

# **ESSENTIAL CHRISTIAN**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 SEPTEMBER 2022**

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

# **ESSENTIAL CHRISTIAN**

## **FINANCIAL STATEMENTS**

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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 2021 to 30 September 2022 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 year were as follows:

##### *Non-executive directors*

Ms Olivia Amartey	
Mr Geoffrey Booker	until 7 December 2021
Ms Tania Bright	
Rt Rev Peter Broadbent	until 30 November 2022 <i>Chair until 6 December 2021</i>
Mr David Dorricott	
Ms Elaine Duncan	
Ms Debra Green OBE	
Rev Christopher Rogers	
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)

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

- the provision of the annual Spring Harvest teaching event, available to people of all ages, 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;
- offering discounts to make Spring Harvest accessible to those otherwise unable to come;
- 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. Discounts and grants are offered to assist people experiencing financial hardship to attend the Spring Harvest, and it is also available online at a substantially reduced price

### 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 while monitoring its activities and policies. The Board met 8 times over the year. In addition there is a Finance Committee which for most of the year consisted 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 charity. 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.
- EC-GO  
This online channel provides thousands of recordings of inspirational teaching from many events.
- Essential Christian Songs  
A website featuring songs and authors with a search facility, this resource provides worship leaders and others with tools to find and use the ideal song for a particular context.
- Essential Christian Store  
A wide range of Christian resources, including talks from conferences going back many years, were available for sale online and at events.
- Essential Event Management  
Using the experience built up over many years running Spring Harvest and other events, Essential Event Management makes these event-delivery skills available to the wider Christian community and beyond.
- 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.

## ESSENTIAL CHRISTIAN

### REPORT OF THE DIRECTORS (continued)

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- Song Solutions  
Song Solutions supports songwriters and artists through publishing and nurturing young writers, and also administers copyrights and royalties on Christian music, both those held by the charity and on behalf of clients in UK and worldwide.
- Spring Harvest  
The Spring Harvest main event takes place within the Easter school holidays and returned in 2022 to its usual format in 2022 using the Butlins facilities at Minehead and Skegness.
- 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.

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 10 to the financial statements.

#### Management & Staffing

The Chief Executive appointed by the Board is responsible for the day-to-day operations of the charity and 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 a highly-motivated staff team, which includes some recent appointments alongside experienced individuals on the senior 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 21 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 two Board members 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 addition of digital delivery allows more people to engage, but does not deliver the same level of income.
- Insufficient donor income. Donations are critical to the charity's ability 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

After two years when the event was entirely online, Spring Harvest in 2022 was held again at the Butlins resorts in Minehead and Skegness during the Easter school holidays, with a 5-day event in each location.

The theme was about helping God's People – the Church – on the journey of rebuilding after the Covid years. The event was titled *Restore, Renew, Rebuild*, drawing from the book of Nehemiah and focusing attention towards the restoration of our hearts, the renewing of our faith and the rebuilding of our communities. Guests queued for the Big Start, filled the Bible teaching each morning, rejoiced in worshipping each evening, and enjoyed the time for refreshment and restoration in the holiday atmosphere. It was good to be back.

Over 11,000 people attended, including team members and day visitors, and over 3,000 engaged online. In addition, over a million saw Spring Harvest on BBC Songs of Praise. Attendance on the resorts was below capacity partly because one of the events was outside school holidays in parts of the country but mainly because of continuing caution about coronavirus as infections continued at a high level in the months before the event. The last restrictions were not lifted until February.

Main meetings on both sites were held in the new Studio 36 arenas. The range of large venues on the resorts makes it possible to run several programmes simultaneously. Age-appropriate programmes in several age groups were held for under 18s alongside the programme for adults which included two Bible studies offering different approaches and three evening Celebrations on each of the full days, as well as theme sessions, a range of seminars and workshops, matinee performances and evening entertainment. All age groups address the same core theme, adapted appropriately, so when back in their family or church group they can share what has been learnt.



## ESSENTIAL CHRISTIAN

### REPORT OF THE DIRECTORS (continued)

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Mornings began with an all-age, dynamic 'Big Start', followed by the main Bible teaching and then sessions covering the key themes as well as leadership, mental health and parenting streams. Alongside the seminars and workshops there was a comprehensive, family focused sports programme each afternoon. In the evenings there were celebrations for corporate worship and teaching. For guests who, because of Covid, were still anxious about being in a large group talks were made available free of charge if they did not want to attend a seminar, and the main meeting could be accessed in guest accommodation through Butlin's TV system.

The event was made accessible to guests with disabilities through the provision of BSL signing, speech to text, loop systems, braille and large print material. Multi-sensory areas were available in children's and youth venues. An experienced disability co-ordinator was available at each location to handle questions which may arise on a one-to-one basis. A stream for adults with learning disabilities was organised in conjunction with the charity *Count Everyone In* at the Minehead event.

A highly skilled and experienced pastoral team was available at each event to meet with individuals. They arranged over 300 appointments. A prayer ministry team was also available after the evening celebrations for guests who requested prayer.

Spring Harvest is only able to run because many people give their time freely to assist in many different ways and we are very grateful for their support. To deliver the event in 2022, 830 team members were recruited, the majority being volunteers. Because there are children and vulnerable adults at the event, a system is in place to make appropriate checks with the Disclosure and Barring Service and to take up references on team members.

