

# **ESSENTIAL CHRISTIAN**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 SEPTEMBER 2020**

**Company Number: 06667924  
Charity Number: 1126997**

# **ESSENTIAL CHRISTIAN**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 SEPTEMBER 2020**

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# ESSENTIAL CHRISTIAN

## REPORT OF THE DIRECTORS

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The Directors have pleasure in submitting their report together with the audited group financial statements for the year 1 October 2019 to 30 September 2020 which have been prepared in accordance with the current statutory requirements, the company's memorandum and articles of association and the Statement of Recommended Practice (Charities SORP (FRS 102)) and Financial Reporting Standard 102 (FRS 102).

### Reference and Administrative Details

<u>Charity Number</u>	1126997
<u>Company Number</u>	06667924
<u>Principal / Registered Office</u>	14 Horsted Square Uckfield East Sussex TN22 1QG
<u>Bankers</u>	Lloyds Bank plc 8 High Street Lewes East Sussex BN7 2AD
<u>Solicitors</u>	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B3 2ES
<u>Auditors</u>	Jacob Cavenagh & Skeet 5 Robin Hood Lane Sutton Surrey SM1 2SW

## ESSENTIAL CHRISTIAN

### REPORT OF THE DIRECTORS (continued)

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#### Directors

The directors who held office during the period were as follows:

##### *Non-executive directors*

Mr Geoffrey Booker	
Ms Tania Bright	
Rt Rev Peter Broadbent	<i>Chair</i>
Rev Gavin Calver	(Resigned on 31 December 2020)
Mr David Dorricott	
Ms Elaine Duncan	
Rev Roger Sutton	(Retired on 30 November 2020)
Mr Martin Young	

##### *Executive director*

Mr Peter Martin	<i>Chief Executive</i> (until 31 May 2020; thereafter <i>Executive Vice-Chair</i> )
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#### Chief Executive

Mr Phil Loose became Chief Executive on 1 June 2020.

#### History and Name

Essential Christian (previously called Memralife Group) was formed from the merger of International Christian Communications and Spring Harvest and began activities in January 2009.

#### Ethos

Essential Christian is a Christian organisation. Its reason for existence and ongoing ethos is to serve Jesus Christ and represent Jesus Christ and his teaching to the world. This service is undertaken through delivering the objectives and activities of the Charity for the public benefit.

#### Objectives and Activities

The object of the charity is to advance the Christian faith throughout the world and to do so principally, but not exclusively by:

- serving the Christian church worldwide;
- enabling the Christian church worldwide;
- informing, inspiring and equipping Christians to live out their Christian faith with biblical integrity, heartfelt unity and cultural relevance; and
- encouraging people to live as disciples of Jesus Christ.

The charity seeks to promote Christian faith and teaching, discipling and evangelism, and to contribute to the quality of life of individuals and families, whether they are currently engaged with the Christian church or on a personal spiritual journey.

## ESSENTIAL CHRISTIAN

### REPORT OF THE DIRECTORS (continued)

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The strategies employed to achieve the company's objectives for the period included:

- the provision of the annual Spring Harvest teaching event as an online event, available at no charge and accessed by people of all ages and from all sections of the community;
- delivering booking and conference infrastructures for events provided by other organisations;
- producing printed material;
- recording and distributing audio and video teaching material;
- producing and publishing Christian music;
- providing a royalty administration service;
- enabling access to audio, video and written materials through shops at events and online;
- donations to other Christian work.

### Public Benefit

The directors are aware of their responsibility to ensure that the charity provides public benefit. Essential Christian aims to equip and enable the Church and her members through providing events and resources. Accordingly the activities provide spiritual benefit to a large number of people, assist churches to serve their communities, and help schools with collective worship.

Essential Christian:

- promotes the study of and application of the Bible through seminars and addresses at Spring Harvest and Spring Harvest Holidays, and through audio and video recordings both from its own events and other events;
- gives opportunities to engage in corporate prayer and praise, often with a large number of people;
- provides opportunities for families to enjoy time together in a relaxed, teaching setting;
- records and distributes Christian music;
- makes its expertise in conference management available to other organisations;
- produces materials for primary school assemblies.

Teaching and music recordings are available at a price which makes them accessible to everyone, regardless of income.

Whilst the coronavirus pandemic meant that some activities were curtailed in 2020, through being online the Spring Harvest event was freely available to everyone.

### Structure, Governance & Management

#### Governing Document

The organisation is a charitable company limited by guarantee, incorporated in England and Wales on 8 August 2008 and registered as a charity on 28 November 2008. The company is governed by its Memorandum and Articles of Association. There are currently 7 members and Directors of the company.

#### Board of Directors

The Board carries the legal and financial responsibility for the charity and establishes the vision and mission of the charity while monitoring its activities and policies. The Board met 10 times over the period. In addition there is a Finance Committee consisting of four Board members, the CEO and three other staff members.

## ESSENTIAL CHRISTIAN

### REPORT OF THE DIRECTORS (continued)

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Directors have a wide knowledge of the beneficiary and potential beneficiary group served by the company. All Directors are invited to nominate new Directors, having regard to the skills, experience or representation identified as being required at the time. Suggestions may also be sought from others who know the charity well. Full discussion takes place on each of the nominees before an appointment is made.

The Board of Directors is satisfied that both the legal and financial needs of the company are well served by its current professional advisors.

A register of interests is held on the Directors and is updated annually.

#### Directors' Induction and Training

New Directors often come with extensive experience on the boards of other charities or businesses and are familiar with Essential Christian having participated in one or more of its activities. Most new Directors come with a high level of awareness of the company's objectives, structures and operational activities.

New Directors are supplied with the Memorandum and Articles of Association, current minutes and recent financial reports, and the statement of Beliefs, Purpose and Values. They are also directed to the current Charity Commission publications for new trustees.

Before attending their first Directors' meeting the Chief Executive and/or the Chair will seek to meet the new Director to answer any questions they may have. Where appropriate, additional induction and meetings with other Directors and staff will be provided.

#### Structure

The charity operates under brands to distinguish its activities.

- Big Start Assemblies  
Growing out of the Big Start programme at Spring Harvest, Big Start Assemblies offers ready-to-use material for Key Stages 1 and 2 primary school assemblies, with presentations, videos, songs and scripts designed to meet Ofsted and SIAMS requirements.
- Essential Christian  
A wide range of Christian resources, including talks from conferences going back many years, are available for sale from the *Essential Christian* shop, both on-line and (usually) through retail stands at events. This is also the publishing name for resources produced by the charity to equip the Church, including CDs, DVDs and books.
- Essential Event Management  
Using the experience built up over many years running Spring Harvest and other events, Essential Event Management makes these skills available to the wider Christian community and beyond and also provides recording services.
- Hope Lebedyn  
Through a link with a mission centre in eastern Ukraine, the charity supports the work of the Church in an area of extreme poverty using funds given specifically for this purpose.
- Song Solutions  
Song Solutions administers copyrights and royalties on Christian music, both where the copyright is owned by Essential Christian and on behalf of clients in UK and worldwide.

## ESSENTIAL CHRISTIAN

### REPORT OF THE DIRECTORS (continued)

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- Spring Harvest

The Spring Harvest main event takes place within the Easter school holidays. Whilst it could only be online in 2020 and 2021, the intention is to return as soon as possible to using the Butlins facilities at Minehead and Skegness, and the Convention Centre in Harrogate. There are also some smaller and events in the course of the year.

