May. This conference saw over 200 pastors and teams as well as marketplace leaders, representing many churches across the globe. Whitefields- our family conference- saw over 500 delegates attending in May. This New Republic, the annual conference for 16-30s and hosted by Colin and Beth Blois, Lead Pastors in the Sheffield Congregation, had over 650 delegates. Jenny Gilpin hosted the She Is Conference in February with over 650 women attending. In total, these figures represent good attendance overall- higher than the previous year.

Preaching Ministry

As part of our vision to resource the global church community beyond the borders of Hope City Church, Senior Pastors Dave and Jenny Gilpin between them preached at over 35 churches across the world in this financial period. This includes preaching regularly at the Congregations of Hope City Church in the UK and worldwide, and also at many C3 locations including Oxford Falls, Sydney.

Subsidiary and other controlled companies

The achievements and performance of the church's subsidiaries and other controlled companies for the year ended 31 March 2018 were as follows:

- Megacentre Limited through its trading activities suffered a loss of £64,745 (2017: £69,477). Closing shareholders' funds were in deficit at £478,775 (2017: £414,030). 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 surplus of £23,353 (2017 deficit of: £6,158) this year after the charity had made a donation to Hope City Church of £20,000 (2017: £nil). Closing funds were £70,207 (2017: £46,854) 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 £447,142 (2017: £272,817). Closing funds were £1,113,107 (2017: £665,965), of which £1,034,845 (2017: £650,367) 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, cash flows) 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 £225,937 (2017: £2,100) before gains on investment assets. The church has general unrestricted reserves of £565,453 excluding the revaluation reserve, compared with £556,790 the previous year. The trustees have identified that the reserves are at a low level, representing more than 45% (including the revaluation reserve) of annual net resources expended (2017: 53%). This percentage is much lower than previous years and the trustees are currently keeping this under review. The freely available unrestricted reserves were £41,038.

HOPE CITY CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

The Consolidated Statement of Financial Activities shows a net increase in funds of £702,209 (2017: 258,895) before gains on investment assets. The group has general unrestricted reserves of £2,189,919 excluding the revaluation reserve, compared with £1,702,903 the previous year. The trustees have identified that the reserves are at a low level, representing more than 37% (including the revaluation reserve) of annual net resources expended (2017: 44%). The freely available unrestricted reserves were £842,067.

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.

As of September 2018, Hope City Church has £466,189 held in a treasury account with Kingdom Bank. These are funds collected from our Dream Offering and kept for future Dream Offering use.

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.

Goals and Developments for 2018-2019

Hope City Church has a vibrant vision to further establish communicates of faith across the globe and continues to work towards:

- Further strengthening Charity Governance by recruiting additional and external Charity Directors. As of September 2018, the following Directors have also been appointed: Dr Olawale Olarinde and Mr John Greenow.
- Increasing our current investment in developing leaders and strengthening teams which should result in cross-generational engagement, enhanced volunteering, heightened capacity and retention by identifying, developing and releasing gifting amongst our members.
- Establishing venues in every location through building purchases, long leased premises and continuing to work towards the creation of a purpose-built facility in our Sheffield location. These venues will enable and facilitate both our church services and operations and make it possible for us to implement appropriate expressions of both enterprise and social action in each location.
- Maintaining and building a positive and proactive media presence which reflects the social and spiritual value created across Hope City Church.
- Equipping the wider church community by training, equipping and empowering hundreds of students through our Whitefields Leadership College.
- Supporting the continued expansion of City Hearts (including Europe, Africa and Asia).

In September 2018 Senior Pastors Dave & Jenny Gilpin resumed the role of Lead Pastors of Hope City Sheffield, following the decision of Colin & Beth Blois to follow their desire to establish a new church in USA under the umbrella of the C3 global movement.

HOPE CITY CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Structure, governance and management

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

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

C Davies	
D A Gilpin	
P Benger	
C W Davies	
E Newton	(Resigned 12 May 2018)
O Olarinde	(Appointed 3 July 2018)
J Greenow	(Appointed 31 July 2018)

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

None of the trustees has any beneficial interest in the 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 level of pay for key managers. The trustees also take into consideration the ability of the charitable company to be able to pay such salaries.

