

Company Registration number 06972512  
Charity Registration number 1133178

# **CITY CHURCH NEWCASTLE**

(a company limited by guarantee without share capital)

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 August 2020**



**CITY CHURCH NEWCASTLE**  
(a company limited by guarantee without share capital)

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**CITY CHURCH NEWCASTLE**  
(a company limited by guarantee without share capital)

**REPORT OF THE DIRECTORS**

The directors present their report and the financial statements for the year ended 31 August 2020.

**Reference and administrative details**

**Company number:** 06972512

**Charity number:** 1133178

**Principal address:** The CastleGate  
Melbourne Street  
Newcastle upon Tyne  
NE1 2JQ

**Independent examiner:** John Oswald BA FCA  
Stephenson Coates Audit Limited  
Chartered Accountants  
West 2, Asama Court  
Newcastle Business Park  
Newcastle upon Tyne, NE4 7YD

**Bankers:** Barclays Bank PLC  
49-51 Northumberland Street  
Newcastle upon Tyne  
NE1 7AF

**Solicitors:** Hay & Kilner  
Merchant House  
30 Cloth Market  
Newcastle upon Tyne  
NE1 1EE

**Directors**

The following directors of the charitable company (who are its trustees for the purposes of charity law) served during the year and up to the date of approval of this report:

J M Smith	Chair
J Faraday	
P M Fothergill	appointed 18 January 2020
A Kahn	
R Mason	appointed 10 March 2021
M R Reed	appointed 10 March 2021
J P Shepherd	
S N Swakamisa	
S Wade	resigned 31 December 2020

Correspondent : J P Shepherd

**CITY CHURCH NEWCASTLE**  
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**REPORT OF THE DIRECTORS**  
*(continued)*

**Structure, governance and management**

***Governing document***

City Church Newcastle is a company limited by guarantee, governed by its Memorandum and Articles of Association dated 25 July 2009.

The charitable company was incorporated on 25 July 2009 (registration number 06972512) in order to provide a distinct legal entity to carry out the activities of City Church Newcastle which since 1989 had been undertaken through a charitable trust. The company was registered with the Charity Commission on 8 December 2009.

On 1 January 2010, the entire assets, liabilities and undertakings of City Church Newcastle charitable trust (charity number 702322) were transferred to the charitable company.

There are currently three subscribers, each of whom agree to contribute £1 in the event of the charitable company winding up.

***Appointment and retirement of directors***

The leadership team are authorised to appoint new directors to fill vacancies arising through resignation or death of an existing director.

***Directors' induction and training***

The Charity Commission website is used to keep directors up to date with developments in the charitable sector. We also maintain links with Stewardship Services and the Evangelical Alliance who arrange training and circulate advice to directors.

***Organisation***

The direction of the Church and the priorities of the year are set by the Leadership team of the Church (also known as the Elders' team). The main instrument that governs expenditure through the year is the annual budget, which is drawn up by the finance team in consultation with those leading areas of ministry in the Church and is aimed at fulfilling the priorities set by the Leadership team. The budget is then agreed by the Leadership team and by the directors. Progress through the year is monitored by the Finance team. The directors meet six times each year. Budgets are monitored, policy is set and new initiatives agreed.

Day to day management of the Church finances is delegated to the Finance team. A computerised accounting system is used and bi-monthly reports from this are sent to all directors and those on the Leadership team. A member of staff keeps the books and all associated paperwork; all giving is recorded using the ChurchSuite system. Online payments are under the control of the finance officer.

In setting our objectives and planning our activities, the board of directors have regard to the Charity Commission's public benefit guidance when exercising any powers or duties to which the guidance is relevant.

**CITY CHURCH NEWCASTLE**  
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**REPORT OF THE DIRECTORS**  
(continued)

***Risk management***

The directors have identified risks and taken steps to mitigate them:

- Risks to buildings and contents are insured.
- Public liability risks are insured.
- A safeguarding policy is in place including vetting procedures. The Safeguarding co-ordinator has the full backing of the leadership team and directors to implement the policy across all areas of Church life. The Church is a member of thirty-one:eight, formerly known as CCPAS; we are advised by them and run training provided by them.
- The fire safety risk has been assessed. Detection and fire fighting equipment is maintained to current standards. An evacuation policy is in place with designated responsibilities. All those involved were offered training during the year.
- Our financial risk was assessed and our reserves policy reviewed. In the event of the Church being unable to repay the bank loan, the buildings have more than sufficient equity.

