

Charity Number  
Company Number

1069357  
03485699

**CROSS RHYTHMS  
COMPANY LIMITED BY GUARANTEE  
TRUSTEES' REPORT AND ACCOUNTS  
FOR THE YEAR ENDED  
31 DECEMBER 2017**

Howsons (Audit & Assurance) Limited  
PO Box 165  
Winton House  
Stoke Road  
Stoke on Trent  
ST4 2RW



# **CROSS RHYTHMS COMPANY LIMITED BY GUARANTEE**

**YEAR ENDED 31 DECEMBER 2017**

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# **CROSS RHYTHMS COMPANY LIMITED BY GUARANTEE**

**YEAR ENDED 31 DECEMBER 2017**

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## **CHARITY INFORMATION**

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### **Governance**

The organisation is a charitable company limited by guarantee, incorporated registered as a charity on 24 December 1997.

The company was established under a Memorandum of Association.

The serving trustees elect the trustees.

### **Trustees and Directors**

Mr M A Barker  
Mr J Bowles  
Mr R Andrews  
Mr C Cole  
Mr A Boyd

### **Chief Executive Officer**

Mr J Bellamy

### **Company secretary**

Mr J Bowles

### **Registered office**

Conway House  
Cheapside  
Hanley  
Stoke on Trent  
ST1 1HE

### **Principal office**

Conway House  
Cheapside  
Hanley  
Stoke on Trent  
ST1 1HE

### **Independent Examiner**

Howsons (Audit & Assurance) Limited  
PO Box 165  
Winton House  
Stoke Road  
Stoke on Trent  
ST4 2RW

# CROSS RHYTHMS COMPANY LIMITED BY GUARANTEE

YEAR ENDED 31 DECEMBER 2017

## TRUSTEES' ANNUAL REPORT (INCORPORATING DIRECTORS' ANNUAL REPORT)

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The Board of Directors and Trustees present their annual report, together with the audited financial statements for the period ended 31 December 2017.

**Principal activity for the public benefit:**

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives, and in planning future objectives.

Cross Rhythms continued its activities to promote the values of the Christian faith for the benefit of the public, particularly young people, through broadcast media and related initiatives of radio, Internet, new media and accredited training courses.

**Radio Station:**

The radio station continued broadcasting on 101.8FM across Stoke-on-Trent and Newcastle-under-Lyme. The station is streamed worldwide on our website. Programmes are also syndicated to secular and Christian radio stations worldwide. We operate with the benefit of the OFCOM (government agency for licensing of all communications granted) license. In addition we support current and explore future partnerships with groups in other cities keen to reproduce our FM Community Radio model. A group in Plymouth continue to broadcast Cross Rhythms Plymouth and one in Stockton-on-Tees continues to broadcast Cross Rhythms Teesside. We also support an online youth station in the Middle East; and we have continued work on the development stage towards delivering a new online media platform aimed at UK teenagers called XRhythms.

**Internet and New Media:**

With more than 225,000 pages our website continues to strongly present the ministry and interact with a global audience. We are still one of the largest and most visited UK Christian websites. The site has editorial content that is both music and non-music focussed including features such as Prayer Rooms, Forums, Chatrooms and other pages. The online shop and integration of sales promotion through the site content is a valued although reduced income stream. Our new XRhythms vision has caused us to begin to explore a repositioning of our website and new media work.

**TV programmes:**

This year we have continued to produce online video content for our social media pages. Also for our new XRhythms vision we continue to add new Vloggers (video bloggers/contributors) for our Visual Radio programming.

**Media Training Centre:**

Building on the launch of our accredited Media Training Centre in 2012, in 2017 we continued to offer courses and training in media and office skills for local students, or unemployed or retired volunteers, and local disadvantaged young people not in employment, education or training. In addition this centre also offers a pathway for aspiring young Christians from across the UK who have a passion to follow a direction in Christian media.

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Cross Rhythms is a member of the Community Media Association and also works with others with similar aims and objectives, including the Christian Broadcasting Council, other Christian broadcasters, local and national churches and ministries, and community leaders. We are still developing, where the opportunity arises, other associations and partnerships.

### **Organisation:**

The Board of Directors meets regularly, most months, and is responsible for the ultimate strategic decisions, having regard to advice from the Chief Executive and senior management. All meetings are held by Skype Tele conference call, except one physical meeting in June held at the CR HQ in Stoke-on-Trent.

In addition the CEO holds regular discussions for information and guidance and updates with the Chairman of the board and relevant information is distributed to the members as appropriate by electronic means on at least a monthly basis. A formatted monthly reporting structure has been used to keep all trustees updated monthly.

### **Review of the year's activities**

#### **Radio Station:**

The local FM station continues to build links with the local churches and the wider community being able to engage with police, health, education and employment agencies, MPs, councillors, schools, universities, theatres etc. The local Sentinel Newspaper supplies us local news each hour. We ran outside broadcasts, including the Civic Prayer Breakfast. We continued to offer the station online and on Smartphone through Radio Player.