Guests gave £148,000 to the main Offering appeal. Of this, a tithe of 10% went towards a Seed Fund for new projects across the UK (see below) and 90% was to support Essential Christian's ministries, including the provision of discounts and bursaries to help people on low incomes to attend Spring Harvest. A further £2,200 was given in the Youth and Children's Offerings, of which 50% went to the Seed Fund and 50% to Essential Christian's ministries. Details of restricted funds are given in Notes 15 and 19 to the financial statements.

Spring Harvest impacts lives, builds faith and encourages those who attend or who watch in their homes to live as disciples of Jesus Christ. Over six hundred people chose to become disciples or renew their commitment during the event. Many positive comments were received from guests.

It was awesome! I don't know where to begin to thank you.

I waited 3 years to go there as a guest with my friend. We loved every minute.

The start of the first celebration evening was emotional, bringing us back together again.

Spring Harvest is life changing, being with thousands of like-minded people worshipping together in God's love.

My son who is autistic and has ADHD being able to access all his group sessions and being so happy and settled. He engaged with the teaching and loved Big Start.

Such a wonderful week on so many levels - Thank you so much to all the people that put Spring Harvest together and all the volunteers. Came back with exhausted, happy children and we all had a great time.

## ESSENTIAL CHRISTIAN

### REPORT OF THE DIRECTORS (continued)

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The teaching was amazing, the worship was amazing, being away with my family was amazing, God is amazing!! Everything about it was my favourite. Thank you Spring Harvest for helping us create so many beautiful memories with our family and providing us a place to just be and hear God.

#### *Digital innovation*

In April 2022 a new Event App was launched for guests. This included the entire programme, biographies and photographs of contributors, information on the exhibition, a space for stories and testimonies, and all the practical details. It also enabled rapid communication to guests of any programme changes or book signings. For guests who preferred a printed version, a 'mini programme' gave an overview of the programme and essential information.

A digital platform, *MySpringHarvest*, was also launched, which gave guests an opportunity to receive free recordings of sessions which they were not able to attend and to store personal notes. Following the event, those who signed up received monthly bulletins with articles, interviews and resources. Two thousand people opted to be part of this new community, enabling Spring Harvest to resource guests beyond the event,

#### *Spring Harvest Home*

A temporary studio was built at Minehead to host the online delivery of the event to over 3,000 digital subscribers. This was partly to meet the needs of those more vulnerable who did not want to attend the event in person because of the risk from Covid. The Big Start, Bible teaching and Main Celebration were relayed live. Premier Lifeline provided pastoral support after the evening celebration.

- Spring Harvest Holidays

The 2022 summer season saw over 4,300 guests enjoy their vacation at Le Pas Opton holiday park in France.

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.

- Event Services

Through Essential Event Management the charity assisted other agencies to run their events, both in-person and online.

#### *The Lambeth Conference*

This was by far the biggest event. Convened approximately every ten years by the Archbishop of Canterbury, and after two years of delay because of Covid, the conference took place over two weeks in July 2022. It was an international meeting of over 700 Anglican bishops, their spouses and guests, from 165 countries for Bible study, prayer and discussion on church and world affairs.

Working with the organisers since 2018, Essential Event Management provided a virtual meeting platform for bishops to discuss conference themes in the two years prior to the gathering, and full event management services as principal contractor for the event itself, including delegate registration, transport, referencing, volunteer management, production and logistics, and event safety. This involved working closely with the University of Kent, Canterbury Cathedral and Lambeth Palace to ensure that everything was in place for the different event elements. EEM also arranged a visit to London which ended with a boat trip on the Thames, and engaged with other organisations to provide a resource centre and bookshop.

## ESSENTIAL CHRISTIAN

### REPORT OF THE DIRECTORS (continued)

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The CEO of the Lambeth Conference charity, which was responsible for the event, wrote afterwards that EEM

... delivered multiple dimensions for this unique conference... Their project management prioritised high production values, a flexible, solution-focused approach to the event operation and a friendly, collaborative client focus in all that they did. ... On behalf of everyone involved in the Lambeth Conference in 2022, I express my heartfelt gratitude to all of the EEM events team on a job well done.

#### (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

The decline in DVD and other physical music sales has continued since Covid. However, with the return of the in-person Spring Harvest event in 2022, the live worship was captured and released in a digital format. The songs were released over a period of months and saw very good engagement. Digital streaming of back catalogue songs grew and, in part, replaced lost revenue from physical product sales.

A theme book and workbook were published with SPCK for the Spring Harvest event. Work continued with authors on new titles as the relationship developed.

- 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 Youthscape's National Youth Ministries Weekend. 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 St Andrew's Bookshop, carried a range of music, DVDs, Bibles, books, church resources and Christian gifts. Sales also took place through Christian bookshops and other online retailers.

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

- Duplication

A low volume of in-house duplication continued, but this is being wound down as the demand for physical media declines.

- 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.

