

CHARITY REGISTRATION NUMBER 1102542

COMPANY REGISTRATION NUMBER 4489582

**HOPE COMMUNITY FOUNDATION**  
**FORMERLY HOPE CITY FOUNDATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**HOPE COMMUNITY FOUNDATION  
FORMERLY HOPE CITY FOUNDATION  
LEGAL AND ADMINISTRATIVE INFORMATION**

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<b>Trustees</b>	C Davies A E Ibbotson E Muthiah L Davies L E Willis
<b>Secretary</b>	S L Dunys
<b>Charity number</b>	1102542
<b>Company number</b>	4489582
<b>Registered office</b>	The Megacentre Bernard Road Sheffield South Yorkshire S2 5BQ
<b>Auditor</b>	UHY Hacker Young 6 Broadfield Court Broadfield Way Sheffield S8 0XF
<b>Bankers</b>	Barclays Bank plc P.O. Box 1385 2 Arena Court Sheffield S9 2WV
<b>Solicitors</b>	Geldards Number One Pride Place Pride Park Derby DE24 8QR

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**HOPE COMMUNITY FOUNDATION  
FORMERLY HOPE CITY FOUNDATION  
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)  
FOR THE YEAR ENDED 31 MARCH 2021**

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The trustees present their report and accounts for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

**Objectives and activities**

The charity's objects are:

- The advancement of education of children under statutory school age by provision of a nursery school;
- Relief of poverty and sickness;
- To provide facilities for recreation or other leisure time occupation with the object of improving the conditions of life; and
- Other such charitable purposes as the trustees think fit.

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

The principal activity of the charity is the provision of nursery education and care for children in the early years.

**Achievements and performance**

The Megacentre (recently renamed as The Hope Centre) houses the charity's work and is located on the fringe of Sheffield city centre and adjacent to some of Sheffield's most disadvantaged communities. The vast majority of the Charity's beneficiaries are from these communities and have been some of the hardest hit by the COVID-19 pandemic over the past 18 months.

Alongside many other charities operating during the pandemic the charity has experienced both a significant upturn in demand for some services whilst having to contend with the challenges associated with operating a going concern including the management of costs during periods of National Lockdown.

**Community Projects**

The Charity has sought to extend its services to the community beyond early years provision. It has chosen to do this in recognition of the social needs across the local communities neighbouring The Hope Centre. As a result, the charity's work and partnership working has impacted almost 2500 beneficiaries in the period from November 2020 to October 2021 as a direct result of being able to successfully secure 3 years' grant support from Henry Smith Charity from November 2020. This funding has enabled the Charity to create a post for a Volunteer Coordinator who has been instrumental in building volunteering capacity, now with over 60 volunteers.

What were originally termed 'Vision Centres' have now resolved into a number of community project which have experienced steady or significant growth and engagement despite periods in which Lockdowns or other restrictions were in place.

In early 2021, the Charity commenced negotiations with two potential partner Charities with aligned objects, and with proven expertise in their fields of work. This has created two significant developments which have ensured that the Charity can and has facilitated or delivered greater impact since April 2021.

**HOPE COMMUNITY FOUNDATION  
FORMERLY HOPE CITY FOUNDATION  
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)  
FOR THE YEAR ENDED 31 MARCH 2021**

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**Key Outputs from Community Projects**

