

ESSENTIAL CHRISTIAN

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 SEPTEMBER 2021**

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

ESSENTIAL CHRISTIAN

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
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Contents	Page
Report of the Directors	1-12
Report of the Independent Auditors	13-15
Consolidated Statement of Financial Activities	16
Consolidated Balance Sheet	17
Company Balance Sheet	18
Consolidated Cash Flow Statement	19
Notes to the Accounts	20-33

ESSENTIAL CHRISTIAN

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report together with the audited group financial statements for the year 1 October 2020 to 30 September 2021 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)

Directors

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

Non-executive directors

Rev Olivia Amartey	from 5 July 2021
Mr Geoffrey Booker	until 7 December 2021
Ms Tania Bright	
Rt Rev Pete Broadbent	<i>Chair until 6 December 2021</i>
Rev Gavin Calver	until 31 December 2020
Mr David Dorricott	
Ms Elaine Duncan	
Ms Debra Green OBE	from 5 July 2021
Rev Christopher Rogers	from 21 September 2021
Rev Roger Sutton	until 30 November 2020
Mr Martin Young	<i>Chair from 7 December 2021</i>

Executive Vice-Chair

Mr Peter Martin	until 31 October 2021
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Chief Executive

Mr Phil Loose

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)

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

- the provision of the annual Spring Harvest teaching event as an online event, accessed by people of all ages and from all sections of the community;
- assisting with the delivery of holidays with Christian teaching at a resort in France;
- 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 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.

The charity is committed to making its activities accessible to people with disabilities, and also to providing discounts so that people can attend its events who would otherwise be unable to come. Teaching and music recordings are available at a price which puts them within reach to everyone, regardless of income.

Due to restrictions in place due to the coronavirus pandemic many activities were curtailed and in 2021 the Spring Harvest event ran online only.

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 8 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 nine times over the year. In addition there is a Finance Committee which consisted of four Board members, the CEO and three other staff members.

ESSENTIAL CHRISTIAN

REPORT OF THE DIRECTORS (continued)

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 several brands which 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.
- EC-GO
Launched in 2021, EC-GO is a subscription-based online resource offering thousands of sound and video recordings from Spring Harvest, New Wine, Keswick and other events. It includes new content for homegroups each month.
- Essential Christian
This is the publishing name for resources produced by the charity, including music albums and books. It was also the name for the shop where a wide selection of Christian books and other resources, were available, both on-line and (usually) through retail stands at events. The sales activity became the *Essential Christian Store* in December 2021.
- Essential Christian Songs
Also launched in 2021, this website helps users to find songs that are suited for most Christian occasions, both contemporary songs and traditional hymns. It offers audio recordings, sheet music, chord charts, videos and Powerpoint slides, and has a particularly wide range of all-age songs.
- 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, setting up and managing in-person, online and hybrid events, and providing recording services.

ESSENTIAL CHRISTIAN

REPORT OF THE DIRECTORS (continued)

- Hope Lebedyn
Through a link with a mission centre in eastern Ukraine built up over many years, the charity supports the work of the Church there 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.
- Spring Harvest
The Spring Harvest event takes place in the Easter school holidays. Whilst it could only be online in 2021, it returned to Butlin's at Minehead and Skegness in 2022.
- 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. During the year two directors of Essential Christian were also directors 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 2. 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. Except for a few months during a transition in 2021 the Group included at least one Board member, and there are 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;

ESSENTIAL CHRISTIAN

REPORT OF THE DIRECTORS (continued)

- consideration of this document by the Board and discussion of those areas of greater risk to identify any measures which can be taken to mitigate the risks; and
- the implementation of procedures designed to minimise where possible the impact on the charity should those risks materialise.

Based on this risk review, the Directors considered 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.
- Donations, which have been particularly needed during the coronavirus pandemic, could be insufficient to sustain the activities. Work is being done to seek sponsorship income and to reach more potential donors.

Achievements and Performance

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

(1) Conference and Event Ministry

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

- Spring Harvest

As cases of coronavirus declined in the summer and autumn of 2020, plans were begun to run Spring Harvest as usual at the Butlin's resorts in Minehead and Skegness, and for some one-day local events in northern England. However in January 2021, with cases of coronavirus increasing and England in the third national lockdown, it became clear that physical gatherings would not be possible at Easter. Over the following weeks guests who had booked were refunded in full and preparations made for an online event again.

Spring Harvest Home was delivered over five days in April using a new platform from Essential Event Management called 'CrowdConnect', which brought together live meetings, recordings, programme information, guests' interaction and exhibitors' information all in one place. Live teaching and worship was relayed from a studio in Reading and other sessions were pre-recorded by the leaders. The online-only format meant that leaders from other countries could take part easily.