Our FM station in Stoke this year continued its re-focussed fresh approach to target a 25-55 audience, in recognition that less teenagers use FM radio. Our dedicated Facebook and Twitter pages for the station continued to develop and our support of the city's City of Culture campaign connected a fresh audience to the station. For the first time we endeavoured to interview every single city councillor, achieving a 60% response.

The collaboration with other groups in other cities continued to deliver Cross Rhythms in Plymouth and Teesside. Both stations appointed new station managers and Teesside re-applied for a 5 year licence renewal – decision expected in 2018. In addition we continued to help develop and support an online community radio station in the Middle East for Palestinian Arab youth – including the maintenance of an Arabic language music website and 24 hour online radio stream.

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Our syndication of 12 unique weekly shows continues to about 50 stations worldwide.

Having announced in 2016 the vision of a new XRhythms media platform aimed at UK teenagers, in 2017 we completed work on the design and back end of a new website for mobile and desktop. We also began to recruit young bloggers and vloggers to produce content for the website and Visual Radio player. By end of year we had found 9 new 'communicators' in their twenties.

### **Internet:**

Our website activity has continued throughout the year at just under 500,000 unique users. The radio station is streamed online along with our Listen Again and Podcast facilities. The online shop, CR Direct, still continues to contribute financially to the charity. In 2017, sales in Vinyl and old/deleted CD purchases contributed a reasonable amount to the shop's revenue. We have also continued our support of UK independent artists through the online shop. Additionally, we have continued to develop our Facebook and Twitter social networking options and our weekly Life Files which go to about 5,000. Our online Prayer Rooms, Chatrooms and Forums are declining in use as young people use Social Media platforms much more. Off the back of establishing the new XRhythms vision we are planning a wider repositioning of the main CR website in late 2018/ early 2019.

### **Media Training Centre:**

We continue to provide training and work experience placements for unemployed youth as a Traineeship. In 2017 however we did not push this aspect much as we focussed more on getting our new project XRhythms set up. Instead we started to recruit new bloggers and vloggers for the new platform. We see this new vision will also offer many opportunities to a whole new swathe of young people to be trained in video production/presenting, editing, interviewing, journalism and social media skills. We did however record a record number of volunteers working with the charity – 159, well up on 2016. Of which in excess of 80 received some form of training.

### **Conway House:**

Rental income for use of our premises is a key support to the charity. We have increased our tenant income from the previous year. We are still pursuing advance negotiations with a power company for when the 60 year lease for a substation in our building comes to an end, in 6 years' time. We secured an increased rent from a telecoms company using our roof. And at the end of the year we began discussions with a group to convert our reception and first floor space into a new Business Community Work Hub. This could prove to be a valuable new income source for the charity. The rental income is included in the Statement of Financial Activities under Income from non-charitable trading activities.

### **Cross Rhythms Direct:**

Sales remained at a similar level to the previous year. This is a small but valuable income stream for the charity as well as being a department we do not see to let go of. Our long term plans are to include download sales connected to our global position through the website, which we hope will

## CROSS RHYTHMS COMPANY LIMITED BY GUARANTEE

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### TRUSTEES' ANNUAL REPORT (INCORPORATING DIRECTORS' ANNUAL REPORT)

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revitalise it. We do however run as an iTunes affiliate thus able to secure some sales through listeners to the station. We have seen a strong response to our offer of Vinyls and old/deleted CD product - this is a growing niche, both in the mainstream and the Christian music scene. The shop is a good department for offering volunteering and work experience opportunities.

**The Word In Action:** This is a long standing partnership between Cross Rhythms and Gilead Foundation charities. Both charities have a working connection with Cornerstone Vision with a goal to connect Christian media with Christian rehabilitation to rescue people from drug and alcohol addictions. We see a small income come to us through this partnership from WIA donors.

**Marketing:** Much of our marketing is through partnerships, being at events, contra deals and through our own media platforms eg the monthly Email Communicator. Additionally, we produce quality literature aimed at a youth generation and the wider community and circulate them through events. Our Artists Partnerships department builds with UK and foreign independent artists who will take our literature to gigs and events. We also attend occasional music festivals to profile the work in the exhibition areas.

**General:** We continued to campaign for more monthly partners (Friends), and put out 3 physical mailings to our donor base plus a Christmas card of thanks.

**Board membership:** The Board continues to function well with trustees who have expertise in key areas and carry that as a specific area of responsibility in addition to their collective responsibility. In addition, we have a group of supportive consultants who support the organisation as unpaid volunteers.

**Trustee Recruitment and Training:** Cross Rhythms selects known potential trustees to fulfil a specific role within the board to provide levels of expertise necessary for the oversight and guidance to comply with our role and responsibilities on behalf of the donors.