A member of staff is charged with health and safety and risk assessing.

**Objectives and activities**

The *objectives* of the Church community are:-

- The advancement of the Christian Faith.
- The relief of persons who are in conditions of need, hardship or distress or who are aged or sick.
- The provision of instruction in the Christian Faith at any educational establishment.

***Purpose***

City Church has the following vision and strategy:

**Identity – who are we?**

- Enjoying God, Making Friends, Changing Lives

**Vision – where are we going?**

- Gathering Thousands to Jesus

**Strategy – how are we going to get there?**

- Making Room
- Drinking Deeply
- Living Generously
- Stewarding Faithfully

**Our values – what really matters to us?**

- **Grace:** life-changing unconditional love
- **Authenticity:** discovering the truth of who we are
- **Leadership:** equipping everyone to flourish and thrive
- **Courage:** passionate enough to take bold steps

**CITY CHURCH NEWCASTLE**  
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**REPORT OF THE DIRECTORS**  
*(continued)*

**Achievements**

January to August 2020 has been a time of rapid change and uncertainty for people across the globe. We are profoundly thankful to God for the way he has led us through this season, and the patience, generosity and faith with which the City Church family has adapted to a very different life. So much love, kindness, care and understanding has been expressed within the community and also given and received with friends and neighbours across the city and beyond. And the power of technology has enabled us to connect to many new people locally and across the world as never before.

Some of our highlights are shown below:

***Making Room for new people to come in***

We have moved our Sunday morning services online, opening them up to many new attendees.

**Kids church**

Our kids church also became ‘virtual’ and moved online. We had weekly activity sheets which explored Bible stories and aspects of faith, with activities and games. These were emailed to parents for children to complete at home. We ran weekly story-times for kids aged 3-9. These stories were shared over Zoom and each focused on a Biblical story or truth.

Kids Church also spent time with the safeguarding team working out how to ensure we did kids church safely in a virtual environment. We are deeply grateful to all who work with our children for the thought and care that has gone into loving and serving them so well.

Our weekly story times stopped over summer and were replaced with kids Zoom calls on a Sunday morning after the service. These were fun, themed calls for the children to catch-up, pray, and learn more about having a relationship with God.

We also started a new kids’ group during this time, called Comets for children aged 9-11. This is a fun discipleship group which mixes games, Bible, and challenges!

**Church online**

Indeed, the reach of everything we are doing online as City Church has grown massively. With all our Gatherings, Groups and Events happening online, it’s become far easier for people to extend a virtual invitation, share info about the Alpha course, and show Sunday Gatherings to their friends from the comfort of their own home. We’ve seen countless people tuning in to City Church Sundays for the first time ever and we’re reaching people from all over the world. We’ve been motivated to produce much more creative video footage than ever before which has meant we are now capturing lots of the great stories, testimonies and updates from the church family in a really engaging way.

At some points of the year, and where this was in line with government restrictions, we ran services with a small team present in the building to lead us in live worship and bring us God’s word. At other times, services have run from peoples’ homes. The focus at all times has been on warmth, welcome and clarity in declaring and demonstrating the good news about Jesus.

Time spent building and expressing family is key to what we do, and so alongside our Sunday meetings, we have 200 - 300 people in over 20 smaller “City Groups” who meet midweek at various times. Many groups have found new life and meaning in this Covid-19 season, and we continue to launch new groups, as we seek to draw more people into community life.

**CITY CHURCH NEWCASTLE**  
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**REPORT OF THE DIRECTORS**  
(continued)

**Achievements (continued)**

***Making Room for new people to come in (continued)***

We invest in training and supporting our group leaders who play such a vital role in church life, and have provided them support and advice, as well as a range of excellent online courses to help in discipling and building their group life and outreach.

We ran an online Alpha course and it was so good to see new people join in with this and find a safe space to ask questions and encounter Jesus.