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

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

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

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: 17 December 2018

HOPE CITY CHURCH

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2018

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

Opinion

We have audited the financial statements of Hope City Church (the 'charitable company') for the year ended 31 March 2018 which comprise the consolidated Statement of Financial Activities, the parent Statement of Financial Activities, the consolidated Balance Sheet, the parent Balance Sheet, the consolidated Statement of Cash Flows, the parent Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accounts:

- give a true and fair view of the state of the group and the parent charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources, 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 requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of accounts section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusion relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year of which the accounts are prepared is consistent with the accounts; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

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

Responsibilities of the trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees, who are also the directors of the charitable company 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, and for such internal control as the directors determine is necessary to enable preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of the 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 auditor's report and for no other purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

17 December 2018

Chartered Accountants
Statutory Auditor

HOPE CITY CHURCH

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<u>Income from:</u>					
Donations and gifts	3	1,707,801	512,266	2,220,067	1,821,857
Charitable activities	4	3,800,743	125,000	3,925,743	3,011,657
Other trading activities	5	114,500	-	114,500	113,606
Investments	6	<u>5,327</u>	<u>-</u>	<u>5,327</u>	<u>5,614</u>
Total income		<u>5,628,371</u>	<u>637,266</u>	<u>6,265,637</u>	<u>4,952,734</u>
<u>Expenditure on:</u>					
Raising funds	7	162,750	15,881	178,631	184,491
Charitable activities	8	5,118,364	266,433	5,384,797	4,318,280
Other	13	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditure		<u>5,281,114</u>	<u>282,314</u>	<u>5,563,428</u>	<u>4,502,771</u>
Net incoming resources before associated undertakings and transfers		347,257	354,952	702,209	449,963
Gross transfers between funds		<u>75,014</u>	<u>(75,014)</u>	<u>-</u>	<u>-</u>
Net incoming resources		422,271	279,938	702,209	449,963
Other recognised gains and losses					
Revaluation of tangible fixed assets		<u>-</u>	<u>-</u>	<u>-</u>	<u>(191,068)</u>
Net movement in funds		422,271	279,938	702,209	258,895
Fund balances at 1 April 2017		<u>1,685,382</u>	<u>470,428</u>	<u>2,155,810</u>	<u>1,896,915</u>
Fund balances at 31 March 2018		<u>2,107,653</u>	<u>750,366</u>	<u>2,858,019</u>	<u>2,155,810</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

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<u>Income from:</u>					
Donations and gifts	3	1,661,583	512,266	2,173,849	1,901,939
Charitable activities	4	356,531	-	356,531	245,778
Other trading activities	5	18,104	-	18,104	20,973
Investments	6	<u>5,327</u>	<u>-</u>	<u>5,327</u>	<u>3,281</u>
Total income		<u>2,041,545</u>	<u>512,266</u>	<u>2,553,811</u>	<u>2,174,304</u>
<u>Expenditure on:</u>					
Raising funds	7	9,212	15,881	25,093	22,881
Charitable activities	8	2,034,420	204,097	2,238,517	1,904,280
Other	13	<u>64,264</u>	<u>-</u>	<u>64,264</u>	<u>61,325</u>
Total resources expended		<u>2,107,896</u>	<u>219,978</u>	<u>2,327,874</u>	<u>1,988,486</u>
Net (outgoing)/incoming resources before transfers		(66,351)	292,288	225,937	185,818
Gross transfers between funds		<u>75,014</u>	<u>(75,014)</u>	<u>-</u>	<u>-</u>
Net (outgoing)/incoming resources		8,663	217,274	225,937	185,818
Other recognised gains and losses					
Revaluation of tangible fixed assets		<u>-</u>	<u>-</u>	<u>-</u>	<u>(183,718)</u>
Net movement in funds		8,663	217,274	225,937	2,100
Fund balances at 1 April 2017		<u>1,057,407</u>	<u>454,830</u>	<u>1,512,237</u>	<u>1,510,137</u>
Fund balances at 31 March 2018		<u>1,066,070</u>	<u>672,104</u>	<u>1,738,174</u>	<u>1,512,237</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 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	14		3,112,888		2,712,993
Current assets					
Stocks	16	5,500		6,000	
Debtors	17	753,712		370,571	
Cash at bank and in hand		<u>1,255,389</u>		<u>1,137,472</u>	
		2,014,601		1,514,043	
Creditors: amounts falling due within one year	18	<u>(519,482)</u>		<u>(411,221)</u>	
Net current assets			<u>1,495,119</u>		<u>1,102,822</u>
Total assets less current liabilities			4,608,007		3,815,815
Creditors: amounts falling due after one year	19		<u>(1,749,988)</u>		<u>(1,660,005)</u>
Net assets			<u>2,858,019</u>		<u>2,155,810</u>
Income funds					
Restricted funds	21		750,366		470,428
<u>Unrestricted funds:</u>					
Retained within the charity		2,189,919		1,702,903	
Revaluation reserve		<u>396,609</u>		<u>396,609</u>	
			2,586,528		2,099,512
Non-charitable trading funds			<u>(478,875)</u>		<u>(414,130)</u>
			<u>2,858,019</u>		<u>2,155,810</u>

