

COMPANY NUMBER: 05487537 (England and Wales)

CHARITY NUMBER: 1120355 (England and Wales)

HILLSONG CHURCH LONDON
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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Reference and Administrative Information

Registered office and advisors

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

Registered Charity Number 1120355

Registered Office Hillsong Church London
35 Little Russell Street
London
WC1A 2HH

Company Secretary R Newton

Trustees R Dacre (Chairman)
J Lestz (resigned 23 May 2023)
R Newton (resigned 23 May 2023)
Dr S Wilson (resigned 23 May 2023)
E Simmons (resigned 23 May 2023)
D Whitewood
C Okeke
U Obi
D Bagheri

Management Team T Douglass (Lead Pastor and CEO)
A Spies (Chief Financial Officer)

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

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

Solicitors Bates Wells
10 Queen Street Place
London
EC4R 1BE

Trustees' Report (Including Strategic Report)

The Trustees, who are also Directors of the company for Companies Act purposes, present their report for the year ended 31 December 2022.

Objectives and Activities

Principal aims and objectives

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

Strategy

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

1. To take the truth of the Gospel and teachings of the Christian faith and communicate them to a diverse audience.
2. To build a large Christ centred Bible-based church headquartered in London, able to serve the Greater London area, the UK and Europe.
3. To engage all members of the Church to participate in an area of Church ministry, all contributing to a healthy church, changing lives through Christ.

Principal Activities

2022 has seen a continuation of our principal activities. Many of these activities have been impacted in recent years due to the significant impact of the Covid-19 pandemic and related control measures in the UK and around the world. Over 2022 many of the restrictions impacting our activities were fully lifted, however the charity has continued to be able to respond to changing needs of communities.

The principal activities of the church continued to be:

1. Regular Sunday church services and children's activities around the UK based in:
 - a. Central London at the Dominion Theatre.
 - b. South East London, at hired premises.
 - c. Guildford, Surrey at G-Live.
 - d. Tonbridge, Kent at The River Centre.
 - e. Oxford, Oxfordshire at the Odeon Theatre.
 - f. Newcastle-Upon-Tyne at Westgate Hall.
 - g. North London initially at the Bernie Grant Arts Centre, moving to the Golders Green Hippodrome.
 - h. Edinburgh, Scotland at the Rose Theatre
 - i. Liverpool at leased premises in Mann Street, Liverpool.
 - j. Birmingham at various locations within the city.
 - k. Croydon, London at Fairfield Halls.
 - l. Reading, Berkshire at the Reading Minster and the Reading Rep Theatre.
2. Weekly church services broadcast on various platforms including content for the church members in the UK and specific content for youth and kids. Online content continues to be broadcast even as physical services restarted.
3. Mid-week home-based Small Groups across the UK.
4. Regular Youth and Young Adults services and activities at various locations including in London, Guildford, Tonbridge and Oxford when possible.
5. Youth Ministry, particularly to students in High Schools in the Greater London area.
6. Leadership training seminars and Evening College classes. This activity continued online.
7. Women's Ministry including seminars and events.

Trustees' Report (Including Strategic Report) (continued)

8. Distribution of relief to people in need of emergency assistance for matters such as accommodation, food vouchers, counselling, travel, rental arrears and home repairs.
9. Continued a major community program, Love Your Neighbour, together with other churches across the UK, providing emergency food assistance, financial education and career and job assistance to those impacted by the pandemic.
10. Support for programs for the relief of poverty in Uganda (Watoto), and in India (Vision Rescue). In addition, partnership with Compassion, sponsoring children in Uganda and other countries, and partnership with The A21 Campaign, a charity registered in England.
11. Support for local ministry to the homeless, including provision and maintenance of 'Green Light' medical vans to provide assistance to the homeless in London, Kent and surrounding areas. The Green Light activity includes provision of medical support to Asylum Seekers arriving in UK, and provision of vaccination programs.
12. Support for the needs of refugees in the UK and Europe, including collection of clothing items, assistance with practical settlement help, and provision of English programs. This includes the support of eight families through the UK Government Community Sponsorship Scheme.
13. Football programs and workshops for Refugee youth, including weekly football sessions.
14. A Christmas event held over three weeks at the Dominion Theatre, with a large Christmas production open to all areas of the community.
15. A performing arts academy held on Saturdays including dance, vocals acting and music classes for ages 4-21.
16. A Heart for the House annual offering, part of which was used to support charitable programs including social justice causes.
17. Special offerings and activities to support Hillsong's church in Ukraine, and refugees within the UK as a result of the Ukraine conflict.
18. Support to other Churches and Ministries in the UK, and Europe.

In 2022 we were able to launch a new initiative linked to our Love Your Neighbour programs. In partnership with The Message Trust, a Community Grocery location was launched within the Hillsong premises in Liverpool. This location not only offers food provision for local residents, but also community classes, courses and groups.

In January 2022, the charity completed the acquisition of the Golders Green Hippodrome. This acquisition represents a major strategic step forward for Hillsong in the UK and London, allowing the increase in many church and community activities, including youth programs, support for community groups such as refugees and other initiatives to be hosted within our own location. It also enabled our church congregation in North London to move into a permanent location.