Behind the scenes, we have also improved our systems to help new people connect into church life, and have received excellent feedback from new folk about the proactive and constructive way we have helped them to connect into community life as well as Sunday attendance.

We have a thriving students community at City Church, who have met regularly online in 2020 for worship, teaching and growing in faith. This has included running online courses such as the Freedom in Christ ‘Disciple’ Course and the ‘Character Course’, before moving briefly back to socially distanced in person meetings in the autumn.

Our City Groups do a great job in supporting and loving one another, and alongside them, in light of the increased pastoral needs generated by the loneliness and sickness of recent months, we have launched a new Pastoral Care Team to work with our City Groups to ensure we provide the best possible support to one another.

***Drinking deeply of God’s love***

We have prioritised becoming a praying church in 2020. At the start of the Covid outbreak, God led us to launch regular Facebook devotionals as well as morning zoom prayer. The prayer times are now a regular part of church life, coupled with 24 hours of prayer every two months, attracting over 170 people, and including tremendous diversity through the 24 hours - worship and thanksgiving, praying for other churches in the city, praying for our streets, time quietly waiting on God, a special kids prayer time, sharing communion together, some great night-time prayer sessions and praying for revival and for our many friends and partners round the world. Typically around 30-40 church members help to lead the various sessions.

We have also developed our prayer letter to our ‘Donkey prayer’ team – the focus is on the faithful persistence of a donkey carrying Jesus to the heart of all we are doing, and praying for the church, the city and the world, in-season and out of season. We have over 50 people committed to praying “in the moment” as prayer needs arise for people who are part of our church or known to a church member and have been delighted by the number of answers to prayer for healing, financial provision and other needs.

Our prophetic team serve the church through helping members to connect to God and to learn to discern his voice, they also gather to pray for the church, and provide input to our leadership team. They have been very active in seeking God with individuals and groups across the church, including the Elders team and our students. They have also been out and about praying for our city, and have helped to shape our regular 24 hour prayer events.

***Living generously***

Action Foundation, the refugee charity born out of City Church continued strongly through Covid to provide invaluable services to many beneficiaries through an adapted business model. More details of an amazing year can be found at <https://actionfoundation.org.uk/wp-content/uploads/2020/11/WEB-FINAL.pdf>. We supported one of our leaders to become the new chair of Action Foundation and will continue to work together to welcome and serve the many vulnerable refugees and asylum seekers coming to our city.

**CITY CHURCH NEWCASTLE**  
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**REPORT OF THE DIRECTORS**  
(continued)

**Achievements (continued)**

***Living generously (continued)***

We significantly increased our external giving in 2020, in response to the challenges of Covid. This included gifts of £19,964 sent via our Catalyst Church Network to support churches working with the very poorest in Africa and India, £5,971 to Open Doors to support the suffering church in Syria and Iraq, £5,639 to support the work of Live Vineyard Church Newcastle in relieving food poverty in Newcastle. We partner closely with Life Vineyard and have recently joined with them in a new project to provide food to the city. In total, our external giving came to £41,611.

Within our Catalyst Church family, we are working particularly closely with a growing band of eight other churches in the North East of England and are supporting new churches starting up in Wakefield and Bradford. We can achieve much more together than we can apart.

We continued to support and partner with Foundations Zambia, a farming and discipleship programme run by our friends and former members, Ben and Cat Frampton, and look forward to welcoming them to the North East in 2021 for a well-earned sabbatical.

We plan to continue and expand our investment in serving the poor, preaching the gospel and working with others to transform the world.

***Stewarding faithfully the resources God gives us***

**The CastleGate**

Much of the Church's activities usually take place at our Grade 2 listed building called The CastleGate in the centre of Newcastle upon Tyne. Throughout the year the building also provides a community space for local charities to meet, as well as office and classroom space for other local charities. However, during the Covid-19 pandemic, we have had significantly to curtail access to the building.

We have worked hard to create a Covid safe environment and implement government guidelines, to ensure that as staff and visitors can return to the building safely. We have worked with our amazing charity tenants and the various church groups to ensure consistent safety measures, and have installed hand sanitising stations throughout the building, created one-way systems, limited room capacities and instituted a thorough cleaning procedure.

