



# **THE MESSAGE ENTERPRISE CENTRE**

**ANNUAL REPORT & FINANCIAL STATEMENTS  
YEAR ENDING 31 AUGUST 2020**

**Company Limited by Guarantee**

**Company Registration Number 07892774**

**Registered Charity Number 1147287**

# **THE MESSAGE ENTERPRISE CENTRE**

## **FINANCIAL STATEMENTS**

### **YEAR ENDING 31 AUGUST 2020**

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# THE MESSAGE ENTERPRISE CENTRE

## REFERENCE AND ADMINISTRATIVE DETAILS

### **The Board of Trustees**

A. C. Leakey  
C. Hardacre (Chairman)  
G. J. Haynes  
R. D. White  
J. A. Wainwright  
D. I. Moore

### **Company Secretary**

I. Rowbottom

### **Chief Executive**

A. Hawthorne OBE

### **Business Centre Manager**

S. Hawthorne

### **Registered Office**

6 Harper Road  
Sharston  
Manchester  
Lancashire  
M22 4RG

### **External Auditors**

Beever and Struthers  
St George's House  
215-219 Chester Road  
Manchester  
M15 4JE

### **Bankers**

National Westminster Bank PLC  
34 High Street  
Cheadle  
Cheshire  
SK8 1AF

### **Solicitors**

Knights Plc (formerly known as Croftons Solicitors LLP)  
Riverside Court  
Wilmslow  
SK9 1DL

# THE MESSAGE ENTERPRISE CENTRE

## REPORT OF THE TRUSTEES YEAR ENDING 31 AUGUST 2020

The Trustees have pleasure in presenting their report (including the directors' report as required by company law) and the financial statements of the charity for the year ending 31 August 2020.

The Message Enterprise Centre is a company limited by guarantee and a registered charity governed by its memorandum and articles of association. Charity number 1147287. Company number 07892774. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities.

### BACKGROUND AND OBJECTIVES

The Message Enterprise Centre was incorporated on 28 December 2011, as a company limited by guarantee, and became a registered charity on 17 May 2012.

The Message Trust changed its objects by special resolution on 5 February 2019. Our object is now:

- To advance the Christian faith and relieve unemployment for the benefit of the public with a specific focus on young people and vulnerable adults who are at risk of re-offending or who have poor employment potential, through education, enterprise, befriending, mentoring, faith-based activities and outreach.

*These objects are being worked out in three main areas:*

- Building on relationships established by The Message Trust's Prisons team, providing long-term, one-to-one mentoring and support to ex-offenders upon their release from prison
- Following a period of probation, offering training and employment to prison leavers in one of our businesses (currently on-site café and mobile catering firm, health and beauty salon, property and events management, building and garden service firms) as 'apprentices'
- In partnership with local churches, providing resettlement help and supportive community in local areas across Greater Manchester, especially in areas where the Eden Network has a presence

### STRUCTURE, GOVERNANCE AND MANAGEMENT

The directors of the charitable company ("the charity") are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

The Trustees' recruitment is by personal contact of existing Trustees. They are then elected by the Board of Trustees in consultation with the Chief Executive, on the basis of their expertise, wisdom and advice that they can bring to the Management and Administration of the Charity. Training and induction is provided to new trustees as appropriate.

# THE MESSAGE ENTERPRISE CENTRE

## REPORT OF THE TRUSTEES YEAR ENDING 31 AUGUST 2020

### STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The Board of Trustees has a variety of experience including both Christian ministry and commercial business skills. They meet quarterly to oversee the vision and strategies of the charity. Executive Directors and the Business Centre Manager have been appointed by the Trustees to oversee the day-to-day operations of the charity. The Board is accountable to the Charity Commission for the careful use of charitable and other public funds provided in a variety of forms, and for the achievement of appropriate performance standards in service delivery. The Board also undertakes at least one additional annual away-day for the purposes of further developing The Message Enterprise Centre Mission and Vision, and to concentrate on continuous improvement in performance.

With the growth of activities of the Enterprise Centre an increasing level of expertise is required on a day-to-day basis and a senior management team is in place that is capable of running the affairs of the charity. The Charity's Executive Board, headed by the Chief Executive, Mr A Hawthorne, is accountable via the Chief Executive to the Board of Trustees. Day-to-day management matters are further scrutinised by a cross-functional team of internal departmental managers, who meet on a monthly basis. This latter group's work is fed into the Executive process whenever a more significant matter of policy or other key decision-making arises.

The Trustees remain committed to the policy of helping break the pattern of re-offending through one-to-one mentoring, training and employment, and supportive community.

The Message Enterprise Centre recognises the importance of our staff and aims to help them to develop their potential, improve their skills and gain greater job satisfaction.

#### **Summary of priorities:**

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities.

Our mission is to help break the pattern of re-offending through one-to-one mentoring, training and employment, and supportive community.

The Message Enterprise Centre's Executive leadership team seek to achieve this by motivating staff and volunteers with a compelling vision and supporting them within a robust management framework.

Volunteers are crucial to the smooth running of the Centre. Our team of regular volunteers provides support to our businesses, particularly The Mess Café when catering for large functions. We ensure they have comprehensive support in their roles through appropriate policies and procedures, clarifying the extent of their remit and providing checks and balances in relation to the key areas of the Management & HR Strategy.

# THE MESSAGE ENTERPRISE CENTRE

## REPORT OF THE TRUSTEES YEAR ENDING 31 AUGUST 2020

### ACHIEVEMENTS AND PERFORMANCE

#### **The Message Enterprise Centre: 2019-20 in review**

This was a year of two distinct halves for the Message Enterprise Centre (MEC) with the businesses experiencing significant growth in the first half of the year as well as our planned expansion of enterprise into London taking place. However, the national lockdown announced on 23 March 2020 immediately saw many of our enterprises required to close their doors temporarily as restrictions to slow the spread of Covid-19 were introduced. Restrictions that remained in place within Greater Manchester up until the end of the financial year.

Whilst the operation of enterprises were undoubtedly impacted by Covid-19 and the restrictions in place we were determined that the MEC would not sit empty and instead it was repurposed to help those in need within our local community. The café kitchen that usually prepares meals for Mess Café customers became a centre cooking and despatching hundreds of meals packs to hungry and vulnerable families across Wythenshawe as well as preparing lunch packs for school children missing out on free school meals.

From this emergency response, long-term opportunities to serve the local community, provide training for team members and scale up our mission have emerged through the Message Community Grocery (see page 11).

Alongside this we saw significant investment in our property management work with another four residences being added to the portfolio.

Regardless of changes, our focus on discipleship and training remains at the core of our work, with all our graduates finding employment beyond the MEC.

### OUR BUSINESSES

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This year The Message Enterprise Centre continued with its apprenticeship model for training, aiming to maximise skills development and financial sustainability for our team members. Graduations due for team members on the two-year programme had to be postponed from May to October due to Covid-19, but all three successfully graduated (2019 – three) and have now moved into full-time employment.

Up until the national lockdown, **The Mess Café's** popularity continued to grow and the footfall continued to build even further, supported by the popularity of the events business. There were further opportunities to ensure the Café's efficiency improved, helping to increase revenues and reduce costs.

# THE MESSAGE ENTERPRISE CENTRE

## REPORT OF THE TRUSTEES YEAR ENDING 31 AUGUST 2020

### OUR BUSINESSES (continued)

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The **MEC Events** business continued to grow significantly (up to March 2020) with The Venue securing record levels of room booking for a wide range of events, helping to successfully increase the revenue generated in this area of our business. Demand for the space was consistent throughout the week, helped by the securing of some regular Venue bookings.

Whilst a small number of educational clients (where guidelines permit) have retained events booking, the impact of Covid-19 upon the profitability of the MEC Events business has been significant. This year also saw changes within the rental of our office space, however throughout the year the space has remained fully occupied. Current tenants within the office space include Gospel for Asia, EasiDrive (up to January 2020), Our Boards (from January 2020), Barnabus (ReNu) (up to June 2020) and BSkill (from June 2020).

Two new team members joined **Shine Hair & Beauty** and our work to build the hair side of the business continued. The salon was rebranded and work to secure a regular pipeline of clients was underway ahead of the national lockdown. As restrictions began to ease, it became obvious that in order to operate within the new guidelines significant investment into Shine was required to make it Covid compliant. When this expenditure was considered alongside Shine Hair & Beauty's profitability the difficult decision to close the business with effect from July 2020 was made. In making this decision the opportunity to repurpose the space for the **Message Community Grocery** (see page 11) arose. Opportunities for new team roles and apprenticeships within the Community Grocery are being explored.

The work of **MEC Building Services** has focused primarily on the refurbishment and development projects this year, with the team undertaking projects both for The Message and refurbishment of the MEC's rental properties. The team oversaw the development of the new Manchester House of Prayer within the Lancaster House campus, began the development work required on TMT's new enterprise centre in Sheffield, as well as completing numerous other projects throughout the year. The coming year will see the building services team undertake shop fitouts within the new Message Community Grocery as well as continue work on the Sheffield Enterprise Centre. Plans to launch a second building team were realised by bringing them together with The Message Trust Facilities team, meaning that we now have the capacity to be deployed and take on larger projects.

With other team members moving on and reducing demand from commercial clients a decision to cease the operation of **Good Seeds Garden Services** was made in September 2019.

Our **MEC Property Management** grew with the addition of four new properties to our portfolio this year. Ten of the Message's Academy students, (2019 - 10) are housed in MEC properties, with properties also being rented to Message Academy graduates, team members, vulnerable families who are connected to our Eden teams, as well as some employees of The Message Trust, 21 lettings in total in 2020.

This year saw our **Wedding Angels** business grow. Our partnerships with local churches have continued and the growth of the wedding offer within the events business has seen a number of Wedding Angels customers decide to hold their wedding within the MEC. Whilst the national lockdown has impacted upon Wedding Angels' trade demand for their services remains and plans to further strengthen and develop the business once Covid-19 restrictions ease have been identified.