With a return to activity at a scope reduced from pre-Covid activities, approximately 1,000 volunteers continued to be involved in activities conducted or supported by Hillsong Church including:

- Running Sunday services in London, Guildford, Tonbridge, Oxford, Newcastle, Edinburgh, Liverpool, Birmingham and Reading.
- Producing and organising online services and other online content.
- Leading Small Groups in Greater London, Surrey, Kent, Oxford, Newcastle, Edinburgh, Liverpool, Birmingham and Milan, Italy.
- Running women's ministries in London Greater London, Surrey, Kent, Oxford and Newcastle.
- Leading youth ministries in Greater London, Surrey, Kent, Oxford and Newcastle.
- Helping the homeless in London, Kent and other areas by travelling with the Green Light van seven days per week.
- Participating in activities supporting refugees including running community based workshops and activities and distribution of clothing and other items.
- Assisting in the outworking of the Love Your Neighbour program including leading courses, distributing food support and managing collection of items.

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

Trustees' Report (Including Strategic Report) (continued)

Achievements and performance

In prior years, achievement and performance has been primarily measured against targets for financial growth, by the increased number of attendees at Sunday services and other gatherings, and by the number of members volunteering.

With Covid-19 control measures being lifted over 2021 and 2022, Sunday services and any other gatherings were held again, and growth was seen in the attendance on all occasions.

Achievements in the areas of social justice activity increased, with an increase in the number of individuals assisted and the number of new programs launched.

The Covid-19 pandemic continues to have an impact on the charity's activities, with the major impact being the rebuild of in person events that has been consistent since mid-2021. In 2022 Hillsong globally announced a transition of senior leadership, however there is no change to Hillsong Church London's objectives as a result of this. The general economic conditions in the UK also have an impact on the charity, however these items are managed within our risk framework.

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

Financial review

Balance sheet funds stood at £9,281,837 (2021: £10,424,465) comprising Restricted Funds of £2,810,315 (2021: £2,514,050) and Unrestricted Funds of £6,471,522 (2021: £7,910,415).

During this financial year, the charity made a net deficit of £1,142,628 (2021: deficit of £149,023).

The 2022 results were impacted by a combination of factors. General donation income reduced from 2021 which required the charity to respond quickly with reductions to costs. The trustees agreed on a strategy in response to this which was to embark on a significant cost reduction process during 2022, and fund the operations for the year from reserves generated in prior years. This strategy has been completed with significant cost reductions in place for the start of the 2023 year.

Cost savings can be seen in the 2022 year, where the total unrestricted costs are similar between 2021 and 2022, however 2022 represents a full year of operation, where 2021 costs only represent 6 months of full post-pandemic operations. 2022 costs also include various restructure costs which will result in future operational costs savings.

The acquisition of the Golders Green Hippodrome in the year was a significant asset purchase, which was funded by a combination of building fund reserves, general reserves and debt. During the year a smaller non-core property asset was disposed to reinvest funds into the Golders Green Hippodrome.

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

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

Trustees' Report (Including Strategic Report) (continued)

Reserves policy

The charity had reserves of £9,281,837 at 31 December 2022. Of the total reserves of £9,281,837 an amount of £2,810,315 is considered restricted funds. Restricted funds relate to the Hillsong Building Fund, Spring the Trap (Green Light) funds and other social justice funds which are received and passed on to partner organisations.

The total unrestricted reserves of £6,471,522 consists of £417,817 in cash, with the remainder represented by fixed assets of £13,848,507, other current assets of £1,419,109 less creditors of £9,213,912. The total restricted reserves of £2,810,315 consists of £337,741 in cash, with the remainder represented by fixed assets.

In 2021 the reserves policy was refreshed and stipulated a goal of holding unrestricted cash equal to three months of staffing costs and debt repayments. It was acknowledged that in the season of investment into returning to activities post Covid-19 restrictions, and when building costs were needed, it would be acceptable to hold reserves below this amount at this time.

The planning for future years includes plans to reduce costs and grow income to allow for increased unrestricted surplus funds to contribute to unrestricted reserves.

Plans for future years

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

Our objectives for the future are to build on the growth experienced and see a substantial increase in the number of people establishing a personal relationship with the Lord Jesus Christ. This objective will be fulfilled by creating additional capacity for Sunday services in existing and new locations. We also seek to see increasing numbers of people actively involved in Church life by attending Small Groups or being involved in our volunteer teams and other activities. In 2023 a new location has been launched in South West London, and it is the goal to have Hillsong Conference return in 2023.

We will continue to provide opportunities for designated giving towards specific projects, which we will partner within the UK and overseas.

We aim to further develop current initiatives, to increase focus on discipleship programs, helping people in our Church become mature Christians, through a clear understanding of the Bible and how it applies to their life.

The activity to support those in need of emergency assistance, homeless in the UK, elderly in the community and refugees in the UK has continued. The charity has been able to respond quickly and effectively to the needs of the community and in particular, the work to support Refugees and Asylum Seekers will continue to grow in future years. Other programs such as Love Your Neighbour which commenced during the pandemic will continue.

During 2022 Hillsong decided to dispose of two non-core property assets to direct funds into church buildings. A residential property owned was placed on the market for sale in 2022, with a sale agreed in May 2023.

Trustees' Report (Including Strategic Report) (continued)

Structure, governance and management

Day to day management is vested in the management team led by the lead pastor.