We took the opportunity of the building being quieter to undertake the refurbishment of our lift, including new parts in the motor room and a whole car refurbishment to bring it up to industry standard. The refurbishment included a new emergency call system should there be any issues whilst in the lift.

We also started phase 1 of our heating system improvements, replacing all the valves in the system, giving us much more granular control in choosing which parts of the building to heat at any one time. Next stages to upgrading the building will be to upgrade the controls for the heating system, and eventually to replace the boilers.

As part of our commitment to our young people, we also partially re-decorated the main second floor room with new colour on the walls; new hard-wearing, stylish flooring; sofas; and table tennis tables to make a more functional room for our youth meetings. In the coming year we plan to add the finishing touches.

We have slowly been changing the majority of the lighting to LED lights, and are changing our electricity supplier to ensure we keep our costs down and our environmental impact as low as possible.



**CITY CHURCH NEWCASTLE**  
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**REPORT OF THE DIRECTORS**  
(*continued*)

**Financial review**

The statement of financial activities on page 10 shows net unrestricted income of £39,597 for the first eight months of 2020, continuing the now regular pattern of sound finances.

Our regular giving in the first eight months of 2020 increased to £288,575, compared with £271,711 in 2019. We continue to be very thankful for the financial commitment of Church members, particularly in these difficult times.

Our cash balances increased by the end of the financial period to £124,867 (2019 £104,442) – see page 13.

We invested around £45,000 across 2020 and into 2021 to upgrade the lift and improve the heating system, with around half the spend in each financial year.

***Investment policy***

Surplus funds are held in interest bearing accounts which allow easy access to the funds should the need arise. A review of returns is periodically undertaken to ensure a competitive return and the maximum security of our funds.

***Reserves policy***

The Church aims to hold a minimum of two months of expenditure as free reserves (£78,000). At 31 August 2020, we held free reserves of £101,991, providing some extra reserves in the current Covid crisis.

**Statement of the directors' responsibilities in relation to the financial statements**

The directors are responsible for preparing the Directors' 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 year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

**CITY CHURCH NEWCASTLE**  
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**REPORT OF THE DIRECTORS**  
*(continued)*

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

**Approved by the directors on 10 March 2021 and signed on their behalf by:**

**J M Smith**  
**Director**

## **REPORT OF THE INDEPENDENT EXAMINER TO THE DIRECTORS OF CITY CHURCH NEWCASTLE**

I report to the charity trustees on my examination of the accounts of the charitable company for the eight months ended 31 August 2020, which are set out on pages 10 to 22.

### ***Responsibilities and basis of report***

As the charity's trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 (the '2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

### ***Independent examiner's report***

I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England and Wales.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

- 1) accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
- 2) the accounts do not accord with those accounting records; or
- 3) the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
- 4) the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

**John Oswald BA FCA**  
**Stephenson Coates Audit Limited**  
**Chartered accountants**  
West 2 Asama Court  
Newcastle Business Park  
Newcastle upon Tyne  
NE4 7YD

**10 March 2021**

**CITY CHURCH NEWCASTLE**  
(a company limited by guarantee without share capital)

**STATEMENT OF FINANCIAL ACTIVITIES**  
*(including income and expenditure account)*

**EIGHT MONTHS ENDED 31 AUGUST 2020**

	<b>Note</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total funds £</b>	<b>2019 (year) £</b>
<b>INCOME FROM:</b>					
Giving	2	288,575	29,784	318,359	393,140
Charitable activities	3	7,649	-	7,649	25,251
Other trading activities:					
Rental income		40,734	-	40,734	58,831
Interest received		64	-	64	134
Other incoming resources	4	15,441	-	15,441	-
		<hr/>	<hr/>	<hr/>	<hr/>
		352,463	29,784	382,247	477,356
		<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURE ON:</b>					
Charitable activities	5-7	312,866	30,250	343,116	454,704
		<hr/>	<hr/>	<hr/>	<hr/>
		312,866	30,250	343,116	454,704
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET INCOME/(EXPENDITURE)</b>		39,597	(466)	39,131	22,652
Fund transfers		-	-	-	-
Fund balances at 1 January 2020		1,193,742	3,633	1,197,375	1,174,723
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund balances at 31 August 2020</b>		1,233,339	3,167	1,236,506	1,197,375
		<hr/>	<hr/>	<hr/>	<hr/>

All income and expenditure derive from continuing activities.