1. Successfully filled the role of Volunteer Co-ordinator and the role is being covered successfully by one person. We have in this time grown our volunteering to 60 volunteers plus board members and delivered over 4000 hours of volunteering since between April 2021 and October 2021 alone.
2. Successfully transitioned both our Hope Hampers project to the Food bank model and working in Partnership with the Message Trust have helped to establish a fully working community grocery which now has well over 600 members with an average of over 40 individual shoppers each day Monday to Friday.
3. Recently relaunched both Jigsaw Cafe for older people and Polka Dots Play Group after a period of closure due to COVID-19. Both are now running weekly and attracting approximately 12-16 attendees each week plus volunteers.
4. Taken part in the Governments Kickstart programme aimed at providing employment and training opportunities to young people for 6-month placements. In the past year we have enrolled 16 young people on the programme. 5 in Cohort 1 and 11 in Cohort 2. We had an 80% retention rate in Cohort 1 and Cohort 2 is now underway and will complete in Spring 2022.
5. Continued to build strength and capacity through the implementation of policies, procedures and training for staff and volunteers. Board members have been enrolled on the NSPCC Safeguarding Training for Trustees.
6. In a fundraising drive to enable us to relaunch our community cafe we raised over £8000 through the work of volunteers, making packed lunches during the summer holidays. Our Foundation Café, a donation-based project recently launched providing a vital connection point for staff, volunteers and beneficiaries.
7. Employed a part-time Operations Manager who is successfully adding further much needed capacity to the Community Team.

**HOPE COMMUNITY FOUNDATION  
FORMERLY HOPE CITY FOUNDATION  
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)  
FOR THE YEAR ENDED 31 MARCH 2021**

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**Community Nursery**

The Charity operates a community nursery which comprises both paid for and funded provision for local families. Throughout the past 18 months the nursery has succeeded in providing quality childcare and continued to work in partnership with statutory agencies in an attempt to navigate the impact of both COVID-19 and the series of related restrictions which have impacted the childcare sector in general. The nursery has continued to operate effectively and is a 'Good' Ofsted rating as a result of an inspection conducted in March 2019.

Since March 2020, the time of the first National Lockdown, the nursery team have worked tirelessly to ensure that where possible, service and sustainability could be maintained. The nursery made optimal use of the Government's Job Retention Scheme to retain staff during extended periods of either lockdown or impacted uptake in childcare demand, until the scheme was brought to a close.

In addition, and to maintain short term viability, the nursery was also successful in gaining support through the Government-backed 'Business Bounce-back loan' scheme which provided essential working capital during periods in which income levels had been adversely affected by the pandemic.

During this period of downtime, the nursery went to great lengths to undertake cost control measures and review systems, policies and procedures. In September 2021, 'Meganursery' was renamed as 'Little Ark Nursery' as part of a desire to review the brand, and in recognition that its home 'The Megacentre' had also changed its name.

The emergence from the pandemic has however been difficult and considerably slower than either anticipated or desired. As a result of this, and the lower-than-expected levels of funding being granted to the nursery from various sources, it became clear to management and Trustees during quarter three of 2021-22 that the nursery was facing considerable financial difficulties which needed immediate and remedial attention and a review of the ongoing viability of the nursery itself. The Charity Commission were, at the time, notified of a potential serious incident by Trustees as part of their statutory duties.

Lower than required occupancy levels, combined with the continued downward trend, in real terms, of funding for funded nursery places during this period, and disproportionately increasing salary costs, have been flagged by Trustees directly with local and national government officials and media outlets, both in support of the charity and the early years sector. This has been met with some success and recognition from local government in particular.

**HOPE COMMUNITY FOUNDATION  
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TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)  
FOR THE YEAR ENDED 31 MARCH 2021**

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As a result of the overall position, the nursery has undergone and is still undergoing evaluation and change to ensure that it can remain financially sustainable. Whilst this process remains ongoing at the time of this report, the nursery has been able to make additional cost savings, has undertaken additional marketing and awareness raising activities and has secured a temporary waiver of rental, service charges and management fees from its landlord, C3 Trust UK to ease short term cash flow and viability.

The nursery has also engaged, on a pro-bono basis, the support and advice of an external childcare consultant who is undertaking a review to enable the nursery to move forward in the next 12 months and beyond. In the first stages of this review, we have been able to establish that, in principle, the operating model for the nursery is in fact viable, taking into consideration expected uplifts in funding from April 2022 and September 2022, and provided that occupancy begins to steadily rise to target levels as a result of proactive marketing.

Despite the adverse trading environment, with the support of its partners over the coming months, Trustees, at this stage, remain confident that the nursery can make a recovery from the impact of the past 18 months, although this is not expected to be fully realised within the next 12 months.