To ensure that the potential trustee fully understands the role a pack of information is provided that directs them towards the Charity Commissions guidance for a well-run charity and guidance for a well-managed company. A probationary period is required to allow a time of becoming aware of the role and responsibilities and after a review the appointment is then considered.

# **CROSS RHYTHMS COMPANY LIMITED BY GUARANTEE**

YEAR ENDED 31 DECEMBER 2017

## **TRUSTEES' ANNUAL REPORT (INCORPORATING DIRECTORS' ANNUAL REPORT)**

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### **Financial review**

The results for the year and the charity's financial position at the end of the year are shown in the attached accounts.

The improvement in the performance of the charity over the year is a result of the actions taken as described in this report. The plans for the future include further consolidation of the position and eventual accumulation of reserves in accordance with the reserves policy as established by the trustees.

There has been a slight increase in incoming resources of £11,791 and Cross Rhythms has managed to turn a surplus of £36,472 in the period (2016- £23,330).

### **Future developments**

After 35 years Cross Rhythms has developed a strong basis of operation. We are recognised at a local, national and international level for the quality and uniqueness of what we do. We continue to attract new donors, supporters, partners and trust support. Our main new future focus for further growth is aimed particularly at UK Youth through our new online radio strategy XRhythms, along with social media, online and Media Training aspects. Work on this began in 2016 and will continue to constitute a major focus for the charity over the coming years – specifically we expect to launch the new XRhythms website on mobile and desktop versions, along with its associated Visual Radio 24 hour stream of youth focussed video content in 2018. The knock on effect will also contribute to repositioning the charity's website, mobile and social media platforms. This work will commence in 2018 aiming to conclude in 2019. Internal re-evaluation of existing departments is also being undertaken.

In 2018 XRhythms will grow in new young bloggers and vloggers contributors who are in their twenties. We are aiming at a launch of XRhythms in Autumn 2018. We will expand our production department to cater for this expansion and also our growing content delivery through social media.

We also aim to expand all our departments through taking on an increased number of volunteers, particularly through partnerships with the two local universities.

In 2015 we weren't successful in applying to take part in Ofcom's Small Scale DAB trials, yet we hold this as a potential new platform to try again should/when Ofcom expands the opportunity.

We will continue the development of our training activities, both for national media students and for local disadvantaged youth; and we anticipate an increased level of youth training and engagement through the XRhythms vision as we train more young new media practitioners. As well as being part of our charitable objectives these training options can also help provide additional income to the charity and also draws in young talent who help contribute to the strengthening of our media platforms through hands on involvement.

We are applying locally to the Community Investment Fund for £50k in order to replace our building Fire Escape, which is wearing out.



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And in 2018 we aim to push forward with our new Wheelhouse community work hub in order to provide fresh income to the charity and also to better engage with local businesses.

We expect to develop and extend our collaborations with existing and new partnerships. The board have identified that earned income will grow to supplement gifted income, particularly through existing and new tenants, and through the approaching of trusts and high end donors to support the new XRhythms vision. There is a clear target to make significant improvements in income and we have discussions with trust funds and High End Donors sympathetic with our objectives. At the same time we will continue to broaden our donor base by offering individuals the opportunity to get behind specific aspects of the Cross Rhythms vision, for example the work in the Middle East, UK Youth, Media Training or UK FM Community Radio.

We continue to carry a commitment to additional Cross Rhythms radio stations in UK cities and ongoing discussions with interested parties continue.

### **Volunteer involvement**

During the year Cross Rhythms has supplemented 8 salaried staff with over 60 volunteers at any one time. This year we saw 159 different volunteers and work experience students including about 50 reviewers and writers for the website. We also have a local FM radio board of reference made up of 6 local church leaders, and a new XRhythms Board of Reference.

### **Employee involvement**

Cross Rhythms relies on the well-trained experienced commitment and hard work of 8 full time staff. We have retained all our core team who are very motivated and increasingly mature to the vision of Cross Rhythms. Although most would identify a key area of expertise, all are responsible to serve the growing ministry when and where required. Particularly as Cross Rhythms is such a developing under-resourced ministry, each person has to 'multi-task' to cover it. Daily prayer meetings and monthly gatherings are held to build relationships, support and communication between the departments. These meetings also help nurture the 'community' of a team with a vision of many components.

### **Risk policy**

The trustees are considering the risks to which the charity is subject and continue to develop ways to mitigate the risks.

The major risk areas identified by the Trustees are as follows:

- Financial Risk. This is mitigated by the scope of regular supporters to the charity.
- Loss of broadcasting licence. The licence is renewed every five years. Cross Rhythms have been broadcasting since 2002 and have a good reputation with Ofcom. We do not foresee an issue with the licence renewal.

