

CHARITY REGISTRATION NUMBER 1119791
COMPANY REGISTRATION NUMBER 5999100

HOPE CITY CHURCH
GROUP ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019

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

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HOPE CITY CHURCH

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The trustees present their report and financial statements for the year ended 31 March 2019.

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

By March 2019 Hope City Church had grown to a community of over 4,000 people worldwide. Sheffield continues to represent the largest congregation. Over the last eighteen months the Sheffield location experienced significant transitions within leadership and throughout these changes have re-established core values and culture. At the end of March 2019, the Sheffield average attendance was approximately 1400.

Leeds and York locations combined have maintained a total attendance of around 500 despite a major venue move as a result of the sale of the Leeds Megacentre. Newcastle and Sunderland have a combined total of around 260 strong and strength continues alongside current Newcastle building expansions. At the time of writing this report, Liverpool have maintained an active membership of 250 despite a temporary drop in attendance to around 190 people as at end of March 2019. Both the Birmingham and London locations have maintained a strong attendance of around 225 people in Birmingham and 195 in London.

Our international locations have seen substantial progress playing a huge part in our overall church growth. Frankfurt and Darmstadt combined have a strong attendance of 280. Kuala Lumpur has also grown to 250 strong. Hope City Accra has had another year of significant expansion and now has a total active membership of over 720 as at end of March 2019.

HOPE CITY CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Church Property

As of March 2019, Hope City Church owned two buildings to house its work and ministry and that of its affiliated organisations.

The Sheffield Megacentre comprises a large auditorium and overflow facility ('The Forge' with seating capacity for over 150 people) as well as varied and extensive conferencing and training rooms, office space, an indoor play centre and café. The café and play centre have undergone some refurbishment and equipment upgrades as well as a staffing restructure. The intention is to provide a foundation to deliver a number of the community projects that are currently being planned by the group. The church is also actively promoting conferencing and room hire in order to grow income streams as part of its external fundraising strategy. This has seen steady growth throughout the year and continues to attract new visitors to the Megacentre. As a result of this and the charity's intention to grow its charitable community programmes, the Megacentre currently attracts in excess of 5000 visits per month throughout the week with this number continuing to rise steadily.

The Sheffield Megacentre has been on the market since April 2014 with commercial property consultants Knight Frank as part of a strategy to relocate the church to a new site. Following an offer being made at £1.5m which did not proceed, the Trustees opted to retain the building as a community asset; choosing to continue to build on its history and track record to further the objects of the church and deliver activities and projects which will create social value throughout the city of Sheffield, especially in communities which experience cycles of deprivation and disadvantage.

As a result of the decision to retain the Sheffield Megacentre, the church is embarking on a programme of additional capital refurbishment in addition to its plans to purchase land and build a new facility for the church. A funding strategy has been created and consistent effort is now being invested in making applications to grant funders.

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.

The Liverpool congregation of the church has been searching for a permanent home for the church. Whilst it has not been able to purchase a building, it has been looking to invest in a leased property. In this financial year the church identified a 14,500 ft² building in Liverpool. By the end of the financial year the church had secured a 15-year lease on the premises. At the time of writing this report the church has completed a major refurbishment of the building on all three floors, in total investing almost £300,000 of funds held and designated for this purpose. The new building was opened in September 2019.

Hope City Newcastle have also been giving consideration to undertaking work on the building they occupy under lease. At the time of writing this report work is underway to extend the building, providing a larger meeting space. The projected investment is expected to be in the region of £160,000. The church has agreed a new 10-year lease for the premises.

Hope City Church also owns the land and building commonly known and numbered as 89 Beaumont Road North, Sheffield, S2 1RT. The charity is currently in the process of completing a sale with City Hearts UK for this property for it to be used to further the objects of this charity.

HOPE CITY CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Annual Giving

In addition to regular giving, Hope City Church undertook two major giving campaigns this year.

'First Fruits' in September 2018, in which £140k (including Gift Aid) was given or pledged towards Christian Missions and central running costs across Hope City Church. This amount was down significantly from the previous year but can be explained through a heightened time of overall transition.

The 'Dream Offering' has continued to go towards the buildings and venue costs for all locations and was comprised of one-off giving, standing orders and financial pledges

Staffing

At the beginning of the financial period Gross Monthly Pay on salaries for Hope City Church was £64,984 for 45 people working on either a full time or part time basis. By the end of the financial period in March 2019 the Gross Monthly Pay to Hope City staff had decreased to £64,326 employing 45 people. At the time of compiling this report, both the Gross Monthly Pay and the total of people employed had reduced further adhering to appropriate budget saving overall.

Hope City Church Internship Programme

A key part of the mandate of Hope City Church is a commitment to raise up and champion both local and global leaders across Hope City Church and beyond. Previously known as Whitefields Leadership College, Hope City Internships launched September 2019 with a very healthy intake of 48 students representing all Hope City Church locations. The Hope City Internship is a one to three day a week internship programme which combines practical training and experience across a broad range of ministries. Jo and Lois Willis have taken on the role of Internship Deans under the continued oversight of Pastor Dave Gilpin.