The financial statements were approved by the board of directors and authorised for issue on 17 December 2018 and are signed on its behalf by:

D A Gilpin
Trustee

Company Registration No. 5999100

HOPE CITY CHURCH

BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	14		2,682,334		2,685,341
Current assets					
Stocks	16	5,000		5,000	
Debtors	17	325,191		107,543	
Cash at bank and in hand		<u>594,608</u>		<u>577,792</u>	
		924,799		690,335	
Creditors: amounts falling due within one year	18	<u>(301,881)</u>		<u>(203,434)</u>	
Net current assets			<u>622,918</u>		<u>486,901</u>
Total assets less current liabilities			3,305,252		3,172,242
Creditors: amounts falling due in more than one year	19		<u>(1,567,078)</u>		<u>(1,660,005)</u>
Net assets			<u>1,738,174</u>		<u>1,512,237</u>
Income funds					
Restricted funds	21		672,104		454,830
<u>Unrestricted funds:</u>					
General unrestricted funds		565,453		556,790	
Revaluation reserve		<u>500,617</u>		<u>500,617</u>	
			<u>1,066,070</u>		<u>1,057,407</u>
			<u>1,738,174</u>		<u>1,512,237</u>

The financial statements were approved by the board of directors and authorised for issue on 17 December 2018 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 2018

	Notes	Group			
		2018	2017	2018	2017
		£	£	£	£
Cash flow from operating activities					
Cash generated from operations	26		518,976		621,357
Investing activities					
Purchase of tangible fixed assets		(509,265)		(64,799)	
Proceeds on disposal of tangible fixed assets		3,077		803	
Interest received		<u>5,327</u>		<u>5,614</u>	
Net cash used in investing activities			(502,579)		(58,382)
Financing activities					
Proceeds of new bank loans		195,000		-	
Repayment of bank loans		<u>(95,198)</u>		<u>(89,409)</u>	
Net cash generated from/(used in) financing activities			<u>99,802</u>		<u>(89,409)</u>
Net increase in cash and cash equivalents			117,917		473,566
Cash and cash equivalents at beginning of year			<u>1,137,472</u>		<u>663,906</u>
Cash and cash equivalents at end of year			<u>1,255,389</u>		<u>1,137,472</u>

	Notes	Charity			
		2018	2017	2018	2017
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	26		182,977		288,238
Investing activities					
Purchase of tangible fixed assets		(84,367)		(40,467)	
Proceeds on disposal of tangible fixed assets		3,077		803	
Interest received		<u>5,327</u>		<u>5,614</u>	
Net cash used in investing activities			(75,963)		(34,050)
Financing activities					
Repayment of bank loans		<u>(90,198)</u>		<u>(89,409)</u>	
Net cash used in financing activities			<u>(90,198)</u>		<u>(89,409)</u>
Net increase in cash and cash equivalents			16,816		164,779
Cash and cash equivalents at beginning of year			<u>577,792</u>		<u>413,013</u>
Cash and cash equivalents at end of year			<u>594,608</u>		<u>577,792</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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. The charity also has Ghanaian Cedi and Malaysian Ringgit as functional currencies. 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 2018

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 2018

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 2018

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.