# **CROSS RHYTHMS COMPANY LIMITED BY GUARANTEE**

YEAR ENDED 31 DECEMBER 2017

## **TRUSTEES' ANNUAL REPORT (INCORPORATING DIRECTORS' ANNUAL REPORT)**

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### **Reserves policy**

It is the intention of the trustees to maintain reserves sufficient to cover 3 months of expenses. The trustees have continued to reduce costs and constantly seek ways of increasing income.

### **The trustees**

The trustees who served the charity during the period were as follows:

- Mr R Andrews
- Mr M A Barker
- Mr J Bowles
- Mr C Cole
- Mr A Boyd

### **Responsibilities of the trustees/directors**

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity at the end of the year and of the incoming resources and application of resources, including income and expenditure, of the charity for that year. In preparing those financial statements the trustees have:

- selected suitable accounting policies and then applied them consistently;
- observed the methods and principles in the charities SORP;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable UK accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume the charity will continue in operation.

The trustees have overall responsibility for ensuring that the charity has appropriate systems of controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements will comply with The Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Trustees have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to guidance published by the Charity Commission. The Directors are also responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

In so far as the trustees are aware there is no relevant information of which the charity's Independent Examiner is unaware and the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the Independent Examiner is aware of that information.

The report is prepared in accordance with the small company regime (section 419(2) of the Companies Act 2006).

**CROSS RHYTHMS COMPANY LIMITED BY GUARANTEE**

**YEAR ENDED 31 DECEMBER 2017**

**TRUSTEES' ANNUAL REPORT (INCORPORATING DIRECTORS' ANNUAL REPORT)**

**Auditor**

The charity's trustees consider that an audit is not required for this year under section 144 of the Charities Act 2011 ("the Charities Act") and that an independent examination is needed.

Registered office:

Conway House

Cheapside

Hanley

Stoke-on-Trent

ST1 1HE

Signed by order of the trustees



**Mr M A Barker**

**Director**

Approved by the trustees on

21st June 2018

# CROSS RHYTHMS COMPANY LIMITED BY GUARANTEE

YEAR ENDED 31 DECEMBER 2017

## INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES/ MEMBERS OF CROSS RHYTHMS COMPANY LIMITED BY GUARANTEE

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### Independent examiner's report to the trustees of Cross Rhythms.

I report on the accounts of the company for the year ended 31 December 2017, which are set out on pages 13 to 24.

### Respective responsibilities of the trustees and the examiner

The charity's trustees (who are also directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (2011 Act) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act,
- to follow the procedures laid down in the general Directions given by the Charity Commission (under section 145(5)(b) of the 2011 Act, and
- to state whether particular matters have come to our attention.

### Basis of independent examiner's statement

My examination was carried out in accordance with general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair' view and the report is limited to those matters set out in the statement below.

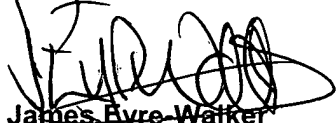
### Independent examiner's statement

In connection with my examination, no matter has come to my attention

1. which gives me reasonable cause to believe that in, any material respect, the requirements:

- to keep accounting records in accordance with section 386 of the Charities Act 2006; and
- to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 386 of the Companies Act 2006 and with the methods and principles of the Statement of recommended Practice: Accounting and Reporting by Charities
- have not been met; or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



James Byre-Walker

Relevant Professional Body: ICAEW

For and on behalf of Howsons (Audit & Assurance) Limited

Winton House  
Stoke Road  
Stoke-on-Trent  
ST4 2RW

Date

21 June 2018

# CROSS RHYTHMS COMPANY LIMITED BY GUARANTEE

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## STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted £	Restricted £	Total Funds 2017 £	Total Funds 2016 £
<b>Incoming resources from generated funds</b>					
Voluntary income	2	123,313	60,602	183,915	175,163
<b>Activities for generating funds</b>					
Income from non-charitable trading activities	3	51,660	0	51,660	45,511
Income from charitable trading activities	4	14,944	0	14,944	18,054
		<u>66,604</u>	<u>0</u>	<u>66,604</u>	<u>63,565</u>
<b>Total incoming resources</b>		<b>189,917</b>	<b>60,602</b>	<b>250,519</b>	<b>238,728</b>
<b>Resources expended</b>					
<b>Costs of generating funds</b>					
Costs of generating voluntary income	5	13,551	0	13,551	11,715
<b>Charitable activities</b>					
Costs in furtherance of charitable objects	6	166,322	16,585	182,907	185,776
Governance costs	7	6,500	0	6,500	6,475
<b>Other resources expended</b>					
Loan interest payable	8	<u>11,089</u>	<u>0</u>	<u>11,089</u>	<u>11,432</u>
<b>Total resources expended</b>	8	<b>197,462</b>	<b>16,585</b>	<b>214,047</b>	<b>215,398</b>
<b>Net income/ (expenditure) for the year</b>	9	<b>(7,545)</b>	<b>44,017</b>	<b>36,472</b>	<b>23,330</b>
<b>Transfers between funds</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other recognised gains and losses</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net movement in funds relating to the year		<u>(7,545)</u>	<u>44,017</u>	<u>36,472</u>	<u>23,330</u>
Balances brought forward		<u>136,226</u>	<u>23,258</u>	<u>159,484</u>	<u>136,154</u>
Balances carried forward		<b>128,681</b>	<b>67,275</b>	<b>195,956</b>	<b>159,484</b>

All of the activities of the charity are classed as continuing.