Annual Conferences

Hope City Church has an extended mission to resource the global church. In order to further this goal, the church hosted and ran many successful conferences within this financial year. Each conference directly influenced hundreds of families and individuals worldwide and through teaching and equipping, made a significant impact on the wider church community.

Preaching Ministry

As part of the mandate and mission to resource and equip the global church community beyond the borders of Hope City Church, Senior Pastors Dave and Jenny Gilpin along with the wider senior leadership team preached in over 40 churches across the world in this financial period. This includes speaking regularly at the congregations of Hope City Church in the UK and worldwide, and at many C3 locations including Oxford Falls, Sydney, Australia.

HOPE CITY CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Subsidiary and other controlled companies

The achievements and performance of the church's subsidiaries and other controlled companies for the year ended 31 March 2019 were as follows:

- Megacentre Limited through its trading activities suffered a loss of £66,658 (2018: £64,745). Closing shareholders' funds were in deficit at £545,433 (2018: £478,775). 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.
- Hope City Foundation, formerly Meganursery, made a deficit of £3,124 (2018 surplus of £23,353) this year. The charity had made a donation to Hope City Church of £Nil (2018: £20,000). Closing funds were £67,083 (2018: £70,207) all of which were unrestricted. Hope City Foundation 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 £152,108 (2018: £447,142). Closing funds were £1,265,215 (2018: £1,113,107), of which £1,215,975 (2018: £1,034,845) 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 day management of the church, for which the budget leader for each department is responsible.

The Statement of Financial Activities shows a net decrease in funds of £289,164 (2018: net increase in funding of £225,937) before gains on investment assets. The church has general unrestricted reserves of £502,600 excluding the revaluation reserve, compared with £565,453 the previous year. The trustees have identified that the reserves are at a low level, representing more than 35% (including the revaluation reserve) of annual net resources expended (2019: 45%). This percentage is much lower than previous years and the trustees are currently keeping this under review. The freely available unrestricted reserves were £144,588.

The Consolidated Statement of Financial Activities shows a net decrease in funds of £123,943 (2018: increase in funds of £702,209) before gains on investment assets. The group has general unrestricted reserves of £2,387,967 excluding the revaluation reserve, compared with £2,189,919 the previous year. The trustees have identified that the reserves are at a low level, representing more than 30% (including the revaluation reserve) of annual net resources expended (2018: 37%). The freely available unrestricted reserves were £1,123,000.

The financial results for the subsidiary entities are shown in note 26 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 March 2019, Hope City Church has £467,715 held in a treasury account with Kingdom Bank. These are funds collected from our Dream Offering and kept for future Dream Offering use.

HOPE CITY CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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.

Reserves

Hope City Church policy in general is to also work towards building three months' worth of cash reserves.

Recent investments

As a result of the recent GDPR legislation, both internal and external policies have been updated, data audits have been carried out and significant IT upgrades have taken place. Other investments consist of additional HR and Health and Safety training including Hope City Church joining CCPAS – a child protection advice service.

Goals and Developments for 2019-2020

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

- Increasing our current investment in developing leaders and strengthening teams to build cross-generational engagement, volunteering, 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 emerging and practicing leaders through our Internship Programme and annual events.
- Developing location-specific community programmes to enhance the impact and standing of Hope City Church in the community by serving and meeting the needs of local people.
- Supporting the continued impact of City Hearts (including Europe, Africa and Asia).

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 Bengner	
C W Davies	
E Newton	(Resigned 12 May 2018)
O Olarinde	(Appointed 3 July 2018)
J Greenow	(Appointed 31 July 2018)

HOPE CITY CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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). Megacentre Limited is a wholly owned trading subsidiary of Hope City Church and operates to generate funds to resource the mission and objects of Hope City Church.

The objects of the church are also aligned to and expressed through the following companies which are limited by guarantee each having separate charitable status:

- Hope City Foundation, which operates an Ofsted Registered Early Years Day Nursery on the premises and will in future be the primary means by which the social mission of the church will be delivered.
- City Hearts (UK), which operates the mercy and community arm of the church.

Disclosure of information to auditors

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

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



C Davies
Trustee

Dated: 19 December 2019

HOPE CITY CHURCH

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2019

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 2019 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 2019 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.