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, "Unrivalled", which was about how God is the Unrivalled One and what it means to worship Him in all aspects of life. There were over 100 programme items catering for all ages. Youth and children's leaders created programmes for their age groups. On-screen captions were available and some sessions were signed in BSL.

Almost 4,400 tickets were sold or gifted providing the potential for people to watch on over 13,000 devices. It was streamed to 51 countries. Viewers were able to benefit from the sessions beyond the week of the event itself, and programmes were still being viewed on 2,500 devices two weeks after the event. Sessions were later moved to the EC-GO platform, where they remain available.

ESSENTIAL CHRISTIAN

REPORT OF THE DIRECTORS (continued)

There were many positive comments from viewers who appreciated the event and said how it had helped them, for example:-

"Thank you so much for Spring Harvest, it has been a wonderful week and has been a great blessing. I still have things that I want to watch that I haven't had time to fit in this week. I am so glad it was on line as it would not be possible for me to be there in person."

"Thank you so much for this week. We were very blessed by the Bible readings in Hebrews. The website was the easiest one I've ever used."

"Thank you ... for your talks at Spring Harvest, especially the one on loss & grief..."

Guests gave nearly £70,000 to the Offering to help with Spring Harvest's future funding. Of this, a tithe of 10% was sent to Justice and Mercy Amazon as described below.

After Easter, as the country emerged from the restrictions, plans were put in place to run events in 2022 in Minehead, Skegness and Harrogate and it was intended to run some evening events in major towns in the autumn of 2021. As it happened, the return to normality was quite slow and it was not possible to run the event at Harrogate nor the local events.

- Spring Harvest Holidays

In a normal year over 4,500 guests enjoy a week or more at Le Pas Opton in eastern France, where there is a programme of teaching and worship for all ages available for parts of the day in the relaxed atmosphere of the holiday park. It was able to open in 2021, though the pandemic meant that there were many fewer guests. A greater proportion were from France, Holland and elsewhere in continental Europe.

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, predominantly online. This included provision of the event platform, technical support, working with them to create the user interface and experience, and providing ticketing and registration facilities.

Organisations assisted included Open Doors, Care For The Family, Fresh Streams, Learning Communities and the Lambeth Conference, for which there were monthly "Bishops' Conversations", bringing together bishops from all around the world for online discussions of topical issues within the Anglican Church.

As 2021 progressed there was more interest in physical events, and there has been a shift back to hybrid and physical events.

(2) Ministry Resources

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

- Music and Books

Over the year a small number of albums of Christian music were released appropriate for all ages and in a variety of genres. The number of releases continued to reduce, largely as a consequence of the pandemic which caused events to be cancelled and retail outlets to close.

ESSENTIAL CHRISTIAN

REPORT OF THE DIRECTORS (continued)

Books linked to the Spring Harvest theme were published, and work continued with SPCK and authors throughout 2021 towards the publication of further books in 2022.

- 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 available for Spring Harvest in various formats including YouTube and the EC-GO platform.

EC-GO is a new online streaming site for Christian teaching and resources, launched in May 2021 at ecgo.org. The platform is accessed via a subscription account. The content includes teaching from events such as Spring Harvest, New Wine, Keswick Convention, Children's Ministry and more, plus home group resources to help guide group discussions and prayer times.

- Sales

During the year, the *essentialchristian.com* website operated in partnership with Eden.co.uk and carried teaching from events going back many years as well as a range of music, DVDs, Bibles, books, church resources, Christian gifts and sheet music. Orders could be made on-line, by post, or telephone. Sales also took place through Christian bookshops and other online retailers. Online sales transitioned to a new online store, *essentialchristianstore.com*, in December 2021 which is operated with St Andrews Bookshop.

Most music was 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 (Copicare) 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.

The new Essential Christian Songs website helps church leaders and others find songs easily, and also benefits writers and artists whose songs are presented there. Users can search for songs by title, lyrics, theme, writer, Bible references, and by the type of services for which a song could be suitable. Alongside the words there are links to Spotify, Apple Music and YouTube so that users can hear the song, and they can also access sheet music and chord charts.

- Big Start Assemblies

Inspired by the 'Big Start' at the beginning of each day at Spring Harvest, these resources provide an all-in-one package for collective worship in primary schools. There are 124 assemblies which use stories from the Bible with videos, music and scripts.

ESSENTIAL CHRISTIAN

REPORT OF THE DIRECTORS (continued)

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 while pupils were home-schooled, and also giving them a valuable resource for when pupils were able to return to their classrooms.

(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 2021 was on what it means to worship God. The tithe was given to Justice and Mercy Amazon, a ministry set up by John Paculabo, who did much to develop songwriters and bring new songs to churches around the world.