## ESSENTIAL CHRISTIAN

### REPORT OF THE DIRECTORS (continued)

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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, the charity provides an all-in-one package for collective worship in primary schools. It uses stories from the Bible with videos, music and scripts and was trialed at schools in Sussex and Kent before being launched more widely in March 2018. Schools across the country renew their subscriptions of this valuable resource year-on-year. Discussions with dioceses and trusts continue. There are 124 assemblies available, and work continues to promote and market Big Start Assemblies to teachers, head teachers and schools.

### (3) Grants and Grantmaking

Funds for grantmaking come from the generosity of guests at the Spring Harvest events who support the annual appeals, from guests at Spring Harvest Holidays and from donations received specifically for Hope Lebedyn. Details of restricted funds and grants are given in Notes 15 and 19 to the financial statements. Organisations receiving grants are asked to submit written or video reports on the use of the funds within a year.

- Spring Harvest

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. The focus of Spring Harvest 2022 was on helping the Church to restore, renew and rebuild after the pandemic. Guests were invited to submit proposals for seed funding to do this in their communities. Among those selected were a project to run a community play group, another to run Messy Church for children with additional needs, and one to help people with low mood and loneliness.

Gifts given through the Partnership Scheme and from the portion of the (unrestricted) offering after the tithe support Essential Christian and Spring Harvest, including the 'Everyone In' fund. This helped over 500 people with discounts and bursaries so that individuals and families on low incomes could come to Spring Harvest.

- Spring Harvest Holidays

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.

- Hope Lebedyn

Over the year funds were raised separately for Hope Lebedyn, in order to send support on a regular basis to a mission centre and church in Lebedyn, Ukraine. Following the Russian invasion of Ukraine in February 2022, an appeal was launched for additional funds to provide church-led relief and redevelopment. As a result of this, income for the year grew to £339,000. Grants totalled £91,000. The balance will be carried forward to fund needs as they arise and to reconstruct when it is safe to do so.

## **ESSENTIAL CHRISTIAN**

### **REPORT OF THE DIRECTORS (continued)**

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In the period from October to February activities took place as usual. The team continued to provide training, aid and Christian education for the community. Many children attended the camps at the end of 2021, using the new activity centre.

Whilst the town was not invaded, there was bomb damage, there were frequent sirens and roads were dangerous. The centre's activities continued with regular activities and summer camps as far as possible. Grants were increased to enable the church to do more. Food, clothing and other supplies were sourced, sometimes by purchase, sometimes at no cost, to help those in need. Over 100 tons of aid and 2,000 Bibles were given out. Help was provided to people in distress in care homes and in orphanages, and to others who arrived in the town from elsewhere. The church grew, partly with displaced people but also with many converts as people sought God and put their hope in eternal things.

Because of the sums involved and the increased work being done, the Board agreed that Hope Lebedyn should become a separate charity with its own trustees, who would be able to give more detailed oversight to its work. The process was begun during the year and the new charity, number 1201618, was registered in January 2023.

### **Financial Review**

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

Conferences and Events income increased by £2.4 million from £410,000 the previous year to £2.8 million in 2021-22 because it was possible to run events again as confidence returned, post-Covid, in the second half of the period. Costs also rose from £1.8m to £3.6m, reflecting the work done, but rose by a smaller figure than the income. Whilst this was much better than the previous year, costs still exceeded income, with the difference covered by donations.

Ministry Resources income also rose but by the smaller amount of £75,000 to £1.6m. Costs decreased by £33,000 and more closely matched income, exceeded it by £5,000, which was also a better result than the previous year. Song Solutions income increased again, reflecting increased use of its songs and more online church gatherings.

Donations are very important to the charity. The Board and staff are grateful to Spring Harvest guests who gave to the Offering and to supporters who gave regularly through the year. Together they donated over £320,000 in the year and they make a significant contribution to maintaining Spring Harvest into the future. The Board is also grateful for a special donation of £400,000.

Overall, income increased by 60% from £3.5 million in 2020-21 to £5.6 million in 2021-22. Expenditure also increased, by only 43%, from £3.7 million to £5.3 million. The result for the year was a surplus of £312,000.

Of the funds carried forward, £291,000 was for Hope Lebedyn, following the success of the special appeal. It is expected that this will be paid out in 2023-24.

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 can operate on a sound financial footing.

## ESSENTIAL CHRISTIAN

### REPORT OF THE DIRECTORS (continued)

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#### 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 was undertaken for the Hope Lebedyn activity. This was 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.

### **2023 and Beyond**

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 especially to resource small and medium-sized churches.
- develop the 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.
- engage more with songwriters to create new songs for the Church.
- 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.
- 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)

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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



**M Young**  
Director

Date: 24 May 2023

### **Opinion**

We have audited the financial statements of Essential Christian (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2022 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 2022 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**

The social distancing restrictions had a significant impact on the activities of the organisation that it is still recovering from now. Despite the charity recording a surplus for the current year, the consolidated general funds are still negative by £443,263 and net current liabilities stand at £133,450. We also 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. The financial position of the charity represents a material uncertainty which may cast 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.