**CROSS RHYTHMS COMPANY LIMITED BY GUARANTEE**

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**BALANCE SHEET**

	Note	Unrestricted £	Restricted £	Total 2017 £	Total 2016 £
<b>Fixed assets</b>					
Intangible assets	10		22,304	22,304	9,200
Tangible assets	11	532,355	5,007	537,362	537,181
		<u>532,355</u>	<u>27,311</u>	<u>559,666</u>	<u>546,381</u>
<b>Current assets</b>					
Stock		0	0	0	23
Debtors	12	8,642	11,485	20,127	16,326
Cash at bank		0	28,479	28,479	12,343
		<u>8,642</u>	<u>39,964</u>	<u>48,606</u>	<u>28,692</u>
<b>Creditors: Amounts falling due within one year</b>	13	(136,626)	0	(136,626)	(131,459)
<b>Net current liabilities</b>		<u>(127,984)</u>	<u>39,964</u>	<u>(88,020)</u>	<u>(102,767)</u>
<b>Total assets less current liabilities</b>		<u>404,371</u>	<u>67,275</u>	<u>471,646</u>	<u>443,614</u>
<b>Creditors: Amounts falling due after more than one year</b>	14	(275,690)	0	(275,690)	(284,130)
<b>Net assets</b>		<u>128,681</u>	<u>67,275</u>	<u>195,956</u>	<u>159,484</u>
<b>Funds</b>					
Restricted	15	0	67,275	67,275	23,258
Unrestricted		(102,539)	0	(102,539)	(94,994)
Revaluation reserve		231,220	0	231,220	231,220
<b>Total funds</b>		<u>128,681</u>	<u>67,275</u>	<u>195,956</u>	<u>159,484</u>

These accounts were approved by the members of the committee on 21st June 2018, and are signed on their behalf by:



**Mr M A Barker**  
Director

Company Number 03485699

# CROSS RHYTHMS COMPANY LIMITED BY GUARANTEE

YEAR ENDED 31 DECEMBER 2017

## NOTES TO THE ACCOUNTS

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### 1 Accounting Policies

The charity is a public benefit entity.

#### Basis of accounting

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed asset and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP FRS102), the Charities Act 2011 and the Companies Act 2006. The accounts have also been prepared in accordance with the Financial Reporting Standard 102.

The charity's functional and presentational currency is the pound sterling. Therefore these financial statements are presented in pounds sterling.

#### Cash flow statement

The trustees have taken advantage of the exemption in Financial Reporting Standard 102 from including a cash flow statement in the accounts on the grounds that the charity is small.

#### Fixed Assets

Fixed assets are recorded at cost or, in cases where fixed assets have been donated to Cross Rhythms, at estimated market value at the time of acquisition. The Charity's policy is only to capitalise items with an individual or collective value (where it is a group of assets) exceeding £250.

#### Depreciation

Depreciation is calculated so as to write off the cost or value of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Equipment	- 15% Reducing balance
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Freehold property is not depreciated as any charge made would be offset by the effect of a revaluation. This is a departure from the Companies Act 2006 and the SORP (FRS102) which require depreciation to be applied to all assets (other than investment properties and heritage assets) which require the cost or valuation of an asset less residual value to be depreciated over the useful economic life. In the opinion of the trustees, this departure is necessary in order for the financial statements to give a true and fair view. Freehold property is not depreciated as the estimated residual value of the asset is not materially different from the carrying amount of the asset. An impairment review is undertaken annually.

The property was valued at £500,000 on 22 September 2014. Had depreciation been applied to the property at, say, 2% (as is commonly applied to freehold property), the depreciation charge in the current year would have been £10,000 (2016 - £10,000) and its net assets reduced by £32,500 (2016 - £22,500) in total.

#### Website

A new xRhythms website is under development and included under intangible assets. The costs have been capitalised as the new website is a key requirement for the future direction of the charity and a significant investment. The website is stated at cost less accumulated amortisation and accumulated impairment losses. The costs are amortised over 10 years on a straight line basis from when the new website is brought into use. As such, no amortisation charges have yet been applied and the full 10 year amortisation period remains. The amortisation period is based on the expected useful life of the website and has taken into account continued use and maintenance of the website.