- Spring Harvest Holidays

Operating as a separate company, Spring Harvest Holidays extends the vision of Spring Harvest into France offering a mix of holiday relaxation and spiritual input at its resort in the Vendée region. Many Spring Harvest speakers give Bible teaching during the season. Essential Christian provides services to Spring Harvest Holidays. The Executive Vice-Chair of Essential Christian is also a director of Spring Harvest Holidays.

In furtherance of its activities Essential Christian has two wholly-owned subsidiaries: Song Solutions Ltd, which in turn owns Copycare Pacific Pty Ltd, which undertakes copyright administration; and Daybreak Music Ltd, which owns a number of copyrights.

Further details are given in Note 9 to the financial statements.

#### Management & Staffing

The Chief Executive appointed by the Board is responsible for the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority for operational matters, including day-to-day finance, communications and business development. In addition the Chief Executive is responsible for recruiting the staff team and ensuring that there are the skills and expertise needed to run the charity. The charity is well served by an experienced and motivated senior staff team.

The key management personnel of the charity are the chief executive and directors listed on page 1. All non-executive directors give of their time freely and no director received any remuneration in the year for being a director. Payments are sometimes made for additional services. Details of directors' payments, expenses and related party transactions are disclosed in Notes 7.3 and 20 to the financial statements. The pay of the Chief Executive and other staff is reviewed annually.

The Spring Harvest event programme is devised by a Planning Group, which reports to the Board and which prayerfully considers the event programme and its delivery every year. The Group includes at least one Board member and several others who together bring theological and leadership skills. Membership changes periodically so that the group is refreshed from time to time.

#### Risk Management

The Directors have a risk management strategy which comprises:-

- an annual review document showing the risks to the organisation and the control measures to be taken, covering areas of governance, management, activities, premises, IT, finance, litigation and reputation;
- consideration of this document by the Board;
- further discussion of those areas where greater risks are identified and the establishment of systems and procedures to mitigate those risks; and
- the implementation of procedures designed to minimise where possible the impact on the charity should those risks materialise.

## ESSENTIAL CHRISTIAN

### REPORT OF THE DIRECTORS (continued)

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Based on this risk review, the Directors consider the highest risks, and the means by which they may be mitigated, to be:

- A reduction in the number of guests at Spring Harvest physical events leading both to a reduction in delivering its ministry and to a loss of income. This could be because of a commercial decision by the resort owners, the pattern of annual school holidays, coronavirus restrictions or other circumstances outside the charity's control. The move into digital delivery allows more people to engage, but does not deliver the same level of income.
- The level of donations, which were particularly high in 2020, could be insufficient to sustain the activities. Work is being done to expand the number of donors.

### Achievements and Performance

Essential Christian's activities fall into three broad categories: Conference and Event Ministry, Ministry Resources, and Grant-making.

#### (1) Conferences and Event Ministry

This includes Spring Harvest, Spring Harvest Holidays and activities undertaken by Essential Event Management on behalf of other organisations.

- Spring Harvest

In March 2020, less than three weeks before Spring Harvest was due to begin, it became clear that the events could not go ahead as planned because of the impact of the coronavirus on the country. Nearly all of the preparations were in place: programmes designed, contracts agreed and volunteers recruited. Over the following weeks guests who had booked were refunded in full and preparations made for an online event instead.

Spring Harvest Home was delivered as a free event in the week after Easter, available on YouTube. All of the usual elements were there: Big Start, Bible teaching, Celebrations, After Hours and a wide range of seminars related to the theme for the year, "Unleashed", which asked how can the Church be unleashed to be all that God wants it to be, embodying key features of the early Church in the book of Acts. Many of the speakers and leaders who had expected to come to the event presented their talks as home-produced videos. Worship leaders recorded from home. Youth and children's leaders created programmes for their age groups. On-screen captions were available and some sessions were signed in BSL. Evening celebrations were anchored live from the charity's offices.

During the week viewers logged in using 187,000 separate devices from 96 countries, and by the end of the month this had risen to over 200,000 devices and 97 countries. Guests (viewers) could engage in real time using the YouTube chat feature both with leaders and with other guests. Feedback was overwhelmingly positive. Guests used terms such as 'inspiring', 'impactful' and 'thought-provoking'. They appreciated the wide range of content and commented how the programmes had inspired and helped them during the lockdown because of coronavirus. Many expressing their thanks had engaged with Spring Harvest for the first time. Some had felt they could not afford to come before and appreciated it being free online.

Guests most generously gave £694,000 to the Offering to cover costs and enable Spring Harvest to continue for future years. Of this, a tithe of 10% was split equally between Hope Lebedyn and the Bible Society as described below.



## ESSENTIAL CHRISTIAN

### REPORT OF THE DIRECTORS (continued)

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- Spring Harvest Local

A tour was held in September/October 2019 and again in January/February 2020 with the aim of engaging with church leaders and Spring Harvest guests in their home areas, and introducing the event to new people. During the period since 1 October 2019 it visited eight towns widely spread around England.

- Spring Harvest Holidays

In a normal year over 4,500 guests enjoy their vacation at Le Pas Opton holiday park in France. Whilst this was not possible in 2020, work was done to maintain engagement with guests and to plan for future reopening.

The offices of Spring Harvest Holidays are situated within Essential Christian's premises and during the course of the year the charity provided administrative and management assistance, the costs of which were reimbursed under a management agreement between the charity and Spring Harvest Holidays Ltd.

- Other Events

Through *Essential Event Management* the charity assisted other agencies to run their events. This included technical support, working with them on safety procedures and providing ticketing and registration facilities.

EEM provided hands-on technical support for several Care for the Family tours, and worked on several other conferences until March 2020, when the coronavirus pandemic meant that physical events were no longer possible. Later in the year the charity gave assistance to several Christian agencies to set up their online events. Clients reported that they were well served and they appreciated the expertise brought by the team.

A major project was to provide services for the Lambeth Conference, due to take place in summer 2020. Bookings were taken from bishops around the world until it was postponed, and work was also done on venues and tentage, exhibition, and health and safety management, now in abeyance until it can go ahead.

#### (2) Ministry Resources

This includes activities undertaken through the Essential Christian and Song Solutions brands in creating audio, video and print media, making these available to purchasers, and in copyright administration and royalty collection.

- Music and Books

Over the year, Essential Christian reduced the number of music albums released, largely as a consequence of the COVID-19 pandemic which caused events to be cancelled and retail outlets to close. The imprint was however able to release some albums of Christian music appropriate for all ages and in a variety of genres, from praise songs for pre-school children to reflective, instrumental albums for meditative worship. Some of the children's albums linked to Christian teaching events so reinforced the educational objectives of the event. Essential Christian also worked with music artists, such as Bob Hartman, Jonathan Veira, Doug Horley, and the New Irish Choir & Orchestra, who reach out to a wider audience for evangelism purposes.

Partnerships continued to develop with organisations including SPCK, Jesus Culture, River Valley Worship, Venture3Media and Care for the Family.

The first books from the new book publishing agreement with SPCK, which were linked to the Spring Harvest theme, were published in 2020 despite the pandemic, and work continued with SPCK and authors throughout 2020 towards the publication of further books in 2021.

