

COMPANY NUMBER: 05487537 (England and Wales)

CHARITY NUMBER: 1120355 (England and Wales)

HILLSONG CHURCH LONDON

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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Reference and Administrative Information

Registered office and advisors

Hillsong Church London ("The Church") is a company limited by guarantee (Company No: 05487537)

Registered Charity Number 1120355

Registered Office Hillsong Church London
425 New Kings Road
Fulham
London
SW6 4RN

Company Secretary R Newton

Trustees G Aghajanian (Chairman)
J Lestz
R Newton
Dr R Van Dijk
Dr S Wilson
E Simmons
B Sinniah
D Whitewood
R Dacre

Management Team G J Clarke (Senior Pastor and Chief Executive Officer)
K A Mikkelsen (Assistant Pastor) (resigned 8 April 2019)
A Spies (Chief Financial Officer)

Bankers Barclays Bank plc
126 Station Road
Edgware
Middlesex
HA8 7RY

Auditors RSM UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

Solicitors Bates Wells & Braithwaite
10 Queen Street Place
London
EC4R 1BE

Trustees' Report (Including Strategic Report)

The Trustees, who are also Directors of the company for Companies Act purposes, present their report for the year ended 31 December 2018.

Objectives and Activities

Principal aims and objectives

The principal aim and objective of Hillsong Church London ("the Church") is that of advancement of the Christian faith for the benefit of the public in the UK, Europe and elsewhere by the pronouncement of the Gospel of Jesus Christ in accordance with the Statement of Faith referred to in the company constitution.

Strategy

Our strategy in achieving these objectives has remained constant since the Church was first established:

1. To take the truth of the Gospel and teachings of the Christian faith and communicate them in the language and style of today's culture.
2. To build a large Christ centred Bible-based church headquartered in London, able to serve the Greater London area, the UK and Europe
3. To engage all members of the Church to:
 - 3.1 Be relationally connected in a Small Group in the life of the Church.
 - 3.2 Serve in some capacity, adding to the health, life and expression of the Church.
 - 3.3 Be involved in some form of personal social justice.
 - 3.4 Sustain one thing to help someone break out of the cycle of injustice.
 - 3.5 Take personal responsibility to encourage people in their day to day life to become part of the expression and life of the Church.
 - 3.6 Personally study and to journal.
 - 3.7 Contribute financially.

Principal Activities

This past year has seen a continuation of our principal activities of:

1. Four regular Sunday church services and children's activities in central London at the Dominion Theatre.
2. Three Sunday services at our leased premises in South Bermondsey, London.
3. Two Sunday services at G-Live, Guildford, Surrey.
4. Sunday and Saturday services at The River Centre, Tonbridge, Kent .
5. Two Sunday services at the Odeon Theatre in Oxford, Oxfordshire.
6. Three Sunday services at Westgate Hall, Newcastle.
7. Sunday services at the Bernie Grant Arts Centre in North London.
8. More than 800 mid-week home-based Small Groups.
9. Regular Youth and Young Adults services and activities at various locations in London, Guildford and Tonbridge.
10. Youth Ministry, particularly to students in High Schools in the Greater London area.
11. Children's, Youth and Young Adults camps.
12. Leadership training seminars and Evening College classes.
13. Women's Ministry.

Trustees' Report (Including Strategic Report) (continued)

14. Distribution of relief to people in need of emergency assistance for matters such as accommodation, food vouchers, counselling, travel, rental arrears and home repairs.
15. Support for programs for the relief of poverty in Uganda (Watoto), and in India (Vision Rescue). In addition, partnership with Compassion, sponsoring children in Uganda and other countries, and partnership with The A21 Campaign, a charity registered in England.
16. Support for local ministry to the homeless, including provision and maintenance of a 'Green Light' medical van to provide assistance to the homeless in London.
17. Ministry to the Elderly in the community including regular volunteer teams assisting at local centres.
18. Support for the needs of refugees in the UK and Europe, including collection of clothing items and partnering with various local authorities to improve facilities for refugees and support resettlement programs.
19. Participation in the UK government's Community Sponsorship Scheme assisting refugee families settling in the UK.
20. A Women's Conference ("Colour Conference") in April, 2018 at The SSE Arena, Wembley.
21. Hillsong Conference Europe in July 2018 at the O2 Arena, London.
22. Three special Christmas services held at The SSE Arena, Wembley in December 2018.
23. A Heart for the House annual offering, part of which was used to support charitable programs including social justice causes.
24. Support to other Churches and Ministries in the UK, and Europe.

New activities & initiatives commenced in the year included the following:

1. Commencement of Sunday services in Edinburgh, commencing in February 2018.
2. Commencement of Sunday services in Milan, Italy, commencing September 2018.
3. Commencement of Sunday services in Liverpool, at Hinterlands, commencing in September 2018.