The Statement of Financial Activities includes all gains and losses recognised for the period.

The notes on pages 14 to 22 form part of these financial statements.

**CITY CHURCH NEWCASTLE**  
(a company limited by guarantee without share capital)

**STATEMENT OF FINANCIAL POSITION**  
**AT 31 AUGUST 2020**

	Note	2020 £	31 December 2019 £
<b>Non-current assets</b>			
Tangible assets	8	1,645,704	1,647,954
Loan	9	135,000	135,000
		<hr/>	<hr/>
		1,780,704	1,782,954
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors	10	21,554	26,003
Cash and bank		124,867	104,442
		<hr/>	<hr/>
		146,421	130,445
		<hr/>	<hr/>
<b>Creditors:</b>			
Amounts due within one year	11	54,717	60,170
		<hr/>	<hr/>
<b>Net current assets</b>		91,704	70,275
		<hr/>	<hr/>
<b>Total assets</b>			
<b>less current liabilities</b>		1,872,408	1,853,229
Creditors:			
Amounts due after one year	12	635,902	655,854
		<hr/>	<hr/>
<b>Net assets</b>		1,236,506	1,197,375
		<hr/>	<hr/>
<b>Funds</b>			
Unrestricted funds		1,233,339	1,193,742
Restricted funds	14	3,167	3,633
		<hr/>	<hr/>
<b>Total funds</b>		1,236,506	1,197,375
		<hr/>	<hr/>

The Statement of Financial Position continues on the following page.

**CITY CHURCH NEWCASTLE**  
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**STATEMENT OF FINANCIAL POSITION**  
**AT 31 AUGUST 2020**  
*(continued)*

**Directors' statements required by the Companies Act 2006**  
**For the eight months ended 31 August 2020**

In approving these financial statements as directors of the company we hereby confirm:

- (a) that for the period stated above the company was entitled to the exemption conferred by section 477 of the Companies Act 2006;
- (b) that no notice has been deposited at the registered office of the company pursuant to section 476 of the Companies Act 2006 requesting that an audit be conducted for the period ended 31 August 2020.

(c) that we acknowledge our responsibilities for:

- (1) ensuring that the company keeps adequate accounting records which comply with section 386 of the Companies Act 2006, and
- (2) preparing financial statements which give a true and fair view of the state of affairs of the charitable company at the end of the financial year and of its profit or loss for the year then ended in accordance with the requirements of sections 394 and 395, and which otherwise comply with the provisions of the Companies Act relating to financial statements, so far as applicable to the charitable company.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

**The financial statements were approved by the directors on 10 March 2021 and are signed on their behalf:**

**J M Smith**

**Director**

**Company registration no. 06972512**

The notes on pages 14 to 22 form part of these financial statements.

**CITY CHURCH NEWCASTLE**  
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**CASH FLOW STATEMENT**  
**EIGHT MONTHS ENDED 31 AUGUST 2020**

	2020		2019 (year)
	£	£	£
<b>Reconciliation of net income to net cash flows from operating activities</b>			
Net income for period	39,131		22,652
Interest received	-64		-134
Depreciation	5,242		15,941
Decrease in operating debtors	4,449		7,293
(Decrease)/increase in creditors	<u>-6,953</u>		<u>370</u>
<b>Net cash inflow from operating activities</b>		41,805	46,122
<b>Cash flows from investing activities</b>			
Cash received from sale of Rickleton property	-		34,000
Purchases of tangible fixed assets	-2,992		-12,210
Interest received	<u>64</u>		<u>134</u>
<b>Net cash flows from investing activities</b>		-2,928	21,924
<b>Cash flows from financing activities</b>			
Repayments of bank loan	<u>-18,452</u>		<u>-26,108</u>
<b>Net cash flow from financing activities</b>		-18,452	-26,108
<b>Net increase in cash and cash equivalents</b>		<u><b>20,425</b></u>	<u><b>41,938</b></u>
Cash and cash equivalents at start of period		104,442	62,504
<b>Cash and cash equivalents at end of period</b>		<u><b>124,867</b></u>	<u><b>104,442</b></u>
Cash and bank		124,867	104,442
Bank overdraft		-	-
<b>Cash and cash equivalents</b>		<u><b>124,867</b></u>	<u><b>104,442</b></u>

Analysis of changes in the charitable company's net debt in the year is shown in note 15 to the financial statements.