## ESSENTIAL CHRISTIAN

### REPORT OF THE DIRECTORS (continued)

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- Spoken Word

Because there were fewer events, there were fewer recordings of talks and seminars to release; however recordings of Bible expositions and seminars were made for Spring Harvest and for other Christian events and conferences including Children's & Family Ministry and Tearfund. These recordings provided a resource for attendees to take teaching home and listen to it again or pass it on to their friends, and for others who were not at the event to access it themselves. Recordings were made available in various formats including YouTube, CD, DVD, USB, MP3 and MP4 format, and were available during or shortly after the end of the event.

- Sales

The *essentialchristian.com* website, which operates in partnership with Eden.co.uk, carries teaching from events going back many years as well as a range of music, DVDs, Bibles, books, church resources and Christian gifts, and includes sheet music available for a low price for use within churches. Orders can be made on-line, by post, or telephone. Sales also took place through Christian bookshops and other online retailers. During the pandemic online sales increased as a result of retail stores being closed.

Most music is available worldwide through distribution agreements; and spoken word through the internet.

- Duplication

A low volume of in-house duplication continued. As well as producing discs for Essential Christian, the charity also worked alongside other Christian agencies, such as BMS World Mission, Open Doors, and Care for the Family to produce their resources, and continues to offer this service to strategic partner ministries.

- Copyrights administration

Under Song Solutions (Copycare) Essential Christian administers over 150,000 songs globally from its own office and through franchise partners around the world. This has potential to increase through securing new administration catalogues of Christian music.

Song Solutions (Daybreak) saw growth again in its catalogue of songs where the charity owns the copyright, and this includes a large selection of children's songs which are used in school assemblies.

New methods and technology are likely to enable further revenue growth as songs are used more widely. The charity has signed the pan-European agreement through PRS which enables it to collect royalties directly from European countries, and expects to do the same for Asia and the Americas when available.

- Big Start Assemblies

Inspired by the 'Big Start' at the beginning of each day at Spring Harvest, this is a project that provides an all-in-one package for collective worship in primary schools. It uses stories from the Bible with videos, music and scripts and has been trialed at schools in Sussex and Kent. It was launched more widely in March 2018, and has seen subscriptions from schools across the country. Discussions with dioceses and trusts continue. There are now 124 assemblies available, and work continues to promote and market Big Start Assemblies to teachers, head teachers and schools. During the pandemic, agreement was reached to make the material available free of charge to Church of England schools for 12 months to facilitate them offering worship resources online to their children whilst pupils were home-schooled, but also giving them a valuable resource for when pupils were able to return en masse.

## ESSENTIAL CHRISTIAN

### REPORT OF THE DIRECTORS (continued)

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#### (3) Grants and Grantmaking

Funds for grantmaking come from the generosity of guests at the Spring Harvest events who support the annual Offering appeals, from guests at Spring Harvest Holidays and from donations received specifically for Hope Lebedyn.

- Restricted Funds

The charity's policy is to channel funds available from the tithe of the Spring Harvest Offering to one or more organisations which have projects relevant to the teaching theme for the year. Most grants are to other UK registered charities. The focus of Spring Harvest 2020 was on building up the Church. The tithe was split equally between Hope Lebedyn, an activity of the charity described below, and the Bible Society. The latter portion was to train and equip Bible teachers in China and to provide affordable Bibles there.

Funds are usually received from Youth and Children's Offerings; however these offerings were not taken in 2020.

Money given by guests at Spring Harvest Holidays is distributed via Spring Harvest Holidays Ltd to organisations in France, and to provide bursary support to some families and individuals.

Over the year funds are raised separately for Hope Lebedyn to send support on a regular basis to a mission centre and church in Lebedyn, Ukraine, as it reaches out and provides training, aid and Christian education in its community. Children's and youth activities take place in summer and at Christmas at an outdoor centre run by the church. These are provided without charge and cater for people both from Lebedyn and further afield. Many people report on these being life-changing for them. The building used for some of the children's and youth activities, an old wooden pavilion, had become dilapidated. Of the £123,100 income received for Hope Lebedyn shown in Note 14 to the financial statements, £77,700 was given for a replacement building and nearly £35,000 was from the Spring Harvest tithe. The tithe was clearly described to Spring Harvest guests and the other donations were given specifically for Hope Lebedyn.

Figures and information on restricted funds are given in Notes 14 and 18 to the financial statements. This includes money carried forward from previous years.

Organisations receiving grants are asked to submit written reports on the use of the funds within a year. In years when there are significantly high sums given there are often video reports or a monitoring visit in addition.

- Unrestricted Funds

The charity sets aside funding to provide discounts and bursaries to individuals and families who are on low incomes and would not otherwise be able to come to Spring Harvest. This is from funds given by members of the Partnership Scheme and through the portion of the offering which is used for the charity's ministry. However, because Spring Harvest was online and free, there was no expenditure on this in 2020.

## ESSENTIAL CHRISTIAN

### REPORT OF THE DIRECTORS (continued)

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#### **Financial Review**

The charity's main sources of income are donations and from its charitable activities.

The coronavirus restrictions occurred shortly before the Spring Harvest April 2020 events. They were cancelled at short notice and none of the usual income was received from guests attending. Whilst there were some savings, the costs of planning for a year and some of the contractors' fees paid or due under the contracts could not be recovered. A target of £1.5 million was set to recover the lost revenue. This was reached through the great generosity of many people and savings on expenditure including some fees that could be reclaimed. The Board would like to record its gratitude to the many people who gave in order to reach the target.

Other activities were also affected. Essential Event Management, after a promising start, saw income decline by two-thirds. Work later in the year, helping organisations with their own online events, could not make up for the loss of physical events. Resource sales were reduced by the cancellation of events and the closure of shops, though this was largely offset by careful control of costs. Copyright administration was also down, partly because of fewer events through the year using songs.

Gift income, always important to the charity, was particularly so in 2020. Over 850 regular donors in the Partnership Scheme gave nearly £200,000 over the year and 5,000 people gave over £800,000 either through the Offering or in other ways. The Board is grateful for the support of so many people during the pandemic, and also for a special donation of £500,000.

Reflecting the changed circumstances, many staff were furloughed for part of the year. The charity received £135,000 through the Coronavirus Job Retention Scheme. There were also three roles which became redundant and others where hours were reduced.

The overall result for the year was a surplus of £11,000. Further figures can be found on page 16.

The Board regularly considers the charity's activities and its future, and explores new ways of working and increasing sources of income in order to maintain its ministry. Cash flow is uneven during the year, and there is a need for loans which builds through the year until March/April, when Spring Harvest revenues are usually received. With the financial support of a corporate backer who has provided substantial cash flow assistance, the trustees have been satisfied that the Charity could operate on a sound financial footing.

#### Reserves Policy

The Board considered the charity's requirement for reserves. It is mindful of the risks facing the organisation and the need for reserves.

There were no freely available reserves (which excludes fixed assets, restricted funds and minority interests) at the year end. The charity was able to meet its obligations because of a loan facility made available to the charity, and a facility is in place which is sufficient to cover anticipated financial needs for at least the next 12 months.

#### Fundraising Policy

In line with the reporting requirements included in the Charities Act 2016, the Trustees confirm that all fundraising is carried out in compliance with best fundraising practice. The main request for funds is made during the Spring Harvest event. The purposes are clearly described.