Use of our 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

19 December 2019

Chartered Accountants
Statutory Auditor

HOPE CITY CHURCH

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<u>Income from:</u>					
Donations and gifts	3	1,774,487	465,007	2,239,494	2,220,067
Charitable activities	4	4,591,228	91,430	4,682,658	3,925,743
Other trading activities	5	107,243	-	107,243	114,500
Investments	6	2,396	2,986	5,382	5,327
Other income	7	<u>102,503</u>	<u>-</u>	<u>102,503</u>	<u>-</u>
Total income		<u>6,577,857</u>	<u>559,423</u>	<u>7,137,280</u>	<u>6,265,637</u>
<u>Expenditure on:</u>					
Raising funds	8	155,494	33,150	188,644	178,631
Charitable activities	9	6,289,779	761,424	7,051,203	5,384,797
Other	14	<u>1,194</u>	<u>-</u>	<u>1,194</u>	<u>-</u>
Total expenditure		<u>6,446,647</u>	<u>794,574</u>	<u>7,241,041</u>	<u>5,563,428</u>
Net incoming/(outgoing) resources before associated undertakings and transfers		131,390	(235,151)	(103,761)	702,209
Gross transfers between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net incoming/(outgoing) resources		131,390	(235,151)	(103,761)	702,209
Other recognised gains and losses					
Revaluation of tangible fixed assets		<u>(20,182)</u>	<u>-</u>	<u>(20,182)</u>	<u>-</u>
Net movement in funds		111,208	(235,151)	(123,943)	702,209
Fund balances at 1 April 2018		<u>2,107,653</u>	<u>750,366</u>	<u>2,858,019</u>	<u>2,155,810</u>
Fund balances at 31 March 2019		<u>2,218,861</u>	<u>515,215</u>	<u>2,734,076</u>	<u>2,858,019</u>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006 and has been prepaid on the basis that all operations are continuing.

HOPE CITY CHURCH

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<u>Income from:</u>					
Donations and gifts	3	1,648,199	405,007	2,053,206	2,173,849
Charitable activities	4	353,581	11,430	365,011	356,531
Other trading activities	5	25,657	-	25,657	18,104
Investments	6	1,768	2,986	4,754	5,327
Other income	7	<u>102,503</u>	<u>-</u>	<u>102,503</u>	<u>-</u>
Total income		<u>2,131,708</u>	<u>419,423</u>	<u>2,551,131</u>	<u>2,553,811</u>
<u>Expenditure on:</u>					
Raising funds	8	7,373	33,150	40,523	25,093
Charitable activities	9	2,109,357	592,402	2,701,759	2,238,517
Other	14	<u>77,831</u>	<u>-</u>	<u>77,831</u>	<u>64,264</u>
Total resources expended		<u>2,194,561</u>	<u>625,552</u>	<u>2,820,113</u>	<u>2,327,874</u>
Net (outgoing)/incoming resources		(62,853)	(206,129)	(268,982)	225,937
Other recognised gains and losses					
Revaluation of tangible fixed assets		<u>(20,182)</u>	<u>-</u>	<u>(20,182)</u>	<u>-</u>
Net movement in funds		(83,035)	(206,129)	(289,164)	225,937
Fund balances at 1 April 2018		<u>1,066,070</u>	<u>672,104</u>	<u>1,738,174</u>	<u>1,512,237</u>
Fund balances at 31 March 2019		<u>983,035</u>	<u>465,975</u>	<u>1,449,010</u>	<u>1,738,174</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 2019

	Notes	2019 £	2018 £
Fixed assets			
Tangible assets	15	2,142,470	3,112,888
Current assets			
Stocks	17	5,500	5,500
Debtors	18	771,148	753,712
Cash at bank and in hand		<u>1,265,760</u>	<u>1,255,389</u>
		2,042,408	2,014,601
Creditors: amounts falling due within one year	19	<u>(462,237)</u>	<u>(519,482)</u>
Net current assets		<u>1,580,171</u>	<u>1,495,119</u>
Total assets less current liabilities		3,722,641	4,608,007
Creditors: amounts falling due after one year	20	<u>(988,565)</u>	<u>(1,749,988)</u>
Net assets		<u>2,734,076</u>	<u>2,858,019</u>
Income funds			
Restricted funds	22	515,215	750,366
<u>Unrestricted funds:</u>			
Retained within the charity		2,387,967	2,189,919
Revaluation reserve		<u>376,427</u>	<u>396,609</u>
		2,764,394	2,586,528
Non-charitable trading funds		<u>(545,533)</u>	<u>(478,875)</u>
		<u>2,734,076</u>	<u>2,858,019</u>

The financial statements were approved by the board of directors and authorised for issue on 19 December 2019 and are signed on its behalf by:



C Davies
Trustee

Company Registration No. 5999100

HOPE CITY CHURCH

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	2018 £
Fixed assets			
Tangible assets	15	1,701,685	2,682,334
Current assets			
Stocks	17	5,000	5,000
Debtors	18	105,145	325,191
Cash at bank and in hand		<u>650,259</u>	<u>594,608</u>
		760,404	924,799
Creditors: amounts falling due within one year	19	<u>(201,183)</u>	<u>(301,881)</u>
Net current assets		<u>559,221</u>	<u>622,918</u>
Total assets less current liabilities		2,260,906	3,305,252
Creditors: amounts falling due in more than one year	20	<u>(811,896)</u>	<u>(1,567,078)</u>
Net assets		<u>1,449,010</u>	<u>1,738,174</u>
Income funds			
Restricted funds	22	465,975	672,104
<u>Unrestricted funds:</u>			
General unrestricted funds		502,600	565,453
Revaluation reserve		<u>480,435</u>	<u>500,617</u>
		<u>983,035</u>	<u>1,066,070</u>
		<u>1,449,010</u>	<u>1,738,174</u>

The financial statements were approved by the board of directors and authorised for issue on 19 December 2019 and are signed on its behalf by:



C Davies
Trustee

Company Registration No. 5999100

HOPE CITY CHURCH

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Group		2018	
		2019	2018	2019	2018
		£	£	£	£
Cash flow from operating activities					
Cash generated from operations	27		(144,637)		518,976
Investing activities					
Purchase of tangible fixed assets		(102,581)		(509,265)	
Proceeds on disposal of tangible fixed assets		1,052,900		3,077	
Interest received		<u>5,382</u>		<u>5,327</u>	
Net cash generated from/ (used in) investing activities			955,701		(502,579)
Financing activities					
Proceeds of new bank loans		-		195,000	
Repayment of bank loans		<u>(800,693)</u>		<u>(95,198)</u>	
Net cash generated from/(used in) financing activities			(800,693)		<u>99,802</u>
Net increase in cash and cash equivalents			10,371		117,917
Cash and cash equivalents at beginning of year			<u>1,255,389</u>		<u>1,137,472</u>
Cash and cash equivalents at end of year			<u>1,265,760</u>		<u>1,255,389</u>

	Notes	Charity		2018	
		2019	2018	2019	2018
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	27		(144,945)		182,977
Investing activities					
Purchase of tangible fixed assets		(62,994)		(84,367)	
Proceeds on disposal of tangible fixed assets		1,052,900		3,077	
Interest received		<u>4,754</u>		<u>5,327</u>	
Net cash generated from/ (used in) investing activities			994,660		(75,963)
Financing activities					
Repayment of bank loans		<u>(794,064)</u>		<u>(90,198)</u>	
Net cash used in financing activities			(794,064)		<u>(90,198)</u>
Net increase in cash and cash equivalents			55,651		16,816
Cash and cash equivalents at beginning of year			<u>594,608</u>		<u>577,792</u>
Cash and cash equivalents at end of year			<u>650,259</u>		<u>594,608</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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 2019

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 2019

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 2019

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 2019

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.

Critical judgements

Valuation of land and buildings

The estimates and assumptions which have a significant risk of causing material adjustment to the carrying amount of assets and liabilities are as follows.

The charity has revalued its land and buildings and depreciated from each revaluation. The trustees will ensure that valuations will be made regularly and will review the values of the land and buildings shown in the accounts each year to make a judgement as to whether any evidence exists that their values are materially different to the values in the financial statements. This may take into account the state of the fabric of the buildings and the conditions in the market for the types of property owned.

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

3 Donations and gifts

	Group			Total
	Unrestricted funds	Restricted funds	Total 2019	Total 2018
	£	£	£	£
Donations and gifts	<u>1,774,487</u>	<u>465,007</u>	<u>2,239,494</u>	<u>2,220,067</u>
For the year ended 31 March 2018	<u>1,707,801</u>	<u>512,266</u>		<u>2,220,067</u>

	Charity			Total
	Unrestricted funds	Restricted funds	Total 2019	Total 2018
	£	£	£	£
Donations and gifts	<u>1,648,199</u>	<u>405,007</u>	<u>2,053,206</u>	<u>2,173,849</u>
For the year ended 31 March 2018	<u>1,661,583</u>	<u>512,266</u>		<u>2,173,849</u>

4 Charitable activities

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Sales within charitable activities	451,128	476,558	143,917	164,240
Services provided under contract	4,217,008	3,423,173	-	-
Charitable rental income, recharges and other income	<u>28,522</u>	<u>26,012</u>	<u>221,094</u>	<u>192,291</u>
	<u>4,682,658</u>	<u>3,925,743</u>	<u>365,011</u>	<u>356,531</u>
Analysis by fund				
Unrestricted funds	4,591,228		353,581	
Restricted funds	<u>91,430</u>		<u>11,430</u>	
	<u>4,682,658</u>		<u>365,011</u>	
For the year ended 31 March 2018				
Unrestricted funds		3,800,743		356,531
Restricted funds		<u>125,000</u>		<u>-</u>
		<u>3,925,743</u>		<u>356,531</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

5 Other trading activities

	Group	
	2019	2018
	£	£
Megacentre Limited	81,586	96,396
Sales of books and resources	<u>25,657</u>	<u>18,104</u>
	<u>107,243</u>	<u>114,500</u>

	Charity	
	2019	2018
	£	£
Sales of books and resources	<u>25,657</u>	<u>18,104</u>

6 Investments

	Group			
	Unrestricted funds	Restricted funds	Total 2019	Total 2018
	£	£	£	£
Interest receivable	<u>2,396</u>	<u>2,986</u>	<u>5,382</u>	<u>5,327</u>
	<u>5,327</u>	<u>-</u>		<u>5,327</u>

	Charity			
	Unrestricted funds	Restricted funds	Total 2019	Total 2018
	£	£	£	£
Interest receivable	<u>1,768</u>	<u>2,986</u>	<u>4,754</u>	<u>5,327</u>
	<u>5,327</u>	<u>-</u>		<u>5,327</u>

	Group and Charity	
	2019	2018
	£	£
7 Other income		
Gain on disposal of tangible fixed assets	<u>102,503</u>	<u>-</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

8 Raising funds

	Unrestricted funds £	Group Restricted funds £	Total 2019 £	Total 2018 £
<u>Fundraising and publicity</u>				
Seeking donations, grants and legacies	8,825	-	8,825	390
Staging fundraising events	-	33,150	33,150	15,491
Fundraising and publicity	8,825	33,150	41,975	15,881
<u>Trading costs</u>				
Other trading activities	146,669	-	146,669	162,750
	155,494	33,150	188,644	178,631
For the year ended 31 March 2018				
Fundraising and publicity	-	15,887		15,887
Trading costs	162,750	-		162,750
	162,750	15,887		178,631

Raising funds include payments to the auditors of £1,650 (2018: £1,600) for services not connected to the charity and consolidated group accounts.