**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 13, 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)

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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 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 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: 5 June 2023

## ESSENTIAL CHRISTIAN

### CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 30 SEPTEMBER 2022

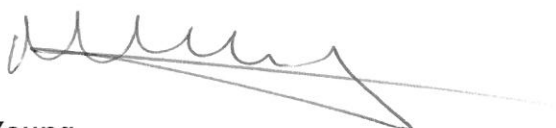
	Note	2022 Unrestricted funds £	2022 Restricted funds £	2022 Total funds £	2021 Unrestricted funds £	2021 Restricted funds £	2021 Total funds £
<b>Income from:</b>							
<i>Donations and legacies</i>		598,564	480,013	1,078,577	1,019,716	341,093	1,360,809
<i>Investments</i>	2	26	-	26	13	-	13
<i>Charitable activities:</i>							
Conferences and Event Ministry		2,829,279	-	2,829,279	410,123	-	410,123
Ministry Resources: Creation, Sales and Royalties	3	1,592,831	-	1,592,831	1,517,297	-	1,517,297
<i>Other sources</i>	4	<u>120,553</u>	<u>-</u>	<u>120,553</u>	<u>229,097</u>	<u>-</u>	<u>229,097</u>
<b>Total income</b>		<u>5,141,253</u>	<u>480,013</u>	<u>5,621,266</u>	<u>3,176,246</u>	<u>341,093</u>	<u>3,517,339</u>
<b>Expenditure on:</b>	5						
<i>Raising funds</i>		38,404	-	38,404	16,735	212	16,947
<i>Charitable activities:</i>							
Grants and Grantmaking		7,793	109,494	117,287	2,165	290,882	293,047
Conferences and Event Ministry		3,340,791	214,902	3,555,693	1,648,649	133,693	1,782,342
Ministry Resources: Creation, Sales and Royalties		<u>1,597,811</u>	<u>-</u>	<u>1,597,811</u>	<u>1,626,204</u>	<u>4,656</u>	<u>1,630,860</u>
<b>Total expenditure</b>		<u>4,984,799</u>	<u>324,396</u>	<u>5,309,195</u>	<u>3,293,753</u>	<u>429,443</u>	<u>3,723,196</u>
<b>Net income/(expenditure) for the year</b>	6	156,454	155,617	312,071	( 117,507)	( 88,350)	( 205,857)
Transfers between funds		<u>10,900</u>	<u>( 10,900)</u>	<u>-</u>	<u>( 319)</u>	<u>319</u>	<u>-</u>
<b>Net movement of funds</b>		<u>167,354</u>	<u>144,717</u>	<u>312,071</u>	<u>( 117,826)</u>	<u>( 88,031)</u>	<u>( 205,857)</u>
<b>Reconciliation of funds</b>							
Funds brought forward at 1 October 2021		( 608,876)	243,855	( 365,021)	( 493,290)	331,886	( 161,404)
Minority interests		<u>( 1,741)</u>	<u>-</u>	<u>( 1,741)</u>	<u>2,240</u>	<u>-</u>	<u>2,240</u>
<b>Funds carried forward at 30 September 2022</b>		<u>( 443,263)</u>	<u>388,572</u>	<u>( 54,691)</u>	<u>( 608,876)</u>	<u>243,855</u>	<u>( 365,021)</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 2022**

		<b>2022</b>		<b>2021</b>	
	<b>Note</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Tangible assets	8a		64,913		80,084
Intangible assets	9		<u>19,162</u>		<u>-</u>
			84,075		80,084
<b>Current assets</b>					
Stocks	11	24,630		59,499	
Debtors and prepayments	12a	305,236		368,258	
Cash at bank		<u>688,353</u>		<u>392,818</u>	
		1,018,219		820,575	
<b>Creditors:</b> Amounts falling due within one year	13a	(1,151,669)		(1,262,105)	
<b>Net current (liabilities)</b>			(133,450)		(441,530)
<b>Net (liabilities)</b>			( 49,375)		(361,446)
<b>Funds</b>					
Unrestricted funds	14a	(443,263)		(608,876)	
Restricted funds	15	<u>388,572</u>		<u>243,855</u>	
		( 54,691)		(365,021)	
Minority interests			<u>5,316</u>		<u>3,575</u>
<b>Total funds</b>			( 49,375)		(361,446)

These financial statements were approved by the Directors on 24 May 2023 and signed on their behalf by:



**M Young**  
Director

Company number: 06667924

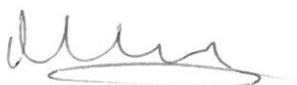
## ESSENTIAL CHRISTIAN

### COMPANY BALANCE SHEET AS AT 30 SEPTEMBER 2022

	Note	2022		2021	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8b		64,913		80,084
Intangible assets	9		19,162		-
Investments	10		<u>1,128</u>		<u>1,128</u>
			85,203		81,212
<b>Current assets</b>					
Stocks	11	24,630		59,499	
Debtors and prepayments	12b	304,136		367,158	
Cash at bank		<u>576,098</u>		<u>303,557</u>	
		904,864		730,214	
<b>Creditors:</b> Amounts falling due within one year	13b	(1,057,076)		(1,184,702)	
<b>Net current (liabilities)</b>			(152,212)		(454,488)
<b>Net (liabilities)</b>			( 67,009)		(373,276)
<b>Funds</b>					
Unrestricted funds	14b		(455,581)		(617,131)
Restricted funds	15		<u>388,572</u>		<u>243,855</u>
<b>Total funds</b>			( 67,009)		(373,276)

The company's net income for the year ended 30 September 2022 was £306,267 (2021: net expenditure of £198,391).