Separate fundraising is undertaken for the Hope Lebedyn activity. This is largely through grant applications to sympathetic charitable trusts and making requests to existing donors.

## ESSENTIAL CHRISTIAN

### REPORT OF THE DIRECTORS (continued)

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The charity is registered with the Fundraising Regulator and follows the Code of Fundraising Practice. During the year no professional fundraisers were employed. Few appeals were made by email or letter and none by telephone so vulnerable people were protected from intrusive requests. A complaints procedure is set out as part of the Privacy Policy on the website and states that every effort will be made to resolve complaints within 10 days. No complaints or criticisms were raised concerning the fundraising activities. The charity is also registered with the Fundraising Preference Service. No requests for action were received from this service.

### 2021 and Beyond

Much of the charity's normal work has been suspended or reduced due to the coronavirus restrictions which continued into 2021. The Spring Harvest event was online again and events due to be serviced by Essential Events Management were cancelled. Considering the factors currently known, the Board believes that it will be possible to hold large-scale events again, possibly with some restrictions, in the second half of 2021 and in 2022. Plans are being made to hold Spring Harvest at its three usual locations and online in 2022. Multiple budgets have been prepared to take account of several possible scenarios. However it is likely that, with the loss of most Spring Harvest income and of other activities in 2021, the charity will have to look to donors for significant support in 2021 if it is to balance income and expenditure.

To position itself for the future, the charity is focusing on digital communications and delivery of its services. The Board continues to believe that the charity's activities are a valuable resource for the Church and aims to:

- maintain and develop the annual *Spring Harvest* event, which is well-known and recognised.
- become a more user-focussed, dynamic and vibrant organisation serving Christians across Europe.
- provide an immersive digital presence 365 days and 24/7.
- enable new specialist conferences, online and in-person.
- grow revenue in song publishing and online events, to become best in class, embracing new technologies.
- develop the Partnership scheme to provide increasing gift income and seek new donors to support the ministry.
- provide resources for individual Christians and the Church, releasing each year some CDs of Christian music and making recordings available of talks from events.
- expand its work assisting other organisations through making the charity's services available to them, in particular (when conditions allow) using the charity's expertise to run or help with events for other organisations. A major piece of work for Essential Event Management will be working with the office of the Archbishop of Canterbury to deliver the Lambeth Conference for 700 bishops from all over the world, now planned for 2022.
- work in partnership with others where possible.

## ESSENTIAL CHRISTIAN

### REPORT OF THE DIRECTORS (continued)

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#### Other information

##### Disabled employees

The company has procedures in place regarding the employment of disabled staff to ensure that no current or potential member of staff is disadvantaged due to disability and that all staff have equal access to training, career development and promotion.

##### Employee consultation

The company acknowledges the importance of staff communications and involving staff in decisions that directly affect them and their work. A number of procedures and activities are in place to support decision-making and communications, including meetings held corporately, departmentally, team based and individually; and staff participation in decision making as it affects terms of employment.

##### Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual 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 Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and the incoming resources and application of resources, including the net income or expenditure, of the company for the period.

In preparing those financial statements, the Directors are required to:

- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 company's operations will continue.

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

##### Disclosure of information to auditors

To the knowledge and belief of the Directors, there is no relevant information that the company's auditors are not aware of, and the Directors have taken all the steps necessary to ensure the Directors are aware of any relevant information, and to establish that the company's auditors are aware of the information.

#### Registered office

14 Horsted Square  
Uckfield  
East Sussex  
TN22 1QG

ON BEHALF OF THE  
DIRECTORS

Date: 25 May 2021

**P Broadbent**  
Director

### **Opinion**

We have audited the financial statements of Essential Christian (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and parent company Balance Sheets, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charitable company's affairs as at 30 September 2020 and the group's incoming resources and application of resources, including the group 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 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 group and 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.

### **Material uncertainty related to going concern**

We draw attention to the disclosure made in note 1.2 to the financial statements concerning the charitable company's ability to continue as a going concern. This highlights the impact the coronavirus pandemic is having on the activities of the organisation. This combined with the consolidated net current liabilities of £260,407 indicate the existence of a material uncertainty which may cast significant doubt about the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other information**

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

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

We have nothing to report in this regard.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### ESSENTIAL CHRISTIAN (continued)

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#### **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 period for which the group financial statements are prepared is consistent with the group 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 group and parent charity and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included with the directors' 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 by the parent charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors 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 directors' report and from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the group 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 group financial statements, the directors are responsible for assessing the group and parent 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### ESSENTIAL CHRISTIAN (continued)

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#### **Auditor's responsibilities for the audit of the financial statements**

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

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

#### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and regulations made under that Act. 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

**Paul Newton FCA (Senior Statutory Auditor)**  
**for and on behalf of Jacob Cavenagh & Skeet**  
**Statutory Auditor**  
**Chartered Accountants**

5 Robin Hood Lane  
Sutton  
Surrey  
SM1 2SW

Date:

## ESSENTIAL CHRISTIAN

### CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 Unrestricted funds £	2020 Restricted funds £	2020 Total funds £	2019 Unrestricted funds £	2019 Restricted funds £	2019 Total funds £
<b>Income from:</b>							
<i>Donations and legacies</i>		1,460,648	320,375	1,781,023	719,027	479,763	1,198,790
<i>Other trading activities:</i>							
Conference consultancy services		6,300	-	6,300	12,600	-	12,600
<i>Investments</i>	2	150	-	150	229	-	229
<i>Charitable activities:</i>							
Conferences and Event Ministry		384,743	-	384,743	1,896,219	-	1,896,219
Ministry Resources: Creation, Sales and Royalties	3	1,334,440	-	1,334,440	1,702,601	-	1,702,601
<i>Other sources</i>	4	253,793	-	253,793	127,021	-	127,021
<b>Total income</b>		<u>3,440,074</u>	<u>320,375</u>	<u>3,760,449</u>	<u>4,457,697</u>	<u>479,763</u>	<u>4,937,460</u>
<b>Expenditure on:</b>	5						
<i>Raising funds</i>		17,757	5,300	23,057	10,084	3,263	13,347
<i>Charitable activities:</i>							
Grants and Grantmaking		5,956	101,128	107,084	5,869	138,939	144,808
Conferences and Event Ministry		1,914,509	162,390	2,076,899	2,743,095	136,933	2,880,028
Ministry Resources: Creation, Sales and Royalties		<u>1,538,879</u>	<u>3,235</u>	<u>1,542,114</u>	<u>1,751,238</u>	-	<u>1,751,238</u>
<b>Total expenditure</b>		<u>3,477,101</u>	<u>272,053</u>	<u>3,749,154</u>	<u>4,510,286</u>	<u>279,135</u>	<u>4,789,421</u>
<b>Net (expenditure)/income for the period</b>	6	( 37,027)	48,322	11,295	( 52,589)	200,628	148,039
Transfers between funds		-	-	-	-	-	-
<b>Net movement of funds</b>		( 37,027)	48,322	11,295	( 52,589)	200,628	148,039
<b>Reconciliation of funds</b>							
Funds brought forward at 1 October 2019		( 453,021)	283,564	( 169,457)	( 400,395)	82,936	( 317,459)
Minority interests		( 3,242)	-	( 3,242)	( 37)	-	( 37)
<b>Funds carried forward at 30 September 2020</b>		<u>( 493,290)</u>	<u>331,886</u>	<u>( 161,404)</u>	<u>( 453,021)</u>	<u>283,564</u>	<u>( 169,457)</u>

The statement of financial activities includes all gains and losses recognised in the period.  
All incoming resources and resources expended derive from continuing operations.