**CITY CHURCH NEWCASTLE**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE EIGHT MONTHS ENDED 31 AUGUST 2020**

**1 Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements of the charitable company have been prepared under the historical cost convention and in accordance with the 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), the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice applicable to smaller entities. The charitable company is a public benefit entity as defined by FRS102.

The financial accounts are prepared in Sterling (£), which is the functional currency of the charitable company.

**1.2 Going concern**

The directors of the charitable company are satisfied that there are no material uncertainties concerning the charitable company's ability to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements. Accordingly, the financial statements continue to be prepared on the going concern basis.

**1.3 Fund accounting**

Unrestricted funds are those available for use at the discretion of the directors in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are those that are to be used in accordance with the specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

Designated funds are earmarked by the directors for particular purposes.

**1.4 Income**

*Giving* - Collections are recognised when received by or on behalf of the Church. Planned giving under Gift Aid is recognised only when received. Income tax recoverable on Gift Aid donations is recognised when the income is recognised. Legacies are accounted for as soon as the Church is notified of its legal entitlement, the amount due is quantifiable and its ultimate receipt by the Church is certain.

*Rental income* - is recognised on an accruals basis.

*Investment income* – interest entitlements are accounted for as they accrue.

*Government grants* – those relating to income are recognised using on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate.

**1.5 Expenditure**

*Charitable activities* – The cost of charitable activities represents the cost of undertaking the charity's objectives. All expenditure is accounted for on an accruals basis. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Value added tax is not recoverable by the charitable company and as such it is included in the relevant costs in the Statement of Financial Activities.



**CITY CHURCH NEWCASTLE**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE EIGHT MONTHS ENDED 31 AUGUST 2020**  
*(continued)*

**1 Accounting policies *(continued)***

**1.6 Tangible fixed assets**

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost of an asset, less its estimated residual value, over the expected useful economic life of that asset, as follows:

Freehold property	Nil
Musical and technical equipment	20% on straight line basis
Office and computer equipment	33⅓% on straight line basis
Furniture, fixtures and fittings	15% on straight line basis

In view of the maintenance programme in place which aims to keep the building in good condition, the directors consider that any depreciation of freehold property would be immaterial and accordingly no provision has been made. The carrying amount of the freehold property is reviewed annually for impairment by the directors.

**1.7 Impairment of fixed assets**

Property, equipment, fixtures and fittings are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared against its carrying amount. Where the estimated recoverable amount is lower, an impairment loss is recognised immediately in the Statement of Financial Activities.

**1.8 Debtors and creditors due within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses from impairment are recognised in expenditure.

**1.9 Concessionary loans**

The charity initially recognises and measures concessionary loans at the amount received or receivable. The carrying amount is adjusted in subsequent years to reflect repayments and any accrued interest.

**1.10 Operating leases**

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are reflected in the Statement of Financial Activities as incurred.

**1.11 Pension costs**

The charity operates defined contribution pension schemes for its staff. The schemes and the assets are held by independent managers. The pension cost charge in the financial statements represents contributions due from the charity for the year.