**Financial review**

The trustees make strategic and operational decisions based on the financial position of the charity by reference to the financial information (i.e. budgets, cashflows) provided to them quarterly at their formal meetings. The trustees however do not get involved in the day to day detailed running of the charity except where required in order to support the appointed officers for the charity.

The charity received £309,923 (2020: £307,110) of income during the financial year to 31 March 2021 and expended £310,836 (2020: £357,118) showing a deficit of £913 (2020: £50,008). The principal sources of income are disclosed in notes 3 and 4 to the accounts.

The charity has unrestricted reserves of £(3,046) (2020: £17,075). The trustees have identified that the available reserves are at a low level and are addressing this in order to build reserves in line with the charity's reserves policy of three month's operating costs.

The trustees have assessed the major risks to which the charity is exposed, which include the risk of over-gearing due to the cross guarantee of borrowings taken out in C3 Trust UK, formerly Hope City Church. The trustees are satisfied that systems are in place to mitigate exposure to the major risks.

**HOPE COMMUNITY FOUNDATION  
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TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)  
FOR THE YEAR ENDED 31 MARCH 2021**

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**Future Progress and Development**

A key priority is to ensure the ongoing sustainability of the community nursery as a going concern. Having embarked upon an extensive analysis of the position and the potential, the Charity will seek to implement a recovery plan in the next twelve months to enable the nursery to re-position itself as a financially sustainable operation coming out of the period of the pandemic. Trustees are confident that the nursery has the support, at this stage, to be able to achieve this, and will continue to monitor progress and report to partners as appropriate.

In addition, during the coming year:

1. The Charity will seek to establish and grow its existing community projects in line with its agreed Development Strategy.
2. The Charity will also seek to develop a client-centred community brokerage called 'Pathways' which will help to maximise the social impact of the Charity by connecting beneficiaries with multiple needs to the most appropriate service provision.
3. The Charity will continue to seek to attract and retain new volunteers to add further strength to its current volunteer force.
4. The Charity will also seek to implement its fundraising strategy to secure the ongoing sustainability of its work, through external funding.
5. The Charity will continue to develop its strategic partnerships including S6 Foodbank, The Message Trust and C3 Hope (part of C3 Trust UK).

**Structure, governance and management**

The charity is a company limited by guarantee under the provisions of the Companies Act 2006. (Number 04489582). The company does not have share capital. The charity was set up as a new company on 18 July 2002 and received registered charity status in March 2004 (Number 1102542). The company officially changed its name to Hope Community Foundation from 13 August 2021.

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

D A Gilpin	(Resigned 21 June 2020)
C Davies	
A E Ibbotson	
E Muthiah	
L Davies	
L E Willis	

There are at least 3 managing trustees at any one time in line with the charity's governing documents. When a vacancy occurs, the trustees discuss potential candidates and instruct a trustee representative to approach potential candidates. The trustees make a final decision to appoint trustees based on cultural fit, experience, knowledge and commitment.

None of the trustees have any beneficial interest in the company. At the time of preparing these financial statements, 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 equivalent managerial positions in similar organisations when considering the levels of pay for key managers. The trustees also take in to consideration the ability of the charitable company to be able to pay such salaries.



**HOPE COMMUNITY FOUNDATION  
FORMERLY HOPE CITY FOUNDATION  
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)  
FOR THE YEAR ENDED 31 MARCH 2021**

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The current company secretary is Sarah Dunys (appointed 1 July 2020).

**Disclosure of information to auditor**

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 auditor are aware of such information.

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

**C Davies**

Trustee

Dated: 24 January 2022

**HOPE COMMUNITY FOUNDATION  
FORMERLY HOPE CITY FOUNDATION  
STATEMENT OF TRUSTEES' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 MARCH 2021**

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The trustees, who are also the directors of Hope Community Foundation 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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

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

6 Broadfield Court  
Broadfield Way  
Sheffield  
S8 0XF

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOPE COMMUNITY FOUNDATION**

### **Opinion**

We have audited the financial statements of Hope Community Foundation (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet and the notes to the financial statements, including 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 March 2021 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 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 the financial statements section of our report. We are independent of the charity 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.