These financial statements were approved by the Directors on 24 May 2023 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 2022

	2022	2021
	£	£
<b>Net cash provided by operating activities</b> (see below)	520,098	63,564
<b>Cash flows from/(used in) investing activities</b>		
Interest received	26	13
Payments for tangible fixed asset additions	( 27,505)	( 35,379)
Payments for intangible fixed asset additions	( 22,084)	-
Proceeds on fixed asset disposals	<u>-</u>	<u>2,292</u>
<b>Net cash (used in) investing activities</b>	( 49,563)	( 33,074)
<b>Cash flows from financing activities</b>		
Loans (repaid)/drawn down	<u>(175,000)</u>	<u>-</u>
<b>Net cash (used in) financing activities</b>	<u>(175,000)</u>	<u>-</u>
<b>Net cash inflow/(outflow)</b>	295,535	30,490
Cash and cash equivalents at 1 October 2021	<u>392,818</u>	<u>362,328</u>
<b>Cash and cash equivalents at 30 September 2022</b>	<u>688,353</u>	<u>392,818</u>

#### Note: Cash flows from operating activities

<b>Net income/(expenditure) for the year</b>	312,071	(205,857)
Interest receivable included in investing activities	( 26)	( 13)
Depreciation	42,676	54,241
Amortisation	2,922	-
Loss on sale of fixed assets	-	3,580
Decrease in stocks	34,869	35,754
Decrease in debtors	63,022	75,994
Increase in creditors	<u>64,564</u>	<u>99,865</u>
<b>Net cash provided by operating activities</b>	<u>520,098</u>	<u>63,564</u>

Analysis in changes on net debt	At 1 October 2021	Cash flows	Other non- cash changes	At 30 September 2022
	£	£	£	£
Cash at bank and in hand	392,818	295,535	-	688,353
Other loans within one year	<u>(750,000)</u>	<u>(225,000)</u>	<u>400,000</u>	<u>(575,000)</u>
<b>Total</b>	<u>(357,182)</u>	<u>70,535</u>	<u>400,000</u>	<u>113,353</u>

# ESSENTIAL CHRISTIAN

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

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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 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 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 10.

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.

#### 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.

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (continued)

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#### 1 Accounting policies (continued)

##### 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 to 4 years

##### 1.7 Intangible fixed assets and amortisation

Intangible assets acquired separately are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are comprised of website development costs. Such assets are defined as having finite useful lives and the costs are amortised on a straight line basis over their estimated useful life. Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired. Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website development	– over 4 years
---------------------	----------------

##### 1.8 Fixed asset investments

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

##### 1.9 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.

##### 1.10 Debtors and prepayments

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

##### 1.11 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 2022 (continued)

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#### 1 Accounting policies (continued)

##### 1.12 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.

##### 1.13 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.

##### 1.14 Pension scheme arrangements

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

##### 1.15 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.

##### 1.16 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.

##### 1.17 Governance costs

This comprises expenditure to comply with statutory and legal requirements.

##### 1.18 Foreign exchange transactions

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

##### 1.19 Operating lease commitments

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

##### 1.20 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 2022 (continued)

		2022 Unrestricted £	2022 Restricted £	2022 Total £	2021 Total £
<b>2 Investment income – unrestricted</b>					
Bank interest: United Kingdom		1	-	1	1
Bank interest: Rest of the World		<u>25</u>	<u>-</u>	<u>25</u>	<u>12</u>
		<u>26</u>	<u>-</u>	<u>26</u>	<u>13</u>
<b>3 Ministry Resources: Creation, Sales and Royalties – unrestricted</b>					
Creation, Manufacture and Duplication of Media		6,010	-	6,010	9,975
Product Sales		144,070	-	144,070	149,766
Royalties		<u>1,442,751</u>	<u>-</u>	<u>1,442,751</u>	<u>1,357,556</u>
		<u>1,592,831</u>	<u>-</u>	<u>1,592,831</u>	<u>1,517,297</u>
<b>4 Income from other sources – unrestricted</b>					
Management charges from SHH		120,553	-	120,553	97,244
Coronavirus job retention scheme government grant		<u>-</u>	<u>-</u>	<u>-</u>	<u>131,853</u>
		<u>120,553</u>	<u>-</u>	<u>120,553</u>	<u>229,097</u>
<b>5 Expenditure</b>					
		Direct charitable expenditure £	Support costs £	Total 2022 £	Total 2021 £
	Note				
Raising funds		30,973	7,431	38,404	16,947
Grants and grantmaking	19	115,952	1,335	117,287	293,047
Conferences and Events		3,309,353	246,340	3,555,693	1,782,342
Ministry Resources		<u>1,542,199</u>	<u>55,612</u>	<u>1,597,811</u>	<u>1,630,860</u>
		<u>4,998,477</u>	<u>310,718</u>	<u>5,309,195</u>	<u>3,723,196</u>
<b>6 Net income/(expenditure) for the year</b>					
				2022 £	2021 £
This is stated after charging:					
Staff costs (see note 7.1)				1,144,951	1,364,470
UK auditors' remuneration:					
– for audit services				13,700	13,300
– for non-audit services				6,263	6,857
Depreciation				42,676	54,241
Amortisation				2,922	-
Loss on sale of fixed asset				-	3,580
Operating lease rentals – land and buildings				<u>91,387</u>	<u>98,678</u>