In excess of 2,000 volunteers continued to be involved in activities conducted or supported by Hillsong Church including:

- Running Sunday services in Central London, South Bermondsey, Guildford, Tonbridge, Oxford, Newcastle, North London, Edinburgh, Liverpool and Milan, Italy.
- Leading Small Groups in Greater London, Surrey, Kent, Oxford, Newcastle, Edinburgh, Liverpool, Birmingham and Milan, Italy.
- Running women's ministries in London Greater London, Surrey, Kent, Oxford and Newcastle.
- Leading youth ministries in Greater London, Surrey, Kent, Oxford and Newcastle.
- Helping the homeless in London by travelling with the Green Light van seven days per week.
- Attending homes in the London area, to assist the elderly and those in financial hardship with cleaning, gardening and home improvement.
- Through the youth initiative "I Care Revolution" we were able to continue to visit High Schools in the London region during the year and present to many thousands of school students.
- Participating in activities supporting refugees including decorating and furnishing accommodation, running community based workshops and activities and distribution of welcome packs.

Additionally, there were approximately 1,000 volunteers who assisted with management of Colour Conference, and approximately 3,000 volunteers assisting in planning and management of Hillsong Conference Europe.

Trustees' Report (Including Strategic Report) (continued)

In the consideration of all activities undertaken the trustees have had regard to the public benefit guidance published by The Charity Commission.

Achievements and performance

This year saw us build on the foundation already established, demonstrated by the increase in financial commitment to the Church through tithes and offerings, increase attendance at services and an increase in members volunteering.

The principal activities above all contributed to the achievement of our aims and objectives. Specifically, we continued to hold multiple church services at our main location in central London, at the Dominion Theatre and at eight other locations both in London and throughout the UK. Overall, we saw growth in the number of people attending our services each week.

The Church held a number of conferences in 2018 including:

1. Colour Your World Women's Conference, at The SSE Arena, Wembley, in April 2018 was attended by women from the UK, Europe and other countries, is designed to address issues of particular interest to women and to place value on womanhood. The SSE Arena was at capacity for this event.
2. Hillsong Conference Europe was held at the O2 Arena, London in July, 2018. This conference, with speakers from both the UK and overseas and different denominations, exists to inspire, empower and equip local churches, leaders and congregations not just Hillsong Church. There were approximately 21,000 registrations from more than 50 countries and 20 different denominations, with approximately 3,000 volunteers assisting in planning and management of the conference. This conference includes programs for youth and children.

The Church recognises that attendance at these conferences and camps may not be possible for the financially disadvantaged. Financial assistance is provided by way of full or part sponsorship to the Women's Conference and Hillsong Conference Europe, with similar financial assistance was provided to numbers of children and Young Adults attending camps and events.

The two main performance indicators for the Church are financial performance, and maintenance of, or growth of attendees at Sunday service locations. In 2018 financial growth was experienced with donation income increasing by approximately 6%. Sunday service attendance also grew by approximately 8% during the year.

To our knowledge, there are no internal or external factors that will significantly prevent us from achieving our future objectives.

Financial review

Balance sheet funds stood at £7,099,029 (2017: £6,878,053) comprising Restricted Funds of £1,939,561 (2017: £1,487,679) and Unrestricted Funds of £5,159,468 (2017: £5,390,374).

During this financial year, the charity made a net surplus of £220,975. This was a decrease from 2017 where a surplus of £301,803 was made.

The charity's main source of income continues to be donations from church members.

Trustees' Report (Including Strategic Report) (continued)

Governance costs represent less than 1% of total resources expended.

Overall we are very pleased with these results for the year ended 31 December 2018 and the charity is in a healthy financial position.

Reserves policy

The charity had reserves of £7,099,029 at 31 December 2018. Of the total reserves of £7,099,029 an amount of £1,939,561 is considered restricted funds. Restricted funds relate to the Hillsong Building Fund, Spring the Trap (Green Light) funds and other social justice funds which are received and passed on to partner organisations.

The total unrestricted reserves of £5,159,468 consists of £988,130 in cash, with the remainder represented by fixed assets of £9,497,996, other current assets of £2,092,620 less creditors of £7,419,278. The total restricted reserves of £1,939,561 consists of £1,364,064 in cash, with the remainder represented by fixed assets.

It is the intention of Trustees to build the level of unrestricted funds of the charity to approximately 6 months of activities; this will require unrestricted funds to increase to a level of approximately £6m. In 2018, there was no contribution to unrestricted reserves due to additional expansion activity. The planning for future years includes plan to reduce costs and grow income to allow for increased unrestricted surplus funds to contribute to unrestricted reserves. In the opinion of the trustees, the current unrestricted assets of £3,080,750 represent a cash or cash equivalent reserve of approximately three months of operating expenses, with saleable fixed assets representing a further three months of reserves.

Plans for future years

Our mission and objectives for the future remain the same as outlined earlier, i.e. to continue to communicate the Gospel of Jesus Christ.

Our objectives for the future are to build on the growth experienced and see a substantial increase in the number of people establishing a personal relationship with the Lord Jesus Christ. This objective will be fulfilled by creating additional capacity for Sunday services in existing and new locations. We also seek to see increasing numbers of people actively involved in Church life by attending Small Groups or being involved in our volunteer teams and other activities.