Money from the tithe helped towards providing food, medical supplies, health classes and training for local leaders on one of the mission trips to communities along the banks of the Amazon. Other funds, not yet spent due to pausing of some work during the pandemic, will fund library provision in schools.

Funds are usually received from Youth and Children's Offerings; however these offerings were not taken in 2021.

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. Due to low guest numbers, there was very little income in 2021.

Funds were raised separately for Hope Lebedyn to send support on a regular basis to a mission centre and church in Lebedyn, Ukraine, as it reached out and provided training, aid and Christian education in its community. Children's and youth activities took place in summer at an outdoor centre run by the church, provided without charge 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, and a new building for all-year sports activities, meetings and evangelistic events was completed in 2021. Using funds carried forward from the previous year plus gifts in the current year, £223,000 was spent on the building and £60,000 to support the church and its activities.

Figures and information on restricted funds are given in Notes 14 and 18 to the financial statements.

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 usually provides 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. Because Spring Harvest was online and prices much lower than usual, there was very little expenditure in 2021.

ESSENTIAL CHRISTIAN

REPORT OF THE DIRECTORS (continued)

Financial Review

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

This was the second year when Spring Harvest was online only. Tickets were sold for the online event which pioneered a new funding stream; however the income was not sufficient to cover the costs of planning, preparing and running the event.

Other activities were also affected for a second year. Essential Event Management ran several online events for clients, but both activity levels and revenue were less than in 2020. Because costs were also less, the net result was little different from 2020 but less than in a normal year. Resource sales continued to be affected again by the cancellation of events and the closure of shops, though this was largely offset by careful control of costs.

Song Solutions work in copyright administration, after a disappointing year in 2020, recovered and slightly exceeded its 2019 level as more churches used songs for online services.

Gift income, always important to the charity, was particularly so in 2021. Over 850 regular donors in the Partnership Scheme gave £200,000 over the year and a further £935,000 was given in other donations. The Board is grateful for the gifts of so many people to support the charity. Without such significant donation income the charity would not be able to continue.

As the workload varied through the year, the charity made use of the flexible furlough arrangements. Most staff were furloughed for some time during the year. The charity received £132,000 through the Coronavirus Job Retention Scheme. There were four roles which became redundant in the course of the year in addition to two which had been identified the previous year and the roles ended in this year.

Income for the year totalled £3.5 million, mainly from donations and Song Solutions activities; and expenditure was £3.7 million. The net result was a deficit of £206,000, which included £54,000 for depreciation. Because this was a year of high expenditure for the Hope Lebedyn restricted fund, £64,000 of the sum was because more was expended from this fund than was received during the year, the balance being paid from the amount carried forward into the year.

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.

ESSENTIAL CHRISTIAN

REPORT OF THE DIRECTORS (continued)

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.

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.

2022 and Beyond

Much of the charity's normal work was reduced due to the coronavirus restrictions which continued into 2022. The Board took the decision to run Spring Harvest at Minehead and Skegness at Easter 2022, and the events went ahead there and online. This is likely to be the pattern for the future. Some events due to be serviced by Essential Events Management were cancelled or switched to online, and more are likely to go ahead as normality returns.

Through Hope Lebedyn the charity has been able to channel funds to a part of Ukraine badly affected by the Russian invasion in February 2022 and has increased its fundraising to resource church-led relief work.

The Board continues to believe that the charity's activities are a valuable resource for the Church, yet is also aware that it needs to change its funding model and develop the ways its resources can be accessed. The Board aims to:

- maintain and develop *Spring Harvest* as an annual event and as a means to equip the Church for action all year round, and to especially resource small and medium-sized churches.
- develop the new EC-GO and Essential Christian Songs websites as new content is added, so that individuals have easy and low-cost access to a very wide range of resources.
- provide an immersive digital presence 365 days and 24/7, serving Christians across Europe.
- 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, seek new donors to support the ministry, and find new sources of revenue through sponsorships or advertising.
- provide first-class support to the office of the Archbishop of Canterbury as Essential Event Management works to deliver the Lambeth Conference for 700 bishops from all over the world in summer 2022.
- expand its work assisting other organisations in running their events, both physical and online.
- work in partnership with others where possible.

ESSENTIAL CHRISTIAN

REPORT OF THE DIRECTORS (continued)

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.

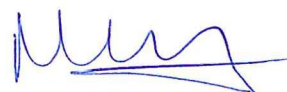
Disclosure of information to auditors

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



M Young
Director

Date: 15 June 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ESSENTIAL CHRISTIAN

Opinion

We have audited the financial statements of Essential Christian (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2021 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 2021 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 social distancing restrictions have had on the activities of the organisation. This combined with the consolidated net current liabilities of £441,530 indicate the existence of a material uncertainty which may cast significant doubt about the charitable company's ability to continue as a going concern. Despite this our opinion detailed above is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ESSENTIAL CHRISTIAN (continued)

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ESSENTIAL CHRISTIAN (continued)

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

Based on our understanding of the company, we identified that the principal risks of non-compliance with laws and regulations related to employment and financial reporting legislation and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management, considering the internal controls in place and discussion amongst the engagement team.