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 2018

1.14 Financial instruments (continued)

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 2018

3 Donations and gifts

	Group			
	Unrestricted funds	Restricted funds	Total 2018	Total 2017
	£	£	£	£
Donations and gifts	<u>1,707,801</u>	<u>512,266</u>	<u>2,220,067</u>	<u>1,821,857</u>
For the year ended 31 March 2017	<u>1,541,690</u>	<u>280,167</u>		<u>1,821,857</u>

	Charity			
	Unrestricted funds	Restricted funds	Total 2018	Total 2017
	£	£	£	£
Donations and gifts	<u>1,661,583</u>	<u>512,266</u>	<u>2,173,849</u>	<u>1,901,939</u>
For the year ended 31 March 2017	<u>1,621,772</u>	<u>280,167</u>		<u>1,901,939</u>

4 Charitable activities

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Sales within charitable activities	476,558	364,301	164,240	130,023
Services provided under contract	3,423,173	2,622,262	-	-
Charitable rental income, recharges and other income	<u>26,012</u>	<u>25,094</u>	<u>192,291</u>	<u>115,755</u>
	<u>3,925,743</u>	<u>3,011,657</u>	<u>356,531</u>	<u>245,778</u>
Analysis by fund				
Unrestricted funds	3,800,743		356,531	
Restricted funds	<u>125,000</u>		-	
	<u>3,925,743</u>		<u>356,531</u>	
For the year ended 31 March 2017				
Unrestricted funds		3,001,657		245,778
Restricted funds		<u>10,000</u>		-
		<u>3,011,657</u>		<u>245,778</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

5 Other trading activities

	Group	
	2018	2017
	£	£
Megacentre Limited	96,396	92,633
Sales of books and resources	<u>18,104</u>	<u>20,973</u>
	<u>114,500</u>	<u>113,606</u>

	Charity	
	2018	2017
	£	£
Sales of books and resources	<u>18,104</u>	<u>20,973</u>

6 Investments

	Group and Charity	
	2018	2017
	£	£
Interest receivable	<u>5,327</u>	<u>5,614</u>
	<u>5,327</u>	<u>5,614</u>

7 Raising funds

	Group			
	Unrestricted funds	Restricted funds	Total 2018	Total 2017
	£	£	£	£
<u>Fundraising and publicity</u>				
Seeking donations, grants and legacies	-	390	390	-
Staging fundraising events	<u>-</u>	<u>15,491</u>	<u>15,491</u>	<u>3,041</u>
Fundraising and publicity	<u>-</u>	<u>15,881</u>	<u>15,881</u>	<u>3,041</u>
<u>Trading costs</u>				
Other trading activities	<u>162,750</u>	<u>-</u>	<u>162,750</u>	<u>181,450</u>
	<u>162,750</u>	<u>15,881</u>	<u>178,631</u>	<u>184,491</u>
For the year ended 31 March 2017				
Fundraising and publicity	-	3,041		3,041
Trading costs	<u>181,450</u>	<u>-</u>		<u>181,450</u>
	<u>181,450</u>	<u>3,041</u>		<u>184,491</u>

Raising funds include payments to the auditors of £1,600 (2017: £1,600) 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 2018

7 Raising funds (continued)

	Unrestricted funds £	Charity Restricted funds £	Total 2018 £	Total 2017 £
<u>Fundraising and publicity</u>				
Seeking donations, grants and legacies	-	390	390	-
Staging fundraising events	<u>-</u>	<u>15,491</u>	<u>15,491</u>	<u>3,041</u>
Fundraising and publicity	<u>-</u>	<u>15,881</u>	<u>15,881</u>	<u>3,041</u>
<u>Trading costs</u>				
Other trading activities	<u>9,212</u>	<u>-</u>	<u>9,212</u>	<u>19,840</u>
	<u>9,212</u>	<u>15,881</u>	<u>25,093</u>	<u>22,881</u>
For the year ended 31 March 2017				
Fundraising and publicity	-	3,041		3,041
Trading costs	<u>19,840</u>	<u>-</u>		<u>19,840</u>
	<u>19,840</u>	<u>3,041</u>		<u>22,881</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