We will continue hosting our conferences in future years. Our plan is that these conferences will reach a wider cross section of church leaders and team members from across Europe and other nations inspiring them to keep building their local church and making a positive difference in their world.

We will continue to provide opportunities for designated giving towards specific projects, which we will partner within the UK and overseas. Our aim is for every member of the Church to do at least one thing, and sustain it, which helps someone else break the cycle of poverty.

We aim to help people in our Church become mature Christians, through a clear understanding of the Bible and how it applies to their life.

Trustees' Report (Including Strategic Report) (continued)

Structure, governance and management

Hillsong Church London is a company limited by guarantee (registered number 05487537, England and Wales) and a registered charity (registered number 1120355, England and Wales). Day to day management is vested in the management team led by the senior pastor.

Hillsong Church London is governed by Memorandum and Articles of Association dated 22 June 2005 and most recently amended 27 September 2018. It is incorporated and domiciled in the United Kingdom. The address of the registered office is 425 New Kings Road, Fulham, London, SW6 4RN.

The trustees have delegated all aspects of decision making to the management team.

The charity is affiliated with other Hillsong churches across the world including in Australia, South Africa, the U.S.A., South America, Europe and has established churches in the Netherlands and Spain.

The trustees have had due regard to the public benefit guidance published by the Charity Commission. The current Trustee body is diverse and dynamic and has the knowledge and skills required to ensure due diligence for the organisation. The board constitutes of nine trustees, seven who are locally based, one in Europe who travels to the UK regularly and one in Australia. Information on each of the trustees is included below:

- The General Manager of a major church in Australia with more than 500 employees, operating in multiple campuses. Prior to his current position, he held various senior management roles with both Australian and international organisations.
- A Chartered Accountant and former senior financial manager with a major international insurance broker based in the UK, having over 30 years financial experience in a number of organisations both in the UK and overseas.
- A Managing Director of an automotive sales group, and the chairman of a charity focussed on youth activities, with extensive experience in the development, operation and management of youth based charities.
- A Visiting Lecturer at London School of Economics and former Visiting Fellow at Harvard University with extensive experience advising multi-national companies and public sector organisations on leadership development.
- A former National Chairman and Managing Partner of a major Australian national law firm, with extensive experience advising churches, educational institutions and charities.
- A CEO of a company which provides financial advice and is regulated by the Financial Conduct Authority, with extensive management and financial experience.
- A Programme Director with a major commercial bank, based in the UK.
- A senior executive of a multinational insurance group, with extensive financial, strategy and management experience.
- A church management and leadership specialist, who travels regularly throughout Europe, Asia and the U.S.A. presenting to churches on management and at leadership seminars and has a Doctorate of Ministry in Church Administration.

The Trustees are provided with a Trustee Induction Pack with information on the organisation, the Trustee's role in relation to governance and their responsibilities under Charity Law.

Consideration for appointment of new trustees usually arises when new ventures or challenges are facing the Charity, all Trustees are at liberty to make recommendations to the Chairman and the Management, in discussion with the Chairman, also make recommendations to the Trustees. The trustees, after completion of due diligence, in turn make recommendations to the members, for appointment by resolution.

Trustees' Report (Including Strategic Report) (continued)

The remuneration of key management personnel is reviewed by the Chairman and two other trustees each year. Consideration is given to equivalent salaries of similar positions within the marketplace, using published salary information.

Related parties

Hillsong NL and Hillsong Espana are considered related parties as the board of trustees for these entities consist of trustees and management personnel of Hillsong London.

During the year there were related party transactions totalling £25,644 (2017: £39,351) with Hillsong NL. These transactions represent costs on behalf of Hillsong NL, which were reimbursed, or revenue from Hillsong NL for events held by Hillsong London or sale of teaching resources. A donation of £8,656 (2017: £nil) was received during the year from Hillsong NL. There was also related party transactions totalling £49,815 (2017: £36,678) with Hillsong Espana. These transactions represented donations to Hillsong Espana, or revenue from Hillsong Espana for sale of teaching resources.

No trustee received remuneration in relation to their duties as trustees or incurred expenses (2017: £nil). During the year trustees received remuneration in respect of services provided by them including legal services, management consultancy services and supplying teaching resources. The trustees' remuneration for these items for the year was £101,049 (2017: £72,895).

Risk management

The Church is a fit for purpose organisational structure, Company Limited by Guarantee.

Both the risks and systems are regularly reviewed with a risk register maintained by the trustees. The risk register presents the principal risks facing the Church in the following categories:

- Governance Risks
- Operational Risks
- Financial risks
- External risks
- Law and regulation compliance risks

These risks have been mitigated, with action taken including the following:

- Appointment of diverse skilled individuals to the Board of Trustees
- Appointment of qualified and appropriately experienced employees, in particular to the areas of HR, OH&S and Asset Management
- Separation of authority to approve significant financial decisions
- Regular reporting of areas of risk to the trustees
- Engagement of external consultants to advise on significant issues
- Regular review of policies and procedures

The principal external risk has been loss of large premises in which to hold Sunday services. The Trustees have taken steps to mitigate this by:

- Establishing commercial relationships with alternative theatre venues in central London
- The lease of premises in South East London for services, including mid-week activities, additional offices and production facilities
- The acquisition of permanent venues in Tonbridge, Kent and Newcastle, Tyne and Wear

Trustees' Report (Including Strategic Report) (continued)

The trustees, working closely with the members and management team, have in place the infrastructure to continue our mission to advance the Christian faith through growing the Church and maintaining our mission to London, the UK and other nations.