## ESSENTIAL CHRISTIAN

### CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2020

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		2020		2019	
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8a		104,818		97,773
<b>Current assets</b>					
Stocks	10	95,253		126,436	
Debtors and prepayments	11a	444,252		287,653	
Cash at bank		<u>362,328</u>		<u>797,855</u>	
		901,833		1,211,944	
<b>Creditors:</b> Amounts falling due within one year	12a	( <u>1,162,240</u> )		( <u>1,476,601</u> )	
<b>Net current (liabilities)</b>			( <u>260,407</u> )		( <u>264,657</u> )
<b>Net (liabilities)</b>			( <u>155,589</u> )		( <u>166,884</u> )
<b>Funds</b>					
Unrestricted funds	13a	(493,290)		(453,021)	
Restricted funds	14	<u>331,886</u>		<u>283,564</u>	
		(161,404)		(169,457)	
Minority interests			<u>5,815</u>		<u>2,573</u>
<b>Total funds</b>			( <u>155,589</u> )		( <u>166,884</u> )

These financial statements were approved by the Directors on 25 May 2021 and signed on their behalf by:

**P Broadbent**  
Director

Company number: 06667924

## ESSENTIAL CHRISTIAN

### COMPANY BALANCE SHEET AS AT 30 SEPTEMBER 2020

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		2020		2019	
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8b		104,818		97,773
Investments	9		<u>1,128</u>		<u>1,128</u>
			105,946		98,901
<b>Current assets</b>					
Stocks	10	95,253		126,436	
Debtors and prepayments	11b	443,152		286,553	
Cash at bank		<u>268,219</u>		<u>711,844</u>	
		806,624		1,124,833	
<b>Creditors:</b> Amounts falling due within one year	12b	(1,087,455)		(1,399,108)	
<b>Net current (liabilities)</b>			(280,831)		(274,275)
<b>Net (liabilities)</b>			(174,885)		(175,374)
<b>Funds</b>					
Unrestricted funds	13b		(506,771)		(458,938)
Restricted funds	14		<u>331,886</u>		<u>283,564</u>
<b>Total funds</b>			(174,885)		(175,374)

The company's net income for the year ended 30 September 2020 was £489 (2019: net income of £147,915).

These financial statements were approved by the Directors on 25 May 2021 and signed on their behalf by:

**P Broadbent**  
Director

Company number: 06667924

## ESSENTIAL CHRISTIAN

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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	2020	2019
	£	£
<b>Net cash provided by operating activities</b> (see below)	(295,607)	193,401
<b>Cash flows from investing activities</b>		
Interest received	150	229
Payments for fixed asset additions	( 64,448)	( 40,799)
Proceeds on fixed asset disposals	<u>3,514</u>	<u>-</u>
<b>Net cash (used in) investing activities</b>	( 60,784)	( 40,570)
<b>Cash flows from financing activities</b>		
Loans (repaid)/drawn down	( <u>79,136</u> )	<u>99,682</u>
<b>Net cash provided by financing activities</b>	( <u>79,136</u> )	<u>99,682</u>
<b>Net cash inflow</b>	(435,527)	252,513
Cash and cash equivalents at 1 October 2019	<u>797,855</u>	<u>545,342</u>
<b>Cash and cash equivalents at 30 September 2020</b>	<u><u>362,328</u></u>	<u><u>797,855</u></u>

#### Note: Cash flows from operating activities

<b>Net income for the period</b>	11,295	148,039
Interest receivable included in investing activities	( 150)	( 229)
Depreciation	57,427	59,249
Gain on sale of fixed assets	( 3,538)	-
Decrease/(increase) in stocks	31,183	21,089
(Increase)/decrease in debtors	(156,599)	( 4,847)
(Decrease)/increase in creditors	<u>(235,225)</u>	<u>( 29,900)</u>
<b>Net cash provided by operating activities</b>	<u>(295,607)</u>	<u>193,401</u>

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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#### 1 Accounting policies

##### Charity information

Essential Christian is a private company limited by guarantee incorporated in England and Wales. The registered office is 14 Horsted Square, Uckfield, East Sussex TN22 1QG.

##### 1.1 Basis of accounting

The financial statements have been prepared in accordance with 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) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. Essential Christian meets the definition of a public benefit entity under FRS 102.

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 £.

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

##### 1.2 Going concern

The charity faced a serious shortfall in income when it became clear in March 2020 that the Spring Harvest event could not go ahead as planned because of the coronavirus pandemic. Following an online event many individuals gave generously, and this together with some large donations and savings on expenditure made up for the lost income.

The trustees have looked and continue to look for ways to increase income and also, at this time, to reduce expenditure. After considering all the issues carefully, and with the financial support of a corporate backer who has provided substantial cashflow assistance, the trustees believe that the charity can operate on a sound financial footing for the next 12 months. For this reason the accounts are prepared on a going concern basis.

##### 1.3 Consolidation

The group financial statements combine the results of the company and its subsidiary undertakings, Daybreak Music Limited (dormant), Song Solutions Limited (a holding company for the administration of royalties from Copycare Pacific Pty Ltd) and Copycare Pacific Pty Ltd under the acquisition method. Further details of these subsidiaries is given in note 9.

Essential Christian, Song Solutions Ltd and Daybreak Music Ltd and Copycare Pacific Pty Ltd have reporting dates of 30 September. A separate Statement of Financial Activities for the charity itself is not presented.

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020 (continued)

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#### 1 Accounting policies (continued)

##### 1.4 Income

Voluntary income and donations (including legacies) are accounted for once the charity has entitlement to the income, it is probable the income will be received and the amount of income receivable can be reliably measured. The income from fundraising is shown gross, with the associated costs included in fundraising costs. Where material assets are donated to the company for its use, these are capitalised at the estimated market value at the date of the gift and included under income. Assets given for distribution by the charity are received as income when distributed and stated in the accounts at the directors' estimated market value at the time of receipt. Income is shown net of VAT and other sales taxes. The Coronavirus Job Retention Scheme grant recognised in the period to which the underlying furloughed staff costs relate.

##### 1.5 Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer term liabilities. The majority of costs are directly attributable to specific activities. Staff costs are allocated on the basis of time spent by staff on each activity. Office costs, including rent of premises, are charged directly to the activity when incurred.

##### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are capitalised and included at cost including any incidental expenses of acquisition. Donated assets are included at fair value. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:

Freehold Land	– not depreciated
Buildings	– over 10 years
Motor vehicles	– over 4 years
Equipment	– over 4 to 10 years
Computer equipment	– over 3 to 4 years

##### 1.7 Fixed asset investments

Fixed asset investments in subsidiary undertakings are shown at cost less impairment because the fair value cannot be measured reliably.

##### 1.8 Stocks

Stock is stated at the lower of cost and realisable value. Work in progress is recognised on 50% of the total cost of masters of recordings produced in the period.

##### 1.9 Debtors and prepayments

Trade debtors and other receivables are included at the settlement amount due. Prepayments are valued at the amount prepaid.

##### 1.10 Cash at bank and in hand

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

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020 (continued)

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#### 1 Accounting policies (continued)

##### 1.11 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation arising from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at their settlement amount.