We determined that the principal risks were related to management bias in accounting estimates, presentation of separately disclosed items, correct claiming of government assistance (furlough income) and management override of controls.

In response to the risks identified we designed procedures which included, but were not limited to reviewing trustees minutes, challenging significant accounting estimates, evaluating the internal controls, agreeing financial statement disclosures to underlying supporting documentation, testing the calculation of claims made under the Coronavirus Job Retention Scheme and identifying and testing journal entries.

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: 20 June 2022

ESSENTIAL CHRISTIAN

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	2021 Unrestricted funds £	2021 Restricted funds £	2021 Total funds £	2020 Unrestricted funds £	2020 Restricted funds £	2020 Total funds £
Income from:							
<i>Donations and legacies</i>		1,019,716	341,093	1,360,809	1,460,648	320,375	1,781,023
<i>Other trading activities:</i>							
Conference consultancy services		-	-	-	6,300	-	6,300
<i>Investments</i>	2	13	-	13	150	-	150
<i>Charitable activities:</i>							
Conferences and Event Ministry		410,123	-	410,123	384,743	-	384,743
Ministry Resources: Creation, Sales and Royalties	3	1,517,297	-	1,517,297	1,334,440	-	1,334,440
Other sources	4	229,097	-	229,097	253,793	-	253,793
Total income		<u>3,176,246</u>	<u>341,093</u>	<u>3,517,339</u>	<u>3,440,074</u>	<u>320,375</u>	<u>3,760,449</u>
Expenditure on:							
<i>Raising funds</i>							
<i>Charitable activities:</i>							
Grants and Grantmaking		2,165	290,882	293,047	5,956	101,128	107,084
Conferences and Event Ministry		1,648,649	133,693	1,782,342	1,914,509	162,390	2,076,899
Ministry Resources: Creation, Sales and Royalties		1,626,204	4,656	1,630,860	1,538,879	3,235	1,542,114
Total expenditure		<u>3,293,753</u>	<u>429,443</u>	<u>3,723,196</u>	<u>3,477,101</u>	<u>272,053</u>	<u>3,749,154</u>
Net (expenditure)/income for the year	6	(117,507)	(88,350)	(205,857)	(37,027)	48,322	11,295
Transfers between funds		(319)	319	-	-	-	-
Net movement of funds		(117,826)	(88,031)	(205,857)	(37,027)	48,322	11,295
Reconciliation of funds							
Funds brought forward at 1 October 2020		(493,290)	331,886	(161,404)	(453,021)	283,564	(169,457)
Minority interests		2,240	-	2,240	(3,242)	-	(3,242)
Funds carried forward at 30 September 2021		<u>(608,876)</u>	<u>243,855</u>	<u>(365,021)</u>	<u>(493,290)</u>	<u>331,886</u>	<u>(161,404)</u>


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

ESSENTIAL CHRISTIAN

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2021

	Note	2021		2020	
		£	£	£	£
Fixed assets					
Tangible assets	8a		80,084		104,818
Current assets					
Stocks	10	59,499		95,253	
Debtors and prepayments	11a	368,258		444,252	
Cash at bank		<u>392,818</u>		<u>362,328</u>	
		820,575		901,833	
Creditors: Amounts falling due within one year	12a	(1,262,105)		(1,162,240)	
Net current (liabilities)			(441,530)		(260,407)
Net (liabilities)			(361,446)		(155,589)
Funds					
Unrestricted funds	13a		(608,876)		(493,290)
Restricted funds	14		<u>243,855</u>		<u>331,886</u>
			(365,021)		(161,404)
Minority interests			<u>3,575</u>		<u>5,815</u>
Total funds			(361,446)		(155,589)

These financial statements were approved by the Directors on 15 June 2022 and signed on their behalf by:



M Young
Director

Company number: 06667924

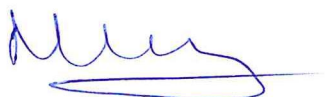
ESSENTIAL CHRISTIAN

COMPANY BALANCE SHEET AS AT 30 SEPTEMBER 2021

	Note	2021		2020	
		£	£	£	£
Fixed assets					
Tangible assets	8b		80,084		104,818
Investments	9		<u>1,128</u>		<u>1,128</u>
			81,212		105,946
Current assets					
Stocks	10	59,499		95,253	
Debtors and prepayments	11b	367,158		443,152	
Cash at bank		<u>303,557</u>		<u>268,219</u>	
		730,214		806,624	
Creditors: Amounts falling due within one year	12b	<u>(1,184,702)</u>		<u>(1,087,455)</u>	
Net current (liabilities)			<u>(454,448)</u>		<u>(280,831)</u>
Net (liabilities)			<u>(373,276)</u>		<u>(174,885)</u>
Funds					
Unrestricted funds	13b		(617,131)		(506,771)
Restricted funds	14		<u>243,855</u>		<u>331,886</u>
Total funds			<u>(373,276)</u>		<u>(174,885)</u>

The company's net expenditure for the year ended 30 September 2021 was £198,391 (2020: net income of £489).