Trustees' statement of responsibilities

The Trustees (who are also directors of Hillsong Church London for the purposes 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. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and group and of the income, expenditure and financial activities of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

Auditors

RSM UK Audit LLP has expressed its willingness to continue in office.

Statement of disclosure to auditors

- a) So far as the Trustees are aware, there is no relevant audit information of which the charity's auditors are unaware, and
- b) They have taken all the steps they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

The Trustees Report, which incorporates the Strategic Report has been approved by the Board of Trustees at its meeting on.....3 JUNE..... 2019 and signed on its behalf by:



R A Newton
Director

Independent Auditor's report to the Members of Hillsong Church London

Opinion on financial statements

We have audited the financial statements of Hillsong Church London (the 'charitable company') for the year ended 31 December 2018 which comprise the Statement of Financial Activities, Statement of Financial Position, the Cash Flow Statement and notes to the financial statements, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 2018 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.

Basis of 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 the financial statements 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 financial statements 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.

Conclusions 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 financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements 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 financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 financial statements 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 the audit: the information given in the Trustees' Report, which includes the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Independent Auditor's report to the Members of Hillsong Church London (continued)

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 Trustee's Report and the Incorporated Strategic Report.

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

- 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 financial statements 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.

Responsibilities of 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 financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 charitable 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 financial statements as a whole are free from material misstatement, 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 financial statements.

A further description of our responsibilities for the audit of the financial statements 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.

Use of our report

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

RSM UK Audit LLP

MALCOLM PIROUET (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

26 June 2019

Statement of Financial Activities
For the Year Ended 31 December 2018

		2018			2017		
	Notes	Unrestricted funds £	Restricted funds £	Total £	Unrestricted funds £	Restricted funds £	Total £
Incoming resources							
Donations	3	15,442,604	1,061,935	16,504,539	14,746,563	773,725	15,520,288
Charitable activities	4	3,363,086	-	3,363,086	3,039,356	-	3,039,356
Investments		3,864	-	3,864	974	-	974
Total incoming resources		18,809,554	1,061,935	19,871,489	17,786,893	773,725	18,560,618
Resources expended							
Raising funds	5	4,733,633	-	4,733,633	4,407,985	-	4,407,985
Charitable activities	5	14,306,827	610,053	14,916,880	13,269,955	580,875	13,850,830
Total resources expended		19,040,460	610,053	19,650,513	17,677,940	580,875	18,258,815
Net movement in funds		(230,906)	451,882	220,976	108,953	192,850	301,803
Reconciliation of funds:							
Total funds brought forward	16	5,390,374	1,487,679	6,878,053	5,129,265	1,446,985	6,576,250
Transfer of funds	16	-	-	-	152,156	(152,156)	-
Total funds carried forward		5,159,468	1,939,561	7,099,029	5,390,374	1,487,679	6,878,053

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

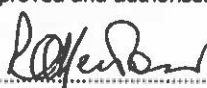
All income and expenditure derive from continuing activities.

Hillsong Church London
Year Ended 31 December 2018

Statement of Financial Position as at 31 December 2018

		2018		2017	
	Note	£	£	£	£
Fixed assets					
Tangible assets	9		10,070,534		10,074,381
Current assets					
Stocks		106,607		64,801	
Debtors	10	1,988,972		1,769,054	
Cash at bank and in hand	11	2,352,194		2,374,736	
Total Current assets		4,447,773		4,208,591	
Liabilities					
Creditors: amounts falling due within one year	12	(3,790,787)		(3,445,976)	
Net current assets			656,986		762,615
Total assets less current liabilities			10,727,520		10,836,996
Creditors: Amounts falling due after more than one year	14		(3,628,491)		(3,958,943)
Total Net assets			7,099,029		6,878,053
The funds of the charity					
Restricted income funds	17		1,939,561		1,487,679
Unrestricted income funds			5,159,468		5,390,374
Total charity funds			7,099,029		6,878,053

Approved and authorised for issue by the trustees on 3 JUNE 2019 and were signed on its behalf by:


.....
R A Newton
Director

The notes on pages 16 – 27 form part of these financial statements.
Company number: 05487537 (England and Wales)
Charity number: 1120355 (England and Wales)