Creditors includes deferred income, which consist of income relating to events to be undertaken in the next year which have been invoiced and/or received before the year end.

##### 1.12 Financial instruments

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

##### 1.13 Pension scheme arrangements

The pension costs charged represent the amount of the contributions payable in respect of the accounting period.

##### 1.14 Cost of generating funds

This comprises expenditure incurred in the manufacture of goods and provision of services for non-charitable trading purposes and costs attributable to receiving donations.

##### 1.15 Charitable activities expenditure

This comprises expenditure directly related to the objects of the group, including project management and support functions. Support costs are allocated principally on a basis of the proportion of time spent by employees.

##### 1.16 Governance costs

This comprises expenditure to comply with statutory and legal requirements.

##### 1.17 Foreign exchange transactions

Transactions and balances arising from non-UK subsidiaries are recognised at the exchange rate prevailing at the period end.

##### 1.18 Operating lease commitments

Charges under operating leases are incurred in the period to which they relate.

##### 1.19 Fund accounting

Unrestricted funds are expendable at the discretion of the directors in furtherance of the objects of the group.



## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020 (continued)

		2020 Unrestricted £	2020 Restricted £	2020 Total £	2019 Total £	
2	<b>Investment income – unrestricted</b>					
	Bank interest: United Kingdom	75	-	75	17	
	Bank interest: Rest of the World	<u>75</u>	<u>-</u>	<u>75</u>	<u>212</u>	
		<u>150</u>	<u>-</u>	<u>150</u>	<u>229</u>	
3	<b>Ministry Resources: Creation, Sales and Royalties – unrestricted</b>					
	Creation, Manufacture and Duplication of Media	20,312	-	20,312	26,087	
	Product Sales	146,354	-	146,354	363,630	
	Royalties	<u>1,167,774</u>	<u>-</u>	<u>1,167,774</u>	<u>1,312,884</u>	
		<u>1,334,440</u>	<u>-</u>	<u>1,334,440</u>	<u>1,702,601</u>	
4	<b>Income from other sources – unrestricted</b>					
	Management charges from SHH	123,000	-	123,000	127,000	
	Coronavirus job retention scheme government grant	130,793	-	130,793	-	
	Other income	<u>-</u>	<u>-</u>	<u>-</u>	<u>21</u>	
		<u>253,793</u>	<u>-</u>	<u>253,793</u>	<u>127,021</u>	
5	<b>Expenditure</b>					
		Direct charitable expenditure £	Other trading activities £	Support costs £	Total 2020 £	Total 2019 £
	Note					
	Raising funds	19,001	-	4,056	23,057	13,347
	Grants and grantmaking 18	106,804	-	280	107,084	144,808
	Conferences and Events	1,763,890	-	313,009	2,076,899	2,880,028
	Ministry Resources	<u>1,444,039</u>	<u>-</u>	<u>98,075</u>	<u>1,542,114</u>	<u>1,751,238</u>
		<u>3,333,734</u>	<u>-</u>	<u>415,420</u>	<u>3,749,154</u>	<u>4,789,421</u>
6	<b>Net income for the period</b>					
					2020 £	2019 £
	This is stated after charging:					
	Staff costs (see note 7.1)				1,377,981	1,263,495
	UK auditors' remuneration:					
	– for audit services				13,200	13,200
	– for non-audit services				3,488	7,194
	Depreciation				57,427	59,249
	(Gain) on sale of fixed asset				(3,538)	-
	Operating lease rentals – land and buildings				<u>98,840</u>	<u>101,729</u>

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020 (continued)

#### 7 Employee information

7.1 Staff costs	Group 2020 £	Group 2019 £
Wages and salaries	1,183,414	1,088,240
Redundancy costs	9,159	-
Social security costs	105,753	104,133
Employer's contribution to defined contribution schemes	<u>79,655</u>	<u>71,122</u>
	1,377,981	1,263,495
Benefits in kind	<u>26,626</u>	<u>24,077</u>
	<u>1,404,607</u>	<u>1,287,572</u>

The redundancy payment was made in relation to a staff post which was no longer required because the work load had changed. Redundancy costs are recognised when there is a legal or constructive obligation arising. The redundancy pay was outstanding at the balance sheet date, but was settled shortly after.

7.2 Staff numbers	2020 Number	2019 Number
The average monthly number of employees (on a total head count basis excluding non-Executive Directors) during the period was made up as follows:	<u>44.8</u>	<u>41.8</u>

The average monthly number of employees (on a full time equivalent basis excluding non-Executive Directors) during the period was made up as follows:

	<u>37.5</u>	<u>35.4</u>
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One employee received emoluments (excluding employer pension costs) between an annual equivalent of £60,000 and £70,000 in the period (2019: one between £70,000 and £80,000); plus employer pension costs of £5,396 (2019: £6,983).

#### 7.3 Directors' emoluments

The following salaries were paid to the Executive Directors, as permitted by the Memorandum of Association:

	Salary £	Pension £	NICs £	Benefits in Kind £	Total 2020 £	Total 2019 £
P Martin	<u>54,746</u>	<u>5,396</u>	<u>6,022</u>	<u>9,667</u>	<u>75,831</u>	<u>87,387</u>

The number of directors to whom retirement benefits are accruing under defined contribution schemes during the period is 1 (2019: 1). Key management personnel remuneration (including gross salary, employer's National Insurance, benefits in kind and employer's pensions contributions) totalled £107,001 (2019: £87,387).

The following amounts were paid to or for the services of the non-executive Directors, as permitted by the Memorandum of Association under contracts for services:

	2020 £	2019 £
T Bright	-	350
M Young	27	472
G Calver (paid direct)	687	476
G Calver (paid to Evangelical Alliance)	<u>-</u>	<u>900</u>

Also during the period, total travel expenses of £1,256 (2019: £2,192) were reimbursed to 8 (2019: 7) directors. Directors' indemnity insurance of £2,508 (2019: £2,096) was paid during the period.

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020 (continued)

#### 8a Tangible fixed assets – GROUP

	Freehold Property £	Studio Equipment £	Computer Equipment £	Fixtures and Fittings £	Motor Vehicles £	Plant and Machinery £	Total 2020 £
<b>Cost or valuation</b>							
At 1 October 2019	2,170	11,920	287,725	458	81,420	513,394	897,087
Additions in the period	-	-	46,826	-	-	17,622	64,448
Disposals in the period	-	(11,920)	(79,213)	-	(19,650)	(47,126)	(157,909)
At 30 September 2020	<u>2,170</u>	<u>-</u>	<u>255,338</u>	<u>458</u>	<u>61,770</u>	<u>483,890</u>	<u>803,626</u>
<b>Depreciation</b>							
At 1 October 2019	2,170	11,920	259,094	458	61,532	464,140	799,314
Charge for period	-	-	25,714	-	8,673	23,040	57,427
Released on disposal	-	(11,920)	(79,213)	-	(19,650)	(47,150)	(157,933)
At 30 September 2020	<u>2,170</u>	<u>-</u>	<u>205,595</u>	<u>458</u>	<u>50,555</u>	<u>440,030</u>	<u>698,808</u>
<b>Net book value</b>							
At 30 September 2020	<u>-</u>	<u>-</u>	<u>49,743</u>	<u>-</u>	<u>11,215</u>	<u>43,860</u>	<u>104,818</u>
At 1 October 2019	<u>-</u>	<u>-</u>	<u>28,631</u>	<u>-</u>	<u>19,888</u>	<u>49,254</u>	<u>97,773</u>