These financial statements were approved by the Directors on 15 June 2022 and signed on their behalf by:



M Young
Director

Company number: 06667924

ESSENTIAL CHRISTIAN

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021	2020
	£	£
Net cash provided by/(used in) operating activities (see below)	63,564	(295,607)
Cash flows from/(used in) investing activities		
Interest received	13	150
Payments for fixed asset additions	(35,379)	(64,448)
Proceeds on fixed asset disposals	<u>2,292</u>	<u>3,514</u>
Net cash (used in) investing activities	(33,074)	(60,784)
Cash flows from financing activities		
Loans (repaid)/drawn down	<u>-</u>	(79,136)
Net cash (used in) financing activities	<u>-</u>	(79,136)
Net cash inflow/(outflow)	30,490	(435,527)
Cash and cash equivalents at 1 October 2020	<u>362,328</u>	<u>797,855</u>
Cash and cash equivalents at 30 September 2021	<u>392,818</u>	<u>362,328</u>

Note: Cash flows from/(used in) operating activities

Net (expenditure)/income for the year	(205,857)	11,295
Interest receivable included in investing activities	(13)	(150)
Depreciation	54,241	57,427
Gain on sale of fixed assets	3,580	(3,538)
Decrease in stocks	35,754	31,183
Decrease/(increase) in debtors	75,994	(156,599)
Increase/(decrease) in creditors	<u>99,865</u>	<u>(235,225)</u>
Net cash provided by/(used in) operating activities	<u>63,564</u>	<u>(295,607)</u>

Analysis in changes on net debt	At 1 October 2020	Cash flows	Other non- cash changes	At 30 September 2021
	£	£	£	£
Cash at bank and in hand	362,328	30,490	-	392,818
Other loans within one year	<u>(750,000)</u>	<u>(500,000)</u>	<u>500,000</u>	<u>(750,000)</u>
Total	<u>(387,672)</u>	<u>(469,510)</u>	<u>500,000</u>	<u>(357,182)</u>

ESSENTIAL CHRISTIAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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 2020) – (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 for a second year when it became clear that the Spring Harvest 2021 event could not go ahead as planned because of the coronavirus pandemic. With income from usual activities much curtailed, and with generous gifts together with savings on usual expenditure, there was still a significant deficit, with the charity reliant on loans to support its operations.

The trustees continue to look for ways to increase income, to do things differently and 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 have reporting dates of 30 September. Copycare Pacific Pty Ltd has a reporting date of 30 June but produces figures to 30 September that are incorporated into the consolidated financial statements. 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 2021 (continued)

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 is 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
Freehold property	– over 10 years
Motor vehicles	– over 4 years
Equipment	– over 4 to 10 years
Computer equipment	– over 3 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 year.

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 2021 (continued)

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 year 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 2021 (continued)

	2021 Unrestricted £	2021 Restricted £	2021 Total £	2020 Total £	
2 Investment income – unrestricted					
Bank interest: United Kingdom	1	-	1	75	
Bank interest: Rest of the World	<u>12</u>	<u>-</u>	<u>12</u>	<u>75</u>	
	<u>13</u>	<u>-</u>	<u>13</u>	<u>150</u>	
3 Ministry Resources: Creation, Sales and Royalties – unrestricted					
Creation, Manufacture and Duplication of Media	9,975	-	9,975	20,312	
Product Sales	149,766	-	149,766	146,354	
Royalties	<u>1,357,556</u>	<u>-</u>	<u>1,357,556</u>	<u>1,167,774</u>	
	<u>1,517,297</u>	<u>-</u>	<u>1,517,297</u>	<u>1,334,440</u>	
4 Income from other sources – unrestricted					
Management charges from SHH	97,244	-	97,244	123,000	
Coronavirus job retention scheme government grant	<u>131,853</u>	<u>-</u>	<u>131,853</u>	<u>130,793</u>	
	<u>229,097</u>	<u>-</u>	<u>229,097</u>	<u>253,793</u>	
5 Expenditure					
	Direct charitable expenditure £	Other trading activities £	Support costs £	Total 2021 £	Total 2020 £
Note					
Raising funds	12,240	-	4,707	16,947	23,057
Grants and grantmaking 18	292,704	-	343	293,047	107,084
Conferences and Events	1,399,137	-	383,205	1,782,342	2,076,899
Ministry Resources	<u>1,520,054</u>	<u>-</u>	<u>110,806</u>	<u>1,630,860</u>	<u>1,542,114</u>
	<u>3,224,135</u>	<u>-</u>	<u>499,061</u>	<u>3,723,196</u>	<u>3,749,154</u>
6 Net (expenditure)/income for the year					
				2021 £	2020 £
This is stated after charging:					
Staff costs (see note 7.1)				1,364,470	1,377,981
UK auditors' remuneration: – for audit services				13,300	13,200
– for non-audit services				6,857	3,488
Depreciation				54,241	57,427
(Gain) on sale of fixed asset				3,580	(3,538)
Operating lease rentals – land and buildings				<u>98,678</u>	<u>98,840</u>

