

Company no : 11309137
Charity no : 1179712

Manchester Youth Zone - East

Trustees' Report and Financial Statements
For the year ended 31 March 2021



Manchester Youth Zone - East

Trustees' Report and Financial Statements For the year ended 31 March 2021

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Trustees' Report and Financial Statements (including Strategic Report) For the year ended 31 March 2021

The Trustees (who are also the Directors for the purpose of Company Law) have pleasure in presenting their annual report and the financial statements for the year ended 31 March 2021. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the Charity.

1 WHO WE ARE

Manchester Youth Zone - East, named by local young people as 'HideOut Youth Zone', is a purpose-built facility for the City's young people aged 8 – 19, and up to 25 for those with additional needs.

The Youth Zone is located on Hyde Road in Gorton, Manchester and practical completion took place at the end of March, 2020.

HideOut Youth Zone is part of a network of similar independent youth organisations that all share the same principles, developed by the charity OnSide Youth Zones (Reg No: 1125893). The Youth Zone provides a safe environment, where young people can spend their leisure time, helping each young person to raise their aspirations as well as improve their physical and mental health. Up to 20 different activities will take place each night, including football, boxing, dancing, climbing, creative arts, music, drama and employability training – all for just 50p per visit!

Our vision is that Children and Young People in Manchester are inspired to lead healthy, happy, safe and successful lives.

Our mission is to ensure HideOut Youth Zone provides children and young people with somewhere safe to go, something positive to do and someone trusted to talk to.

To realise this vision, HideOut Youth Zone has worked towards 5 strategic goals in 2020/21:

YOUNG PEOPLE - HideOut Youth Zone is a young person focused, inspirational and inclusive youth provision with a high level of active membership

CULTURE – HideOut Youth Zone is a place where staff, volunteers and service users demonstrate our values

LEARNING & GROWTH – HideOut Youth Zone is a learning and developing organisation which supports and encourages growth of its workforce and young people

FINANCE – HideOut Youth Zone is financially sustainable and uses its resources responsibly and effectively

COMMUNICATIONS & MARKETING – All stakeholders are aware of what HideOut Youth Zone does and can identify its successes and impact

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2 STRATEGIC REPORT

2.1 Objects and activities

Manchester Youth Zone - East's objects are to help and educate children and young people resident in the City of Manchester and surrounding areas through their leisure time activities by promoting their full physical and spiritual potential in order that they may grow to maturity as individuals and active members of society and their conditions of life may improve.

2.2 Achievements during the period

Despite the Covid-19 pandemic having a detrimental impact on the Charity's original opening and first year delivery plans, we have still realised some incredible achievements and have evidenced a hugely positive impact in the local community and with children and young people across Manchester.

We took the decision early in our Covid-19 recovery planning process, to truly embed our values of putting Young People First, being Ambitious and Striving for Excellence, by focussing on what Government guidance advised we **could do** for young people, rather than what we **couldn't do**.

In 2020/21, the Charity's main achievements were:

- Recruiting, inducting and training over 60 Full-Time and Part-Time staff during the peak of the Covid-19 pandemic. Adapting our approach to use digital and remote techniques wherever possible;
- Adapting our opening schedule to develop partnership opportunities that supported the most vulnerable families in the local area through food provisions, outreach, digital engagement and welfare checks all pre-opening;
- Officially opening the youth zone on 26th September 2020 despite ongoing restrictions with regards to the Governments Covid-19 Guidance;
- Launching our media and digital presence by featuring on CBBC Blue Peter on 1st October 2020 as part of the BBC's Black History Month campaign;
- Supporting the #EATWELLMCR campaign as part of Manchester's response to Covid-19 providing over 50 meals per day to frontline NHS staff and vulnerable families throughout July/August 2020;
- Despite ongoing restrictions, maintaining a 7 day a week offer for vulnerable young people only closing on Christmas Day 2020;
- Growing and maintaining an effective communications platform for the new Charity including a website with accessibility plug-in, twitter account and other social media activities led by young people;
- Not only maintaining the number of Founder Patrons secured pre-covid, but also continuing to secure new founder patrons and diversifying our revenue income model during the period.

2.3 Financial review

Financial summary

A summary of the results is shown below :

	2021 £	2020 £
Incoming resources	3,362,921	6,436,453
Outgoing resources	(832,500)	(129,080)
Net incoming resources (before investment gains and losses)	2,530,421	6,307,373

Income for the year was £3,362,921 (2020: £6,436,453). £64,120 (2020: £5,850,224) was received to finalise the construction of the Youth Zone whilst £3,298,801 (2020: £586,229) was received towards revenue costs. This was bolstered by the receipt of £1,275,121 of Gift Aid on previous Capital donations and £450,394 from the DCMS Community Match Challenge via The OnSide Foundation. Patron income (including Gift Aid) for the year totalled £1,200,600 (2020: £570,250) and £200,000 (2020: £Nil) was received from Manchester City Council towards the ongoing running costs of the Charity. When lockdown hit in March 2020 the Youth Zone took advantage of the COVID-19 Job Retention Scheme and a total of £19,573 was received towards the costs of furloughed staff.