8 Charitable activities

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Staff costs	2,697,231	2,054,788	822,291	658,419
Depreciation and impairment	103,684	92,754	84,297	87,410
Church departments and events	85,329	63,642	85,329	63,642
Minister's consultancy fees	43,692	50,113	43,692	50,113
Food and drink	36,685	36,074	-	-
Activities and outings	35,985	31,773	-	-
City Hearts allowances	404,759	313,072	-	-
Hospitality and gifts	135,830	123,755	135,830	123,755
Rent, rates, and service charges	451,980	431,650	220,059	179,902
Insurance and utilities	129,048	147,256	86,832	85,976
Repairs and cleaning	311,270	242,868	211,270	176,705
Hire of office equipment	46,287	48,252	46,287	48,252
Subscriptions	53,163	58,699	49,351	56,577
Postage, stationery and adverts	103,821	62,682	86,823	48,344
Telephone and fax	45,744	30,696	14,949	10,248
Motor and travel expenses	383,133	302,096	172,184	153,629
Bad and doubtful debts	3,809	5,621	-	-
Educational activities	7,389	7,608	-	-
Legal, professional and consultancy fees	127,367	93,464	63,010	56,815
Staff recruitment and training	6,091	3,707	-	-
Catering costs	13,321	9,731	-	-
General expenses	77,619	39,234	50,172	36,507
Bank interest and charges	<u>66,069</u>	<u>51,772</u>	<u>52,870</u>	<u>51,013</u>
	5,369,306	4,301,307	2,225,246	1,887,307
Grant funding of activities (see note 9)	12,941	14,423	10,721	14,423
Share of governance costs (see note 10)	<u>2,550</u>	<u>2,550</u>	<u>2,550</u>	<u>2,550</u>
	<u>5,384,797</u>	<u>4,318,280</u>	<u>2,238,517</u>	<u>1,904,280</u>
Analysis by fund				
Unrestricted funds	5,118,364		2,034,420	
Restricted funds	<u>266,433</u>		<u>204,097</u>	
	<u>5,384,797</u>		<u>2,238,517</u>	
For the year ended 31 March 2017				
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>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

9 Grants payable

	Group	
	2018	2017
	£	£
Grants to institutions (14 grants)	<u>12,941</u>	<u>14,423</u>
	<u>12,941</u>	<u>14,423</u>

	Charity	
	2018	2017
	£	£
Grants to institutions (13 grants)	<u>10,721</u>	<u>14,423</u>
	<u>10,721</u>	<u>14,423</u>

10 Support costs

	Group and Charity				
	Support costs	Governance costs	2018	2017	Basis of allocation
	£	£	£	£	
Audit fees	-	<u>2,550</u>	<u>2,550</u>	<u>2,550</u>	Governance
	<u>-</u>	<u>2,550</u>	<u>2,550</u>	<u>2,550</u>	
Analysed between charitable activities	<u>-</u>	<u>2,550</u>	<u>2,550</u>	<u>2,550</u>	

Group

Governance costs includes payments to the auditors of £2,550 (2017: £2,550) for audit fees. Charitable activities costs includes payments of £12,210 (2017: £13,530) to the auditors for other services.

Charity

Governance costs includes payments to the auditors of £2,550 (2017: £2,550) for audit fees. Charitable activities costs includes payments of £5,250 (2017: £5,490) to the auditors for other services.

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

11. Trustees

D A Gilpin received emoluments of £41,800 (2017: £40,400) 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 £43,692 (2017: £50,113). His wife was also an employee of the church and received £1,170 (2017: £1,954) 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 £24,500 (2017: £21,496) and pension contributions of £490 (2017: £391) during the year for work carried out under her contract of employment. D A Gilpin's son received £800 (2017: £nil) for speaking at and holding worship sessions.

P Benger received £nil (2017: £3,000) for services provided for speaking at lectures.

A company owned and controlled by C Davies and his wife received £27,418 (2017: £20,988) for providing payroll and consultancy services to the charity. They received £31,980 (2017: £25,588) for providing payroll and consultancy services to the group. They also received a gift of £2,500 as a 25th anniversary gift.