ESSENTIAL CHRISTIAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 (continued)

7 Employee information

7.1 Staff costs

	Group 2021 £	Group 2020 £
Wages and salaries	1,165,578	1,183,414
Redundancy costs	9,683	9,159
Social security costs	107,916	105,753
Employer's contribution to defined contribution schemes	81,293	79,655
	<u>1,364,470</u>	<u>1,377,981</u>
Benefits in kind	21,448	26,626
	<u>1,385,918</u>	<u>1,404,607</u>

The redundancy payments were made in relation to six staff posts which were no longer required because the work load had changed. Redundancy costs are recognised when there is a legal or constructive obligation arising. No redundancy pay was outstanding at the balance sheet date.

7.2 Staff numbers

	2021 Number	2020 Number
The average monthly number of employees (on a total head count basis excluding non-Executive Directors) during the year was made up as follows:	<u>39.1</u>	<u>44.8</u>

The average monthly number of employees (on a full time equivalent basis excluding non-Executive Directors) during the year was made up as follows:	<u>33.4</u>	<u>37.5</u>
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One employee received emoluments (excluding employer pension costs) between an annual equivalent of £70,000 and £80,000 in the year (2020: one between £60,000 and £70,000); plus employer pension costs of £6,778 (2020: £5,396).

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 2021 £	Total 2020 £
P Martin	<u>49,418</u>	<u>4,312</u>	<u>5,271</u>	<u>2,589</u>	<u>61,590</u>	<u>75,831</u>

The number of directors to whom retirement benefits are accruing under defined contribution schemes during the year is 1 (2020: 1). Key management personnel remuneration (including gross salary, employer's National Insurance, benefits in kind and employer's pensions contributions) totalled £156,468 (2020: £107,001), which increased as part of the CEO handover process.

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:

	2021 £	2020 £
M Young	27	27
G Calver	<u>-</u>	<u>687</u>

Also during the year, total travel expenses of £112 (2020: £1,256) were reimbursed to 1 (2020: 8) director. Directors' indemnity insurance of £2,838 (2020: £2,508) was paid during the year.

ESSENTIAL CHRISTIAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 (continued)

8a Tangible fixed assets – GROUP

	Freehold Property £	Computer Equipment £	Fixtures and Fittings £	Motor Vehicles £	Plant and Machinery £	Total 2021 £
Cost or valuation						
At 1 October 2020	2,170	255,338	458	61,770	483,890	803,626
Additions in the year	-	27,438	-	-	7,941	35,379
Disposals in the year	-	-	-	(36,570)	-	(36,570)
At 30 September 2021	<u>2,170</u>	<u>282,776</u>	<u>458</u>	<u>25,200</u>	<u>491,831</u>	<u>802,435</u>
Depreciation						
At 1 October 2020	2,170	205,595	458	50,555	440,030	698,808
Charge for year	-	28,406	-	3,375	22,460	54,241
Released on disposal	-	-	-	(30,698)	-	(30,698)
At 30 September 2021	<u>2,170</u>	<u>234,001</u>	<u>458</u>	<u>23,232</u>	<u>462,490</u>	<u>722,351</u>
Net book value						
At 30 September 2021	<u>-</u>	<u>48,775</u>	<u>-</u>	<u>1,968</u>	<u>29,341</u>	<u>80,084</u>
At 1 October 2020	<u>-</u>	<u>49,743</u>	<u>-</u>	<u>11,215</u>	<u>43,860</u>	<u>104,818</u>

ESSENTIAL CHRISTIAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 (continued)