Hillsong Church London
Year Ended 31 December 2018

Statement of Cash Flows
For the year ended 31 December 2018

	Note	2018 £	2017 £
Cash generated from operating activities	19	1,359,113	1,819,745
Cash flows from investing activities			
Interest income		3,864	974
Interest expenditure		(131,818)	(122,470)
Purchase of tangible fixed assets		(802,512)	(1,411,034)
Proceeds on disposal of tangible assets		19,612	3,150
Cash used in investing activities		(910,854)	(1,529,380)
Cash flows from financing activities			
Issue of loan		-	150,822
Repayment of borrowings		(370,686)	(378,356)
Payment of obligations under finance leases		(100,116)	(51,967)
Cash used in financing activities		(470,802)	(279,501)
(Decrease) / increase in cash and cash equivalents in the year		(22,542)	10,864
Cash and cash equivalents at the beginning of the year		2,374,736	2,363,872
Cash and cash equivalents at the end of the year	11	2,352,194	2,374,736

Notes forming part of the Financial Statements

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

General information

Hillsong Church London is a company limited by guarantee (Companies House No. 05487537) and a registered charity (Registered Charity No. 1120355). It is governed by Memorandum and Articles of Association dated 22 June 2005 and most recently amended 27 September 2018. It is incorporated and domiciled in the United Kingdom. The address of the registered office is 425 New Kings Road, Fulham, London, SW6 4RN.

Basis of preparation

These Financial Statements have been prepared in accordance with the Charities Act 2011, the Companies Act 2006, and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Hillsong Church London meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historic cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

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 whole £.

Going concern

The trustees consider the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Church to continue as a going concern.

Income

Donation income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met and it is probable that the income will be received and the income can be reliably measured.

Income is received by way of donations, tithes and offerings and is included in full in the statement of financial activities when received. Donations arising under Gift Aid are accounted for on the date of receipt and provisions are made for income tax remaining unclaimed at the year end.

Income from charitable activities

Income from conferences, events, and sales of Christian resources are made in furtherance of the objects of the Church, and are accounted for when income is receivable.

Income received in advance of an event is deferred until the criteria for income recognition are met.

Investment income

Investment income relates to interest on funds held on deposit and is recognised when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

Notes forming part of the Financial Statements (continued)

1. Accounting policies (continued)

Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Cost of raising funds comprises the costs of commercial trading including venue premises, productions and their associated support costs.
- Expenditure on charitable activities includes, but is not limited to, the cost of conferences and events, resource sales, teaching and ministry, missions and governance.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Allocation of support costs

Total expenditure includes the allocation of support costs to the various expenditure categories set out in the statement of financial activities. These support costs relate to the corporate functions including information technology, property and facilities management, human resources, finance and governance, in addition to the support costs incurred by communications and other centralised departments that are not otherwise directly allocated. Support costs have been allocated to activities based on the apportionment of time spent by employees in each category. This apportionment is calculated for each key employee department.

Governance costs represent costs from external service providers relating to the strategic management of the Church. While the trustees meet regularly on an informal and formal basis to discuss strategic and governance issues, the Church structure and involvement of the trustees in its day-to-day activities means that these meetings do not give rise to specific costs.

Leases

An asset and corresponding liability are recognised for leasing agreements that transfer to the Church substantially all of the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are expensed as incurred.

Operating lease rentals are charged to the statement of financial activities on a straight line basis over the life of the lease.

Restricted funds

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to that fund.

The Building Fund was set up using gifts specified to be used to acquire appropriate accommodation for the Church in the future, and to make improvements to church accommodation.

Unrestricted funds

Unrestricted funds are donations and other income received or generated for the objectives of the Church without further specified purpose and are available as general funds.

Notes forming part of the Financial Statements (continued)

1. Accounting policies (continued)

Tangible fixed assets

Fixed assets are for use by the Church in fulfilling its main charitable objectives and are capitalised and depreciated. Items under £1,000 are written off against income in the year of purchase.

Depreciation is charged at a rate to reduce useful economic lives of tangible fixed assets to £nil in accordance with the following policies:

Freehold buildings	- 2% reducing balance basis (10%-25% on property improvements)
Production equipment	- 10-33% straight line basis
Vehicles	- 33.3-50% straight line basis
Office equipment	- 20-33.3% straight line basis
Leasehold improvements	- 10-20% straight line basis

No depreciation is provided in respect of freehold land.

Donated goods

Donated goods for on-going use by a charity in carrying out its activities are recognised as tangible fixed assets with the corresponding gain recognised as income from donations within the statement of financial activities.

Donated goods held as tangible fixed assets are subject to depreciation and are assessed at the reporting date of whether there is any indication that the asset should be written down to its recoverable amount.

Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the charitable company estimates the recoverable amount of the asset.

Stocks

Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

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 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 are initially recognised at transaction price. The Charity has not entered into any financing transactions.

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.

Cash and cash equivalents

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Notes forming part of the Financial Statements (continued)

1. Accounting policies (continued)

Employee benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Pensions

The church contributes to a defined contribution scheme with Scottish Widows in respect of staff. Contributions are charged to the income and expenditure account when payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

2. Judgement in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations for future events that are believed to be reasonable under the circumstances.

(i) Leases

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Company as lessee.