The wife of C W Davies received £1,781 (2017: £nil) for speaking at and holding worship sessions.

None of the other trustees received emoluments during the year (2017: £nil).

No other trustees received any other benefits during the year (2017: £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 2018

12 Employees

Number of employees

The average number of employees during the year was:

	Group		Charity	
	2018 Number	2017 Number	2018 Number	2017 Number
Trustees of Hope City Church	5	5	5	5
Trustees / directors of subsidiaries	5	5	-	-
Employees	<u>181</u>	<u>142</u>	<u>39</u>	<u>34</u>
	<u>191</u>	<u>152</u>	<u>44</u>	<u>39</u>

Employment costs

	Raising funds £	Charitable activities £	Group	
			2018 £	2017 £
Wages and salaries	71,432	2,485,181	2,556,613	1,974,551
Social security costs	1,617	160,063	161,680	120,739
Other pension costs	<u>301</u>	<u>51,987</u>	<u>52,288</u>	<u>36,618</u>
	<u>73,350</u>	<u>2,697,231</u>	<u>2,770,581</u>	<u>2,131,908</u>

	Charity	
	2018 £	2017 £
Wages and salaries	745,665	593,055
Social security costs	51,094	43,714
Other pension costs	<u>25,532</u>	<u>21,650</u>
	<u>822,291</u>	<u>658,419</u>

	Group and Charity	
	2018	2017

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

£90,001 to £100,000	1	1
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Contributions totalling £10,304 (2017: £8,496) were made to defined contribution pension schemes on behalf of employees whose emoluments exceed £60,000.

13 Other

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Bad debts	<u>-</u>	<u>-</u>	<u>64,264</u>	<u>61,325</u>
	<u>-</u>	<u>-</u>	<u>64,264</u>	<u>61,325</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

14 Tangible fixed assets

	Freehold property	Long leasehold property	Group Fixtures fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2017	1,050,000	1,610,466	735,194	18,070	3,413,730
Additions at cost	398,251	29,279	77,985	3,750	509,265
Disposals	-	-	(5,154)	(15,670)	(20,824)
At 31 March 2018	<u>1,448,251</u>	<u>1,639,745</u>	<u>808,025</u>	<u>6,150</u>	<u>3,902,171</u>
Depreciation and impairment					
At 1 April 2017	-	31,373	653,542	15,822	700,737
Charge for the year	27,734	32,505	44,547	1,507	106,293
Eliminated in respect of disposals	-	-	(2,474)	(15,273)	(17,747)
At 31 March 2018	<u>27,734</u>	<u>63,878</u>	<u>695,615</u>	<u>2,056</u>	<u>789,283</u>
Carrying amount					
At 31 March 2018	<u>1,420,517</u>	<u>1,575,867</u>	<u>112,410</u>	<u>4,094</u>	<u>3,112,888</u>
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>
	Freehold property	Long leasehold property	Charity Fixtures fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2017	1,050,000	1,610,466	639,167	4,750	3,304,383
Additions at cost	-	29,279	51,338	3,750	84,367
Disposals	-	-	(2,799)	(2,350)	(5,149)
At 31 March 2018	<u>1,050,000</u>	<u>1,639,745</u>	<u>687,706</u>	<u>6,150</u>	<u>3,383,601</u>
Depreciation and impairment					
At 1 April 2017	-	31,373	585,167	2,502	619,042
Charge for the year	21,000	32,505	29,285	1,507	84,297
Eliminated in respect of disposals	-	-	(119)	(1,953)	(2,072)
At 31 March 2018	<u>21,000</u>	<u>63,828</u>	<u>614,333</u>	<u>2,056</u>	<u>701,267</u>
Carrying amount					
At 31 March 2018	<u>1,029,000</u>	<u>1,575,867</u>	<u>73,373</u>	<u>4,094</u>	<u>2,682,334</u>
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>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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 £48,430 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 2018 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.

Group

Some of the charity's leasehold and freehold land and buildings are subject to a mortgage with the balance owed at 31 March 2018 amounting to 65% (2017: 67%) of their net book value as stated in these accounts.