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (continued)

#### 7 Employee information

7.1 Staff costs	Group 2022 £	Group 2021 £
Wages and salaries	968,129	1,165,578
Redundancy costs	-	9,683
Social security costs	101,170	107,916
Employer's contribution to defined contribution schemes	<u>75,652</u>	<u>81,293</u>
	1,144,951	1,364,470
Benefits in kind	<u>20,238</u>	<u>21,448</u>
	<u>1,165,189</u>	<u>1,385,918</u>

7.2 Staff numbers	2022 Number	2021 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>32.0</u>	<u>39.1</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>26.7</u>	<u>33.4</u>

One employee received emoluments (excluding employer pension costs) between an annual equivalent of £80,000 and £90,000 in the year (2021: one between £70,000 and £80,000); plus employer pension costs of £6,930 (2021: £6,778).

#### 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 2022 £	Total 2021 £
P Martin	<u>5,448</u>	<u>492</u>	<u>115</u>	<u>1,273</u>	<u>7,328</u>	<u>61,590</u>

The number of directors to whom retirement benefits are accruing under defined contribution schemes during the year is 1 (2021: 1). Key management personnel remuneration (including gross salary, employer's National Insurance, benefits in kind and employer's pensions contributions) totalled £104,782 (2021: £156,468), which was lower than last year as the CEO handover process came to an end.

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:

	2022 £	2021 £
M Young	-	27
T Bright	240	-
D Green	700	-
C Rogers	<u>974</u>	<u>-</u>

Also during the year, total travel expenses of £1,822 (2021: £112) were reimbursed to 7 (2021: 1) directors. Directors' indemnity insurance of £2,838 (2021: £2,838) was paid during the year.

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (continued)

#### 8a Tangible fixed assets – GROUP

	Freehold Property £	Computer Equipment £	Fixtures and Fittings £	Motor Vehicles £	Plant and Machinery £	Total 2022 £
<b>Cost or valuation</b>						
At 1 October 2021	2,170	282,776	458	25,200	491,831	802,435
Additions in the year	-	11,780	-	-	15,725	27,505
Disposals in the year	-	(107,661)	-	-	(374,860)	(482,521)
At 30 September 2022	<u>2,170</u>	<u>186,895</u>	<u>458</u>	<u>25,200</u>	<u>132,696</u>	<u>347,419</u>
<b>Depreciation</b>						
At 1 October 2021	2,170	234,001	458	23,232	462,490	722,351
Charge for year	-	22,193	-	1,968	18,515	42,676
Released on disposal	-	(107,661)	-	-	(374,860)	(482,521)
At 30 September 2022	<u>2,170</u>	<u>148,533</u>	<u>458</u>	<u>25,200</u>	<u>106,145</u>	<u>282,506</u>
<b>Net book value</b>						
At 30 September 2022	<u>-</u>	<u>38,362</u>	<u>-</u>	<u>-</u>	<u>26,551</u>	<u>64,913</u>
At 30 September 2021	<u>-</u>	<u>48,775</u>	<u>-</u>	<u>1,968</u>	<u>29,341</u>	<u>80,084</u>

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (continued)

#### 8b Tangible fixed assets – COMPANY

	Freehold Property £	Computer Equipment £	Fixtures and Fittings £	Motor Vehicles £	Plant and Machinery £	Total 2022 £
<b>Cost or valuation</b>						
At 1 October 2021	-	279,673	-	25,200	492,911	797,784
Additions in the year	-	11,780	-	-	15,725	27,505
Disposals in the year	-	(107,661)	-	-	(374,860)	(482,521)
At 30 September 2022	-	<u>183,792</u>	-	<u>25,200</u>	<u>133,776</u>	<u>342,768</u>
<b>Depreciation</b>						
At 1 October 2021	-	230,900	-	23,232	463,568	717,700
Charge for year	-	22,193	-	1,968	18,515	42,676
Released on disposal	-	(107,661)	-	-	(374,860)	(482,521)
At 30 September 2022	-	<u>145,432</u>	-	<u>25,200</u>	<u>107,223</u>	<u>277,855</u>
<b>Net book value</b>						
At 30 September 2022	-	<u>38,360</u>	-	-	<u>26,553</u>	<u>64,913</u>
At 30 September 2021	-	<u>48,773</u>	-	<u>1,968</u>	<u>29,343</u>	<u>80,084</u>

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (continued)

#### 9 Intangible fixed assets – GROUP AND COMPANY

	Website costs £	Total £
<b>Cost or valuation</b>		
At 1 October 2021	-	-
Additions in the year	22,084	22,084
Disposals in the year	-	-
At 30 September 2022	<u>22,084</u>	<u>22,084</u>
<b>Amortisation</b>		
At 1 October 2021	-	-
Charge for year	2,922	2,922
Released on disposal	-	-
At 30 September 2022	<u>2,922</u>	<u>2,922</u>
<b>Net book value</b>		
At 30 September 2022	<u>19,162</u>	<u>19,162</u>
At 30 September 2021	<u>-</u>	<u>-</u>

#### 10 Fixed asset investments – COMPANY

	2022 £	2021 £
<b>Shares in subsidiaries - Cost less impairment</b>		
At 1 October 2021	1,128	1,128
Disposals	-	-
At 30 September 2022	<u>1,128</u>	<u>1,128</u>
Historical cost at 30 September 2022	<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 2022 of £1,000 and profit for the year then ended of £nil. Song Solutions Ltd had net assets at 30 September 2022 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 2022 of AUS\$30,526 and profit for the year then ended of AUS\$28,283.