**1.12 Voluntary assistance**

Time is expended on the charity's activities and governance which is donated free of charge. It is impractical to quantify the value of the time given, and accordingly it is neither recorded as donated income nor as an expense in the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE EIGHT MONTHS ENDED 31 AUGUST 2020**  
*(continued)*

**2 Income from giving**

	<b>Unrestricted funds</b>	<b>2020 Restricted funds</b>	<b>Total funds</b>	<b>2019 (year) Total funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Regular giving	240,084	-	240,084	323,018
Restricted giving	-	25,030	25,030	2,176
Gift aid	48,491	4,754	53,245	67,946
	<hr/>	<hr/>	<hr/>	<hr/>
	288,575	29,784	318,359	393,140
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**3 Income from charitable activities**

Church activities	4,096	-	4,096	11,409
Serving others	300	-	300	4,678
Reimbursements	2,464	-	2,464	5,462
Grants	-	-	-	2,888
Other	789	-	789	814
	<hr/>	<hr/>	<hr/>	<hr/>
	7,649	-	7,649	25,251
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**4 Other incoming resources**

Coronavirus Job Retention Scheme grants	15,441	-	15,441	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE EIGHT MONTHS ENDED 31 AUGUST 2020**

*(continued)*

**5 Expenditure on charitable activities**

	<b>Unrestricted funds £</b>	<b>2020 Restricted funds £</b>	<b>Total funds £</b>	<b>2019 (year) Total funds £</b>
Staff salaries and expenses (note 6)	201,464	-	201,464	272,954
Giving made (note below)	11,827	29,784	41,611	8,972
Leadership, events and serving churches	3,837	-	3,837	8,458
The CastleGate	56,904	-	56,904	81,654
Ministries	10,546	466	11,012	25,218
Office expenses	12,247	-	12,247	21,628
Bank charges	1,141	-	1,141	1,238
Bank loan interest	7,882	-	7,882	14,833
Depreciation	5,242	-	5,242	15,941
Accountancy and payroll	1,776	-	1,776	3,808
	312,866	30,250	343,116	454,704
<b>Giving made comprises:</b>				
The Framptons	800	-	800	1,200
Evangelical Alliance	188	-	188	113
Catalyst Hub	4,000	-	4,000	5,000
Catalyst Hub Covid-19 Crisis fund	3,353	16,611	19,964	-
Newday support	3,276	-	3,276	-
Other Church gifts	210	-	210	483
<b>Other restricted giving:</b>				
International China Concern	-	1,563	1,563	-
Open Doors	-	5,971	5,971	-
Vineyard Foodbank and Community	-	5,639	5,639	-
2019 restricted giving	-	-	-	2,176
	11,827	29,784	41,611	8,972

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE EIGHT MONTHS ENDED 31 AUGUST 2020**  
*(continued)*

**6 Elders and staff salaries and expenses**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>(year)</b>
		<b>£</b>
Salaries and fees (note 13)	179,149	239,181
Pension contributions (note 13)	7,728	8,807
Employer's national insurance	8,045	4,711
Expenses	6,542	20,255
	<hr/>	<hr/>
	201,464	272,954
	<hr/>	<hr/>
No employee received £60,000 p.a. or more.		
	No.	No.
Average number of employees	13	14
	<hr/>	<hr/>

Key management personnel are considered to comprise the directors and elders. Further details of remuneration and expenses for such personnel are set out in note 13.

**7 Net income for the period**

Net income is stated after charging:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>(year)</b>
		<b>£</b>
Depreciation	5,242	15,941
Independent examiner's fees	1,281	3,148
	<hr/>	<hr/>

**CITY CHURCH NEWCASTLE**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE EIGHT MONTHS ENDED 31 AUGUST 2020**  
(continued)

**8 Tangible fixed assets**

	Freehold property £	Musical and technical equipment £	Office and computer equipment £	Furniture, fixtures and fittings £	Total £
<b>Cost:</b>					
At 1 January 2020	1,627,252	64,613	14,660	185,522	1,892,047
Additions	-	2,992	-	-	2,992
Disposals	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2020	1,627,252	67,605	14,660	185,522	1,895,039
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation:</b>					
At 1 January 2020	-	59,292	7,971	176,830	244,093
Charge for the period	-	1,561	2,570	1,111	5,242
Disposals	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2020	-	60,853	10,541	177,941	249,335
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book amount:</b>					
At 31 August 2020	1,627,252	6,752	4,119	7,581	1,645,704
At 31 December 2019	1,627,252	5,321	6,689	8,692	1,647,954
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

All tangible fixed assets are held to further the main objects of the charity.