Hillsong Church London is governed by Memorandum and Articles of Association dated 22 June 2005 and most recently amended 14 October 2021. It is incorporated and domiciled in the United Kingdom. The address of the registered office is 35 Little Russell Street, London, England, WC1A 2HH.

On 26 July 2022 the charity was registered with the Office of the Scottish Charity Regulator (SC051872).

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

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

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

- A Chartered Accountant and former senior financial manager with a major international insurance broker based in the UK, having over 30 years financial experience in a number of organisations both in the UK and overseas.
- A Managing Director of an automotive sales group, and the former chairman of a charity focussed on youth activities, with extensive experience in the development, operation and management of youth based charities.
- A former National Chairman and Managing Partner of a major Australian national law firm, with extensive experience advising churches, educational institutions and charities.
- A CEO of a company which provides financial advice and is regulated by the Financial Conduct Authority, with extensive management and financial experience.
- A senior executive at a digital bank with experience in Transformation Director and Chief Operating Officer roles within large commercial and retail banks.
- A church management and leadership specialist, who travels regularly throughout Europe, Asia and the U.S.A. presenting to churches on management and at leadership seminars and has a Doctorate of Ministry in Church Administration.
- A partner of a London law firm specialising in Residential Property with extensive experience in volunteer leadership roles within church.
- An executive of a creative industries venture, with experience in managing and developing both private and social enterprises, including developing and overseeing community development programs.
- An investment banker at a large international investment bank, with experience in church roles including youth leadership.

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

During 2022 a review of the board structure was undertaken. As a result of this review, it was agreed to consider a maximum term of service for trustees. Accordingly in 2023 the longest serving trustees have resigned. In 2023 a search is underway to appoint new trustees within a new framework of independence, diversity and appropriate skill.

For the appointment of new Trustees, existing Trustees and senior staff are able to make recommendations to the Chairman and the Management. The trustees, after completion of due diligence, in turn make recommendations to the members, for appointment by resolution. New Trustees are selected giving regard to independence and maintaining a diverse group of skills and experience.

Trustees' Report (Including Strategic Report) (continued)

The remuneration of key management personnel is reviewed by the Chairman and two other non-executive trustees each year. Consideration is given to equivalent salaries of similar positions within the marketplace, using published salary information. A Remuneration Committee was established to increase governance in this area, which will be operational with the appointment of new trustees in 2023.

Related parties

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

During the year, there were related party transactions totalling £23,578 (2021: £291) with Hillsong NL. This consists of £Nil (2021: £282) paid on behalf of Hillsong NL for events held by Hillsong London, donations received of £23,758 (2021: £Nil) and costs reimbursed of £Nil (2021: £573) paid to Hillsong NL in the year. There were costs of £Nil (2021: £Nil) paid on behalf of Hillsong Espana. There were also costs of £2,712 (2021: £3,637), tithes and offerings of £2,204 (2021: £4,112) and sale of teaching resources of £Nil (2021: £59) on behalf of Hillsong Italia. There was also donations received of £1,498 from Hillsong Italia (2021: £Nil).

No trustee received remuneration in relation to their duties as trustees or incurred expenses (2021: £Nil). During the year trustees received remuneration in respect of services provided by them including legal services, management consultancy services and supplying teaching resources. The trustees' remuneration for these items for the year was £60,093 (2021: £96,026).

Risk management

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

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

- | | |
|------------------------|--------------------|
| • Facilities | • Operational |
| • Human Resources | • Security |
| • Fraud | • Financial |
| • IT, Data and Cyber | • Public Relations |
| • Legal and Regulatory | |

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

- Appointment of diverse skilled individuals to the Board of Trustees
- Appointment of qualified and appropriately experienced employees, in particular to the areas of Financial Management, HR, OH&S and Asset Management
- Separation of authority to approve significant financial decisions
- Regular reporting of areas of risk to the trustees. This reporting includes the operation of a risk log, risk rating matrix and regular reporting of metrics for risk management
- Engagement of external consultants to advise on significant issues
- Regular review of policies and procedures

Trustees' Report (Including Strategic Report) (continued)

A summary of those risks considered to have a very high maximum potential for impact as per the risk log is including below:

Potential Risk	Risk mitigation controls
Loss of, or significant disruption of key venue, leading to increased costs, reduced congregation, strain on human resources and reduced ability to meet Church objectives	<ul style="list-style-type: none"> • Identification of alternative venues for all key sites • Maintenance of strong relationships with landlords • The ability to stream online services • Develop and establish a strong groups culture • Activity seek options to acquire or lease permanent venues
A lack of control or poorly designed procedures leads to a safeguarding issue which has a significant impact on the individuals concerned as well as creating legal, financial and reputational risk for Church.	<ul style="list-style-type: none"> • Appropriate oversight and staff roles for safeguarding matters. • DBS checks for all staff and volunteers who interact with children and vulnerable adults • Regular safeguarding training for all relevant individuals • Provision of adequate staff and volunteers to meet required supervision ratios in Kids & Youth • Development and communication of safeguarding policies • Development of fit-for-purpose reporting and record keeping systems
A staff member or volunteer is mistreated and has a negative impact on the individual, as well as resulting in legal, financial and reputational risk	<ul style="list-style-type: none"> • Provision and maintenance of appropriate role descriptions • Structured process for performance evaluation and promotion in place • Well-being framework beginning with a process and policy for access to health intervention services
A lack of physical security leads to loss of assets or injury or death of staff, volunteers and congregation	<ul style="list-style-type: none"> • Use of venue-provided security personnel and procedures • Liaison with Police in relation to key security concerns and/or major events • Event planning policies and procedures cover physical security requirements • Provision of staff or volunteers with appropriate training, as required
Damage to confidence of stakeholders caused by issues outside the UK, by UK staff or by UK volunteers or congregation results in loss of access to venues, financial stress and/or regulatory challenge	<ul style="list-style-type: none"> • Policy guidelines on employee conduct documented, communicated and followed • Staff and team leaders ensure appropriate selection of volunteers and volunteer training and supervision on an ongoing basis via team nights and other events • Policy in place and followed regarding staff recruitment process and ongoing performance evaluation