8b Tangible fixed assets – COMPANY

	Freehold Property £	Computer Equipment £	Fixtures and Fittings £	Motor Vehicles £	Plant and Machinery £	Total 2021 £
Cost or valuation						
At 1 October 2020	-	252,235	-	61,770	484,970	798,975
Additions in the year	-	27,438	-	-	7,941	35,379
Disposals in the year	-	-	-	(36,570)	-	(36,570)
At 30 September 2021	-	<u>279,673</u>	-	<u>25,200</u>	<u>492,911</u>	<u>797,784</u>
Depreciation						
At 1 October 2020	-	202,494	-	50,555	441,108	694,157
Charge for year	-	28,406	-	3,375	22,460	54,241
Released on disposal	-	-	-	(30,698)	-	(30,698)
At 30 September 2021	-	<u>230,900</u>	-	<u>23,232</u>	<u>463,568</u>	<u>717,700</u>
Net book value						
At 30 September 2021	-	<u>48,773</u>	-	<u>1,968</u>	<u>29,343</u>	<u>80,084</u>
At 1 October 2020	-	<u>49,741</u>	-	<u>11,215</u>	<u>43,862</u>	<u>104,818</u>

ESSENTIAL CHRISTIAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 (continued)

9 Fixed asset investments – COMPANY

	2021 £	2020 £
Shares in subsidiaries - Cost less impairment		
At 1 October 2020	1,128	1,128
Disposals	-	-
At 30 September 2021	<u>1,128</u>	<u>1,128</u>
Historical cost at 30 September 2021	<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 2021 of £1,000 and profit for the year then ended of £nil. Song Solutions Ltd had net assets at 30 September 2021 of £100 and profit for the year 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 2021 of AUS\$22,343 and profit for the year then ended of AUS\$34,545.

10 Stocks – GROUP AND COMPANY

	2021 £	2020 £
Goods for resale	55,754	75,918
Work in progress	<u>3,745</u>	<u>19,335</u>
	<u>59,499</u>	<u>95,253</u>

11a Debtors – GROUP

	2021 £	2020 £
Trade debtors	213,538	211,360
Other debtors including other taxation	30,157	42,801
Prepayments and accrued income	<u>124,563</u>	<u>190,091</u>
	<u>368,258</u>	<u>444,252</u>

11b Debtors – COMPANY

	2021 £	2020 £
Trade debtors	213,538	211,360
Other debtors including other taxation	29,057	41,701
Prepayments and accrued income	<u>124,563</u>	<u>190,091</u>
	<u>367,158</u>	<u>443,152</u>

ESSENTIAL CHRISTIAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 (continued)

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

	2021 £	2020 £
Other loans	750,000	750,000
Trade creditors	82,332	14,825
Other creditors including taxation	155,586	204,490
Accruals and deferred income	274,187	192,925
	<u>1,262,105</u>	<u>1,162,240</u>

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

	2021 £	2020 £
Other loans	750,000	750,000
Trade creditors	82,332	14,825
Other creditors including taxation	78,183	129,705
Accruals and deferred income	274,187	192,925
	<u>1,184,702</u>	<u>1,087,455</u>

The other loans are interest free and repayable on 30 days notice. Such notice is not to be given before 30 April 2022. 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 - 2021	<u>(493,290)</u>	<u>2,240</u>	<u>3,176,246</u>	<u>(3,293,753)</u>	<u>(319)</u>	<u>(608,876)</u>
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>

13b Unrestricted funds – COMPANY

	Balance B/F £	Income £	Expenditure £	Transfers £	Balance C/F £
General funds - 2021	<u>(506,771)</u>	<u>2,981,705</u>	<u>(3,091,746)</u>	<u>(319)</u>	<u>(617,131)</u>
General funds - 2020	<u>(458,938)</u>	<u>3,198,473</u>	<u>(3,246,306)</u>	<u>-</u>	<u>(506,771)</u>

ESSENTIAL CHRISTIAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 (continued)

14 Restricted funds – GROUP AND COMPANY

	Balance B/F £	Income £	Expenditure £	Transfers £	Balance C/F £
2021					
2019 SH offering tithe	662	-	(662)	-	-
2021 SH offering tithe	-	6,993	(6,993)	-	-
SH Partnership Fund	-	115,509	(115,828)	319	-
SH North	205,223	-	(22,748)	-	182,475
SH Youth offering appeal 2019	1,866	-	-	-	1,866
SH Children's offering appeal 2019	1,927	-	-	-	1,927
SHH offerings fund	-	412	(412)	-	-
SHH offerings fund: Accessibility Fund	2,805	-	-	-	2,805
Hope Lebedyn	<u>119,403</u>	<u>218,179</u>	<u>(282,800)</u>	-	<u>54,782</u>
	<u>331,886</u>	<u>341,093</u>	<u>(429,443)</u>	<u>319</u>	<u>243,855</u>
2020					
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>

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.

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.

2021 SH offering tithe

This portion of the gifts given during and following Spring Harvest online in 2021 was for the work of Justice and Mercy Amazon, equipping pastors along the Amazon and for their education and libraries fund, as set out in the Report.