### **Material uncertainty relating to going concern**

We have identified a matter of concern in our report because we have concerns that the charity may not be able to continue as a going concern. Disclosure has been made in note 1.2 to the accounts concerning the charity's ability to continue as a going concern. Following the COVID19 pandemic, the amount of financial support given to nurseries through grants has been put under review and it is possible that some of the funding previously received may be withdrawn. If this is the case then this will have a financial impact on the nursery that may result in the charity not being able to continue as a going concern. It is not known what the outcome of this funding review will be.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOPE COMMUNITY FOUNDATION CONTINUED**

### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 for which the financial statements are prepared is consistent with the financial statements; 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 charity 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 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOPE COMMUNITY FOUNDATION CONTINUED**

### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose 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 charity'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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOPE COMMUNITY FOUNDATION CONTINUED**

Based on our understanding of the charity and the sector in which it operates, we identified the principal risks of non-compliance with laws and regulations related to the acts by the charity, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and the charity's net income for the year.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of correspondence with and reports to the regulators, including correspondence with the Charity Commission, review of correspondence with legal advisors and enquiries of management in so far as they related to the financial statements, and in testing of journals and evaluating whether there was evidence of bias by the trustees that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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**

24 January 2022

**Chartered Accountants**  
**Statutory Auditor**

**HOPE COMMUNITY FOUNDATION  
FORMERLY HOPE CITY FOUNDATION  
STATEMENT OF FINANCIAL ACTIVITIES  
INCLUDING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2021**

		Unrestricted funds	Restricted funds	Total 2021	Unrestricted funds	Restricted funds	Total 2020
	Notes	£	£	£	£	£	£
<b><u>Income from:</u></b>							
Donations and gifts	3	37,944	36,084	74,028	-	-	-
Charitable activities	4	235,895	-	235,895	307,110	-	307,110
<b>Total income</b>		273,839	36,084	309,923	307,110	-	307,110
<b><u>Expenditure on:</u></b>							
Charitable activities	5	293,960	16,876	310,836	357,118	-	357,118
<b>Net (expenditure)/income for the year/</b>							
<b>Net movement in funds</b>		(20,121)	19,208	(913)	(50,008)	-	(50,008)
 Fund balances at 1 April 2020							
		17,075	-	17,075	67,083	-	67,083
<b>Fund balances at 31 March 2021</b>		(3,046)	19,208	16,162	17,075	-	17,075

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

All income and expenditure derive from continuing activities.

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

**HOPE COMMUNITY FOUNDATION  
FORMERLY HOPE CITY FOUNDATION  
BALANCE SHEET  
AS AT 31 MARCH 2021**

		2021		2020	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		30,979		38,079
<b>Current assets</b>					
Debtors	12	4,905		10,449	
Cash at bank and in hand		40,937		1,428	
		<u>45,842</u>		<u>11,877</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(10,659)</u>		<u>(32,881)</u>	
Net current assets/(liabilities)			35,183		(21,004)
<b>Total assets less current liabilities</b>			<u>66,162</u>		<u>17,075</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(50,000)		-
<b>Net assets</b>			<u>16,162</u>		<u>17,075</u>
<b>Income funds</b>					
Restricted funds	16		19,208		-
Unrestricted funds			(3,046)		17,075
			<u>16,162</u>		<u>17,075</u>

The financial statements were approved by the Trustees on 24 January 2022

C Davies  
Trustee

Company Registration No. 4489582



**HOPE COMMUNITY FOUNDATION  
FORMERLY HOPE CITY FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**1 Accounting policies**

**Company information**

Hope Community Foundation is a private company limited by guarantee incorporated in England and Wales. The registered office is The Megacentre, Bernard Road, Sheffield, South Yorkshire, S2 5BQ.