# THE MESSAGE ENTERPRISE CENTRE

## REPORT OF THE TRUSTEES YEAR ENDING 31 AUGUST 2020

### OUR BUSINESSES (continued)

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As partnerships across the UK grew, our vision has been to expand our enterprise work outside of Manchester, offering training and discipleship opportunities to team members in other areas of the country. In partnership with London City Mission an opportunity to take on their coffee shop in Neal Street, Covent Garden emerged and has been developed in previous years. In March 2020, **Neal Street Espresso** opened its doors to visitors, residents and workers in Covent Garden and the quality of its coffee and food proved instantly popular. Ahead of the opening a full staff team was appointed for the coffee shop including one team member who would complete a two-year training and discipleship programme with the MEC. Two weeks after opening the UK Covid-19 lockdown was announced, causing the Café to close for an extended period. The scale of the Café's offering is being carefully managed to ensure operations match demand and current government restrictions and guidelines for businesses, including partial re-opening for takeaway as permitted, thus helping to protect the long-term sustainability of the coffee shop.

#### Growing the MEC businesses: Outcomes against our 2019 – 2020 goals

- **Relaunch, rebrand and refurbish Shine Hair and Beauty**  
Achieved – work to rebranded and relaunch Shine Hair and Beauty had been completed prior to the national lockdown in March 2020, and work on the refurbishment had begun.
- **Recruit two new external social enterprises to become tenants within the Enterprise Centre**  
Achieved – Our Boards and BSkill became Enterprise Centre tenants in January and June 2020 respectively.
- **Launch a second building team**  
Achieved – working with The Message Trust Facilities team means that a second building team has been created and we now have the capacity available to take on larger projects.
- **Purchase and refurbish three new houses for use within The Message Group**  
Achieved – four Message Group houses were refurbished during 2019/20.
- **Develop the Events & Catering business so that it is taking more bookings than 2018-19**  
Impacted by Covid-19 – prior to the national lockdown record levels of bookings were being taken. However, Covid restrictions have significantly impacted the business with only a limited number of education related bookings being able to proceed.
- **Open Neal Street Espresso in London**  
Achieved – Neal Street Espresso opened its doors for business in March 2020.

# THE MESSAGE ENTERPRISE CENTRE

## REPORT OF THE TRUSTEES YEAR ENDING 31 AUGUST 2020

### SUPPORT AND DISCIPLESHIP

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Discipleship continues to be at the heart of our work. Our discipleship programme focused on support and the development continues to prove successful.

**The Oaks**, our supported house in Wythenshawe, continues to be a hub for its community, being used for Alpha courses, outreach events and Bible studies for both residents and non-residents, in person and online. The residents have been actively sharing the stories of how their lives have been transformed in churches, sometimes online, and at local, regional and national events before lockdown, gaining confidence in the process. This year they also travelled over to Germany to be part of a mission being hosted by Message Germany getting to share their stories in churches and communities. We had six residents in The Oaks for the full year (2019: six at varying times). A strategy aimed at reducing the vacancy rate in The Oaks by developing links with new referral partners continues to be in place and new residents have been identified through this.

#### **The Oaks: Outcomes against our 2019 - 2020 goals**

- **Enhance support for the training programme operating within the Oaks and within the Business Enterprises**  
Achieved – to ensure full integration of the training and support offered managers meet regularly to ensure consistency and continual development within the training programmes.
- **Reduce The Oaks vacancy rate by developing new referral partners**  
Ongoing – We contacted every prison chaplain in the UK, sending them information about The Oaks, and had a steady number of residents living in the Oaks throughout the year.
- **Increase the number of residents in the year to at least 6**  
Achieved – We had six residents in the Oaks throughout the year.
- **Hold weekly outreach events, seeking responses to the gospel**  
Ongoing – Before Covid, these included Alpha nights, talking to people in homeless shelters, prison visits and conferences. During lockdown, some events went online.

# THE MESSAGE ENTERPRISE CENTRE

## REPORT OF THE TRUSTEES YEAR ENDING 31 AUGUST 2020

### STORIES FROM THE MESSAGE ENTERPRISE CENTRE

#### **Dennis' Story**

Dennis' story perfectly encapsulates the journey we take with people through our prison and enterprise ministry.

'I used to be what you'd call a functioning alcoholic. I was working, kept myself out of trouble and thought I was doing fine, but this couldn't have been further from the truth. And I was in denial! If you'd met me back then you'd have seen straight away that my life was chaotic and spiralling out of control, I just didn't know it. The more I drank the angrier I became, falling out with everyone I met. It was only a matter of time before I lost my job, and then things went from bad to worse. I'd been angry before but I became more aggressive.

'In 2013, after another heavy drinking session I assaulted someone and ended up in prison. I'd lost everything and hit rock bottom. The shock of being locked up hit me hard, but in my despair, I felt compelled to pray to Jesus. I still can't explain why I felt like this, but I had an overwhelming feeling of needing to be forgiven and that this was the only way it would happen.

'From that moment something in me changed. There was a shift and I just needed to find out more about Jesus. The next Sunday I headed straight to the chapel. There I found a place filled with God's presence and holiness. Since then I've not looked back.

'I met Richard from the Message in Prisons team who, knowing that I was into music, offered to give me guitar lessons. He was amazing – not just because of his guitar playing – but because he was interested in me. I was used to people avoiding me but Richard wanted to spend time with me chatting about my new faith and showing Jesus' love to me.

'One day, he said, 'Dennis, you've only got four weeks left, what are your plans for when you're released?' I was blown away as I'd been praying hard about this but not told anyone. I was desperate not to head straight back to my old life. I'd found Christ in prison and wanted to live my life for him. I needed a fresh start.

'Richard told me about The Oaks – a place where ex-offenders could get the home, support, job and discipleship they needed to rebuild their lives and grow in their faith. This answered my prayers – I was truly amazed. Four weeks later I headed straight from prison to The Oaks and found there the caring home I needed. I was loved and supported by my instant family. They were there to cheer me on every step of the way. That's not to say it's all been easy. There have been times when I've struggled and it would have been easy to give up, but my Oaks family have been there for me.

'The support of The Message didn't stop with providing me a home in The Oaks, they wanted to help me rebuild the confidence and self-esteem I'd lost, so offered me an apprenticeship at the Message Enterprise Centre. Fast forward two years, I've graduated from the Oaks and I'm completing my training as I work a full-time building job that I love. I have a purpose in life, a future and I know I'm loved unconditionally by God. I could only have dreamed of life being this good!'

# THE MESSAGE ENTERPRISE CENTRE

## REPORT OF THE TRUSTEES YEAR ENDING 31 AUGUST 2020

### SUPPORT AND DISCIPLESHIP (continued)

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#### Recruitment pipeline: Outcomes against our 2019 - 2020 goals

- **Fill each of the vacancies at The Message Enterprise Centre through funded team members**  
Achieved – prior to the national lockdown all team member roles were filled. Given the nature of its work endeavours to fill places within The Oaks is ongoing.
- **Generate 36 applications for the Message Enterprise Centre & The Oaks**  
Ongoing – We only saw 12 new applications, largely due to disruption to our usual activities and prisons work caused by the pandemic.
- **All team members with over one year's service to complete their second year and graduate**  
Ongoing – three team members graduated from their second year and all but two first year team members graduated into their second year.
- **Develop relationships with external agencies so that team members can undertake placements with them**  
Achieved – Team members from the building team in the second year of their apprenticeship began undertaking work placements with an external building firm.

### SUPPORTER EVENTS AND FUNDRAISING

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Our ability to hold business network dinners was impacted by Covid-19 restrictions this year. However, prior to the national lockdown 1 event was held raising £15,000 (2018-19 £57,000 from 3 events) which allowed us to take on and see more lives transformed through our Message Enterprise Centre. We continue to fundraise and have a pipeline of people who would love to join our programme, once Covid-19 restrictions begin to ease.

Many businesses and organisations have chosen to support the Message Enterprise Centre during the past year, and we are very grateful to them all. One example of the relationships in place is Mowgli Street Food who last year selected us as the charity partner for their Manchester restaurant, but this year added their Birmingham restaurant as well.

#### Supporter events and fundraising: Outcomes against our 2019 - 2020 goals

- **Recruit another 100 new staff personal supporters**  
Ongoing – staff recruited a total of 15 (97 in 2018-19) new personal supporters during the year bringing in an additional £401 per month by the end of the year. A strategy to encourage the recruitment of new personal supporters has been developed and will continue to be implemented next year.
- **To cover all our charity costs (excluding business activities) through fundraising**  
Achieved – with the assistance of Government grants covering some of the income lost due to Covid-19.
- **Fundraise positions for up to 12 team members**  
Ongoing – apprentice funding totalling £95,050 was raised which equates to 9 first year apprentice salaries. Our ability to fully achieve this objective was impacted by Covid-19 and the associated restrictions, meaning planned events could not progress.

# THE MESSAGE ENTERPRISE CENTRE

## REPORT OF THE TRUSTEES YEAR ENDING 31 AUGUST 2020

### REPURPOSING DURING COVID-19

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The announcement of the national lockdown and new national restrictions on 23 March 2020 saw us have to temporarily close a number of our MEC businesses. However, it soon became obvious that there was significant need within the community close to the Message Enterprise Centre, in Sharston, as families struggled to get the free school meals they relied upon, as well as feed their families on a reduced income.

Partnering with Revolution Youth, the Mess Café kitchen became a lifeline to families, cooking and despatching hundreds of meals and free school meal packs to hungry and vulnerable families across Wythenshawe. In total around 60,000 meals were prepared and delivered from the MEC.

As lockdown started to ease it became obvious that the level of need in Wythenshawe as well as across the whole of the UK was not lessening in fact it was growing, and families were now in desperate need as they did not know where their next meal was coming from. So, the idea of the **Message Community Grocery** was born. Planning to launch in September 2020 the Community Grocery in Wythenshawe will be supplied through partnerships we have established with supermarkets and food suppliers for the redistribution of surplus food. For £3 per shop each member will be able to get a full shop up to twice a week, that will keep their families fed. Financial modelling has shown that once the initial shop fit has been undertaken (funded through planned fundraising activity) the groceries business model is self-sustaining. We believe Message Community Groceries could be significant in helping to feed our nation's poorest families, so The Message Trust hopes to launch and rollout multiple groceries during 2020/21, based on our model in Wythenshawe and in partnership with local Churches. Initial feedback on plans from potential partners has been encouraging.