Where factors, such as technological advancement indicate that the useful life has changed, the useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the factors indicate that the carrying amount may be impaired.

# CROSS RHYTHMS COMPANY LIMITED BY GUARANTEE

YEAR ENDED 31 DECEMBER 2017

## NOTES TO THE ACCOUNTS

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### **Stock**

Stock is shown at the lower of cost and net realisable value.

### **Financial Instruments**

#### **Financial instruments classification**

Basic financial assets, including trade and other debtors, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

Basic financial liabilities, including trade and other trade creditors, bank and other loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

#### **Financial Instruments recognition and measurement**

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Financial Activities.

#### **Impairment of financial assets**

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised in the Statement of Financial Activities.

Financial assets are derecognised when a) the contractual rights to the cash flows from the asset expire or are settled, or b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

### **Income**

Income is recognised in the Statement of Financial Activities when the conditions for receipt have been met and there is reasonable assurance of receipt.

Grants are recognised once the resource is receivable by the charity and can be measured with reasonable reliability. Gifts in kind, such as assets given for use by the charity are recognised as income when received and are recorded at their estimated market value. Assets given for distribution by the charity are recognised as income when distributed. Voluntary help is not recognised in the Statement of Financial Activities.

### **Expenditure**

Expenditure incurred directly in the fulfilment of the charity's objectives is included in direct charitable expenditure.



# CROSS RHYTHMS COMPANY LIMITED BY GUARANTEE

YEAR ENDED 31 DECEMBER 2017

## NOTES TO THE ACCOUNTS

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### Fund accounting

Unrestricted fund incoming resources have been received or generated for expenditure in furtherance of the general objectives of the charity.

Designated funds are unrestricted funds which have been designated for specific purposes by the trustees.

Restricted funds are to be used for specific purposes laid down by the donors.

### Allocation of costs between activities

Staff costs have been allocated based on job roles and time spent between activities.

## 2 Voluntary income

	Total Funds 2017 £	Total Funds 2016 £
Gifts and donations	127,686	135,361
Gift aid	17,229	20,425
Grants	39,000	14,620
Media Training grants	0	4,757
	<u>183,915</u>	<u>175,163</u>

## 3 Income from non-charitable trading

	Total Funds 2017 £	Total Funds 2016 £
Rents from Cross Rhythms' premises	51,660	45,511
	<u>51,660</u>	<u>45,511</u>

# CROSS RHYTHMS COMPANY LIMITED BY GUARANTEE

YEAR ENDED 31 DECEMBER 2017

## NOTES TO THE ACCOUNTS

### 4 Income from charitable trading activities

	Total Funds 2017 £	Total Funds 2016 £
Trading: Radio and website advertising	4,987	3,912
Other charitable trading	9,957	14,142
	<u>14,944</u>	<u>18,054</u>

### 5 Activities for generating funds

#### Costs of generating voluntary income

	Total Funds 2017 £	Total Funds 2016 £
Marketing and fundraising costs	6,500	5,801
Staff costs	7,051	5,914
	<u>13,551</u>	<u>11,715</u>

### 6 Costs in furtherance of charitable objectives

#### Provision of charitable services

	Total Funds 2017 £	Total Funds 2016 £
Radio	52,175	50,624
Other charitable trading	17,648	20,944
XRhythms	14,483	14,121
Media training	3,587	7,361
Cross Rhythms Worldwide	15,666	21,027
Other charitable support	79,348	71,699
	<u>182,907</u>	<u>185,776</u>

#### Analysis of provision of charitable services

	Staff costs £	Depreciation £	Other costs £	Total Funds 2017 £	Total Funds 2016 £
Radio	28,020	3,706	20,449	52,175	50,624
Other charitable trading	9,305	0	8,343	17,648	20,944
XRhythms	13,540	0	943	14,483	14,121
Media training	3,243	0	344	3,587	7,361
Cross Rhythms Worldwide	2,882	0	12,784	15,666	21,027
Other charitable support	54,255	0	25,093	79,348	71,699
	<u>111,245</u>	<u>3,706</u>	<u>67,956</u>	<u>182,907</u>	<u>185,776</u>

# CROSS RHYTHMS COMPANY LIMITED BY GUARANTEE

YEAR ENDED 31 DECEMBER 2017

## NOTES TO THE ACCOUNTS

### 7 Governance

	Total Funds 2017 £	Total Funds 2016 £
Salaries	5,153	5,356
Accountancy fees	0	119
Audit fees	1,008	1,000
Legal fees	339	0
Professional fees	0	0
	<u>6,500</u>	<u>6,475</u>