**1.1 Accounting convention**

The financial statements 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) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The accounts are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

**1.2 Going concern**

These financial statements are prepared on the going concern basis. The trustees have a reasonable expectation that the charity will continue in operational existence for the foreseeable future and will receive support from its parent, however, the trustees are aware of certain material uncertainties which may cause doubt on the charity's ability to continue as a going concern. The UK government's funding of nurseries is currently under review and the proposed withdrawal of the Care to Learn funding offered to nurseries will have a financial impact on the nursery. This fall in income would increase the risk that the nursery would not be able to continue trading.

**1.3 Charitable funds**

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

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 financial statements.

**1.4 Incoming resources**

Grants and voluntary income comprising gifts, donations and other forms of income, 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, except insofar as they are incapable of financial measurement.

The value of services provided by volunteers has not been included.

Grants are recognised in full in the Statement of Financial Activities in the year in which they are receivable.

**HOPE COMMUNITY FOUNDATION  
FORMERLY HOPE CITY FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

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**1 Accounting policies**

**(Continued)**

Income is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

**1.5 Resources expended**

Resources expended are recognised in the year in which they are incurred inclusive of irrecoverable VAT.

Charitable expenditure comprises costs incurred by the charity in the delivery of its activities and includes costs that can be allocated directly to such activities and costs of an indirect nature to support them.

Grants for other charitable activities are made at the discretion of the trustees and are recognised in the year in which they are made.

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

**1.6 Tangible fixed assets**

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

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

Leasehold buildings	Straight line over the period of the lease
Fixtures, fittings & equipment	20% 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 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 COMMUNITY FOUNDATION  
FORMERLY HOPE CITY FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

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**1 Accounting policies**

**(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.

**1.8 Cash and cash equivalents**

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

**1.9 Financial instruments**

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

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

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

***Basic financial assets***

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

**HOPE COMMUNITY FOUNDATION  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

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**1 Accounting policies**

**(Continued)**

***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 amortised 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.

***Derecognition of financial liabilities***

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

**1.10 Employee benefits**

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

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

**1.11 Retirement benefits**

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

**HOPE COMMUNITY FOUNDATION  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

**1 Accounting policies (Continued)**

**1.12 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

**2 Critical accounting estimates and judgements**

In the application of the charity's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. There are no judgements or estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

**3 Donations and gifts**

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2021 £	2021 £	2021 £	2020 £	2020 £	2020 £
Donations and gifts	2,300	36,084	38,384	-	-	-
Coronavirus Job Retention Scheme	35,644	-	35,644	-	-	-
	<u>37,944</u>	<u>36,084</u>	<u>74,028</u>	<u>-</u>	<u>-</u>	<u>-</u>

**4 Charitable activities**

	2021 £	2020 £
Sales within charitable activities	235,895	306,974
Other income	-	136
	<u>235,895</u>	<u>307,110</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**5 Charitable activities**

	Pre-school nursery education £	Community based activities £	Total 2021 £	Pre-school nursery education £	Community based activities £	Total 2020 £
Staff costs	212,908	6,760	219,668	254,505	-	254,505
Depreciation and impairment	7,100	-	7,100	7,100	-	7,100
Rent	34,075	-	34,075	40,569	-	40,569
Insurance	1,558	-	1,558	1,527	-	1,527
Cleaning	1,845	-	1,845	2,178	-	2,178
Printing, postage and stationery	608	784	1,392	707	-	707
Staff training	1,524	137	1,661	3,071	-	3,071
Catering costs	4,401	8,106	12,507	11,747	-	11,747
Legal and professional fees	10,070	3	10,073	12,089	-	12,089
Bad and doubtful debts	3,964	-	3,964	5,392	-	5,392
Sundry expenses	6,861	400	7,261	8,065	-	8,065
Advertising	1,026	-	1,026	-	-	-
Repairs and maintenance	2,602	808	3,410	2,845	-	2,845
Educational activities	3,337	137	3,474	6,873	-	6,873
Bank charges	1,342	-	1,342	-	-	-
	<u>293,221</u>	<u>17,135</u>	<u>310,356</u>	<u>356,668</u>	<u>-</u>	<u>356,668</u>
Share of governance costs (see note 7)	480	-	480	450	-	450
	<u>293,701</u>	<u>17,135</u>	<u>310,836</u>	<u>357,118</u>	<u>-</u>	<u>357,118</u>
<b>Analysis by fund</b>						
Unrestricted funds	293,701	259	293,960	357,118	-	357,118
Restricted funds	-	16,876	16,876	-	-	-
	<u>293,701</u>	<u>17,135</u>	<u>310,836</u>	<u>357,118</u>	<u>-</u>	<u>357,118</u>