Within the Community Grocery in Wythenshawe, team member posts will be created, ensuring the continuation and growth of our enterprise work. A model that it is hoped will be replicated in other groceries, as our enterprise work grows throughout the Message Group.

### CHARITABLE GIVING

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Following a further change in policy, our charitable giving this year totalled £3,233 (2019: £129) and was distributed in the following ways, to organisations or individuals who share similar objectives to The Message Enterprise Centre:

- Legal Fees £2,300 (2019: £Nil) sponsoring an application for an Apprentice to be given the right to work in this country.
- Other gifts £933 (2019: £129)

# THE MESSAGE ENTERPRISE CENTRE

## REPORT OF THE TRUSTEES YEAR ENDING 31 AUGUST 2020

### FINANCIAL REVIEW

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The 2020 accounts have been prepared in accordance with the Charities SORP (Statement of Recommended Practice) (second edition – October 2019) 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 (FRS102), effective from 1 January 2019.

The Trustees have taken the opportunity to review all The Message Enterprise Centre's key accounting policies to ensure that they are in accordance with the requirements of the Charities SORP (FRS 102) and best accounting practice.

#### Review of the year

The total income for the year was £1,476k (2019: £2,315k), with total expenditure of £1,106k (2019: £927k). Leaving Unrestricted total funds carried forward of £2,055k (2019:£1,589k) available for future periods, of which £2,020k (2019: £1,319k) is designated for future projects, and £133k (2019: £175k) of restricted funds, of which £129k is for Apprentice funding (2019: £121k); £Nil for Neal Street Espresso (2019: £52k); £2k for The Oaks (2019:£Nil); £2k for the Business Enterprises (2019:£2k).

#### Income and Expenditure

The Message Enterprise Centre relies on donations as its principal source of funding, whilst the business enterprises are still working towards breaking even. Total donations, including Gift Aid amounted to £409k (2019: £349k).

In addition, The Message Group gave a separate material item of income to The Message Enterprise totalling £654,070 (2019: £1,412,317).

Gifts from Foundations and Trusts was £49k (2019: £43k) which constitutes 12% (2019: 12%) of all donations. Gifts from individuals (including Gift Aid) of £175k (2019: £220k) provided an additional 43% (2019: 63%) of all donations, while income from Churches, Ministries and Businesses provided £18k - 4% (2019: £38k – 11%). Sponsored Events raised £3k – 1% (2019: £17k – 5%) and Gifts in Kind contributed £0.2k – 0% (2019: £16k – 5%). Whilst the charity does not receive any government grants to fund its apprenticeships, this year due to COVID the charity received government grants under the various staff furlough schemes totalling £155k – 38% (2019: £Nil – 0%) the charity received grants from other sources of £9k – 2% (2019 £15k – 4%).

The cost of Raising Funds in the financial statements, amounted to £6k in 2020 (2019: £0.6k), with a further £0.9k paid in loan interest (2019: £10k paid in interest on mortgages for the investment properties).

Other funds were generated through charitable activities such as the six business enterprises, namely Property Rental, Building Maintenance, The Mess Café, Shine Hair and Beauty, Events & Conferences and Wedding Angels.

#### Governance

The £6k governance (2019: £5k) includes the expenses associated with Trustee Board meetings, Trustee elections, maintaining our constitution, audit fees and core executive management.

# THE MESSAGE ENTERPRISE CENTRE

## REPORT OF THE TRUSTEES YEAR ENDING 31 AUGUST 2020

### FINANCIAL REVIEW (continued)

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#### Net Expenditure / Income

Net income in the year is £369k (2019: Net income £1,388k) of which £433k net income (2019: £1,394k net income) is within unrestricted funds and £64k net expenditure (2019: £6k net expenditure) is within restricted funds. During the year the Trustees agreed to designate £700k (2019: £1,277k) to establish sufficient funds for future Message Enterprise projects.

#### Balance Sheet

The Balance Sheet as at 31st August 2020 ensures that the charity has the assets required to deliver its commitments to the community.

#### Investment Powers and Policies

The Trustees have the power to invest surplus funds of the charity in investments, securities and property as they think fit. The current policy of the Trustees is to invest funds not immediately required by the charity into a range of Deposit accounts which bear competitive rates of interest. This policy is reviewed periodically by the Trustees.

#### Reserves policy

The Trustees have adopted a reserves policy which they consider appropriate, to ensure the continuing ability of The Message Enterprise Centre to meet its objectives and obligations.

The total funds held by MEC at 31 August 2020 are £2,188k (2019: £1,764k), of which £133k (2019: £175k) are restricted and not available for the general purposes of the charity.

In order to be prudent, The Message Enterprise Centre aims to accumulate, in general reserves, an amount at least equal to one month's staff costs, approx. £57k (2019: £40k). This has not been achieved in the current year. The amount of General Funds, excluding restricted and designated funds, freely available to spend on any of the charity's purposes as at 31 August 2020 was £35k (2019: £125k). Over the coming year the Trustees' have set financial budgets, which aim to increase the amounts held in general reserves, in order to maintain this policy as the charity grows.

In addition, the Trustees have designated funds to Future Projects arising over the next 5 years £2,020k at 31 August 2020 (2019: £1,319k). These designated funds are held in the form of buildings and other fixed assets, which are an ongoing resource for future mission projects across the charity. The designated fund for Future Mission Projects can only be realised by disposing of £2,019,741 (2019: £1,319,431) the amount of tangible fixed assets and investment properties held by The Message Enterprise Centre.

The Trustees have this year designated £Nil (2019: £145k) to spend on investment properties. The Charity had capital commitments at 31 August 2020 of £Nil (2019: £261k for the purchase of two investment properties, with the remaining balance of £116k funded from general reserves in 2019-20).

# THE MESSAGE ENTERPRISE CENTRE

## REPORT OF THE TRUSTEES YEAR ENDING 31 AUGUST 2020

### FINANCIAL POLICIES

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#### **Grant making Policy**

Grants are made to businesses who are starting new enterprises that share the same purposes and objectives as The Message Enterprise Centre, namely helping young people by developing their skills, in accordance with Christian values.

#### **Remuneration Policy**

The remuneration policy seeks to balance our Christian values and the need to attract and retain staff with appropriate qualifications and skills.

Pay scales are benchmarked against similar jobs in the North-west and a London weighting is applied where appropriate. We review the retail price and consumer price indices for inflation on an annual basis, before deciding upon any annual increments for inflation. Individual staff salaries are reviewed annually, with mid-term reviews every 6 months.

The key management personnel for the Message Enterprise Centre are common to the parent charity The Message Trust. They include the Trustees, Chief Executive Officer and other members of the Executive. The Trustees do not receive any remuneration for their services, whilst the Executive Officers are reimbursed by The Message Trust and their time recharged to The Message Enterprise Centre at cost, as appropriate.

#### **Social Investment Policy**

In order to provide appropriate affordable housing for The Message Academy Students during their one year course, as well as providing refurbishment and building maintenance opportunities for our Message Enterprise Building Team Members the charity has adopted a policy of investing in local Wythenshawe properties, rather than renting properties from local landlords. This policy started in 2016 and has continued since then.

The Message Enterprise Centre continues to invest in The Oaks – in order to provide supported accommodation and offer a discipleship programme to those seeking to rebuild their lives. This building is currently being maintained by The Message Enterprise Building Team.

#### **Principal Risks and Uncertainties**

The Trustees have identified four principal risk areas for both The Message Trust and its subsidiary The Message Enterprise Centre. These cover potential risks to the reputation of both charities, financial sustainability, safeguarding of young people & vulnerable adults, and cyber security, arising from both internal and external factors. The trustees have also adopted a number of measures to counter each of these risks, to reduce the likelihood that they will adversely affect the charity. These strategies are reviewed periodically to ensure they remain effective and are considered sufficient measures to protect the charitable group from significant harm.

The trustees consider that there are no material uncertainties related to events or conditions that cast significant doubt on the charity's ability to continue to operate as a going concern, (including the current Covid-19 pandemic). Please refer to the notes on page 23 'Going Concern' for more details.

# THE MESSAGE ENTERPRISE CENTRE

## REPORT OF THE TRUSTEES YEAR ENDING 31 AUGUST 2020

### PLANS FOR FUTURE PERIODS

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#### Goals for 2020-21

Our teams set the following objectives, for the next financial year, during the COVID-19 crisis. We will therefore keep these plans under review over the coming months, in the light of government guidance and requirements to shut certain types of business and avoid certain activities. However, we are still aiming to complete these goals over the next year.

#### Message Community Grocery

- To launch the first Community Grocery in Wythenshawe
- Host monthly community events for our grocery members
- To have a full weekly schedule of support services

#### MEC Businesses

- To reopen our café & catering business and return to welcoming on average 100 customers a day
- To reopen Neal Street Espresso and employ one additional team member
- To reopen our events and conferencing business and bring the room rentals income back to over £5,000 a month
- To refurbish a further two houses

#### The Oaks

- Reduce The Oaks vacancy rate by developing new referral partners

#### Recruitment pipeline

- To take on a further eight apprentices through our cafés, building maintenance and grocery enterprises, including apprentices in Message Community Groceries outside of Manchester.

#### Supporter events and fundraising

- Recruit 50 new staff personal supporters
- Fundraise positions for up to 5 team members

### DIRECTORS AND TRUSTEES

The directors of the charity ("the charity") are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

The trustees serving during the year and since the year-end were as follows:

C. Hardicre  
D.I. Moore

G.J. Haynes  
J.A. Wainwright

A.C. Leakey  
R.D. White

### RELATED PARTIES

A summary of transactions with related parties is set out in note 20 of the financial statements.