### 8 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Total Funds 2017 £	Total Funds 2016 £
Direct charitable expenditure	111,245	3,706	67,956	182,907	185,776
Activities for generating funds	7,051	0	6,500	13,551	11,715
Governance costs	5,153	0	1,347	6,500	6,475
Other resources expended	0	0	11,089	11,089	11,432
	<u>123,449</u>	<u>3,706</u>	<u>86,892</u>	<u>214,047</u>	<u>215,398</u>

### The aggregate payroll costs were:

	2017 £	2016 £
Wages and salaries	118,679	119,802
Social security costs	4,770	4,605
	<u>123,449</u>	<u>124,407</u>

# CROSS RHYTHMS COMPANY LIMITED BY GUARANTEE

YEAR ENDED 31 DECEMBER 2017

## NOTES TO THE ACCOUNTS

As Charity Trustees, the Board of directors, who are not employees, are not included above. They receive no remuneration for their services. Expenses were reimbursed or paid directly to third parties for Travel and Accommodation on behalf of two Trustees to enable them to attend Trustee meetings. The total paid in the year was £211 (2016 £264).

No employee received emoluments in excess of £60,000 during the period.

### Particulars of employees:

The average number of staff employed by the charity during the financial year amounted to:  
(All staff were full time).

	2017	2016
	No	No
Number of fundraising staff	1	1
Number of administrative staff	2	2
Number of management staff	1	1
Other direct charitable staff	4	4
	<u>8</u>	<u>8</u>

### 8 Total resources expended (continued)

Other costs:	2017	2016
	£	£
Legal and Professional	1,347	1,119
Other	85,545	85,717
	<u>86,892</u>	<u>86,836</u>

### 9 Net outgoing resources

Net outgoing resources after charging/(crediting)	2017	2016
	£	£
Depreciation (including profit/loss on disposal of fixed assets)	3,706	4,155
Independent Examiner's remuneration - the independent examination of the charity's accounts	1,008	1,119
	<u>4,714</u>	<u>5,274</u>

# CROSS RHYTHMS COMPANY LIMITED BY GUARANTEE

YEAR ENDED 31 DECEMBER 2017

## NOTES TO THE ACCOUNTS

### 10 Intangible Fixed Assets

	Website £
<b>Cost or valuation</b>	
At 1 January 2017	9,200
Additions	13,104
Disposals	0
<b>At 31 December 2017</b>	<b>22,304</b>
<b>Amortisation as at 1 January and 31 December</b>	<b>0</b>
Net book value	
<b>At 31 December 2017</b>	<b>22,304</b>
At 31 December 2016	9,200

### 11 Tangible Fixed Assets

	Freehold Property £	Equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2017	500,000	118,398	618,398
Additions	0	3,907	3,907
Disposals	0	0	0
<b>At 31 December 2017</b>	<b>500,000</b>	<b>122,305</b>	<b>622,305</b>
<b>Depreciation</b>			
At 1 January 2017	0	81,217	81,217
Charge for the year	0	3,726	3,726
Eliminated on disposal	0	0	0
<b>At 31 December 2017</b>	<b>0</b>	<b>84,943</b>	<b>84,943</b>
Net book value			
<b>At 31 December 2017</b>	<b>500,000</b>	<b>37,362</b>	<b>537,362</b>
At 31 December 2016	500,000	37,181	537,181

The trustees completed the purchase of a freehold building previously occupied by BBC Radio Stoke on 31 May 2002 at a purchase price including equipment and transaction costs of £306,010. The property was professionally valued by Hammond Chartered Surveyors, who are external to the charity, on 22 September 2014, on a market value basis, at a value of £500,000 and this valuation has been adopted in these accounts. (The previous external valuation to this was on 17 November 2003). The trustees are not aware of any material changes to the Market value.

# CROSS RHYTHMS COMPANY LIMITED BY GUARANTEE

YEAR ENDED 31 DECEMBER 2017

## NOTES TO THE ACCOUNTS

### 12 Debtors

	2017	2016
	£	£
Trade debtors	1,597	683
Income tax recoverable	180	249
Other debtors	14,833	11,318
Prepayments	3,517	4,076
	<u>20,127</u>	<u>16,326</u>

### 13 Creditors: Amounts falling due within one year

	2017	2016
	£	£
Bank loans and overdrafts	8,440	8,150
Trade creditors	18,648	14,838
Taxation and social security	3,336	1,673
Other creditors	23,526	16,564
Gross wages and employers national insurance accrual	40,369	40,369
Accruals and deferred income	42,307	49,865
	<u>136,626</u>	<u>131,459</u>

Within accruals and deferred income above, there is £13,300 (2016 - £13,209) which comprises rental income charged in advance.