	Unrestricted funds £	Charity Restricted funds £	Total 2019 £	Total 2018 £
<u>Fundraising and publicity</u>				
Seeking donations, grants and legacies	-	17,043	17,043	390
Staging fundraising events	-	16,107	16,107	15,491
Fundraising and publicity	-	33,150	33,150	15,881
<u>Trading costs</u>				
Other trading activities	7,373	-	7,373	9,212
	7,373	33,150	40,523	25,093
For the year ended 31 March 2018				
Fundraising and publicity	-	15,881		15,881
Trading costs	9,212	-		9,212
	9,212	15,881		25,093

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

9 Charitable activities

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Staff costs	3,602,194	2,697,231	924,921	822,291
Depreciation and impairment	99,004	103,684	71,870	84,297
Church departments and events	74,965	85,329	74,965	85,329
Minister's consultancy fees	40,020	43,692	40,020	43,692
Food and drink	82,059	36,685	-	-
Activities and outings	42,266	35,985	-	-
City Hearts allowances	384,558	404,759	-	-
Hospitality and gifts	110,790	135,830	110,790	135,830
Rent, rates, and service charges	500,326	451,980	233,975	220,059
Insurance and utilities	158,754	129,048	89,925	86,832
Repairs and cleaning	423,921	311,270	229,884	211,270
Hire of office equipment	49,095	46,287	49,095	46,287
Subscriptions	39,990	53,163	33,023	49,351
Postage, stationery and adverts	90,673	103,821	64,707	86,823
Telephone and fax	63,208	45,744	19,211	14,949
Motor and travel expenses	482,636	383,133	223,968	172,184
Bad and doubtful debts	11,533	3,809	-	-
Educational activities	11,651	7,389	-	-
Legal, professional and consultancy fees	270,527	127,367	96,835	63,010
Staff recruitment and training	16,336	6,091	-	-
Catering costs	14,727	13,321	-	-
General expenses	80,675	77,619	59,340	50,172
Bank interest and charges	73,686	66,069	54,419	52,870
Development costs	<u>301,842</u>	<u>-</u>	<u>301,842</u>	<u>-</u>
	7,025,514	5,369,306	2,678,790	2,225,246
Grant funding of activities (see note 10)	22,289	12,941	19,569	10,721
Share of governance costs (see note 11)	<u>3,400</u>	<u>2,550</u>	<u>3,400</u>	<u>2,550</u>
	<u>7,051,203</u>	<u>5,384,797</u>	<u>2,701,759</u>	<u>2,238,517</u>

Analysis by fund

Unrestricted funds	6,289,779	2,109,357
Restricted funds	<u>761,424</u>	<u>592,402</u>
	<u>7,051,203</u>	<u>2,701,759</u>

For the year ended 31 March 2018

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>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

10 Grants payable

	Group	
	2019 £	2018 £
Grants to institutions (14 grants)	<u>22,289</u>	<u>12,941</u>
	<u>22,289</u>	<u>12,941</u>
	Charity	
	2019 £	2018 £
Grants to institutions (12 grants)	<u>19,569</u>	<u>10,721</u>
	<u>19,569</u>	<u>10,721</u>

11 Support costs

	Group and Charity				Basis of allocation
	Support costs £	Governance costs £	2019 £	2018 £	
Audit fees	<u>-</u>	<u>3,400</u>	<u>3,400</u>	<u>2,550</u>	Governance
	<u>-</u>	<u>3,400</u>	<u>3,400</u>	<u>2,550</u>	
Analysed between charitable activities	<u>-</u>	<u>3,400</u>	<u>3,400</u>	<u>2,550</u>	

Group

Governance costs includes payments to the auditors of £3,400 (2018: £2,550) for audit fees. Charitable activities costs includes payments of £15,080 (2018: £12,210) to the auditors for other services.

Charity

Governance costs includes payments to the auditors of £3,400 (2018: £2,550) for audit fees. Charitable activities costs includes payments of £7,328 (2018: £5,250) to the auditors for other services.

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

12 Trustees

D A Gilpin received emoluments of £43,300 (2018: £41,800) and pension contributions of £10,350 (2018: £10,304) 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 £40,020 (2018: £43,692). His wife was also an employee of the church and received £7,020 (2018: £1,170) for work carried out under contracts of employment. During the year his wife was an employee of City Hearts (UK), one of the subsidiaries. She received remuneration of £4,083 (2018: £24,500) and pension contributions of £82 (2018: £490) during the year for work carried out under her contract of employment. D A Gilpin's son received £Nil (2018: £800) for speaking at and holding worship sessions.