# THE MESSAGE ENTERPRISE CENTRE

## REPORT OF THE TRUSTEES YEAR ENDING 31 AUGUST 2020

### TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of The Message Enterprise Centre for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity at the end of the period and of the income and expenditure for the year then ended.

In preparing those financial statements, the trustees are required to select suitable accounting policies, as described on pages 23 to 28, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The trustees must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operations.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with Companies Act 2006. The trustees 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The annual report was approved by the trustees of the charity on 27<sup>th</sup> August 2021 and signed on its behalf by:



.....  
Colin Hardacre  
Trustee

Date: 27<sup>th</sup> August 2021

# **THE MESSAGE ENTERPRISE CENTRE**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MESSAGE ENTERPRISE CENTRE**

### **Opinion**

We have audited the financial statements of The Message Enterprise Centre “the charitable company” for the year ended 31 August 2020 which comprise the Statement of Financial Activities (including an income and expenditure account), the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charitable company’s affairs as at 31 August 2020 and of its net income 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 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.

### **Conclusions relating to going concern**

We have nothing to report to you in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **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 trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the other information. 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.

# **THE MESSAGE ENTERPRISE CENTRE**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MESSAGE ENTERPRISE CENTRE (Continued)**

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report which includes the directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees 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 trustees' report and from the requirement to prepare a strategic report.

# THE MESSAGE ENTERPRISE CENTRE

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MESSAGE ENTERPRISE CENTRE (Continued)

### Responsibilities of directors

As explained more fully in the Trustees' Responsibilities Statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the 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 financial statements, the trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

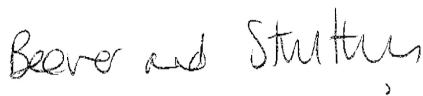
### Auditor's responsibilities for the audit of the financial statements

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at [www.frc.org.uk/auditorsresponsibilities](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. 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 auditor's 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 the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.



Sue Hutchinson FCCA (Senior Statutory Auditor)  
For and on behalf of  
BEEVER AND STRUTHERS  
Statutory Auditor  
St George's House  
215/219 Chester Road  
Manchester M15 4JE

Date: 27<sup>th</sup> August 2021

# THE MESSAGE ENTERPRISE CENTRE

## STATEMENT OF FINANCIAL ACTIVITIES

### (INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)

#### YEAR ENDING 31 August 2020

|                                                                                  | Note | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total<br>2020<br>£ | Total<br>2019<br>£ |
|----------------------------------------------------------------------------------|------|----------------------------|--------------------------|--------------------|--------------------|
| <b>INCOME</b>                                                                    |      |                            |                          |                    |                    |
| Donations and Legacies                                                           | 3a   | 257,054                    | 151,717                  | <b>408,771</b>     | 349,130            |
| Income from Charitable activities                                                | 3b   | 409,237                    | -                        | <b>409,237</b>     | 536,989            |
| Income from Other trading activities                                             | 3c   | 2,915                      | 100                      | <b>3,015</b>       | 6,869              |
| Investment Income                                                                | 3d   | 549                        | -                        | <b>549</b>         | 282                |
| Separate material item of income                                                 | 3e   | 654,070                    | -                        | <b>654,070</b>     | 1,421,317          |
| <b>TOTAL INCOME</b>                                                              |      | <b>1,323,825</b>           | <b>151,817</b>           | <b>1,475,642</b>   | <b>2,314,587</b>   |
| <b>EXPENDITURE</b>                                                               |      |                            |                          |                    |                    |
| Raising Funds                                                                    | 4a   | 6,861                      | -                        | <b>6,861</b>       | 11,126             |
| Charitable Activities                                                            | 4b   | 879,117                    | 215,375                  | <b>1,094,492</b>   | 915,497            |
| Separate material expense item                                                   | 4c   | 4,840                      | -                        | <b>4,840</b>       | -                  |
| <b>TOTAL EXPENDITURE</b>                                                         |      | <b>890,818</b>             | <b>215,375</b>           | <b>1,106,193</b>   | <b>926,623</b>     |
| <b>NET INCOME / (EXPENDITURE)</b>                                                |      | <b>433,007</b>             | <b>(63,558)</b>          | <b>369,449</b>     | <b>1,387,964</b>   |
| <b>NET INCOME / (EXPENDITURE)</b>                                                |      |                            |                          |                    |                    |
| <b>BEFORE TRANSFERS</b>                                                          |      | <b>433,007</b>             | <b>(63,558)</b>          | <b>369,449</b>     | <b>1,387,964</b>   |
| Transfers between funds                                                          | 16   | (22,003)                   | 22,003                   | -                  | -                  |
| <b>Gains and losses on revaluation of fixed assets for the charity's own use</b> | 11   | <b>54,240</b>              | <b>-</b>                 | <b>54,240</b>      | <b>15,072</b>      |
| <b>NET MOVEMENT IN FUNDS</b>                                                     |      | <b>465,244</b>             | <b>(41,555)</b>          | <b>423,689</b>     | <b>1,403,036</b>   |
| Total Funds Brought Forward                                                      |      | 1,589,322                  | 175,031                  | <b>1,764,353</b>   | 361,317            |
| <b>TOTAL FUNDS CARRIED FORWARD</b>                                               |      | <b>2,054,566</b>           | <b>133,476</b>           | <b>2,188,042</b>   | <b>1,764,353</b>   |

The charity has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the charity, as shown above, are classed as continuing operations.

The notes on pages 23 to 39 form an integral part of these financial statements.

# THE MESSAGE ENTERPRISE CENTRE

## BALANCE SHEET AS AT 31 AUGUST 2020

|                                                                | Note | 2020<br>£        | 2019<br>£        |
|----------------------------------------------------------------|------|------------------|------------------|
| <b>FIXED ASSETS</b>                                            |      |                  |                  |
| Intangible assets                                              | 9    | -                | 3,382            |
| Tangible fixed assets                                          | 10   | 172,854          | 40,876           |
| Investments                                                    | 11   | 1,846,887        | 1,278,555        |
| <b>Total Fixed assets</b>                                      |      | <b>2,019,741</b> | <b>1,322,813</b> |
| <b>CURRENT ASSETS</b>                                          |      |                  |                  |
| Stocks                                                         | 12   | 11,323           | 52,610           |
| Debtors                                                        | 13   | 62,755           | 81,404           |
| Cash at bank and in hand                                       | 14   | 199,150          | 449,276          |
| <b>Total current assets</b>                                    |      | <b>273,228</b>   | <b>583,290</b>   |
| <b>CREDITORS: Amounts falling due within one year</b>          | 15   | <b>(104,927)</b> | <b>(141,750)</b> |
| <b>NET CURRENT ASSETS / (LIABILITIES)</b>                      |      | <b>168,301</b>   | <b>441,540</b>   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      | <b>2,188,042</b> | <b>1,764,353</b> |
| <b>CREDITORS: Amounts falling due after more than one year</b> |      | <b>-</b>         | <b>-</b>         |
| <b>TOTAL NET ASSETS</b>                                        |      | <b>2,188,042</b> | <b>1,764,353</b> |
| <b>FUNDS OF THE CHARITY</b>                                    |      |                  |                  |
| Restricted Income Funds                                        | 16a  | 133,476          | 175,031          |
| Unrestricted Funds                                             | 16b  | 2,054,566        | 1,589,322        |
| <b>TOTAL FUNDS</b>                                             |      | <b>2,188,042</b> | <b>1,764,353</b> |

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies. The notes on pages 23 to 39 form an integral part of these financial statements, which were approved and authorised for issue by the trustees on 27<sup>th</sup> August 2021 and signed on their behalf by:



..... Colin Hardicre, Trustee



..... Gordon Haynes, Trustee

# THE MESSAGE ENTERPRISE CENTRE

Company Registration Number 07892774

## STATEMENT of CASH FLOWS YEAR ENDING 31 August 2020

|                                                        | Note | 2020<br>£        | 2019<br>£ |
|--------------------------------------------------------|------|------------------|-----------|
| <b>Cash flows from operating activities</b>            |      |                  |           |
| Net movement in funds                                  |      | <b>423,689</b>   | 1,403,036 |
| <b>Adjustments to cash flows from non-cash items</b>   |      |                  |           |
| Depreciation                                           | 9&10 | <b>42,001</b>    | 17,573    |
| Profit on disposal of tangible fixed assets            |      | <b>(1,438)</b>   | (450)     |
| Investment income                                      | 3d   | <b>(549)</b>     | (282)     |
| Disposal of Intangible Fixed Assets                    | 9    | <b>(62)</b>      | -         |
| Revaluation of investments                             | 11   | <b>(54,240)</b>  | (15,072)  |
|                                                        |      | <b>409,401</b>   | 1,404,805 |
| <b>Working capital adjustments</b>                     |      |                  |           |
| Decrease / (increase) in stocks                        | 12   | <b>41,287</b>    | (31,929)  |
| Decrease in debtors                                    | 13   | <b>18,649</b>    | 1,566     |
| Increase / (decrease) in creditors                     | 15   | <b>34,040</b>    | (444,445) |
| Increase in deferred income                            | 15   | <b>4,137</b>     | 2,260     |
| Net cash flows from operating activities               |      | <b>507,514</b>   | 932,257   |
| <b>Cash flows from investing activities</b>            |      |                  |           |
| Interest receivable and similar income                 | 3d   | <b>549</b>       | 282       |
| Proceeds from sale of tangible fixed assets            |      | <b>1,438</b>     | 450       |
| Purchase of intangible fixed assets                    | 9    | <b>582</b>       | (624)     |
| Purchase of tangible fixed assets                      | 10   | <b>(171,117)</b> | (15,469)  |
| Purchase of investments                                | 11   | <b>(514,092)</b> | (140,378) |
| Net cash flows from investing activities               |      | <b>(682,640)</b> | (155,739) |
| <b>Cash flows from financing activities</b>            |      |                  |           |
| Value of new loans obtained during the period          |      | -                | -         |
| Repayment of loans and borrowings                      | 23   | <b>(75,000)</b>  | (414,109) |
| Net cash flows from financing activities               |      | <b>(75,000)</b>  | (414,109) |
| Net (decrease) / increase in cash and cash equivalents |      | <b>(250,126)</b> | 362,409   |
| Cash and cash equivalents at 1 September               |      | <b>449,276</b>   | 86,867    |
| Cash and cash equivalents at 31 August                 | 14   | <b>199,150</b>   | 449,276   |

All of the cash flows are derived from continuing operations during the two periods above.