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020 (continued)

#### 8b Tangible fixed assets – COMPANY

	Freehold Property £	Studio Equipment £	Computer Equipment £	Fixtures and Fittings £	Motor Vehicles £	Plant and Machinery £	Total 2020 £
<b>Cost or valuation</b>							
At 1 October 2019	-	11,920	284,622	-	81,420	514,474	892,436
Additions in the period	-	-	46,826	-	-	17,622	64,448
Disposals in the period	-	(11,920)	( 79,213)	-	(19,650)	( 47,126)	(157,909)
At 30 September 2020	-	-	252,235	-	61,770	484,970	798,975
<b>Depreciation</b>							
At 1 October 2019	-	11,920	255,993	-	61,532	465,218	794,663
Charge for period	-	-	25,714	-	8,673	23,040	57,427
Released on disposal	-	(11,920)	( 79,213)	-	(19,650)	( 47,150)	(157,933)
At 30 September 2020	-	-	202,494	-	50,555	441,108	694,157
<b>Net book value</b>							
At 30 September 2020	-	-	49,741	-	11,215	43,862	104,818
At 1 October 2019	-	-	28,629	-	19,888	49,256	97,773

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020 (continued)

#### 9 Fixed asset investments – COMPANY

	2020 £	2019 £
<b>Shares in subsidiaries - Cost less impairment</b>		
At 1 October 2019	1,128	1,128
Disposals	-	-
At 30 September 2020	<u>1,128</u>	<u>1,128</u>
Historical cost at 30 September 2020	<u>1,128</u>	<u>1,128</u>

Essential Christian owns 100% of the issued share capital of Daybreak Music Ltd (company number 01438805) and Song Solutions Ltd (company number 02714955), which are both companies registered in England and Wales at the same address as Essential Christian. Daybreak Music Ltd had net assets at 30 September 2020 of £1,000 and profit for the period then ended of £nil. Song Solutions Ltd had net assets at 30 September 2020 of £100 and profit for the period then ended of £nil.

Essential Christian also holds a 70% stake in Copycare Pacific Pty Limited, a company registered in Australia, by virtue of its 100% shareholding in its immediate parent company, Song Solutions Ltd. Copycare Pacific Pty Limited had net assets at 30 September 2020 of AUS\$34,937 and profit for the 15 month period then ended of AUS\$84,256.

#### 10 Stocks – GROUP AND COMPANY

	2020 £	2019 £
Goods for resale	75,918	90,463
Work in progress	<u>19,335</u>	<u>35,973</u>
	<u>95,253</u>	<u>126,436</u>

#### 11a Debtors – GROUP

	2020 £	2019 £
Trade debtors	211,360	57,145
Other debtors including other taxation	42,801	23,702
Prepayments and accrued income	<u>190,091</u>	<u>206,806</u>
	<u>444,252</u>	<u>287,653</u>

#### 11b Debtors – COMPANY

	2020 £	2019 £
Trade debtors	211,360	57,145
Other debtors including other taxation	41,701	22,602
Prepayments and accrued income	<u>190,091</u>	<u>206,806</u>
	<u>443,152</u>	<u>286,553</u>

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020 (continued)

#### 12a Creditors: Amounts falling due within one year – GROUP

	2020 £	2019 £
Other loans	750,000	829,136
Trade creditors	14,825	205,169
Other creditors including taxation	204,490	156,803
Accruals and deferred income	<u>192,925</u>	<u>285,493</u>
	<u>1,162,240</u>	<u>1,476,601</u>

#### 12b Creditors: Amounts falling due within one year – COMPANY

	2020 £	2019 £
Other loans	750,000	800,000
Trade creditors	14,825	205,169
Other creditors including taxation	129,705	108,446
Accruals and deferred income	<u>192,925</u>	<u>285,493</u>
	<u>1,087,455</u>	<u>1,399,108</u>

The other loans are interest free and repayable on 30 days notice. Such notice is not to be given before 31 May 2021. They are secured via a fixed and floating charge on the assets of the company.

#### 13a Unrestricted funds – GROUP

	Balance B/F £	Minority interests £	Income £	Expenditure £	Transfers £	Balance C/F £
General funds - 2020	<u>(453,021)</u>	<u>(3,242)</u>	<u>3,440,074</u>	<u>(3,477,101)</u>	<u>-</u>	<u>(493,290)</u>
General funds - 2019	<u>(400,395)</u>	<u>(37)</u>	<u>4,457,697</u>	<u>(4,510,286)</u>	<u>-</u>	<u>(453,021)</u>

#### 13b Unrestricted funds – COMPANY

	Balance B/F £	Income £	Expenditure £	Transfers £	Balance C/F £
General funds - 2020	<u>(458,938)</u>	<u>3,198,473</u>	<u>(3,246,306)</u>	<u>-</u>	<u>(506,771)</u>
General funds - 2019	<u>(406,225)</u>	<u>4,266,935</u>	<u>(4,319,648)</u>	<u>-</u>	<u>(458,938)</u>

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020 (continued)

#### 14 Restricted funds – GROUP AND COMPANY

	Balance B/F £	Income £	Expenditure £	Transfers £	Balance C/F £
<b>2020</b>					
2019 SH offering tithe	662	-	-	-	662
2020 SH offering tithe	-	69,439	( 69,439)	-	-
SH Partnership Fund	-	126,159	(126,159)	-	-
SH North	250,000	-	( 44,777)	-	205,223
SH Youth offering appeal 2019	1,866	-	-	-	1,866
SH Children's offering appeal 2019	1,927	-	-	-	1,927
SHH offerings fund	-	1,666	( 1,666)	-	-
SHH offerings fund: Accessibility Fund	19,509	-	( 16,704)	-	2,805
Hope Lebedyn	<u>9,600</u>	<u>123,111</u>	<u>( 13,308)</u>	-	<u>119,403</u>
	<u>283,564</u>	<u>320,375</u>	<u>(272,053)</u>	-	<u>331,886</u>
<b>2019</b>					
2017 SH offering tithe	31,158	-	( 31,158)	-	-
2018 SH offering tithe	-	2,000	( 2,000)	-	-
2019 SH offering tithe	-	17,428	( 16,766)	-	662
SH Partnership Fund	-	140,196	(140,196)	-	-
SH North	-	250,000	-	-	250,000
SH Youth offering appeal 2018	1,620	-	( 1,620)	-	-
SH Children's offering appeal 2018	2,324	-	( 2,324)	-	-
SH Youth offering appeal 2019	-	3,732	( 1,866)	-	1,866
SH Children's offering appeal 2019	-	3,854	( 1,927)	-	1,927
SHH offerings fund	-	12,307	( 12,307)	-	-
SHH offerings fund: Accessibility Fund	43,729	-	( 24,220)	-	19,509
Hope Lebedyn	<u>4,105</u>	<u>50,246</u>	<u>( 44,751)</u>	-	<u>9,600</u>
	<u>82,936</u>	<u>479,763</u>	<u>(279,135)</u>	-	<u>283,564</u>

#### **2017 SH offering tithe**

The remaining balance from this portion of the Spring Harvest 2017 offering, to support the work of church unity movements around the UK, was disbursed in 2018-19.