C Davies received emoluments of £37,500 (2018: £Nil) and pension contributions of £600 (2018: £Nil) during the year. A company owned and controlled by C Davies and his wife received £8,024 (2018: £27,418) for providing payroll and consultancy services to the charity. They received £9,197 (2018: £31,980) for providing payroll and consultancy services to the group. C Davies and his wife made donations totaling £21,155 to the church with donations being made personally by both of them and also through making donations from their business.

The wife of C W Davies received £2,771 (2018: £1,781) for speaking at and holding worship sessions.

None of the other trustees received emoluments during the year (2018: £nil).

No other trustees received any other benefits during the year (2018: £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 2019

13 Employees

Number of employees

The average number of employees during the year was:

	Group		Charity	
	2019 Number	2018 Number	2019 Number	2018 Number
Trustees of Hope City Church	6	5	6	5
Trustees / directors of subsidiaries	5	5	-	-
Employees	<u>214</u>	<u>181</u>	<u>44</u>	<u>39</u>
	<u>225</u>	<u>191</u>	<u>50</u>	<u>44</u>

Employment costs

	Group		Charity	
	Raising funds £	Charitable activities £	2019 £	2018 £
Wages and salaries	54,882	3,310,207	3,365,089	2,556,613
Social security costs	2,142	223,712	225,854	161,680
Other pension costs	<u>611</u>	<u>68,275</u>	<u>68,886</u>	<u>52,288</u>
	<u>57,635</u>	<u>3,602,194</u>	<u>3,659,829</u>	<u>2,770,581</u>

	Charity	
	2019 £	2018 £
Wages and salaries	839,813	745,665
Social security costs	57,339	51,094
Other pension costs	<u>27,769</u>	<u>25,532</u>
	<u>924,921</u>	<u>822,291</u>

Group and Charity 2019 2018

The number of employees whose annual remuneration was £60,000 or more were;
£90,001 to £100,000

1 1

Contributions totalling £10,750 (2018: £10,304) were made to defined contribution pension schemes on behalf of employees whose emoluments exceed £60,000.

14 Other

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Loss on disposal of tangible fixed assets	1,194	-	1,194	-
Bad debts	<u>-</u>	<u>-</u>	<u>76,637</u>	<u>64,264</u>
	<u>1,194</u>	<u>-</u>	<u>77,831</u>	<u>64,264</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

15 Tangible fixed assets

	Freehold property £	Long leasehold property £	Group Fixtures fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2018	1,448,251	1,639,745	808,025	6,150	3,902,171
Additions at cost	-	-	102,581	-	102,581
Disposals	(968,497)	-	-	(6,150)	(974,647)
Revaluation	(81,503)	24,534	-	-	(56,969)
At 31 March 2019	<u>398,251</u>	<u>1,664,279</u>	<u>910,606</u>	<u>-</u>	<u>2,973,136</u>
Depreciation and impairment					
At 1 April 2018	27,734	63,878	695,615	2,056	789,283
Charge for the year	7,963	32,751	60,512	-	101,226
Eliminated in respect of disposals	(21,000)	-	-	(2,056)	(23,056)
Revaluation	-	(36,787)	-	-	(36,787)
At 31 March 2019	<u>14,697</u>	<u>59,842</u>	<u>756,127</u>	<u>-</u>	<u>830,666</u>
Carrying amount					
At 31 March 2019	<u>383,554</u>	<u>1,604,437</u>	<u>154,479</u>	<u>-</u>	<u>2,142,470</u>
At 31 March 2018	<u>1,420,517</u>	<u>1,575,863</u>	<u>112,410</u>	<u>4,094</u>	<u>3,112,888</u>

	Freehold property £	Long leasehold property £	Charity Fixtures fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2018	1,050,000	1,639,745	687,706	6,150	3,383,601
Additions at cost	-	-	62,994	-	62,994
Disposals	(968,497)	-	-	(6,150)	(974,647)
Revaluation	(81,503)	24,534	-	-	(56,969)
At 31 March 2019	<u>-</u>	<u>1,664,279</u>	<u>750,700</u>	<u>-</u>	<u>2,414,979</u>
Depreciation and impairment					
At 1 April 2018	21,000	63,878	614,333	2,056	701,267
Charge for the year	-	32,751	39,119	-	71,870
Eliminated in respect of disposals	(21,000)	-	-	(2,056)	(23,056)
Revaluation	-	(36,787)	-	-	(36,787)
At 31 March 2019	<u>-</u>	<u>59,842</u>	<u>653,452</u>	<u>-</u>	<u>713,294</u>
Carrying amount					
At 31 March 2019	<u>-</u>	<u>1,604,437</u>	<u>97,248</u>	<u>-</u>	<u>1,701,685</u>
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>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

15 Tangible fixed assets (continued)

Some of the church's freehold 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 made since 31 March 2007 are included at a cost less accumulated depreciation. Improvements to leasehold premises with a net book value of £42,172 are included within the fixed assets of Hope City Foundation (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 2019 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. This property was sold in July 2018.