The notes on pages 23 to 39 form an integral part of these financial statements.

# THE MESSAGE ENTERPRISE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDING 31 August 2020

#### 1. ACCOUNTING POLICIES

##### **Basis of preparation**

These accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The financial statements of the charity are made up to 31 August 2020.

The accounts (financial statements) have been prepared in accordance with the Charities SORP (Statement of Recommended Practice) (second edition – October 2019) 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) effective from 1 January 2019, with the Charities Act 2011, the Companies Act 2006 and with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

The charity meets the definition of a public benefit entity under FRS102. The Charity exists for the benefit of the public through the promotion of Christian values and spiritual development, providing education, mentoring and enterprise services, in particular to those who have poor employment potential.

##### **Financial statements**

The financial statements are presented in GBP and rounded to the nearest £. The accounts include all transactions, assets and liabilities for which the charity is responsible in law.

##### **Going concern**

The trustees consider that there are no material uncertainties related to events or conditions that cast significant doubt on the charity's ability to continue to operate as a going concern, due to the Material Item of Income received during the year. This conclusion has been reached after reviewing the Charity's financial position, the levels of reserves and cash, including general funds available to the Charity, and the two-year financial forecast.

Due to the Covid-19 pandemic, The Trustees undertook a number of immediate cost saving measures during the year and are willing to make further reductions in the coming months if required as the situation changes. The longer-term economic impact of the pandemic remains uncertain, and therefore revised Budgets have been prepared for the coming year taking account of the planned cost reduction and expected temporary fall in income, particularly in relation to the Charity's primary-purpose trading and voluntary giving from in-person events. Alongside this, 2-year financial forecasts have been prepared including scenario modelling, to stress test the forecasts for worst case outcomes, such as a 20% reduction in income. Such modelling demonstrates that the Charity's total unrestricted reserves are sufficient enough to sustain a fall in income for the next two years at least, without the need to make further cost reductions, although further cost saving measures would in all likelihood be taken in such circumstances to mitigate the loss of income. Accordingly, the Trustees considered these factors in their assessment and they are confident that the charity will continue as a going concern for the foreseeable future.

The Message Enterprise Centre continues to have the full support of its parent charity – The Message Trust, having all its trustees in common with the parent charity.

##### **Judgements**

The Trustees have based the charity's investment property valuations on observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset, combined with comparison to movements in Housing Price Indices since their last independent professional valuation – see note 11 for details.

# **THE MESSAGE ENTERPRISE CENTRE**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **YEAR ENDING 31 August 2020**

#### **INCOME**

##### **Recognition of income**

These are included in the Statement of Financial Activities (SoFA) when:

- the charity becomes entitled to the resources;
- it is more likely than not that the trustees will receive the resources; and
- the monetary value can be measured with sufficient reliability.

##### **Donations and Grants**

Donations and grants are only included in the SoFA when the general income recognition criteria are met (5.10 to 5.12 Charities SORP (FRS102)).

In the case of performance related grants, income is only recognised to the extent that the charity has provided the specified goods or services as entitlement to the grant only occurs when the performance related conditions are met (5.16 Charities SORP (FRS 102)).

Income is deferred only when there are conditions to fulfil before becoming entitled to it and where the donor has specified that the income is to be expended in a future period.

##### **Offsetting**

There has been no offsetting of assets and liabilities, or income and expenses, unless required or permitted by the Charities SORP (FRS 102) or FRS 102.

##### **Legacies**

Legacies are included in the SOFA when receipt is probable, that is, when there has been grant of probate, the executors have established that there are sufficient assets in the estate and any conditions attached to the legacy are either within the control of the charity or have been met.

##### **Tax reclaims on donations and gifts**

Gift Aid receivable is included in income when there is a valid declaration from the donor. Any Gift Aid amount recovered on a donation is considered to be part of that gift and is treated as an addition to the same fund as the initial donation unless the donor or the terms of the appeal have specified otherwise.

##### **Contractual income**

This is only included in the SoFA once the charity has provided the related goods or services.

##### **Donated services and facilities**

Donated services and facilities are included in the SOFA when received at the value of the gift to the charity provided the value of the gift can be measured reliably.

Donated services and facilities that are consumed immediately are recognised as income with an equivalent amount recognised as an expense under the appropriate heading in the SOFA.

# **THE MESSAGE ENTERPRISE CENTRE**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **YEAR ENDING 31 August 2020**

#### **Donated goods**

Donated goods are measured at fair value (the amount for which the asset could be exchanged) unless impractical to do so.

The cost of any stock of goods donated for distribution to beneficiaries is deemed to be the fair value of those gifts at the time of their receipt and they are recognised on receipt. In the reporting period in which the stocks are distributed, they are recognised as an expense at the carrying amount of the stocks at distribution.

Donated goods for resale are measured at fair value on initial recognition, which is the expected proceeds from sale less the expected costs of sale and recognised in 'Income from other trading activities' with the corresponding stock recognised in the balance sheet. On its sale the value of stock is charged against 'Income from other trading activities' and the proceeds from sale are also recognised as 'Income from other trading activities'

Goods donated for on-going use by the charity are recognised as tangible fixed assets and included in the SoFA as incoming resources when receivable.

Gifts in kind for use by the charity are included in the SoFA as income from donations when receivable.

#### **Volunteer help**

The value of any voluntary help received is not included in the accounts but is described in the trustees' annual report.

Many volunteers give freely of their time in the service of our Lord for the Trust, the value of which is unquantifiable.

#### **Income from interest and royalties**

This is included in the accounts when receipt is probable, and the amount receivable can be measured reliably.

#### **Settlement of insurance claims**

Insurance claims are only included in the SoFA when the general income recognition criteria are met and are included as an item of other income in the SoFA.

# **THE MESSAGE ENTERPRISE CENTRE**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **YEAR ENDING 31 August 2020**

#### **EXPENDITURE and LIABILITIES**

##### **Liability recognition**

Liabilities are recognised where it is more likely than not that there is a legal or constructive obligation committing the charity to pay out resources and the amount of the obligation can be measured with reasonable certainty.

##### **Governance and support costs**

Support costs have been allocated between governance costs and other support. Governance costs comprise all costs involving public accountability of the charity and its compliance with regulation and good practice.

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, eg allocating staff costs by the time spent and other costs by their usage.

##### **Grants with performance conditions**

Where the charity gives a grant with conditions for its payment being a specific level of service or output to be provided, such grants are only recognised in the SoFA once the recipient of the grant has provided the specified service or output.

##### **Grants payable without performance conditions**

Where there are no conditions attaching to the grant that enables the donor charity to realistically avoid the commitment, a liability for the full funding obligation is recognised.

##### **Creditors**

The charity has creditors which are measured at settlement amounts less any trade discounts.

##### **Provisions for liabilities**

A liability is measured on recognition at its historical cost and then subsequently measured at the best estimate of the amount required to settle the obligation at the reporting date.

##### **Basic financial instruments**

The charity accounts for basic financial instruments on initial recognition at cost, as per paragraph 11.7 SORP (FRS102). Subsequent measurement is at fair value (their market value), as per paragraphs 11.17 to 11.19, SORP (FRS102).

# THE MESSAGE ENTERPRISE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDING 31 August 2020

#### ASSETS

##### **Tangible fixed assets for use by charity**

These are capitalised if they can be used for more than one year and cost at least £500. They are valued at cost.

Depreciation is provided in equal annual instalments over the estimated useful lives of the assets and is calculated on the cost or valuation of the assets.

The following annual rates are used:

|                            |     |
|----------------------------|-----|
| Oaks Fixtures and Fittings | 25% |
| Business Equipment         | 25% |
| Motor Vehicles             | 25% |

Depreciation is first charged in the quarter following acquisition and up to the month of disposal. No provision is made for the increased cost of tangible fixed assets.

##### **Intangible fixed assets**

The charity has intangible fixed assets, that is, non-monetary assets that do not have physical substance but are identifiable and are controlled by the charity through custody or legal rights. They are valued at cost.

Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

The following annual rates have been applied:

|            |                                                           |
|------------|-----------------------------------------------------------|
| Good Seeds | previously 10%, but now written off in full after 3 years |
|------------|-----------------------------------------------------------|

##### **Investments**

Fixed asset investments are valued initially at cost and subsequently at fair value (their market value) at the year-end unless fair value cannot be measured reliably in which case it is measured at cost less impairment.

Investments held for resale (or pending their sale) and cash and cash equivalents with a maturity date of less than 1 year are treated as current asset investments.

##### **Investment properties**

Investment properties are carried at fair value, derived from the current market prices for comparable real estate determined by external valuers, with properties being valued on a rolling basis every five years. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair values are recognised in profit or loss.

##### **Stocks and work in progress**

Stocks held for sale as part of non-charitable trade are measured at the lower of cost or net realisable value. Cost is determined using the First-in, First-out (FIFO) methodology.

Goods or services provided as part of a charitable activity are measured at net realisable value based on the service potential provided by items of stock.

Work in progress is valued at cost less any foreseeable loss that is likely to occur on the contract.

# THE MESSAGE ENTERPRISE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDING 31 August 2020

#### **Debtors**

Debtors (including trade debtors and loans receivable) are measured on initial recognition at settlement amount after any trade discounts or amount advanced by the charity. Subsequently, they are measured at the cash or other consideration expected to be received.

#### **Current asset investments**

The charity has investments which it holds for resale or pending their sale and cash and cash equivalents with a maturity date less than one year. These include cash on deposit and cash equivalents with a maturity date of less than one year held for investment purposes rather than to meet short term cash commitments as they fall due.