#### **2018 SH offering tithe**

The remaining portion of the Spring Harvest 2018 offering, towards work to support Iranian Christians, was fully disbursed in 2018-19.

#### **2019 SH offering tithe**

This portion of the offering taken at Spring Harvest 2019 was for 24/7Prayer in its support for a church in the Middle East.

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020 (continued)

#### 14 Restricted funds – GROUP AND COMPANY (continued)

##### **2020 SH offering tithe**

This portion of the gifts given during and following Spring Harvest online in 2020 was to train and equip Bible teachers in China and to fund affordable Bibles; and to support mission in Lededyn, Ukraine, and was divided equally between them. The Ukraine sum was moved to the Hope Lebedyn fund.

##### **SH Partnership Fund**

The Spring Harvest Partnership Fund comprises gifts made specifically in support of and for running the Spring Harvest event.

##### **SH North**

This comprised a donation in 2019 to support Spring Harvest in the North.

##### **SH Youth and Children's offering 2018 appeals**

These funds were raised in the programmes at Spring Harvest 2018 and both were split equally between work to support Iranian Christians and providing for Spring Harvest to be more accessible to people with additional needs or whose families could not afford to come without help.

##### **SH Youth and Children's offering 2019 appeals**

These funds were raised in the programmes at Spring Harvest 2019 and both were split equally between 24/7Prayer in its support of a church in the Middle East, and providing for Spring Harvest to be more accessible to people with additional needs or whose families could not afford to come without help. The latter segment was carried forward.

##### **SHH Offerings fund**

These funds were given by Spring Harvest Holidays guests to be used to support projects in France, a bursary scheme to assist people who would not otherwise be able to attend, and couriers who were moving into ministry or training roles.

##### **SHH Offerings fund: Accessibility Fund**

The allows for improved facilities for Spring Harvest Holidays guests with disabilities and in 2020 funded accessible toilets, automatic doors and a wheelchair ramp.

##### **Hope Lebedyn**

This comprises funds given in support of a mission centre and church in Lebedyn, Ukraine, as set out in the Report.

#### 15a Analysis of net assets by fund – GROUP 2020

	Unrestricted £	Restricted £	Total £
Tangible fixed assets	104,818	-	104,818
Net current (liabilities)/assets	(592,293)	331,886	(260,407)
Minority interests	(5,815)	-	(5,815)
	<u>(493,290)</u>	<u>331,886</u>	<u>(161,404)</u>



## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020 (continued)

#### 15b Analysis of net assets by fund – COMPANY 2020

	Unrestricted £	Restricted £	Total £
Tangible fixed assets	104,818	-	104,818
Investments	1,128	-	1,128
Net current (liabilities)/assets	(612,717)	331,886	(280,831)
	<u>(506,771)</u>	<u>331,886</u>	<u>(174,885)</u>

#### 15c Analysis of net assets by fund – GROUP 2019

	Unrestricted £	Restricted £	Total £
Tangible fixed assets	97,773	-	97,773
Net current (liabilities)/assets	(548,221)	283,564	(264,657)
Minority interests	(2,573)	-	(2,573)
	<u>(453,021)</u>	<u>283,564</u>	<u>(169,457)</u>

#### 15d Analysis of net assets by fund – COMPANY 2019

	Unrestricted £	Restricted £	Total £
Tangible fixed assets	97,773	-	97,773
Investments	1,128	-	1,128
Net current (liabilities)/assets	(557,839)	283,564	(274,275)
	<u>(458,938)</u>	<u>283,564</u>	<u>(175,734)</u>

## 16 Constitution of the company and status

The governing instrument of the company is its Memorandum and Articles of Association. The company is limited by guarantee, the liability of each member being limited to £1. At 30 September 2020 there were 9 members (2019: 9 members).

The company is registered as a company with number 06667924, registered with the Inland Revenue and is exempt from corporation tax on its charitable activities.

## 17 Pension scheme arrangements

The group makes contributions to personal pension plans held by employees. The pension cost charge represents the contributions paid by the group to the funds and amounted to £79,655 (2019: £71,122) for the period.

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020 (continued)

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#### 18 Grants and grantmaking

The following institutional and individual grants were made by the charitable company during the period:

	2020 £
<i><u>Institutional grants</u></i>	
Sumy Spiritual Revival Centre, Lebedyn	8,603
Spring Harvest Holidays	18,371
Bible Society	<u>34,719</u>
Total institutional grants	61,693
<i><u>Grants to individuals</u></i>	
EC Hope Lebedyn local church team	<u>39,425</u>
Total grants	101,118
Grantmaking costs	<u>5,966</u>
Total grants and grantmaking	<u>107,084</u>

#### 19 Financial commitments

The charitable company's total future minimum lease payments under operating leases at 30 September 2020 were payable as set out below:

	2020 £	2019 £
Within one year	94,040	94,040
Within two to five years	188,080	282,120
More than five years	-	-
	<u>282,120</u>	<u>376,160</u>

The operating lease charges for the period were:

	2020 £	2019 £
Land and buildings	94,040	97,914
Hire of plant, machinery and fittings	<u>4,800</u>	<u>3,815</u>
	<u>98,840</u>	<u>101,729</u>

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020 (continued)

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#### 20 Related party relationships and transactions

ZipAddress Ltd and AFD Software Ltd are companies controlled by D Dorricott, a director of Essential Christian. During the period interest free loan advances of £1,200,000 (2019: 1,250,000) were received by Essential Christian from ZipAddress Limited. There was an opening balance of £800,000 (2019: £700,000). £1,250,000 (2019: £650,000) was repaid during the period, leaving a balance of £750,000 (2019: £800,000) at the period end. A gift of £500,000 was received from AFD Software Ltd.

During the period £123,000 (2019: £127,000) of sales were made to Spring Harvest Holidays Ltd, a company registered in England and Wales and owned by ZipAddress Ltd and of which D Dorricott is a mutual director.

During the period £156 (2019: £322) of purchases were made on normal commercial terms from Friends and Heroes Productions Ltd, a company registered in the Isle of Man and owned by ZipAddress Ltd and of which D Dorricott is a mutual director.

During the period £5,745 (2019: £364) of purchases were made on normal commercial terms from ZipAddress Ltd, a company registered in the Isle of Man and of which D Dorricott is a mutual director.

During the period £791 (2019: £7,895) of sales were made to Lion Hudson PLC, a company registered in England and Wales, of which ZipAddress Limited was a secured creditor.

During the period £nil (2019: 196) of purchases were made from Lion Hudson Ltd, a company registered in the Isle of Man, and owned by ZipAddress Ltd and of which David Dorricott is a mutual Director.

During the period £5,745 (2019: £5,572) of payments were made to Evangelical Alliance Ltd, a company registered in England and Wales of which Gavin Calver is the Chief Executive, and was a director of Essential Christian until 31 December 2020.

The total amount of donations received from directors during the period restricted for EC Missions was £2,900 (2019: £3,977). The total amount of donations received from directors during the period restricted for Spring Harvest was £2,860 (2019: £3,062). The total amount of donations received from directors during the period restricted for Hope Lebedyn was £10,200 (2019: £nil)

The total amounts paid to family members of the non-executive directors during the period was £100 (2019: £600). The total remuneration (including gross salary, employer's National Insurance, benefits in kind and employer's pensions contributions) to family members of the executive director was £85,039 (2019: £78,356).