3. Incoming resources from donations

	Unrestricted £	Restricted £	2018 Total £	Unrestricted £	Restricted £	2017 Total £
Tithes & Offerings	12,774,553	1,061,935	13,836,488	12,135,150	773,725	12,908,875
Gift Aid Claimed	2,668,051	-	2,668,051	2,611,413	-	2,611,413
	<u>15,442,604</u>	<u>1,061,935</u>	<u>16,504,539</u>	<u>14,746,563</u>	<u>773,725</u>	<u>15,520,288</u>

Included in the above 2017 Gift Aid income is £416,842 of income that relates to a one off claim in respect of amounts unprovided in 2016.

4. Income from charitable activities

	Unrestricted £	Restricted £	2018 Total £	Unrestricted £	Restricted £	2017 Total £
Conferences and events	2,739,266	-	2,739,266	2,491,854	-	2,491,854
Resource sales	261,599	-	261,599	280,472	-	280,472
Music royalties receivable	15,164	-	15,164	18,282	-	18,282
Other income	347,057	-	347,057	248,748	-	248,748
	<u>3,363,086</u>	<u>-</u>	<u>3,363,086</u>	<u>3,039,356</u>	<u>-</u>	<u>3,039,356</u>

Notes forming part of the Financial Statements (continued)

5. Total resources expended

	Basis of allocation	Cost of raising funds	Conference and events	Resource sales	Teaching and ministry	Missions	Governance costs	Total 2018	Total 2017
		£	£	£	£	£	£	£	£
Costs directly allocated to activities									
Staff costs	Direct	-	288,736	-	3,340,644	-	-	3,629,380	3,356,402
Venue costs	Direct	3,193,867	829,045	-	77,475	-	-	4,100,387	3,624,765
Production costs, equipment hire and transport costs	Direct	877,781	859,049	-	46,117	-	-	1,782,947	1,853,459
Ministry and mission expenses	Direct	-	1,405,300	-	2,605,031	798,495	-	4,808,826	4,141,905
Cost of sales	Direct	-	-	267,686	-	-	-	267,686	217,348
Support costs allocated to activities									
Staff costs	Staff time	68,503	224,779	11,417	714,295	28,965	10,743	1,058,702	889,259
Premises	Staff time	18,873	61,928	3,145	196,793	7,980	2,960	291,679	274,677
General management and office administration costs	Staff time	144,543	474,290	24,090	1,507,188	61,118	22,668	2,233,897	2,458,195
Communications and IT costs	Staff time	26,723	87,686	4,454	278,647	11,299	4,191	413,000	388,343
Legal and professional	Direct	-	-	-	-	-	38,198	38,198	64,150
Accounting fees	Direct	-	-	-	-	-	41,756	41,756	48,065
Audit fees	Direct	-	-	-	-	-	29,900	29,900	28,000
Depreciation	Staff time	403,343	126,408	6,421	401,695	16,289	-	954,156	911,589
Total resources expended		4,733,633	4,357,221	317,213	9,167,885	924,146	150,416	19,650,514	18,256,157

Expenditure on charitable activities was £14,916,880 (2017: £13,850,830), of which £14,306,827 was unrestricted (2017: £13,269,955) and £610,053 was restricted (2017: £580,875).

Notes forming part of the Financial Statements (continued)

6. Analysis of expenditure

This is stated after charging:

	2018	2017
	£	£
Auditors' remuneration - audit	29,900	29,000
Auditors' remuneration - other services	16,770	22,000
Depreciation	-	-
Owned	902,058	861,396
Leased	52,099	50,193
Operating lease rentals	501,290	226,944
Profit on disposal of fixed assets	15,477	1,575
	<hr/>	<hr/>

7. Analysis of staff costs and costs of key management personnel

	2018	2017
	£	£
Wages and salaries	4,002,027	3,620,166
Social security costs	413,873	379,921
Pension costs	79,465	53,553
	<hr/>	<hr/>
	4,495,365	4,053,640
	<hr/>	<hr/>

No trustee received remuneration in relation to their duties as trustees or incurred expenses (2017: *Nil*). During the year four (2017: three) trustees received remuneration in respect of services provided by them including legal services, management consultancy services and supplying teaching resources. The trustees' remuneration for the year was £101,049 (2017: £72,895). The trustees are responsible for governing the charity and directing how it is managed and run.

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The total employee benefits and remuneration of the key management personnel during the year, including employer NI, was £376,057 (2017: £373,376).

Pensions contributions paid to higher paid staff during the year to 31 December 2018 were £5,063 (2017: £2,798).

The average monthly number of employees during the year was as follows:

2018	2017
No	No
124	114
<hr/>	<hr/>

Two members of staff received remuneration between £160,000 - £170,000 (2017: one), none between £150,000 - £160,000 (2017: one), one between £90,000 - £100,000 (2017: one), one between £70,000 - £80,000 (2017: one) and one between £60,000 - £70,000 (2017: one).

Notes forming part of the Financial Statements (continued)

8. Donated services and facilities

There are approximately 2,200 (2017: 2,000) unpaid volunteers involved in activities conducted or supported by Hillsong Church. The value to be placed on these resources cannot be reliably quantified and measured and is not therefore recognised in the statement of financial activities.