Additional risks are managed within the charity's risk framework.

Trustees' Report (Including Strategic Report) (continued)

Going concern

As discussed above, the impact of the global pandemic in 2020-2021, the general economic conditions in the UK, and the transition of Hillsong global senior leadership, have all had an impact on the charity. The main continuing risk to the charity from these items has been the financial risk of lower than expected donation income. This risk is amplified by the general economic conditions within the UK including increased inflation levels, increased energy costs, increased interest rates and loss of income within the general population.

In response to this risk, the charity is taking the following steps:

- Reviewing and reducing all expenditure to essential items only. Major cost reductions have occurred over 2022 to reduce the cost structure of all activities for 2023.
- Significant negotiations with key suppliers to reduce costs and secure tenure in rented buildings.
- Continuing to offer opportunities to donate to unrestricted and restricted funds through online services, including the promotion of electronic methods for donations and regularly communicating to church congregation on activities.
- Detailed planning and financial forecasting for 2023 and beyond, including understand the capacity of reserves, cash position and options to reduce future costs.
- Disposal of non-core assets for reinvestment into core church building property assets.

The financial investment required in 2022 and the property acquisition meant cash reserves were utilised in part in the year. At the end of the year reserves remain adequate to settle liabilities as they fall due. The trustees have considered the period of at least 12 months from signing these accounts.

Given the charity's current ability to reduce costs and respond to income levels, its new strategy for 2023 and its retention of cash and property reserves, the trustees' are of the opinion that the charity can continue as a going concern.

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

Trustees' statement of responsibilities

The Trustees (who are also directors of Hillsong Church London for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

Trustees' Report (Including Strategic Report) (continued)

Auditors

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

Statement of disclosure to auditors

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

The Trustees Report, which incorporates the Strategic Report has been approved by the Board of Trustees at its meeting on^{31/07/23}..... 2023 and signed on its behalf by:

Russell Dacre

.....
R Dacre
Chairman

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

Opinion

We have audited the financial statements of Hillsong Church London (the 'charitable company') for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows and 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 December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustees' Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' 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 the audit:

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic 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 or the Strategic Report included within the Trustees' Report.

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report and remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

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

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to General Data Protection Regulations and Health and Safety. We performed audit procedures to inquire of management whether the group is in compliance with these laws and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls and voluntary income and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and testing income through a combination of tests of control and tests of detail, including testing post year end receipts.

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

Use of our report

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

RSM UK Audit LLP

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

Date: 31/07/23

Statement of Financial Activities (incorporating an income and expenditure account)
For the Year Ended 31 December 2022

		2022			2021		
		Unrestricted funds £	Restricted funds £	Total £	Unrestricted funds £	Restricted funds £	Total £
Incoming resources							
Donations	3	9,345,356	762,041	10,107,397	10,928,624	968,375	11,896,999
Charitable activities	4	587,012	-	587,012	387,978	-	387,978
Investments		111	-	111	3,636	-	3,636
Other income	5	146,903	-	146,903	28,467	9,000	37,467
Total incoming resources		10,079,382	762,041	10,841,423	11,348,705	977,375	12,326,080
Resources expended							
Raising funds		251,178	-	251,178	3,172,446	-	3,172,446
Charitable activities	6	11,267,097	465,776	11,732,873	8,297,984	1,004,673	9,302,657
Total resources expended		11,518,275	465,776	11,984,051	11,470,430	1,004,673	12,475,103
Net movement in funds		(1,438,893)	296,265	(1,142,628)	(121,725)	(27,298)	(149,023)
Reconciliation of funds:							
Total funds brought forward	17	7,910,415	2,514,050	10,424,465	8,032,140	2,541,348	10,573,488
Total funds carried forward		6,471,522	2,810,315	9,281,837	7,910,415	2,514,050	10,424,465

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

Statement of Financial Position as at 31 December 2022

		2022		2021
		£	£	£
Fixed assets				
Tangible assets	10		16,321,082	10,279,453
Current assets				
Stocks	11	42,248		68,837
Debtors	12	1,376,861		1,521,847
Cash at bank and in hand	13	755,558		3,726,273
Total Current assets		2,174,667		5,316,957
Liabilities				
Creditors: amounts falling due within one year	14	(2,743,084)		(1,777,624)
Net current (liabilities)/assets			(568,417)	3,539,333
Total assets less current liabilities			15,752,665	13,818,786
Creditors: Amounts falling due after more than one year	16		(6,470,828)	(3,394,321)
Net assets			9,281,837	10,424,465
The funds of the charity				
Restricted income funds	18	2,810,315		2,514,050
Unrestricted income funds		6,471,522		7,910,415
Total charity funds		9,281,837		10,424,465