They are valued at fair value except where they qualify as basic financial instruments.

#### **Funds**

Funds held by the charity are either:

##### *Unrestricted general funds*

These are funds that can be used in accordance with the charitable objects at the discretion of the trustees.

##### *Designated funds*

These are unrestricted funds that have been earmarked for a particular project. This designation is for administrative purposes only and does not restrict the trustees' discretion to apply the fund within the objects of the charity.

##### *Restricted funds*

These are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

#### **Operating leases**

Rentals payable under operating leases are charged to the Statement of Financial Activities in equal annual instalments over the term of the lease.

#### **Pension costs and other benefits**

The pension costs charged in the financial statements represent the contributions payable by the company during the period in accordance with FRS 102. The charity provides a defined contribution scheme for staff.

## **2. LEGAL STATUS OF THE CHARITY**

The charity is a private company limited by guarantee, incorporated in England and Wales, and has no share capital. The registered office is 6 Harper Road, Manchester, M22 4RG. The liability of each member in the event of winding-up is limited to £1.

# THE MESSAGE ENTERPRISE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDING 31 August 2020

### 3. INCOME

|                                                | Unrestricted<br>Funds<br>Total<br>£ | Restricted<br>Funds<br>Total<br>£ | Total<br>2020<br>£ | Unrestricted<br>Funds<br>Total<br>£ | Restricted<br>Funds<br>Total<br>£ | Total<br>2019<br>£ |
|------------------------------------------------|-------------------------------------|-----------------------------------|--------------------|-------------------------------------|-----------------------------------|--------------------|
| <b>3a Donations and Legacies</b>               |                                     |                                   |                    |                                     |                                   |                    |
| Gifts Individuals                              | 99,049                              | 53,603                            | 152,652            | 102,959                             | 98,600                            | 201,559            |
| Gifts Churches, Ministries & Business          | 5,949                               | 12,140                            | 18,089             | 18,780                              | 18,636                            | 37,416             |
| Gifts Trusts & Foundations                     | 7,110                               | 41,380                            | 48,490             | 26,075                              | 16,908                            | 42,983             |
| Government Grants                              | 120,481                             | 34,760                            | 155,241            | -                                   | -                                 | -                  |
| Gift Aid                                       | 15,259                              | 7,061                             | 22,320             | 14,631                              | 4,161                             | 18,792             |
| Gifts in Kind                                  | 170                                 | -                                 | 170                | 16,205                              | -                                 | 16,205             |
| Grants                                         | 7,267                               | 2,000                             | 9,267              | 7,000                               | 7,834                             | 14,834             |
| Sponsored Events                               | 1,769                               | 773                               | 2,542              | 17,341                              | -                                 | 17,341             |
|                                                | <u>257,054</u>                      | <u>151,717</u>                    | <u>408,771</u>     | <u>202,991</u>                      | <u>146,139</u>                    | <u>349,130</u>     |
| <b>3b Income from Charitable Activities</b>    |                                     |                                   |                    |                                     |                                   |                    |
| Business Enterprises                           | 190,261                             | -                                 | 190,261            | 330,846                             | -                                 | 330,846            |
| Rental Income                                  | 131,612                             | -                                 | 131,612            | 110,472                             | -                                 | 110,472            |
| Event Income                                   | 20,407                              | -                                 | 20,407             | 29,727                              | -                                 | 29,727             |
| Sundry Income                                  | 66,957                              | -                                 | 66,957             | 65,944                              | -                                 | 65,944             |
|                                                | <u>409,237</u>                      | <u>-</u>                          | <u>409,237</u>     | <u>536,989</u>                      | <u>-</u>                          | <u>536,989</u>     |
| <b>3c Income from Other trading activities</b> |                                     |                                   |                    |                                     |                                   |                    |
| Training Sales                                 | (257)                               | -                                 | (257)              | -                                   | -                                 | -                  |
| Fundraising Events                             | 749                                 | 100                               | 849                | -                                   | -                                 | -                  |
| Sundry Income                                  | 2,423                               | -                                 | 2,423              | 6,869                               | -                                 | 6,869              |
|                                                | <u>2,915</u>                        | <u>100</u>                        | <u>3,015</u>       | <u>6,869</u>                        | <u>-</u>                          | <u>6,869</u>       |
| <b>3d Investment Income</b>                    |                                     |                                   |                    |                                     |                                   |                    |
| Bank Interest Received                         | 549                                 | -                                 | 549                | 282                                 | -                                 | 282                |
|                                                | <u>549</u>                          | <u>-</u>                          | <u>549</u>         | <u>282</u>                          | <u>-</u>                          | <u>282</u>         |
| <b>3e Separate Material Item of Income</b>     |                                     |                                   |                    |                                     |                                   |                    |
| Donation from The Message Trust                | 654,070                             | -                                 | 654,070            | 1,421,317                           | -                                 | 1,421,317          |
|                                                | <u>654,070</u>                      | <u>-</u>                          | <u>654,070</u>     | <u>1,421,317</u>                    | <u>-</u>                          | <u>1,421,317</u>   |
| <b>TOTAL INCOME</b>                            | <u>1,323,825</u>                    | <u>151,817</u>                    | <u>1,475,642</u>   | <u>2,168,448</u>                    | <u>146,139</u>                    | <u>2,314,587</u>   |

Many volunteers give freely of their time in the service of our Lord for the Charity, the value of which is unquantifiable.

# THE MESSAGE ENTERPRISE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDING 31 August 2020

#### 4. EXPENDITURE

|                                                 | Staff          | Depreciation  | Project Costs  | Direct Costs     | Staff         | Depreciation | Other Support Costs | Total Support Costs | Total 2020       | Total 2019     |
|-------------------------------------------------|----------------|---------------|----------------|------------------|---------------|--------------|---------------------|---------------------|------------------|----------------|
|                                                 | £              | £             | £              | £                | £             | £            | £                   | £                   | £                | £              |
| <b>Unrestricted Funds</b>                       |                |               |                |                  |               |              |                     |                     |                  |                |
| <b>4a Raising Funds</b>                         |                |               |                |                  |               |              |                     |                     |                  |                |
| Fundraising - Events                            | -              | -             | 5,982          | <b>5,982</b>     | -             | -            | -                   | -                   | <b>5,982</b>     | 640            |
|                                                 | -              | -             | 5,982          | <b>5,982</b>     | -             | -            | -                   | -                   | <b>5,982</b>     | 640            |
| <b>Investment Management Costs</b>              |                |               |                |                  |               |              |                     |                     |                  |                |
| Interest Payable                                | -              | -             | 879            | <b>879</b>       | -             | -            | -                   | -                   | <b>879</b>       | 10,486         |
|                                                 | -              | -             | 6,861          | <b>6,861</b>     | -             | -            | -                   | -                   | <b>6,861</b>     | 11,126         |
| <b>4b Charitable Activities</b>                 |                |               |                |                  |               |              |                     |                     |                  |                |
| Business Enterprises                            | 234,470        | 38,589        | 511,021        | <b>784,080</b>   | 88,576        | 299          | -                   | <b>88,875</b>       | <b>872,955</b>   | 703,487        |
| The Oaks                                        | -              | -             | -              | -                | -             | -            | -                   | -                   | -                | 54,684         |
| Governance                                      | -              | -             | -              | -                | -             | -            | 6,161               | <b>6,161</b>        | <b>6,161</b>     | 5,478          |
|                                                 | <b>234,470</b> | <b>38,589</b> | <b>511,021</b> | <b>784,080</b>   | <b>88,576</b> | <b>299</b>   | <b>6,161</b>        | <b>95,036</b>       | <b>879,117</b>   | <b>763,649</b> |
| <b>4c Separate Material Item of Expenditure</b> |                |               |                |                  |               |              |                     |                     |                  |                |
| Donation to the Message Trust                   | -              | -             | 4,840          | <b>4,840</b>     |               |              |                     |                     | <b>4,840</b>     | -              |
|                                                 | -              | -             | 4,840          | <b>4,840</b>     | -             | -            | -                   | -                   | <b>4,840</b>     | -              |
| <b>Total Expenditure Unrestricted</b>           | <b>234,470</b> | <b>38,589</b> | <b>522,723</b> | <b>795,782</b>   | <b>88,576</b> | <b>299</b>   | <b>6,161</b>        | <b>95,036</b>       | <b>890,818</b>   | <b>774,775</b> |
| <b>Restricted Funds</b>                         |                |               |                |                  |               |              |                     |                     |                  |                |
| <b>4b Charitable Activities</b>                 |                |               |                |                  |               |              |                     |                     |                  |                |
| Business Enterprises                            | 2,138          | -             | -              | <b>2,138</b>     | -             | -            | -                   | -                   | <b>2,138</b>     | 4,126          |
| Neal Street Espresso                            | 72,164         | -             | 8,443          | <b>80,607</b>    | -             | -            | -                   | -                   | <b>80,607</b>    | 10,426         |
| Apprentice Funding                              | 108,814        | -             | 267            | <b>109,081</b>   | -             | -            | -                   | -                   | <b>109,081</b>   | 103,603        |
| Training Fund                                   | -              | -             | -              | -                | -             | -            | -                   | -                   | -                | 7,000          |
| The Oaks                                        | 23,549         | -             | -              | <b>23,549</b>    | -             | -            | -                   | -                   | <b>23,549</b>    | 23,970         |
| Wythenshawe Properties                          | -              | -             | -              | -                | -             | -            | -                   | -                   | -                | 2,723          |
|                                                 | <b>206,665</b> | <b>-</b>      | <b>8,710</b>   | <b>215,375</b>   | <b>-</b>      | <b>-</b>     | <b>-</b>            | <b>-</b>            | <b>215,375</b>   | <b>151,848</b> |
| <b>Total Expenditure Restricted</b>             | <b>206,665</b> | <b>-</b>      | <b>8,710</b>   | <b>215,375</b>   | <b>-</b>      | <b>-</b>     | <b>-</b>            | <b>-</b>            | <b>215,375</b>   | <b>151,848</b> |
| <b>TOTAL EXPENDITURE</b>                        | <b>441,135</b> | <b>38,589</b> | <b>531,432</b> | <b>1,011,157</b> | <b>88,576</b> | <b>299</b>   | <b>6,161</b>        | <b>95,036</b>       | <b>1,106,193</b> | <b>926,623</b> |