9. Tangible fixed assets

	Freehold land and buildings	Leasehold Improvement	Production equipment	Vehicles	Office equipment	Total
	£	£	£	£	£	£
Cost						
At 1 January 2018	7,473,301	1,166,106	4,830,219	420,945	1,484,878	15,375,449
Additions	206,809	41,115	450,840	94,407	161,273	954,444
Disposals	-	-	-	(66,651)	(4,922)	(71,573)
At 31 December 2018	7,680,110	1,207,221	5,281,059	448,701	1,641,229	16,258,320
Depreciation						
At 1 January 2018	546,822	640,098	2,873,615	283,902	956,631	5,301,068
Charge for the year	157,178	154,361	403,343	70,624	168,651	954,157
On disposals	-	-	-	(66,651)	(788)	(67,439)
At 31 December 2018	704,000	794,459	3,276,958	287,875	1,124,494	6,187,786
Net book value 31 December 2018	6,976,110	412,762	2,004,101	160,826	516,735	10,070,534
Net book value 31 December 2017	6,926,479	526,008	1,956,604	137,043	528,247	10,074,381

Barclays Plc holds a first charge over all tangible fixed assets owned by The Church under mortgage at the year end.

Included in the total net book value of assets is £218,550 (2017: £220,779) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £52,099 (2017: £61,879).

10. Debtors

	2018 £	2017 £
Trade Debtors	36,332	44,652
Gift Aid recoverable	305,963	237,932
Other debtors	545,289	475,085
Prepayments and accrued income	1,101,388	1,011,385
	1,988,972	1,769,054

Notes forming part of the Financial Statements (continued)

11. Cash at bank and in hand

	2018 £	2017 £
Cash at bank	2,333,680	2,363,240
Cash in hand	18,513	11,496
	<hr/>	<hr/>
	2,352,193	2,374,736
	<hr/>	<hr/>

12. Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loan	365,700	383,791
Obligations under finance leases	130,315	100,639
Trade creditors	1,251,443	1,118,408
Taxation and social security	109,959	102,359
Other creditors	190,749	256,738
Accruals and deferred income	1,742,621	1,484,039
	<hr/>	<hr/>
	3,790,787	3,445,974
	<hr/>	<hr/>

The bank loan was borrowed in July 2008 from Barclays Bank over a 25 year term with 225 capital repayment instalments. The current repayments are £9,161 together with interest payments at the bank base rate plus 1.25%.

A second loan was borrowed in October 2014 from Barclays Bank over a 5 year term with 60 capital repayment instalments of £14,368 including interest payments of £1,769. There was an additional drawdown in January 2015 over a 5 year term with 60 capital repayment instalments of £952 including interest payments of £117.

A third loan was borrowed in August 2016 from Barclays Bank over a 5 year term with 20 capital repayment instalments. The current repayments are £3,621 together with interest payments at the bank base rate plus 2.25%.

A fourth loan was borrowed in August 2016 from Barclays Bank over a 5 year term with 20 capital repayment instalments. The current repayments are £45,756 together with interest payments at the bank base rate plus 2.25%.

Finance leases were taken out during prior years for motor vehicles and production equipment over lease terms of 3 years with 35 capital repayment instalments. Two finance leases were taken out in 2018 for a motor vehicles and over a lease term of 3 years with 35 capital repayment instalments with one finance lease taken out in 2018 for a motor vehicle over a lease term of 5 years with 60 capital repayments. The total current repayments are £13,634 including interest of £1,572.

Included in other creditors above is £17,563 (2017: £8,003) owing to the pension fund.

Notes forming part of the Financial Statements (continued)

13. Deferred income

	2018 £	2017 £
At 1 January	1,270,145	960,452
Less amount released to income resources	(1,270,145)	(960,452)
Plus amount deferred in the year	1,378,317	1,270,145
	<hr/>	<hr/>
At 31 December	1,378,317	1,270,145
	<hr/>	<hr/>

As at 31 December 2018 and 31 December 2017 all deferred income relates to income received in advance of conferences and events to be held at a future date.

14. Creditors: amount falling due after more than one year

	2018 £	2017 £
Bank loan	3,501,312	3,853,905
Obligations under finance leases	127,179	105,038
	<hr/>	<hr/>
	3,628,491	3,958,943
	<hr/>	<hr/>
Analysis of bank loan and finance leases:	2018 £	2017 £
Debt can be analysed as falling due		
In one year or less, or on demand	496,015	484,430
Between one and two years	309,018	444,135
Between two and five years	3,319,474	2,836,998
In five years or more	-	677,809
	<hr/>	<hr/>
	4,124,507	4,443,372
	<hr/>	<hr/>

15. Financial instruments

The carrying amount of the charity's financial instrument at 31 December were :