Approved and authorised for issue by the trustees on 31/07/23 and were signed on its behalf by:

Russell Dacre

R Dacre
Director

The notes on pages 19 – 33 form part of these financial statements.
Company number: 05487537 (England and Wales)
Charity number: 1120355 (England and Wales)

Hillsong Church London
Year Ended 31 December 2022

Statement of Cash Flows
For the year ended 31 December 2022

		2022 £	2021 £
Cash (loss)/generated from operating activities	20	(68,306)	917,683
		<hr/>	<hr/>
Cash flows from investing activities			
Interest income		111	3,636
Interest expenditure		(321,598)	(71,914)
Purchase of tangible fixed assets		(7,265,925)	(2,573,215)
Proceeds on disposal of tangible assets		443,091	84,449
		<hr/>	<hr/>
Cash used in investing activities		(7,144,321)	(2,557,044)
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds of new loans		4,574,030	2,250,000
Repayment of borrowings		(240,158)	(2,431,527)
Payment of obligations under finance leases		(91,959)	(111,535)
		<hr/>	<hr/>
Cash used in financing activities		4,241,913	(293,062)
		<hr/>	<hr/>
Decrease in cash and cash equivalents in the year		(2,970,715)	(1,932,423)
Cash and cash equivalents at the beginning of the year		3,726,273	5,658,696
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	13	755,558	3,726,273
		<hr/>	<hr/>

Notes forming part of the Financial Statements

1. Accounting policies

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

General information

Hillsong Church London is a company limited by guarantee (Companies House No. 05487537) and a registered charity (Registered Charity No. 1120355). It is governed by Memorandum and Articles of Association dated 22 June 2005 and most recently amended 14 October 2021. It is incorporated and domiciled in the United Kingdom. The address of the registered office is 35 Little Russell Street, London, WC1A 2HH.

Basis of preparation

These Financial Statements have been prepared in accordance with the Charities Act 2011, the Companies Act 2006, and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

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

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

Going concern

As discussed above, the impact of the global pandemic in 2020-2021, the general economic conditions in the UK, and the transition of Hillsong global senior leadership, have all had an impact on the charity. The main continuing risk to the charity from these items has been the financial risk of lower than expected donation income. This risk is amplified by the general economic conditions within the UK including increased inflation levels, increased energy costs, increased interest rates and loss of income within the general population.

The trustees consider the use of the going concern basis of accounting is appropriate. While there has been operating losses incurred in the current year, and while there is a general economic uncertainty within the UK, the trustees have considered the charity's ability to reduce costs, and remain of the opinion that the charity can continue as a going concern. The operating strategy for future years shows the charity's ability to reduce costs and respond to economic conditions.

There are no other material uncertainties related to events or conditions that may cast significant doubt about the ability of the Church to continue as a going concern.

Income

Donation income

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

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

Income from charitable activities

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

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

Notes forming part of the Financial Statements (continued)

1. Accounting policies (continued)

Investment income

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

Expenditure and irrecoverable VAT

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

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

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

Allocation of support costs

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

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

Leases

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

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

Restricted funds

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

Details of restricted funds are disclosed in note 18.

Notes forming part of the Financial Statements (continued)

1. Accounting policies (continued)

Donated goods

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

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

Unrestricted funds

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

Tangible fixed assets

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

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

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

No depreciation is provided in respect of freehold land.

Impairment of fixed assets

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

Stocks

Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value

Basic financial assets

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and amounts due to fellow group undertakings are initially recognised at transaction price. The Charity has not entered into any financing transactions.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Notes forming part of the Financial Statements (continued)

1. Accounting policies (continued)

Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Cash and cash equivalents

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

Employee benefits

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

Pensions

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

Grant income

The charity has chosen to include the Retail, Hospitality and Leisure grant fund (RHLGF) and the Mental Health and Emotional Wellbeing Council Grant in other income in its financial statements. In the prior year, the organisation availed itself of the Mental Health and Emotional Wellbeing Council Grant. During the period an amount of £Nil (2021: £15,754) was claimed under the schemes. This amount is reflected in other income on the face of the SOFA.

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

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

Leases

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

Notes forming part of the Financial Statements (continued)

3. Incoming resources from donations

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Tithes & Offerings	7,819,477	762,041	8,581,518	9,148,244	968,375	10,116,619
Gift Aid Claimed	1,525,879	-	1,525,879	1,780,380	-	1,780,380
	<u>9,345,356</u>	<u>762,041</u>	<u>10,107,397</u>	<u>10,928,624</u>	<u>968,375</u>	<u>11,896,999</u>

4. Income from charitable activities

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Conferences and events	286,495	-	286,495	278,527	-	278,527
Resource sales	5,303	-	5,303	1,218	-	1,218
Music royalties receivable	9,329	-	9,329	4,586	-	4,586
Other income	108,567	-	108,567	103,647	-	103,647
Grant income	177,318	-	177,318	-	-	-
	<u>587,012</u>	<u>-</u>	<u>587,012</u>	<u>387,978</u>	<u>-</u>	<u>387,978</u>