Another of the church's leasehold properties was externally revalued at £160,000 at their open market value in February 2019 by Reeds Rains, Estate Agents. The trustees are of the opinion that the value at 31 March 2019 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 2019 amounting to 57% (2018: 63%) 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 2019 amounting to 59% (2018: 65%) of their net book value as stated in these accounts.

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

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Cost	1,652,496	2,617,502	1,536,586	2,501,592
Accumulated depreciation	<u>592,761</u>	<u>722,783</u>	<u>515,462</u>	<u>650,272</u>
At 31 March 2019	<u>1,059,735</u>	<u>1,894,719</u>	<u>1,021,124</u>	<u>1,851,320</u>

All other tangible fixed assets are stated at historical cost.

16 Financial instruments

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	<u>1,994,471</u>	<u>1,836,896</u>	<u>722,939</u>	<u>759,652</u>
Carrying amount of financial liabilities				
Measured at amortised cost	<u>1,393,806</u>	<u>2,231,244</u>	<u>998,647</u>	<u>1,855,908</u>

17 Stocks

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Goods for resale	<u>5,500</u>	<u>5,500</u>	<u>5,000</u>	<u>5,000</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

18 Debtors

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	674,737	429,566	29,572	22,147
Amounts due from subsidiary undertakings	-	-	2,609	26,811
Other debtors	53,974	151,941	40,499	116,086
Prepayments and accrued income	<u>42,437</u>	<u>172,205</u>	<u>32,465</u>	<u>160,147</u>
	<u>771,148</u>	<u>753,712</u>	<u>105,145</u>	<u>325,191</u>

19 Creditors: amounts falling due within one year

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts	66,754	104,980	51,342	90,224
Trade creditors	125,554	177,087	72,593	148,947
Amounts owed to group undertakings	-	-	8,014	-
Taxation and social security	56,996	38,226	14,432	13,051
Other creditors	108,939	103,592	38,986	41,527
Accruals	33,069	24,683	15,816	8,402
Deferred income	<u>70,935</u>	<u>70,914</u>	<u>-</u>	<u>-</u>
	<u>462,237</u>	<u>519,482</u>	<u>201,183</u>	<u>301,881</u>

20 Creditors: amounts falling due after more than one year

	Group	
	2019	2018
	£	£
Mortgage and loan	<u>988,565</u>	<u>1,749,988</u>
Analysis of mortgage and loan		
Not wholly repayable within five years by instalments	742,935	1,338,196
Wholly repayable within five years	<u>303,675</u>	<u>509,106</u>
	1,046,610	1,847,302
Included in current liabilities	<u>(58,045)</u>	<u>(97,314)</u>
	<u>988,565</u>	<u>1,749,988</u>
Loan maturity analysis		
Debt due in one year or less	58,045	97,314
In more than one year but not more than two years	59,446	99,513
In more than two years but not more than five years	186,184	312,279
In more than five years	<u>742,935</u>	<u>1,338,196</u>
	<u>1,046,610</u>	<u>1,847,302</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 2019

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

	Charity	
	2019	2018
	£	£
Mortgage	<u>811,896</u>	<u>1,567,078</u>
Analysis of loans		
Not wholly repayable within five years by instalments	596,219	1,186,596
Wholly repayable within five years	<u>267,019</u>	<u>470,706</u>
	863,238	1,657,302
Included in current liabilities	<u>(51,342)</u>	<u>(90,224)</u>
	<u>811,896</u>	<u>1,567,078</u>
Loan maturity analysis,		
Debt due in one year or less	51,342	90,224
In more than one year but not more than two years	52,443	92,140
In more than two years but not more than five years	163,234	288,342
In more than five years	<u>569,219</u>	<u>1,186,596</u>
	<u>863,238</u>	<u>1,657,302</u>

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

21 Pension and other post-retirement benefit commitments Defined contribution

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Contributions payable by the group and charity for the year	<u>68,886</u>	<u>52,288</u>	<u>27,769</u>	<u>25,532</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 2019

22 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 2018	Incoming resources	Resources expended	Balance at 31 March 2019
	£	£	£	£
Dream Offering	672,104	419,423	(625,552)	465,975
ISP Project	78,262	80,000	(146,699)	11,563
Greater Manchester Combined Authority ISP Project	-	40,000	(22,223)	17,677
Antislavery Knowledge Network	-	20,000	-	20,000
	<u>750,366</u>	<u>559,423</u>	<u>(794,574)</u>	<u>515,215</u>

Charity Movement in funds				
	Balance at 1 April 2018	Incoming resources	Resources expended	Balance at 31 March 2019
	£	£	£	£
Dream Offering	<u>672,104</u>	<u>419,423</u>	<u>(625,552)</u>	<u>465,975</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 Integration Support Programme 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 provided coaching and guidance and encourage individuals to manage their own lives independently. This was achieved through weekly coaching sessions, befriending activities, classroom work, work placement and training.