Charity

Some of the charity's leasehold and freehold land and buildings are subject to a mortgage with the balance owed at 31 March 2018 amounting to 63% (2017: 67%) of their net book value as stated in these accounts.

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

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Cost	2,617,502	2,617,502	2,501,592	2,501,592
Accumulated depreciation	<u>722,783</u>	<u>667,981</u>	<u>650,272</u>	<u>600,258</u>
At 31 March 2018	<u>1,894,719</u>	<u>1,949,521</u>	<u>1,851,320</u>	<u>1,901,334</u>

All other tangible fixed assets are stated at historical cost.

15 Financial instruments

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	<u>1,836,896</u>	<u>1,445,355</u>	<u>759,652</u>	<u>661,713</u>
Carrying amount of financial liabilities				
Measured at amortised cost	<u>2,231,244</u>	<u>2,037,791</u>	<u>1,855,908</u>	<u>1,851,830</u>

16 Stocks

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Goods for resale	<u>5,500</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 2018

17 Debtors

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Trade debtors	429,566	267,624	22,147	15,354
Amounts due from subsidiary undertakings	-	-	26,811	28,308
Other debtors	151,941	40,259	116,086	40,259
Prepayments and accrued income	<u>172,205</u>	<u>62,688</u>	<u>160,147</u>	<u>23,622</u>
	<u>753,712</u>	<u>370,571</u>	<u>325,191</u>	<u>107,543</u>

18 Creditors: amounts falling due within one year

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Bank loans and overdrafts	104,980	93,981	90,224	87,495
Trade creditors	177,087	77,528	148,947	41,519
Amounts owed to group undertakings	-	-	-	5,264
Taxation and social security	38,226	33,435	13,051	11,609
Other creditors	103,592	96,320	41,527	48,715
Accruals	24,683	38,042	8,402	8,832
Deferred income	<u>70,914</u>	<u>71,915</u>	<u>-</u>	<u>-</u>
	<u>519,482</u>	<u>411,221</u>	<u>301,881</u>	<u>203,434</u>

19 Creditors: amounts falling due after more than one year

	Group	
	2018 £	2017 £
Mortgage and loan	<u>1,749,988</u>	<u>1,660,005</u>
Analysis of mortgage and loan		
Not wholly repayable within five years by instalments	1,338,196	1,289,901
Wholly repayable within five years	<u>509,106</u>	<u>457,599</u>
	1,847,302	1,747,500
Included in current liabilities	<u>(97,314)</u>	<u>(87,495)</u>
	<u>1,749,988</u>	<u>1,660,005</u>
Loan maturity analysis		
Debt due in one year or less	97,314	87,495
In more than one year but not more than two years	99,513	89,460
In more than two years but not more than five years	312,279	280,644
In more than five years	<u>1,338,196</u>	<u>1,289,901</u>
	<u>1,847,302</u>	<u>1,747,500</u>

The mortgages are secured by first legal charges over the group's freehold and leasehold land and buildings.

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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

	Charity	
	2018	2017
	£	£
Mortgage	<u>1,567,078</u>	<u>1,660,005</u>
Analysis of loans		
Not wholly repayable within five years by instalments	1,186,596	1,289,901
Wholly repayable within five years	<u>470,706</u>	<u>457,599</u>
	1,657,302	1,747,500
Included in current liabilities	<u>(90,224)</u>	<u>(87,495)</u>
	<u>1,567,078</u>	<u>1,660,005</u>
Loan maturity analysis,		
Debt due in one year or less	90,224	87,495
In more than one year but not more than two years	92,140	89,460
In more than two years but not more than five years	288,342	280,644
In more than five years	<u>1,186,596</u>	<u>1,289,901</u>
	<u>1,657,302</u>	<u>1,747,500</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	
	2018	2017	2018	2017
	£	£	£	£
Contributions payable by the group and charity for the year	<u>52,288</u>	<u>36,618</u>	<u>25,532</u>	<u>21,650</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 2018