**9 Loan**

The loan represents deferred consideration arising from the sale in August 2019 of the charity's Rickleton property to House of Destiny Ministries. The loan is interest free and is secured by a legal charge over the Rickleton property. The loan is repayable in annual instalments of £15,000 expiring in December 2029.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE EIGHT MONTHS ENDED 31 AUGUST 2020**  
(continued)

**10 Debtors**

	2020	31 December 2019
	£	£
Accounts receivable	315	623
Gift aid recoverable	5,739	5,830
Prepayments	500	4,550
Other debtors – loan, note 9	<u>15,000</u>	<u>15,000</u>
	21,554	26,003
	<hr/>	<hr/>

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

	£	£
Members' loans	15,000	15,000
Bank loan (secured)	28,000	26,500
Trade creditors	2,965	10,182
Accruals and deferred income	5,603	5,362
Other taxes and social security	<u>3,149</u>	<u>3,126</u>
	54,717	60,170
	<hr/>	<hr/>

**12 Creditors: amounts falling due after one year**

	£	£
Members' loans	135,000	135,000
Bank loan (secured)	500,902	520,854
	<hr/>	<hr/>
	635,902	655,854
	<hr/>	<hr/>

The members' loans are unsecured, interest free and repayable in a timescale that works for the charity.

The bank loan is fully secured on the CastleGate freehold property. It is repayable by instalments, maturing in 2036. The amount due at 31 August 2020 is analysed as follows:

	£
Within one year	28,000
between one and two years	56,000
between three and five years	84,000
after more than five years	<u>360,902</u>
	<hr/>

**CITY CHURCH NEWCASTLE**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE EIGHT MONTHS ENDED 31 AUGUST 2020**

*(continued)*

**13 Transactions with directors/trustees**

Some of the directors/trustees are engaged in Ministry. Ministry fees and salaries were paid during the period as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>(year)</b>
		<b>£</b>
Ministry fees:		
I D Galloway	-	51,176
Salaries:		
J P Shepherd	22,000	11,000

Pension contributions amounting to £1,534 in the period were made for one director. Expenses amounting to £2,490 (2019 - year: £7,997) were paid to one (2019: two) of the directors to cover travelling expenses, hospitality, telephone costs and attending conferences.

**14 Restricted funds**

<b>Fund</b>	<b>1 January</b>	<b>2020</b>			<b>31 August</b>
	<b>2020</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfer</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Restricted giving	-	29,784	-29,784	-	-
Welcome boxes grant	2,801	-	-466	-	2,335
Alpha food gift	832	-	-	-	832
<b>Total</b>	<b>3,633</b>	<b>29,784</b>	<b>-30,250</b>	<b>-</b>	<b>3,167</b>

<b>Fund</b>	<b>1 January</b>	<b>2019</b>			<b>31 December</b>
	<b>2019</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfer</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Restricted giving	-	2,176	-2,176	-	-
Open Arms	451	-	-	-451	-
Welcome boxes grant	-	2,888	-538	451	2,801
Alpha food gift	-	-	-73	905	832
<b>Total</b>	<b>451</b>	<b>5,064</b>	<b>-2,787</b>	<b>905</b>	<b>3,633</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE EIGHT MONTHS ENDED 31 AUGUST 2020**  
*(continued)*

**14 Restricted funds (continued)**

Restricted funds carried forward are held as current assets.

Welcome boxes grant: Action Foundation gave this grant to provide welcome boxes to refugees and asylum seekers, which is organised by one of our City Groups.

Alpha food gift: a gift was made to ensure that there are enough funds to provide catering at Alpha courses.

**15 Analysis of changes in net debt in the year**

	At 1 January 2020 £	Cash flows £	Other non- cash changes £	At 31 August 2020 £
<b>Cash and cash equivalents</b>				
Cash at bank	104,442	20,425	0	124,867
<b>Borrowings</b>				
Due within one year				
Bank loan	-26,500	18,452	-19,952	-28,000
Members' loans	-15,000	0	0	-15,000
Due after one year				
Bank loan	-520,854	0	19,952	-500,902
Members' loans	-135,000	0	0	-135,000
	-697,354	18,452	0	-678,902
<b>Total - net debt</b>	<b>-592,912</b>	<b>38,877</b>	<b>0</b>	<b>-554,035</b>