**HOPE COMMUNITY FOUNDATION  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

**6 Description of charitable activities**

Pre-school nursery education

The charity runs a children's nursery providing pre-school childcare and education.

Community based activities

The charity runs community based activities to relieve poverty, including food poverty, and loneliness within the local community.

**7 Support costs**

	<b>Support costs</b>	<b>Governance costs</b>	<b>2021</b>	<b>Support costs</b>	<b>Governance costs</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Independent examination fees	-	480	480	-	450	450
	<u>-</u>	<u>480</u>	<u>480</u>	<u>-</u>	<u>450</u>	<u>450</u>
	<u>-</u>	<u>480</u>	<u>480</u>	<u>-</u>	<u>450</u>	<u>450</u>
Analysed between Charitable activities	-	480	480	-	450	450
	<u>-</u>	<u>480</u>	<u>480</u>	<u>-</u>	<u>450</u>	<u>450</u>

Governance costs includes payment to the auditor of £480 for audit fees (2020: £450 for independent examination fees). Other costs includes payments to the auditor of £1,800 (2020: £1,770) for other services.

**8 Trustees**

C Davies together with his wife controls another company that during the year received payments totalling £1,389 (2020: £1,043) for payroll services.

None of the other trustees (or any persons connected with them) received any remuneration or any other benefits from employment with the charitable company and no trustee expenses have been incurred in the year (2020: none).

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FOR THE YEAR ENDED 31 MARCH 2021**

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**9 Employees**

**Number of employees**

The average monthly number of employees during the year was:

	<b>2021 Number</b>	<b>2020 Number</b>
Staff	17	17
Trustees	5	5
	<u>22</u>	<u>22</u>

**Employment costs**

	<b>2021 £</b>	<b>2020 £</b>
Wages and salaries	204,316	238,529
Social security costs	10,215	10,848
Other pension costs	5,137	5,128
	<u>219,668</u>	<u>254,505</u>

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

**10 Taxation**

In view of the charitable objects of the company and of its registered charity status, no taxation should be payable.



**HOPE COMMUNITY FOUNDATION  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

**11 Tangible fixed assets**

	Leasehold buildings £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>			
At 1 April 2020	122,767	20,769	143,536
At 31 March 2021	122,767	20,769	143,536
<b>Depreciation and impairment</b>			
At 1 April 2020	86,853	18,604	105,457
Depreciation charged in the year	6,258	842	7,100
At 31 March 2021	93,111	19,446	112,557
<b>Carrying amount</b>			
At 31 March 2021	29,656	1,323	30,979
At 31 March 2020	35,914	2,165	38,079

**12 Debtors**

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors	4,098	9,642
Amounts owed by fellow group undertakings	-	807
Other debtors	807	-
	4,905	10,449

**13 Loans and overdrafts**

	2021 £	2020 £
Bank loans	50,000	-
Payable after one year	50,000	-

The long-term loan is secured as part of the cross guarantee arrangement for the bank loan held by C3 Trust UK as described in note 18.