5. Other income

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Profit on disposal of tangible fixed assets	146,903	-	146,903	21,713	-	21,713
Coronavirus Job Retention Scheme	-	-	-	6,754	-	6,754
Mental Health and Emotional Wellbeing Council Grant Scheme	-	-	-	-	9,000	9,000
	<u>146,903</u>	<u>-</u>	<u>146,903</u>	<u>28,467</u>	<u>9,000</u>	<u>37,467</u>

Hillsong Church London
Year Ended 31 December 2022

Notes forming part of the Financial Statements (continued)

6. Total resources expended

	Basis of allocation	Cost of raising funds	Conference and events	Resource sales	Teaching and ministry	Missions	Governance costs	Total 2022	Total 2021
	£	£	£	£	£	£	£	£	£
Staff costs	Direct	-	80,678	-	2,380,502	-	-	2,461,180	3,198,318
Venue costs	Direct	-	244,046	-	2,801,787	-	-	3,045,833	1,795,505
Production costs, equipment hire and transport costs	Direct	-	89,937	-	577,174	-	-	667,111	1,233,331
Ministry and mission expenses	Direct	-	50,647	-	1,312,829	389,791	-	1,753,267	2,594,116
Cost of sales	Direct	-	-	50,005	-	-	-	50,005	124,374
Support costs allocated to activities									
Staff costs	Staff time	99,596	194,357	16,599	748,463	39,872	15,142	1,114,029	1,033,384
Premises	Staff time	61,417	119,852	10,236	448,919	24,588	9,337	674,349	528,992
General management and office administration costs	Staff time	27,837	54,323	4,640	209,674	11,143	4,232	311,849	428,315
Communications and IT costs	Staff time	33,181	64,752	5,530	249,357	13,285	5,045	371,150	422,111
Audit fees	Direct	-	-	-	-	-	42,000	42,000	60,462
Accounting fees	Direct	-	-	-	-	-	47,624	47,624	59,488
Legal & Professional	Direct	-	-	-	-	-	57,472	57,472	35,500
Depreciation	Staff time	-	113,010	9,652	908,111	23,184	-	1,053,957	961,207
Interest	Staff time	29,147	56,880	4,858	219,044	11,669	-	321,598	-
Profit or loss on foreign exchange		-	-	-	12,628	-	-	12,628	-
		<u>251,178</u>	<u>1,068,481</u>	<u>101,519</u>	<u>9,868,488</u>	<u>513,532</u>	<u>180,852</u>	<u>11,984,051</u>	<u>12,475,103</u>

Expenditure on charitable activities was £11,732,873 (2021: £9,302,657), of which £11,267,097 was unrestricted (2021: £8,297,984) and £465,776 was restricted (2021: £1,004,673). Costs of raising funds in the year have been reallocated to Teaching and Ministry costs. In the prior year these costs were shown in costs of raising funds.

Notes forming part of the Financial Statements (continued)

7. Analysis of expenditure

	2022 £	2021 £
Auditors' remuneration - audit	42,000	35,500
Auditors' remuneration - other services	44,872	56,502
Depreciation		
Owned	1,018,182	951,115
Leased	35,775	10,092
Operating lease rentals	905,500	718,153
Profit on disposal of fixed assets	(146,903)	(21,713)
	<hr/>	<hr/>

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

	2022 £	2021 £
Wages and salaries	2,979,943	3,468,991
Social security costs	297,669	377,421
Pension costs	101,308	133,046
	<hr/>	<hr/>
	3,378,920	3,979,458
	<hr/>	<hr/>

No trustee received remuneration in relation to their duties as trustees or incurred expenses (2021: £Nil). During the year two (2021: two) trustees received remuneration in respect of other services provided by them. The trustees' remuneration for the year was £60,903 (2021: £96,026). The trustees are responsible for governing the charity and directing how it is managed and run.

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, which is comprised of the trustees and the management team as defined on page 3. The total employee benefits and remuneration of the key management personnel during the year, including employer NI, was £263,950 (2021: £303,378).

Notes forming part of the Financial Statements (continued)

8. Analysis of staff costs and costs of key management personnel (continued)

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

	2022	2021
	No	No
Lead Pastors	2	2
Pastoral, Missions and Ministries	37	46
Sunday Services	19	22
Conferences and events	3	4
Administration and support	22	26
	<hr/> 83	<hr/> 100
	<hr/>	<hr/>

The number of employees whose employee benefits exceeded £60,000:

	2022	2021
	No	No
£130k - £140k	1	-
£100k - £110K	-	1
£90k - £100k	1	-
£80k - £90k	1	1
£70k - £80k	-	3
£60k - £70k	2	3
	<hr/> 5	<hr/> 8
	<hr/>	<hr/>

Pensions contributions paid to higher paid staff during the year to 31 December 2022 were £23,448 (2021: £25,528)

9. Donated services and facilities

There are approximately in excess of 1,000 (2021: 1,000) unpaid volunteers involved in activities conducted or supported by Hillsong Church. The value to be placed on these resources cannot be reliably quantified and measured and is not therefore recognised in the statement of financial activities.