The Greater Manchester Combined Authority ISP Project is part of the ISP Project, but is specifically focussed on Greater Manchester. This part of the project aims to reduce the risk of re-trafficking through telephone support, drop ins and advocacy and tries to create sustained freedom and build meaningful communities.

The Antislavery Knowledge Network offers the extended effort to address slavery as a core development challenge in sub-Saharan Africa via innovative approaches from the arts and humanities that deliver community-engaged antislavery work. This involves classroom based sessions utilising visual arts and photography and collaborating with local schools engaging with and building upon the existing City Hearts education programme.

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

23 Analysis of net assets between funds

	Unrestricted funds £	Group Restricted funds £	Total £
Fund balances at 31 March 2019 are represented by:			
Tangible fixed assets	2,142,470	-	2,142,470
Current assets/(liabilities)	1,064,956	515,215	1,580,171
Creditors: amounts falling due after more than one year	<u>(988,565)</u>	<u>-</u>	<u>(988,565)</u>
	<u>2,218,861</u>	<u>515,215</u>	<u>2,734,076</u>
Unrealised gains included above:			
On tangible fixed assets	<u>376,427</u>	<u>-</u>	<u>376,427</u>
	<u>376,427</u>	<u>-</u>	<u>376,427</u>
Reconciliation of movements in unrealised gains			
Unrealised gains at 1 April 2018	396,609	-	396,609
Revaluation of tangible fixed asset	<u>(20,182)</u>	<u>-</u>	<u>(20,182)</u>
Unrealised gains at 31 March 2019	<u>376,427</u>	<u>-</u>	<u>376,427</u>
	Unrestricted funds £	Charity Restricted funds £	Total £
Fund balances at 31 March 2019 are represented by:			
Tangible fixed assets	1,701,685	-	1,701,685
Current assets/(liabilities)	93,246	465,975	559,221
Creditors: amounts falling due after more than one year	<u>(811,896)</u>	<u>-</u>	<u>(811,896)</u>
	<u>983,035</u>	<u>465,975</u>	<u>1,449,010</u>
Unrealised gains included above:			
On tangible fixed assets	<u>480,435</u>	<u>-</u>	<u>480,435</u>
	<u>480,435</u>	<u>-</u>	<u>480,435</u>
Reconciliation of movements in unrealised gains			
Unrealised gains at 1 April 2018	500,617	-	500,617
Revaluation of tangible fixed asset	<u>(20,182)</u>	<u>-</u>	<u>(20,182)</u>
Unrealised gains at 31 March 2019	<u>480,435</u>	<u>-</u>	<u>480,435</u>

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

24 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	
	2019	2018	2019	2018
	£	£	£	£
Within one year	92,488	165,485	15,984	34,512
Between two and five years	<u>13,351</u>	<u>119,556</u>	<u>6,457</u>	<u>22,431</u>
	<u>105,839</u>	<u>285,041</u>	<u>22,421</u>	<u>56,943</u>

Capital commitments

The group and charity had no capital commitments at 31 March 2019.

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, none of whom were trustees, is as follows.

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Aggregate compensation	<u>130,367</u>	<u>115,504</u>	<u>59,051</u>	<u>61,200</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.

26 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 **Hope City Foundation**, a company limited by guarantee. The company operates as a children's nursery on church premises utilising assets purchased by the charity. Hope City Foundation became a registered charity in March 2004 (charity number 1102542). At the year end Hope City Foundation had net assets of £67,083 (2018: £70,207). During the year ended 31 March 2019 its total incoming resources were £293,391 (2018: £315,526) and its total resources expended were £286,627 (2018: £292,173) leaving a net decrease in funds of £3,124 (2018: increase in funds of £23,353).

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 2019 the net liabilities of Megacentre were £545,433 (2018: £478,775). Its turnover for the year ended 31 March 2019 was £81,586 (2018: £96,396) and its total resources expended were £148,244 (2018: £161,141) leaving a loss for the year of £66,658 (2018: £64,745).

HOPE CITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

26 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 2019 the net assets of City Hearts (UK) were £1,265,215 (2018: £1,113,107). Its total incoming resources for the year ended 31 March 2019 were £4,403,916 (2018: £3,486,183) and its total resources expended were £4,253,330 (2018: £3,039,041) leaving a net increase in funds of £152,108 (2018: £447,142).

27 Cash generated from operations

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
(Deficit)/surplus for the year	(103,761)	702,209	(268,982)	225,937
Adjustments for:				
Investment income recognised in statement of financial activities	(5,382)	(5,327)	(4,754)	(5,327)
Gain on disposal of tangible fixed assets	(101,309)	-	(101,309)	-
Depreciation and impairment of tangible fixed assets	101,226	106,293	71,870	84,297
Movements in working capital:				
Decrease/(increase) in stock	-	500	-	-
Decrease/(increase) in debtors	(12,756)	(383,141)	(220,046)	(217,648)
(Decrease)/increase in creditors	(22,676)	98,263	(61,816)	95,718
Increase in deferred income	<u>21</u>	<u>179</u>	<u>-</u>	<u>-</u>
Cash (absorbed by)/generated from operations	(144,637)	<u>518,976</u>	(144,945)	<u>182,977</u>