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (continued)

#### 11 Stocks – GROUP AND COMPANY

	2022 £	2021 £
Goods for resale	23,739	55,754
Work in progress	891	3,745
	<u>24,630</u>	<u>59,499</u>

#### 12a Debtors – GROUP

	2022 £	2021 £
Trade debtors	152,637	213,538
Other debtors including other taxation	33,301	30,157
Prepayments and accrued income	<u>119,298</u>	<u>124,563</u>
	<u>305,236</u>	<u>368,258</u>

#### 12b Debtors – COMPANY

	2022 £	2021 £
Trade debtors	152,637	213,538
Other debtors including other taxation	32,201	29,057
Prepayments and accrued income	<u>119,298</u>	<u>124,563</u>
	<u>304,136</u>	<u>367,158</u>

#### 13a Creditors: Amounts falling due within one year – GROUP

	2022 £	2021 £
Other loans	575,000	750,000
Trade creditors	52,507	82,332
Other creditors including taxation	247,750	155,586
Accruals and deferred income	<u>276,412</u>	<u>274,187</u>
	<u>1,151,669</u>	<u>1,262,105</u>

#### 13b Creditors: Amounts falling due within one year – COMPANY

	2022 £	2021 £
Other loans	575,000	750,000
Trade creditors	52,507	82,332
Other creditors including taxation	153,157	78,183
Accruals and deferred income	<u>276,412</u>	<u>274,187</u>
	<u>1,057,076</u>	<u>1,184,702</u>

The other loans are interest free and repayable on 30 days notice. Such notice is not to be given before 31 May 2023. They are secured via a fixed and floating charge on the assets of the company.

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (continued)

#### 14a Unrestricted funds – GROUP

	Balance B/F £	Minority interests £	Income £	Expenditure £	Transfers £	Balance C/F £
General funds - 2022	<u>(608,876)</u>	<u>(1,741)</u>	<u>5,141,253</u>	<u>(4,984,799)</u>	<u>10,900</u>	<u>(443,263)</u>
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>

#### 14b Unrestricted funds – COMPANY

	Balance B/F £	Income £	Expenditure £	Transfers £	Balance C/F £
General funds - 2022	<u>(617,131)</u>	<u>4,883,624</u>	<u>(4,732,974)</u>	<u>10,900</u>	<u>(455,581)</u>
General funds - 2021	<u>(506,771)</u>	<u>2,981,705</u>	<u>(3,091,746)</u>	<u>(319)</u>	<u>(617,131)</u>

#### 15 Restricted funds – GROUP AND COMPANY

	Balance B/F £	Income £	Expenditure £	Transfers £	Balance C/F £
<b>2022</b>					
SH Partnership Fund	-	117,663	(117,663)	-	-
SH North	182,475	-	( 91,238)	-	91,237
Seed Fund	-	15,940	( 12,500)	-	3,440
SH Youth offering appeal 2022	-	907	( 907)	-	-
SH Children's offering appeal 2022	-	1,301	( 1,301)	-	-
SH Youth offering appeal 2019	1,866	-	( 1,866)	-	-
SH Children's offering appeal 2019	1,927	-	( 1,927)	-	-
SHH offerings fund	-	5,132	( 5,132)	-	-
SHH offerings fund: Accessibility Fund	2,805	-	( 204)	-	2,601
Hope Lebedyn	<u>54,782</u>	<u>339,070</u>	<u>( 91,658)</u>	<u>(10,900)</u>	<u>291,294</u>
	<u>243,855</u>	<u>480,013</u>	<u>(324,396)</u>	<u>(10,900)</u>	<u>388,572</u>
<b>2021</b>					
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	119,403	218,179	(282,800)	-	54,782
2019 SH offering tithe	662	-	( 662)	-	-
2021 SH offering tithe	-	6,993	( 6,993)	-	-
	<u>331,886</u>	<u>341,093</u>	<u>(429,443)</u>	<u>319</u>	<u>243,855</u>



## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (continued)

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

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

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

##### **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 International, equipping pastors along the Amazon and for their education and libraries 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 2020 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 24/7Prayer 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.

##### **SH Youth and Children's offering 2022 appeals**

These funds were raised in the programmes with 50% for Seed Fund projects and 50% for the work of Essential Christian including supporting discounts, bursaries and additional needs.

##### **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.

##### **Seed Fund**

This was a 10% tithe of gifts to the 2022 Spring Harvest offering, to provide seed funding to individuals with a Christian vision to start local projects to restore, renew and rebuild communities.

##### **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 Hope Lebedyn to general funds in respect of a management charge to cover Essential Christian's staff time on work associated with this fund.