Notes forming part of the Financial Statements (continued)

10. Tangible fixed assets

	Freehold land and buildings £	Leasehold Improvement £	Production equipment £	Vehicles £	Office equipment £	Total £
Cost						
At 1 January 2022	8,301,485	1,329,791	6,245,059	349,537	1,476,621	17,702,493
Additions	7,066,269	12,365	234,640	19,328	59,172	7,391,774
Disposals	(209,496)	-	(226,778)	(47,974)	-	(484,248)
At 31 December 2022	15,158,258	1,342,156	6,252,921	320,891	1,535,793	24,610,019
Depreciation						
At 1 January 2022	923,940	572,393	4,436,236	327,495	1,162,976	7,423,040
Charge for the year	336,353	109,336	472,913	14,597	120,758	1,053,957
On disposals	(24,375)	-	(115,711)	(47,974)	-	(188,060)
At 31 December 2022	1,235,918	681,729	4,793,438	294,118	1,283,734	8,288,937
Net book value 31 December 2022	13,922,340	660,427	1,459,483	26,773	252,059	16,321,082
Net book value 31 December 2021	7,377,545	757,398	1,808,823	22,042	313,645	10,279,453

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

Included in the total net book value of assets is £214,097 (2021: £87,155) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £35,775 (2021: £10,092).

11. Stocks

During the year, an impairment loss of £Nil (2021: £Nil) was recognised on stocks held.

12. Debtors

	2022 £	2021 £
Trade debtors	30,816	21,415.00
Gift Aid recoverable	152,947	58,987
Other debtors	329,242	236,691
Prepayments and accrued income	632,061	1,204,754
Derivative financial instrument	231,795	-
	1,376,861	1,521,847

The derivative financial instrument of £231,795 (2021: £Nil) represents a foreign currency forward contract which was converted from AUD to GBP.

Notes forming part of the Financial Statements (continued)

13. Cash at bank and in hand

	2022	2021
	£	£
Cash at bank	743,043	3,719,975
Cash in hand	12,515	6,298
	<hr/>	<hr/>
	755,558	3,726,273
	<hr/>	<hr/>

14. Creditors: amounts falling due within one year

	2022	2021
	£	£
Bank loan	311,151	290,604
Obligations under finance leases	60,383	47,231
Trade creditors	449,590	893,512
Taxation and social security	404,743	110,636
Other creditors	28,752	55,163
Accruals and deferred income	788,465	380,478
Other loans	700,000	-
	<hr/>	<hr/>
	2,743,084	1,777,624
	<hr/>	<hr/>

A bank loan was obtained in July 2008 from Barclays Bank Plc over a 20 year term with 228 capital repayment instalments. The current repayments are £9,019 per month together with interest payments at the bank base rate plus 1.20%.

In October 2021 a loan obtained in August 2016 was repaid, and a new loan of £2,250,000 was obtained from Barclays Bank Plc over a 5 year term with 20 capital repayment instalments. The current repayments are £37,500 per quarter plus interest payments at the bank base rate plus 2.70%.

In October 2021, a second loan from August 2016 was repaid, and a further new loan was obtained from Barclays Bank Plc for £175,033 over a 5 year term with 20 capital repayment instalments. The current repayments are £2,967 per quarter plus interest payments at the bank base rate plus 2.70%.

In January 2022 a loan was obtained from ACC Directorate over a 3 year term on an interest only basis, for AUD \$6,881,047 (£3.6m). The initial rate of interest is 4.90% per annum.

Finance leases were taken out during prior years for motor vehicles with a term of 3 years and 35 capital repayment instalments, and production equipment with a term of 2 years and 24 capital repayment instalments. One finance lease was taken out in 2022 relating to motor vehicles, over a term of 5 years with 48 capital repayment instalments, and a further finance lease established in 2022 relating to production equipment, over a term of 3 years with 36 capital repayment instalments. Total current repayments in 2022 under finance leases are £67,312 (2021: £68,113) plus interest of £6,357 (2021: £8,059).

Included in other creditors above is £19,632 (2021: £22,001) owing to the pension fund.

Notes forming part of the Financial Statements (continued)

15. Deferred income

	2022 £	2021 £
At 1 January	802,828	759,248
Less amount released to income resources	(802,828)	(759,248)
Plus amount deferred in the year	512,917	802,828
	<hr/>	<hr/>
At 31 December	512,917	802,828
	<hr/>	<hr/>

As at 31 December 2022 and 31 December 2021 all deferred income relates to income received in advance of conferences and events to be held at a future date.

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

	2022 £	2021 £
Bank loan	2,534,474	2,811,320
Other loans	3,890,171	-
Obligations under finance leases	46,183	25,445
Accruals and deferred income	-	557,556
	<hr/>	<hr/>
	6,470,828	3,394,321
	<hr/>	<hr/>
Analysis of bank, other loans and finance leases:	2022 £	2021 £
Debt can be analysed as falling due		
In one year or less, or on demand	371,534	337,835
Between one and two years	334,751	318,746
Between two and five years	6,007,170	483,362
In five years or more	128,907	2,034,657
	<hr/>	<hr/>
	6,842,362	3,174,600
	<hr/>	<hr/>

Notes forming part of the Financial Statements (continued)

17. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	2022 Total £	Unrestricted Funds £	Restricted Funds £	2021 Total £
Tangible fixed assets	13,848,507	2,472,575	16,321,082	8,753,078	1,526,375	10,279,453
Current assets	1,836,927	337,740	2,174,667	4,329,282	987,675	5,316,957
Current liabilities	(2,743,084)	-	(2,743,084)	(1,777,624)	-	(1,777,624)
Non-current liabilities	(6,470,828)	-	(6,470,828)	(3,394,321)	-	(3,394,321)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Total	6,471,522	2,810,315	9,281,837	7,910,415	2,514,050	10,424,465
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Reconciliation of funds						
Total funds brought forward at 1 January	7,910,415 (1,438,893)	2,514,050 296,265	10,424,465 (1,142,628)	8,032,140 (121,725)	2,541,348 (27,298)	10,573,488 (149,023)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds carried forward at 31 December	6,471,522	2,810,315	9,281,837	7,910,415	2,514,050	10,424,465
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

18. Analysis of restricted income funds

Summary of the activity of the restricted funds for 2022 was as follows :

	Balance Brought forward 2022 £	Incoming resources £	Outgoing resources £	Depreciation £	Balance carried forward 2022 £
Spring the Trap	68,796	60,867	(50,066)	-	79,597
Because We Can	52,604	408,091	(211,650)	-	249,045
Building Fund	2,386,872	172,681	(10,319)	(76,660)	2,472,574
Youth Services	4,821	21,369	(20,847)	-	5,343
Love Your Neighbour	957	99,033	(96,234)	-	3,756
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	2,514,050	762,041	(389,116)	(76,660)	2,810,315
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Summary of the activity of the restricted funds for 2021 was as follows :

	Balance Brought forward 2021 £	Incoming resources £	Outgoing resources £	Depreciation £	Balance carried forward 2021 £
Spring the Trap	60,058	131,215	(122,477)	-	68,796
Because We Can	63,447	163,614	(174,457)	-	52,604
Building Fund	2,176,855	281,251	(36,754)	(34,480)	2,386,872
Youth Services	-	4,821	-	-	4,821
Love Your Neighbour	240,988	396,474	(636,505)	-	957
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	2,541,348	977,375	(970,193)	(34,480)	2,514,050
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes forming part of the Financial Statements (continued)

Analysis of restricted income funds (continued)

The major restricted funds comprise Hillsong Foundation Funds, including:

Spring The Trap

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

Because We Can

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

Building Fund

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

Youth Services

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

Love Your Neighbour

The Love Your Neighbour campaign exists to provide Covid-19 related relief, including provision of food supplies, financial and debt guidance and career advice.

19. Commitments

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

	2022	2021
	£	£
Operating leases which expire :		
Within one year	665,070	844,724
Between one and five years	1,842,839	2,124,598
In over five years	776,250	1,158,750
	<hr/>	<hr/>
	3,284,159	4,128,072
	<hr/>	<hr/>

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

	2022	2021
	£	£
Net movements in funds	(1,142,627)	(149,023)
Deduct interest income shown in investing activities	(111)	(3,636)
Add back interest expenditure shown in investing activities	321,598	71,914
Add back depreciation charges	1,053,957	961,207
Profit on disposal of tangible asset	(146,903)	(21,713)
Decrease in stocks	26,589	21,277
Decrease in debtors	144,986	703,612
Decrease in creditors	(325,795)	(665,955)
	<hr/>	<hr/>
Net cash provided by operating activities	(68,306)	917,683
	<hr/>	<hr/>

Notes forming part of the Financial Statements (continued)

21. Analysis of changes in net funds

	At start of year	Cash flows	New finance leases	At end of year
	£	£	£	£
Cash at bank and in hand	3,726,273	(2,970,715)	-	755,558
Borrowings excluding overdrafts	(3,101,924)	(4,333,872)	-	(7,435,796)
Obligations under finance leases	(72,676)	91,959	(125,849)	(106,566)
	<u>551,673</u>	<u>(7,212,628)</u>	<u>(125,849)</u>	<u>(6,786,804)</u>

22. Related party transactions

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

During the year, there were related party transactions totalling £23,578 (2021: £291) with Hillsong NL. This consists of £Nil (2021: £282) paid on behalf of Hillsong NL for events held by Hillsong London, donations received of £23,758 (2021: £Nil) and costs reimbursed of £Nil (2021: £573) paid to Hillsong NL in the year. There were costs of £Nil (2021: £Nil) paid on behalf of Hillsong Espana. There were also costs of £2,712 (2021: £3,637), tithes and offerings of £2,204 (2021: £4,112) and sale of teaching resources of £Nil (2021: £59) on behalf of Hillsong Italia. There was also donations received of £1,498 from Hillsong Italia (2021: £Nil).

No trustee received remuneration in relation to their duties as trustees or incurred expenses (2021: £Nil). During the year trustees received remuneration in respect of services provided by them including legal services, management consultancy services and supplying teaching resources. The trustees' remuneration for these items for the year was £60,093 (2021: £96,026), remunerated to the following trustees:

	2022 £	2021 £
Ray Newton: Salary including NI - Legal Counsel	26,811	28,145
David Whitewood: Salary including NI	34,092	67,881
	<u>60,903</u>	<u>96,026</u>
Total	60,903	96,026

There were no other outstanding balances with related parties as at 31 December 2022 (2021: £Nil).

Notes forming part of the Financial Statements (continued)

23. Taxation

The charity is exempt from tax on income and gains falling within part II of the Corporation Taxes Act 2010 or section 256 of the Taxation of Charitable Gains Act 1992 to the extent that these are applied to its charitable objectives.

24. Controlling party

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