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 2017	Incoming resources	Resources expended	Transfers	Balance at 31 March 2018
	£	£	£	£	£
Dream Offering	454,830	512,266	(219,978)	(75,014)	672,104
Salvation Army – RSP Project	<u>15,598</u>	<u>125,000</u>	<u>(62,336)</u>	<u>-</u>	<u>78,262</u>
	<u>470,428</u>	<u>637,266</u>	<u>(282,314)</u>	<u>(75,014)</u>	<u>750,366</u>

	Charity Movement in funds				
	Balance at 1 April 2017	Incoming resources	Resources expended	Transfers	Balance at 31 March 2018
	£	£	£	£	£
Dream Offering	<u>454,830</u>	<u>512,266</u>	<u>(219,978)</u>	<u>(75,014)</u>	<u>672,104</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 2018

22 Analysis of net assets between funds

	Unrestricted funds £	Group Restricted funds £	Total £
Fund balances at 31 March 2018 are represented by:			
Tangible fixed assets	3,112,888	-	3,112,888
Current assets/(liabilities)	744,753	750,366	1,495,119
Creditors: amounts falling due after more than one year	<u>(1,749,988)</u>	-	<u>(1,749,988)</u>
	<u>2,107,653</u>	<u>750,366</u>	<u>2,858,019</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 2017	396,609	-	396,609
Revaluation of tangible fixed asset	-	-	-
Unrealised gains at 31 March 2018	<u>396,609</u>	-	<u>396,609</u>
	Unrestricted funds £	Charity Restricted funds £	Total £
Fund balances at 31 March 2018 are represented by:			
Tangible fixed assets	2,682,334	-	2,682,334
Current assets/(liabilities)	(49,186)	672,104	622,918
Creditors: amounts falling due after more than one year	<u>(1,567,078)</u>	-	<u>(1,567,078)</u>
	<u>1,066,070</u>	<u>672,104</u>	<u>1,738,174</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 2017	500,617	-	500,617
Revaluation of tangible fixed asset	-	-	-
Unrealised gains at 31 March 2018	<u>500,617</u>	-	<u>500,617</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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	
	2018 £	2017 £	2018 £	2017 £
Within one year	165,485	161,764	34,512	25,412
Between two and five years	<u>119,556</u>	<u>74,468</u>	<u>22,431</u>	<u>41,982</u>
	<u>285,041</u>	<u>236,232</u>	<u>56,943</u>	<u>67,394</u>

Capital commitments

The group and charity had no capital commitments at 31 March 2018.

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	
	2018 £	2017 £	2018 £	2017 £
Aggregate compensation	<u>115,504</u>	<u>117,952</u>	<u>61,200</u>	<u>61,552</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 £70,207 (2017: £46,854). During the year ended 31 March 2018 its total incoming resources were £315,526 (2017: £234,760) and its total resources expended were £292,173 (2017: £240,918) leaving a net increase in funds of £23,353 (2017: decrease in funds of £6,158).

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 2018 the net liabilities of Megacentre were £478,775 (2017: £414,030). Its turnover for the year ended 31 March 2018 was £96,396 (2017: £92,633) and its total resources expended were £161,141 (2017: £162,110) leaving a loss for the year of £64,745 (2017: £69,477).

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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 2018 the net assets of City Hearts (UK) were £1,113,107 (2017: £665,965). Its total incoming resources for the year ended 31 March 2018 were £3,486,183 (2017: £2,690,087) and its total resources expended were £3,039,041 (2017: £2,417,270) leaving a net increase in funds of £447,142 (2017: £272,817).

26 Cash generated from operations

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Surplus for the year	702,209	449,963	225,937	185,818
Adjustments for:				
Investment income recognised in statement of financial activities	(5,327)	(5,614)	(5,327)	(5,614)
Depreciation and impairment of tangible fixed assets	106,293	95,949	84,297	87,410
Movements in working capital:				
Decrease/(increase) in stock	500	-	-	-
Decrease/(increase) in debtors	(383,141)	(56,747)	(217,648)	28,078
(Decrease)/increase in creditors	98,263	128,891	95,718	(7,454)
Increase in deferred income	<u>179</u>	<u>8,915</u>	<u>-</u>	<u>-</u>
Cash generated from operations	<u>518,976</u>	<u>621,357</u>	<u>182,977</u>	<u>288,238</u>