### 14 Creditors: Amounts falling due after more than one year

	2017	2016
	£	£
Bank and other loans	275,690	284,130
	<u>275,690</u>	<u>284,130</u>

Of the above loan amounts the following amount is due in instalments after 5 years:

	2017	2016
	£	£
Bank and other loans	233,819	243,526

Included in loans due after more than one year is a loan from Triodos Bank for £270,690 that has been secured by a legal charge over the company's freehold premises and other assets with interest at 3% above the Bank of England base rate per annum. The loan has been measured at the principal amount payable. There is also a balance of £8,440 (2016 - £8,150) on this loan which is due in less than one year. This is included within Bank loans and overdrafts in note 13.

# CROSS RHYTHMS COMPANY LIMITED BY GUARANTEE

YEAR ENDED 31 DECEMBER 2017

## NOTES TO THE ACCOUNTS

### 15 Restricted funds

	Brought Forward	Incoming resources	Outgoing resources	Transfers	Balance carried forward
	£	£	£	£	£
Media Training fund	9,693	540	(1,685)	0	8,548
Churches Media Trust	7,657	0	0	0	7,657
UK Youth	2,800	47,360	(569)	0	49,591
Other Restricted gifts funds	3,108	12,702	(14,331)	0	1,479
	23,258	60,602	(16,585)	0	67,275

Sufficient resources are considered to be held in an appropriate format to enable each fund to be applied.

### Fund purposes:

The Churches Media Trust:

The Churches Media Trust grant has been provided for making bursaries available for students and to contribute towards the work for the Media Training Community Courses.

Media Training fund:

Launched in September 2012, the Cross Rhythms Media Training Centre is an OCN accredited base to train, equip and disciple the next generation of 'media missionaries'. Young people from across the UK explore a 'call' to serve God in media, gaining accredited qualifications in a variety of media courses, as well as invaluable work experience in a live FM radio setting. In addition, training in media, journalism, reception, administration and business skills are offered to local disadvantaged youth in partnership with groups such as Job Centre Plus and Babington Group. The fund balances above incorporate restricted giving towards various aspects of this work.

UK Youth: Reaching a youth generation through XRhythms.

61% of young people feel that adults are out of touch with their relationships; 46% believe that sexting is part of everyday teenage life; 43% experience bullying at least once a week; 20% self-harm on a regular basis and 41% believe religion is more often the cause of evil in the world. XRhythms will change the diet of what a youth generation is consuming through media! To offer them a Christian response to the issues affecting their lives. XRhythms is being developed this year and will be a brand new online Visual Radio station complete with its own dedicated website, YouTube channel, smartphone app, and specialist use of social media platforms like Instagram, Snapchat and Facebook, aimed at the 13's-20's.

(£25,568 of the fund balance is spent but still shown as a restricted fund balance as it is represented by restricted intangible and tangible fixed assets.)

# **CROSS RHYTHMS COMPANY LIMITED BY GUARANTEE**

YEAR ENDED 31 DECEMBER 2017

## **NOTES TO THE ACCOUNTS**

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### **16 Related Parties**

Cross Rhythms has an interest free loan from Christopher Cole, one of the trustees of the company of £5,000 (2016 - £5,000).

The total amount of loans outstanding from trustees at the year end is £5,000 (2016 - £5,000).

Spirit of Plymouth (Radio) Limited is a radio station that uses the Cross Rhythms template and has a common trustee in Christopher Cole. During the year Cross Rhythms received income for support services totalling £3,112 (2016 - £3,131) of which £500 (2016 - £683) was outstanding at the year end.

Christopher Cole's wife is a director of Cornerstone Vision Limited. Cross Rhythms use Cornerstone Vision Limited for design work, the total payable for the year being £741 (2016 - £801). £702 (2016 £126) was outstanding at the year end.

Undrawn net wages jointly by Jonathan Bellamy and his wife, Heather Bellamy, a member of Executive Management at the year end totalled £8,277 (2016 - £7,573). There are also gross wages that Jonathan Bellamy and Heather Bellamy are contractually entitled to. They have decided to defer payment until the charity is in a good position to clear this. The amounts have been accrued for in the accounts and total £31,188 (2016 - £31,188) for Jonathan Bellamy and £4,286 (2016 - £4,286) for Heather Bellamy.

All outstanding amounts stated above will be settled in cash.

Aggregate gifts in the year from related parties was £4,560 (2016- £5,935).

### **17 Going concern**

The charity has net current liabilities of £88,020 and its income is substantially dependent upon gifts and donations which, by their very nature, are uncertain and would impact on the charity's loan covenants and its ability to continue as a going concern. However, the charity's forecasts and projections show that the charity will be able to operate as a going concern for the foreseeable future. Accordingly, the trustees continue to adopt the going concern basis in preparing the annual report and financial statements.

### **18 Company limited by guarantee**

Cross Rhythms is incorporated as a company limited by guarantee and is registered in England and Wales. The members are each liable to contribute up to £10 in the event of the company being wound up.

There were 5 directors at the year end and 5 at the beginning of the year. No directors were appointed during the year.