# THE MESSAGE ENTERPRISE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDING 31 August 2020

#### 5. NET INCOME

This is stated after charging / (crediting):

|                                       | 2020    | 2019   |
|---------------------------------------|---------|--------|
|                                       | £       | £      |
| Auditors' remuneration                | 4,700   | 4,700  |
| Amortisation of goodwill              | 2,862   | 392    |
| Depreciation of owned assets          | 39,139  | 17,181 |
| (Profit) / Loss on disposal of asset  | (1,438) | (450)  |
| Annual charges from operating leases: |         |        |
| Building Lease                        | 30,203  | 30,203 |
| Rental of Property                    | -       | -      |
| Hire of equipment                     | 1,308   | 1,308  |

#### 6. ANALYSIS OF SUPPORT COSTS

All Support costs have been allocated directly to each project on a basis consistent with the use of resources.

|                              | Admin, HR &<br>Other Support<br>Staff | 2020<br>Total | 2019<br>Total |
|------------------------------|---------------------------------------|---------------|---------------|
|                              | £                                     | £             | £             |
| <b>Charitable Activities</b> |                                       |               |               |
| Business Enterprises         | 88,875                                | 88,875        | 147,287       |
|                              | 88,875                                | 88,875        | 147,287       |

# THE MESSAGE ENTERPRISE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDING 31 August 2020

#### 7. INFORMATION REGARDING TRUSTEES AND EMPLOYEES

|                                        | 2020           | 2019           |
|----------------------------------------|----------------|----------------|
|                                        | £              | £              |
| <b>Employee costs during the year:</b> |                |                |
| Wages and salaries                     | 476,756        | 361,361        |
| Social security costs                  | 32,503         | 27,510         |
| Pension costs                          | 20,452         | 6,500          |
|                                        | <u>529,711</u> | <u>395,371</u> |

The monthly average number of persons (including the senior management team) employed by the charity during the year was 24 (2019: 20). This includes both full-time and part-time staff. When expressed as full-time equivalents this was as follows:

|                                                               | 2020      | 2019      |
|---------------------------------------------------------------|-----------|-----------|
|                                                               | No.       | No.       |
| <b>Average number of full-time equivalent staff employed:</b> |           |           |
| Charitable Activities                                         | 18        | 15        |
| Others - Support                                              | 3         | 3         |
|                                                               | <u>21</u> | <u>18</u> |

No employee received emoluments of more than £60,000 in the year.  
Amounts paid or reimbursed to Trustees £Nil

The key management personnel are defined as the Trustees, CEO and other Executive Directors of the group in office during the year. They do not receive any remuneration from The Message Enterprise Centre, but the services of the Executive Officers for The Message Enterprise Centre are recharged at cost by the parent charity, The Message Trust. Their total remuneration for the year from the parent charity was £276k (2019 £237k) and the total recharges to MEC in the year for the services of the Executive officers, which is not included in the remuneration of employees above is £4k (2019: £12k). (The reduction in the recharges this year is due to COVID-19 furloughs, when the MEC was closed temporarily.)

#### 8. TAX ON SURPLUS ON ORDINARY ACTIVITIES

|                                                                                   | 2020     | 2019     |
|-----------------------------------------------------------------------------------|----------|----------|
|                                                                                   | £        | £        |
| Corporation tax based on the trading results<br>for the year at Nil% (2019: Nil%) | <u>-</u> | <u>-</u> |
|                                                                                   | <u>-</u> | <u>-</u> |

The company is a registered charity and is therefore exempt from taxation on its charitable activities.

# THE MESSAGE ENTERPRISE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDING 31 August 2020

#### 9. INTANGIBLE ASSETS

##### Goodwill

£

##### Cost

|                     |              |
|---------------------|--------------|
| At 1 September 2019 | 4,124        |
| Additions           | -            |
| Disposals           | (582)        |
| At 31 August 2020   | <u>3,542</u> |

##### Amortisation

|                     |              |
|---------------------|--------------|
| At 1 September 2019 | 742          |
| Charge for year     | 2,862        |
| Disposals           | (62)         |
| At 31 August 2020   | <u>3,542</u> |

##### Net Book Value

|                   |              |
|-------------------|--------------|
| At 31 August 2020 | <u>-</u>     |
| At 31 August 2019 | <u>3,382</u> |

#### 10. TANGIBLE FIXED ASSETS

|                          | Leasehold<br>Property<br>£ | Oaks<br>Fixtures &<br>Fittings<br>£ | Business<br>Equipment<br>£ | Motor<br>Vehicles<br>£ | Total<br>£            |
|--------------------------|----------------------------|-------------------------------------|----------------------------|------------------------|-----------------------|
| <b>Cost</b>              |                            |                                     |                            |                        |                       |
| At 1 September 2019      | -                          | 27,935                              | 53,855                     | 7,708                  | <b>89,498</b>         |
| Additions                | 140,628                    | -                                   | 30,489                     | -                      | <b>171,117</b>        |
| Disposals                | -                          | -                                   | (3,050)                    | -                      | <b>(3,050)</b>        |
| At 31 August 2020        | <u>140,628</u>             | <u>27,935</u>                       | <u>81,294</u>              | <u>7,708</u>           | <u><b>257,565</b></u> |
| <b>Depreciation</b>      |                            |                                     |                            |                        |                       |
| At 1 September 2019      | -                          | 21,170                              | 24,265                     | 3,187                  | <b>48,622</b>         |
| Charge for year          | 14,063                     | 5,664                               | 17,485                     | 1,927                  | <b>39,139</b>         |
| Disposals                | -                          | -                                   | (3,050)                    | -                      | <b>(3,050)</b>        |
| At 31 August 2020        | <u>14,063</u>              | <u>26,834</u>                       | <u>38,700</u>              | <u>5,114</u>           | <u><b>84,711</b></u>  |
| <b>Net Book Value</b>    |                            |                                     |                            |                        |                       |
| <b>At 31 August 2020</b> | <u>126,565</u>             | <u>1,101</u>                        | <u>42,594</u>              | <u>2,594</u>           | <u><b>172,854</b></u> |
| At 31 August 2019        | <u>-</u>                   | <u>6,765</u>                        | <u>29,590</u>              | <u>4,521</u>           | <u><b>40,876</b></u>  |

# THE MESSAGE ENTERPRISE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDING 31 August 2020

#### 11. INVESTMENTS

|                              | 2020                    | 2019             |
|------------------------------|-------------------------|------------------|
|                              | £                       | £                |
| <b>Investment Properties</b> |                         |                  |
| The Oaks                     | <b>420,887</b>          | 420,000          |
| Other Wythenshawe Properties | <b><u>1,426,000</u></b> | <u>858,555</u>   |
|                              | <b><u>1,846,887</u></b> | <u>1,278,555</u> |

The Oaks opened in 2016, as a fully refurbished home in Wythenshawe, offering a residential support programme for up to 8 residents.

As at 31 August 2020 the MEC owns eleven Investment Properties in total, including The Oaks (2019: 7 properties). Six of these Investment Properties were initially valued by Longden & Cook, members of the Royal Institute of Chartered Surveyors. The first four properties were valued in the period from 2<sup>nd</sup> October 2017 to 7<sup>th</sup> December 2017, and the fifth property on 21<sup>st</sup> January 2019. The sixth property was purchased in August 2018 and initially carried at its purchase price in the Balance Sheet, plus the cost of refurbishment in 2019. The seventh property was purchased in February 2019 and after being refurbished in 2019 was revalued on 3<sup>rd</sup> October 2019, also by Longden & Cook. Properties eight, nine and ten were purchased in September, October and November 2019 respectively, with property eleven purchased in January 2020 and initially carried in the Balance sheet at their purchase price.

However, more recent observable market prices, adjusted as appropriate for the nature, location and condition of the property, were reviewed alongside movements in Housing Price Indices in 2020. The Trustees have therefore sort to cautiously reflect these adjustments in the values carried in the balance sheet.

The Trustees consider all these properties are carried in the Balance Sheet at their fair value as at 31 August 2020, given these valuations were carried out within 36 months of the year end and the lack of sales of similar properties within the immediate area, to suggest a different valuation. The Trustees have a policy of using professional independent valuers to revalue investment properties on a rolling basis every 5 years.

|                     | £                       |
|---------------------|-------------------------|
| <b>Valuation</b>    |                         |
| At 1 September 2019 | 1,278,555               |
| Revaluation         | 54,240                  |
| Additions           | <u>514,092</u>          |
| At 31 August 2020   | <b><u>1,846,887</u></b> |

#### 12. STOCKS

|                                               | 2020                 | 2019          |
|-----------------------------------------------|----------------------|---------------|
|                                               | £                    | £             |
| Stocks of finished goods and goods for resale | <b>11,323</b>        | 27,196        |
| Work in Progress - MHOP                       | <u>-</u>             | <u>25,414</u> |
|                                               | <b><u>11,323</u></b> | <u>52,610</u> |

# THE MESSAGE ENTERPRISE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDING 31 August 2020

#### 13. DEBTORS

|                                     | 2020          | 2019          |
|-------------------------------------|---------------|---------------|
|                                     | £             | £             |
| Trade debtors                       | 9,122         | 23,143        |
| Amounts due from Group undertakings | 21,697        | 27,766        |
| Other debtors                       | 18,459        | 7,874         |
| Prepayments and accrued income      | 13,477        | 22,621        |
|                                     | <u>62,755</u> | <u>81,404</u> |