SH Partnership Fund

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

ESSENTIAL CHRISTIAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 (continued)

14 Restricted funds – GROUP AND COMPANY (continued)

SH North

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

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 24/7 Prayer 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 segments were 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.

Hope Lebedyn

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

Transfers

A transfer was made from unrestricted funds to SH Partnership Fund to clear a deficit that had arisen in this restricted fund.

15a Analysis of net assets by fund – GROUP 2021

	Unrestricted £	Restricted £	Total £
Tangible fixed assets	80,084	-	80,084
Net current (liabilities)/assets	(685,385)	243,855	(441,530)
Minority interests	(3,575)	-	(3,575)
	<u>(608,876)</u>	<u>243,855</u>	<u>(365,021)</u>

15b Analysis of net assets by fund – COMPANY 2021

	Unrestricted £	Restricted £	Total £
Tangible fixed assets	80,084	-	80,084
Investments	1,128	-	1,128
Net current (liabilities)/assets	(698,343)	243,855	(454,488)
	<u>(617,131)</u>	<u>243,855</u>	<u>(373,276)</u>

ESSENTIAL CHRISTIAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 (continued)

15c 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>

15d 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>

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 2021 there were 10 members (2020: 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 £81,293 (2020: £79,655) for the year.

ESSENTIAL CHRISTIAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 (continued)

18 Grants and grantmaking

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

	2021 £
<i><u>Institutional grants</u></i>	
Sumy Spiritual Revival Centre, Lebedyn	29,323
24/7 Prayer	662
Justice and Mercy Amazon	6,993
Total institutional grants	36,978
<i><u>Grants to individuals</u></i>	
EC Hope Lebedyn local church team	248,511
Total grants	285,489
Grantmaking costs	7,558
Total grants and grantmaking	<u>293,047</u>

19 Financial commitments

The charitable company's total future minimum lease payments under operating leases at 30 September 2021 were payable as set out below:

	2021 £	2020 £
Within one year	94,040	94,040
Within two to five years	94,040	188,080
More than five years	-	-
	<u>188,080</u>	<u>282,120</u>

The operating lease charges for the year were:

	2021 £	2020 £
Land and buildings	93,878	94,040
Hire of plant, machinery and fittings	4,800	4,800
	<u>98,678</u>	<u>98,840</u>

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 year interest free loan advances of £500,000 (2020: 1,200,000) were received by Essential Christian from ZipAddress Limited. There was an opening balance of £750,000 (2020: 800,000). £500,000 (2020: £500,000) was converted to a gift from AFD during the year and nil (2020: £750,000) was repaid, leaving a balance of £750,000 (2020: 750,000) at the year end.

ESSENTIAL CHRISTIAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 (continued)

20 Related party relationships and transactions (continued)

During the year £97,244 (2020: £123,000) 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 year £16 (2020: £156) 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 year £nil (2020: £5,745) 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 year £nil (2020: £791) 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 year £27 (2020: £nil) of purchases were made from Lion Hudson Ltd and £160 (2020: £nil) sales were made to 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 year £243 (2020: nil) of sales were made to The Society for the Promotion of Christian Knowledge, incorporated by Royal Charter, for business relating to the Lion Hudson imprint where ZipAddress Limited had an interest.

During the period that he was a director £1,300 (2020: £5,745) of payments were made to Evangelical Alliance Ltd, a company registered in England and Wales of which G Calver is the Chief Executive, and was a director of Essential Christian until 31 December 2020.

During the year £2,250 (2020: £nil) of purchases were made from PCC of All Hallows Bromley by Bow, a charity registered in England and Wales of which Rev C Rogers, a director of Essential Christian from 21 September 2021, is a trustee.

During the year royalties of £2,181 (2020: £nil) were paid to Elim Sound, which is a ministry of the Elim Foursquare Gospel Alliance, where Rev O Amartey is Executive Director.

The total amount of donations received from directors during the year restricted for Spring Harvest was £3,840 (2020: £2,860).

The total amount of donations received from directors during the year restricted for Hope Lebedyn was £3,520 (2020: £13,100) and a further £12,000 (2020: £nil) was received from AFD Software Ltd, which is a company registered in the Isle of Man and is controlled by D Dorricott, a director of Essential Christian. In addition, donations of £14,500 (2020: £10,000) and £12,350 (2020: £76,923) were received from Martin Charitable Trust and Matthew Twenty five Forty Trust respectively for Hope Lebedyn. P Martin, a director of Essential Christian until 31 October 2021, is a trustee of both trusts.

The total amounts paid to family members of the non-executive directors during the year was £nil (2020: £100). 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 £89,864 (2020: £85,039).