	2018 £	2017 £
Financial Assets		
Debt instruments measured at amortised cost	628,496	617,384
	<hr/>	<hr/>
Total	628,496	617,384
	<hr/>	<hr/>
Financial Liabilities		
Measured at amortised cost	5,931,001	6,032,413
	<hr/>	<hr/>
Total	5,931,001	6,032,413
	<hr/>	<hr/>

Notes forming part of the Financial Statements (continued)

16. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	2018 Total £	Unrestricted Funds £	Restricted Funds £	2017 Total £
Tangible fixed assets	9,497,996	572,538	10,070,534	9,484,176	590,205	10,074,381
Current assets	3,080,750	1,367,023	4,447,773	3,311,117	897,474	4,208,591
Current liabilities	(3,790,787)	-	(3,790,787)	(3,445,976)	-	(3,445,976)
Non-current liabilities	(3,628,491)	-	(3,628,491)	(3,958,943)	-	(3,958,943)
Fund Total	5,159,468	1,939,561	7,099,029	5,390,374	1,487,679	6,878,053
Reconciliation of funds						
Total funds brought forward at 1 January	5,390,374	1,487,679	6,878,053	5,129,265	1,446,985	6,576,250
Movement in funds	(230,906)	451,882	220,976	108,953	192,850	301,803
Transfer of funds	-	-	-	152,156	(152,156)	-
Total funds carried forward at 31 December	5,159,468	1,939,561	7,099,029	5,390,374	1,487,679	6,878,053

The transfer of funds represents previously charged depreciation on buildings that has been reclassified against Restricted Funds to more accurately reflect the use of assets within the Charity.

17. Analysis of restricted income funds

Summary of the activity of the restricted funds was as follows :

	Balance Brought forward £	Incoming resources £	Outgoing resources £	Balance carried forward £
Spring the Trap	92,827	98,328	(124,054)	67,101
Because We Can	29,256	352,871	(317,893)	64,234
Building Fund	1,365,596	606,086	(163,456)	1,808,226
Youth Services	-	4,650	(4,650)	-
Total	1,487,679	1,061,935	(610,053)	1,939,561

The major restricted funds comprise Hillsong Foundation Funds, including:

Spring The Trap

As 'Green Light' (formerly City Care) funds are generated in order to provide care, compassion and support to people from all walks of life facing challenges in the local community.

Because We Can

Hillsong Church London collaborates with international social justice organisations as part of a global effort to make poverty history.

Youth Services

As the 'I Care Revolution' Hillsong delivers a strong message via schools to encourage people to start to take responsibility and care for others.

Building Fund

The Building Fund was set up using gifts specified to be used to acquire appropriate accommodation for the Church in the future, and to make improvements to church accommodation.

Notes forming part of the Financial Statements (continued)

18. Commitments

The total future minimum payments under non-cancellable operating leases are as follows:

	2018	2017
	£	£
Operating leases which expire :		
Within one year	501,290	414,615
Between one and five years	1,429,111	519,846
In over five years	427,374	-
	<hr/>	<hr/>
	2,357,775	934,461
	<hr/>	<hr/>

The above commitments include a new five year lease signed in 2018 for the existing office premises in London.

19. Reconciliation of net movement in funds to net cash flow from operating activities

	2018	2017
	£	£
Net movements in funds	220,975	301,803
Deduct interest income shown in investing activities	(3,864)	(974)
Add back interest expenditure shown in investing activities	131,818	122,470
Add back depreciation charges	954,157	911,589
Profit on disposal of tangible asset	(15,477)	(1,575)
(Increase) / decrease in stocks	(41,806)	3,977
Increase in debtors	(219,918)	(25,478)
Increase in creditors	333,228	507,933
	<hr/>	<hr/>
Net cash provided by operating activities	1,359,113	1,819,745
	<hr/>	<hr/>

Notes forming part of the Financial Statements (continued)

20. Related party transactions

Hillsong NL and Hillsong Espana are considered related parties as the board of trustees for these entities consist of trustees and management personnel of Hillsong London.

During the year there were related party transactions totalling £25,644 (2017: £39,351) with Hillsong NL. These transactions represent costs on behalf of Hillsong NL, which were reimbursed, or revenue from Hillsong NL for events by Hillsong London. There were also costs of £49,815 (2017: £36,678) paid on behalf of Hillsong Espana. There were no donations received from related parties (2017: £nil).

No trustee received remuneration in relation to their duties as trustees or incurred expenses (2017: £nil). During the year trustees received remuneration in respect of services provided by them including legal services, management consultancy services and supplying teaching resources. The trustees' remuneration for these items for the year was £101,049 (2017: £72,895), remunerated to the following trustees:

	2018	2017
	£	£
Scott Wilson:		
- Consultancy fees	20,500	20,000
- Sales Teaching Resources	-	781
Ray Newton: Salary - Legal Counsel	32,212	46,742
David Whitewood: Salary	39,465	-
Rebecca Van Dijk: Consultancy fees	8,872	5,372
Total	<u>101,049</u>	<u>72,895</u>

There were no other outstanding balances with related parties as at 31 December 2018 (2017: £nil)

21. Controlling party

The company is limited by guarantee and does not have share capital. No one individual member has control.