#### 14. CASH AT BANK & IN HAND

|                  | 2020           | 2019           |
|------------------|----------------|----------------|
|                  | £              | £              |
| Reserve Accounts | 129,466        | 432,869        |
| Current Accounts | 69,192         | 15,457         |
| Cash in Hand     | 492            | 950            |
|                  | <u>199,150</u> | <u>449,276</u> |

#### 15. CREDITORS: Amounts falling due within one year

|                              | 2020           | 2019           |
|------------------------------|----------------|----------------|
|                              | £              | £              |
| Trade Creditors              | 22,830         | 38,275         |
| Other Loans                  | -              | 75,000         |
| Accruals & Deferred Income   | 63,801         | 11,376         |
| Taxation and Social Security | 11,526         | 14,017         |
| Other Creditors              | 6,770          | 3,082          |
|                              | <u>104,927</u> | <u>141,750</u> |

Included in accruals and deferred income of £63,801 (2019: £11,376) is deferred income of:

##### Deferred Income

|                                 | 2020         | 2019         |
|---------------------------------|--------------|--------------|
|                                 | £            | £            |
| Deferred income brought forward | 5,053        | 2,793        |
| Income released in the year     | (15,055)     | (13,245)     |
| Amounts added in the year       | 19,192       | 15,505       |
| Deferred income carried forward | <u>9,190</u> | <u>5,053</u> |

# THE MESSAGE ENTERPRISE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDING 31 August 2020

#### 16. RECONCILIATION OF MOVEMENTS IN FUNDS

|                                | Balance at<br>01/09/2019<br>£ | Movement in Resources   |                           | Transfers<br>Between<br>Funds<br>£ | Gains on<br>Revaluation<br>Fixed Assets<br>£ | Balance at<br>31/08/2020<br>£  |
|--------------------------------|-------------------------------|-------------------------|---------------------------|------------------------------------|----------------------------------------------|--------------------------------|
|                                |                               | Incoming<br>£           | Outgoing<br>£             |                                    |                                              |                                |
| <b>16a. Restricted Funds</b>   |                               |                         |                           |                                    |                                              |                                |
| Business Enterprises           | 2,000                         | 2,138                   | (2,138)                   | -                                  | -                                            | <b>2,000</b>                   |
| Neal Street Espresso           | 52,032                        | 28,575                  | (80,607)                  | -                                  | -                                            | -                              |
| Apprentice Funding             | 120,999                       | 95,090                  | (109,081)                 | 22,003                             | -                                            | <b>129,011</b>                 |
| The Oaks                       | -                             | 26,014                  | (23,549)                  | -                                  | -                                            | <b>2,465</b>                   |
|                                | <u>175,031</u>                | <u>151,817</u>          | <u>(215,375)</u>          | <u>22,003</u>                      | <u>-</u>                                     | <u><b>133,476</b></u>          |
| <b>16b. Unrestricted Funds</b> |                               |                         |                           |                                    |                                              |                                |
| General Fund                   | 124,891                       | 1,323,825               | (890,818)                 | (577,313)                          | 54,240                                       | <b>34,825</b>                  |
| Designated Funds               |                               |                         |                           |                                    |                                              |                                |
| - Investment Properties        | 145,000                       | -                       | -                         | (145,000)                          | -                                            | -                              |
| - Future Projects              | <u>1,319,431</u>              | <u>-</u>                | <u>-</u>                  | <u>700,310</u>                     | <u>-</u>                                     | <u><b>2,019,741</b></u>        |
|                                | <u>1,589,322</u>              | <u>1,323,825</u>        | <u>(890,818)</u>          | <u>(22,003)</u>                    | <u>54,240</u>                                | <u><b>2,054,566</b></u>        |
|                                | <u><u>1,764,353</u></u>       | <u><u>1,475,642</u></u> | <u><u>(1,106,193)</u></u> | <u><u>-</u></u>                    | <u><u>54,240</u></u>                         | <u><u><b>2,188,042</b></u></u> |

The Apprentice Fund stands at £129k as at 31 August 2020 (2019: £121k). This is a restricted fund held for the purpose of funding both existing and future apprentices in our MEC Business Enterprises over a two-year training period.

Neal Street Espresso in London, opened in 2020. The restricted fund for the completion of the refurbishment work and opening of this café has been fully utilised for this purpose in 2020. The balance of the fund is therefore £Nil as at 31 August 2020 (2019: £52,032).

The charity had previously designated £145,000 for the purchase of an investment property in the first quarter of 2019-20. The property was purchased and capitalised in the year, hence the fund as at 31 August 2020 is £Nil (2019: £145,000).

This year the Trustees have set aside a further £700k, the equivalent of the Net Book Value of Tangible Fixed assets and Investment Properties (2019: £1,277k), equivalent to the Net Book Value of Tangible Fixed Assets) for future projects, arising over the next five years.

During the year £22,675 (2019: £9,697) was received by way of personal support for employees who work in Unrestricted areas of ministry. The gifts received have been fully utilised by way of a contribution to the salaries and associated costs of the individual employees specifically supported.

# THE MESSAGE ENTERPRISE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDING 31 August 2020

#### 17. ANALYSIS OF NET ASSETS BY FUND

|                           | Tangible<br>Fixed<br>Assets<br>£ | Intangible<br>Assets /<br>Investments<br>£ | Net<br>Current<br>Assets<br>£ | 2020<br>Total<br>£      | 2019<br>Total<br>£ |
|---------------------------|----------------------------------|--------------------------------------------|-------------------------------|-------------------------|--------------------|
| <b>Restricted Funds</b>   |                                  |                                            |                               |                         |                    |
| Business Enterprises      | -                                | -                                          | 2,000                         | <b>2,000</b>            | 2,000              |
| Neal Street Espresso      | -                                | -                                          | -                             | -                       | 52,032             |
| The Oaks                  | -                                | -                                          | 2,465                         | <b>2,465</b>            | -                  |
| Apprentice Funding        | -                                | -                                          | 129,011                       | <b>129,011</b>          | 120,999            |
|                           | -                                | -                                          | 133,476                       | <b>133,476</b>          | 175,031            |
| <b>Unrestricted Funds</b> | 172,854                          | 1,846,887                                  | 34,825                        | <b>2,054,566</b>        | 1,589,322          |
|                           | <u>172,854</u>                   | <u>1,846,887</u>                           | <u>168,301</u>                | <u><b>2,188,042</b></u> | <u>1,764,353</u>   |

#### 18. PENSIONS

The charity operates a defined contribution pension scheme on behalf of its employees. All contributions due have been fully paid.

#### 19. CONTINGENCIES

The trustees have confirmed that there were no contingent liabilities which should be disclosed at 31 August 2020 (2019: £Nil).

# THE MESSAGE ENTERPRISE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDING 31 August 2020

#### 20. RELATED PARTIES

The Message Trust (Parent Charity – registered charity number 1081467 and company limited by guarantee, registered in the UK with company number 03961183) sold goods and services to the value of £25,191 (2019: £37,935) at cost to The Message Enterprise Centre during the year. The Message Enterprise Centre sold goods and services to the value of £72,261 (2019: £39,260) at cost to The Message Trust (Parent Charity) during the year. Appropriate expenses totalling £83,801 in 2020 (2019: £75,599) (wages, premises costs, etc) were recharged from The Message Trust (Parent Charity) to The Message Enterprise Centre at cost. The Message Enterprise Centre paid £30,204 (2019: £30,204) in rent to The Message Trust, whilst The Message Trust paid £23,400 (2019: £48,450) in rent to The Message Enterprise Centre for the academy students' accommodation in property which is owned by The Message Enterprise Centre for rental purposes. The Message Trust donated £654,070 (2019: £1,421,317) to The Message Enterprise Centre for general funds and future Message Enterprise projects, to enable the charity to continue to meet the needs of its existing apprentices and new trainees. As at 31 August 2020, The Message Trust owed The Message Enterprise Centre £21,697. Last year The Message Trust owed The Message Enterprise Centre (2019: £27,766). The Message Trust and The Message Enterprise Centre share the same Trustees and Executive directors. Consolidated accounts for the group are available from the Charity Commission or Companies House website.

Axon Moore gave £Nil to The Message Enterprise in 2020 (2019: £10,000). David Moore, Trustee of The Message Enterprise is also a director of Axon Moore Group Limited, hence these are related party transactions.

In addition to these transactions above, the Trustees collectively gave £10,875 including gift aid to The Message Enterprise (2019: £14,750).

#### 21. OPERATING LEASE COMMITMENTS

At the year end the total of future minimum lease payments under non-cancellable operating leases are as follows:

|                                                   | Land and Buildings |        | Other |       |
|---------------------------------------------------|--------------------|--------|-------|-------|
|                                                   | 2020               | 2019   | 2020  | 2019  |
|                                                   | £                  | £      | £     | £     |
| Not later than one year                           | 30,204             | 30,204 | -     | -     |
| Later than one year and not later than five years | -                  | -      | 8,448 | 9,031 |

#### 22. CAPITAL COMMITMENTS

The trustees have confirmed that there were no capital commitments at 31 August 2020. Last year end there was a capital commitment of £261,000 for the purchase of two investment properties, which were purchased in the first quarter of 2019-20.

# THE MESSAGE ENTERPRISE CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDING 31 August 2020

#### 23. ANALYSIS OF CHANGES IN NET DEBT

|                    | At<br>1 September<br>2019<br>£ | Cashflows<br>£   | At<br>31 August<br>2020<br>£ |
|--------------------|--------------------------------|------------------|------------------------------|
| Cash               | 449,276                        | (250,126)        | 199,150                      |
| Loans due < 1 year | (75,000)                       | 75,000           | -                            |
|                    | <u>374,276</u>                 | <u>(175,126)</u> | <u>199,150</u>               |

#### 24. CONTINGENT ASSET

Following an appeal and a Tribunal hearing in November 2020, Manchester City Council has been ordered to recalculate the housing benefit due to residents of The Oaks, some of which is paid directly to The Message Enterprise Centre in rent. Until the council has completed its calculations the exact amount of the additional rent which will be paid to The Message Enterprise Centre in back payments is not known, although it is estimated to be of the order of £54k as at 31 August 2020.