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (continued)

#### 16a Analysis of net assets by fund – GROUP 2022

	Unrestricted £	Restricted £	Total £
Tangible fixed assets	64,913	-	64,913
Intangible fixed assets	19,162	-	19,162
Net current (liabilities)/assets	( 522,022)	388,572	(133,450)
Minority interests	( 5,316)	-	( 5,316)
	<u>( 443,263)</u>	<u>388,572</u>	<u>( 54,691)</u>

#### 16b Analysis of net assets by fund – COMPANY 2022

	Unrestricted £	Restricted £	Total £
Tangible fixed assets	64,913	-	64,913
Intangible fixed assets	19,162	-	19,162
Investments	1,128	-	1,128
Net current (liabilities)/assets	(540,784)	388,572	(152,212)
	<u>(455,581)</u>	<u>388,572</u>	<u>( 67,009)</u>

#### 16c 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>

#### 16d 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>

## 17 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 2022 there were 8 members (2021: 10 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.

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (continued)

#### 18 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 £74,641 (2021: £81,293) for the year.

#### 19 Grants and grantmaking

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

		2022 £
<u><i>Institutional grants</i></u>		
Sumy Spiritual Revival Centre, Lebedyn	<i>(Hope Lebedyn)</i>	13,738
Epaphras Trust	<i>(Hope Lebedyn)</i>	5,400
Offington Park Methodist Church	<i>(Spring Harvest Seed Fund)</i>	2,000
Ainon Baptist Chapel Bryncoch	<i>(Spring Harvest Seed Fund)</i>	1,000
Kintsugi Hope	<i>(Spring Harvest Seed Fund)</i>	1,000
Holy Trinity Tewkesbury PCC	<i>(Spring Harvest Seed Fund)</i>	1,500
SAS Le Pas Opton	<i>(Spring Harvest Holidays)</i>	204
Total institutional grants		<u>24,842</u>
<u><i>Grants to individuals</i></u>		
EC Hope Lebedyn local church team	<i>(Hope Lebedyn)</i>	72,317
Seed Fund grants total	<i>(Spring Harvest Seed Fund)</i>	<u>7,000</u>
Total of institutional and individual grants		<u>104,159</u>
Grantmaking costs		<u>13,128</u>
Total grants and grantmaking		<u><u>117,287</u></u>

#### 20 Financial commitments

The charitable company's total future minimum lease payments under operating leases at 30 September 2022 were payable as set out below:

	2022 £	2021 £
Within one year	82,040	94,040
Within two to five years	-	94,040
More than five years	-	-
	<u>82,040</u>	<u>188,080</u>

The operating lease charges for the year were:

	2022 £	2021 £
Land and buildings	87,087	94,040
Hire of plant, machinery and fittings	<u>4,300</u>	<u>4,800</u>
	<u>91,387</u>	<u>98,840</u>

## ESSENTIAL CHRISTIAN

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (continued)

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#### 21 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 £550,000 (2021: 500,000) were received by Essential Christian from ZipAddress Limited. There was an opening balance of £750,000 (2021: 750,000). £400,000 (2021: £500,000) was converted to a gift from AFD during the year and 325,000 (2021: £nil) was repaid, leaving a balance of £575,000 (2021: 750,000) at the year end.

During the year £120,553 (2021: £97,244) of income relating to management services was received from 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 £nil (2021: £16) 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 (2021: £27) of purchases were made from Lion Hudson Ltd and £113 (2021: £303) 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 £8,155 (2021: £243) of sales were made to The Society for the Promotion of Christian Knowledge, incorporated by Royal Charter, for business relating the Lion Hudson imprint where ZipAddress Limited had an interest. £136 (2021: £nil) of purchases were made from The Society for the Promotion of Christian Knowledge.

During the year £5,400 (2021: £2,250) of purchases were made from PCC of All Hallows Bromley by Bow, a charity registered in England and Wales of which Christopher Rogers, a director of Essential Christian, is a trustee.

During the year royalties of £4,112 (2021: £2,181) were paid to Elim Sound, which is a ministry of the Elim Foursquare Gospel Alliance, where Rev Olivia Amartey is Executive Director.

The total amount of donations received from directors during the year restricted for Spring Harvest was £2,690 (2021: £3,840).

The total amount of donations received from directors during the year restricted for Hope Lebedyn was £200 (2021: £3,520) and a further £nil (2021: £12,000) 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. Donations of £nil (2021: £14,500) and £nil (2021: £12,350) were received from Peter Martin Charitable Trust and Matthew Twenty five Forty Trust respectively. P Martin, a director of Essential Christian until 31 October 2021, is a trustee of both trusts. Donations of £15,000 were received from The Stuart Hine Trust which is a charity of which Phil Loose, CEO of Essential Christian, is a trustee.

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, before his retirement, was £8,723 (2021: £89,864).

## **ESSENTIAL CHRISTIAN**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 (continued)**

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#### **22 Contingent liability**

The lease for Unit 13 and 14 Horsted Square is due to expire in October 2023. There is a possible liability in respect of a dilapidations claim in excess of the routine maintenance and decoration required, given the alterations Essential Christian have made, however it is not practicable to identify the possible financial impact.