**HOPE COMMUNITY FOUNDATION  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

**14 Creditors: amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Other taxation and social security	-	2,114
Trade creditors	4,036	7,431
Amount owed to parent undertaking	1,688	18,688
Amounts owed to fellow group undertakings	78	336
Other creditors	1,453	1,109
Accruals and deferred income	3,404	3,203
	<u>10,659</u>	<u>32,881</u>

**15 Creditors: amounts falling due after more than one year**

	<b>Notes</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
Bank loans	<b>13</b>	50,000	-
		<u>50,000</u>	<u>-</u>

**HOPE COMMUNITY FOUNDATION  
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FOR THE YEAR ENDED 31 MARCH 2021**

**16 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:

	<b>Movement in funds</b>		
	<b>Balance at 1 April 2020</b>	<b>Incoming resources</b>	<b>Resources expended</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Henry Smith Charity	-	16,550	(6,763)
Hope Hampers	-	11,905	(10,113)
Neon Schools Programme	-	4,629	-
Befriending/ Jigsaw Services	-	3,000	-
	<u>-</u>	<u>36,084</u>	<u>(16,876)</u>
	<u><u>-</u></u>	<u><u>36,084</u></u>	<u><u>(16,876)</u></u>
			<u><u>19,208</u></u>

The charity received the first drawdown of a three year grant from the Henry Smith Charity. The grant has been awarded to assist with capacity building or projects and to strengthen the role of volunteering in the charity and has funded a Volunteer Coordinator for the whole of the period of the funding.

Various funders contributed to our efforts to tackle the immediate impact of COVID-19 by providing emergency food provision through our Hope Hampers project up to April 2021 to those affected either directly or indirectly.

In order to contribute to a planned project working with young people in schools, funds were raised largely through Aviva Community Fund to the Neon Schools Programme. This project has not yet commenced due to COVID-19 restrictions and the impact in schools but funds are scheduled to be allocated in the financial year 2021/22.

Our work with the elderly went online during the periods of national and local lockdown hence funds raised for our Jigsaw project in financial year 2020/21 have remained unspent. As Jigsaw is now re-launched our plan is to apply this fund to the project over the coming 12 months.

**HOPE COMMUNITY FOUNDATION  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

**17 Analysis of net assets between funds**

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2021	2021	2021	2020	2020	2020
	£	£	£	£	£	£
Fund balances at 31 March 2021 are represented by:						
Tangible assets	30,979	-	30,979	38,079	-	38,079
Current assets/ (liabilities)	15,975	19,208	35,183	(21,004)	-	(21,004)
Long term liabilities	(50,000)	-	(50,000)	-	-	-
	<u>(3,046)</u>	<u>19,208</u>	<u>16,162</u>	<u>17,075</u>	<u>-</u>	<u>17,075</u>

**18 Financial commitments, guarantees and contingent liabilities**

Hope City Foundation along with Megacentre Limited cross guarantee bank loan held by C3 Trust UK. At 31 March 2021, the bank loan amounted to £784,294 (2020: £811,682) and is due to mature on 27 November 2033.

**19 Events after the reporting date**

As referred to in the going concern section of the accounting policies, the trustees are monitoring the situation regarding the coronavirus and any impact it may have on the charity. Given the current uncertainties, any longer term financial effect cannot be estimated.

**20 Related party transactions**

**Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

	2021	2020
	£	£
Aggregate compensation	15,336	33,016

The trustees review payments made to employees in equivalent managerial positions in similar organisations when considering the levels of pay for key managers. The trustees also take in to consideration the ability of the charitable company to be able to pay such salaries.

**HOPE COMMUNITY FOUNDATION  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

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**20 Related party transactions**

**(Continued)**

The company has taken advantage of the exemption from the requirement to disclose transactions with group companies on the grounds that any such transactions were entered into between the ultimate parent or wholly owned subsidiaries of the group and that group accounts are prepared.

**21 Control**

The ultimate controlling party is C3 Trust UK, formerly Hope City Church, a charitable company incorporated in the United Kingdom. C3 Trust UK control Hope Community Foundation as it is able to appoint and remove all the trustees of Hope Community Foundation. C3 Trust UK (being the smallest and largest group of which the charitable company is a member for which group financial statements are prepared) prepares group accounts and copies can be obtained from The Megacentre, Bernard Road, Sheffield, South Yorkshire, S2 5BQ.

The parent's principal purposes are to advance the Christian faith, to relieve sickness and financial hardship and to advance education.