Expenditure for the year was £832,500 (2020: £129,080) with £556,214 being spent on salaries. This is less than the original budget due to the impact of COVID-19 on the ability of the Youth Zone to open fully.

At the end of the period Unrestricted Reserves were £3,149,482 (2020 - £610,489).

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2.4 Risk Management

The Trustees have considered the major risks to which the Charity is exposed and have established suitable risk management and control procedures. At present the primary risks identified relate to:

- Health and Safety risks relating to Covid-19 preventing the operational delivery of services to young people
- Revenue risks relating to the impact on funders brought on by the Covid-19 Pandemic
- Reputational Risk
- Safeguarding of children and young people

Regulatory Risk is the responsibility of the CEO, Business Admin Manager and Building and Facilities Manager whom manage Health and Safety, Fire and other statutory risk areas.

The CEO has developed a full risk register including mitigation and control measures which is shared regularly with the board.

A specific Covid-19 risk assessment relating to budget & finance, the work environment and service delivery has been signed off by the board and is reviewed operational by the CEO and Senior Leadership Team weekly.

2.5 Reserves Policy

The Board of Trustees of Manchester Youth Zone - East has established a reserves policy which appropriately reflects the risks to which the Charity is exposed.

In reviewing the potential costs that could arise should a significant reduction in income be incurred, the Trustees have determined that unrestricted, 'free', reserves should be maintained at approximately 3-6 months running costs once the Youth Zone is fully operational. Due to the current uncertainty in the economic climate, shifting restrictions and an anticipated increase in demand for our services, the Trustees have agreed that the Charity will temporarily amend the reserves policy and carry 6-12 months of unrestricted reserves throughout the next financial period. A proportion of funds raised from the private sector against which the DCMS Community Match Challenge project was 'matched' in 2020/21 are held within the unrestricted reserves. There is an expectation that the Charity will spend this within the next financial period.

At 31st March 2021 the Charity has accumulated unrestricted 'free' reserves of £3,149,482; this provides cover equivalent to 28 months of operating costs. In view of this high level of reserves the Trustees have invested £2m of unrestricted funds in order to bring in regular income equivalent to two Founder Patrons per annum (around £50k). This is a deliberate strategy to develop a long-term return on investment that reduces the reliance on annual funding sources, so improving the sustainability of the Youth Zone for generations to come. The balance of 'liquid' reserves of £1.14m provides cover to the equivalent of 10 months of operating costs. The Trustees actively manage Manchester Youth Zone - East's finances so that an adequate level of reserves is maintained in compliance with the reserves policy. The reserves policy does not consider expenditure which is linked to restricted projects and therefore covered by restricted funds.

The Charity will review regularly both the sum it wishes to hold in reserves in unrestricted funds and the basis for that figure, particularly considering the impact of the Covid-19 pandemic.

2.6 Principal Funding Sources and Fundraising Statement

The Directors wish to record their thanks to Mr Fred Done and Manchester City Council (MCC) for their ongoing support to the Charity. The Directors also thank the following individuals and businesses who have also pledged to support the revenue campaign (in 2020/21); Transforming Lives, ANS Group, Godel Technologies, Theo Paphitis Foundation, The Bruntwood Charity, The JD Foundation, Beyond Corporate and the This Is Manchester Awards, Proseal, One Manchester, Rowan Partners, Eric Wright, Together Money, AO Foundation, Mission Mars, GCA Altium, David M Robinson Ltd, Anthony Morrow, Lendlease, Penelope Cheshire Foundation, Sharpe Ltd, Onside Foundation and The Manchester Ball.

The fundraising priority this year has continued to focus on our Founder Patron Campaign. During the 'pre-opening period' this campaign is supported directly via OnSide Youth Zone's Major Donor Fundraising team. OnSide works closely with the CEO and Chair of Manchester Youth Zone - East to plan activity and monitor performance relating to this campaign through a Fundraising Sub Board Committee. OnSide Youth Zones is registered with the Fundraising Regulator and complies with the Fundraising Code of Practice, it is the intention of Manchester Youth Zone - East to register independently with the Fundraising Regulator once fully operational.

The charity does not use external fundraisers and there have been no complaints made to the charity about its fundraising methods.

**Trustees' Report and Financial Statements (including Strategic Report)
For the year ended 31 March 2021**

2.7 Investment Policy

Under the Memorandum and Articles of Association, the charitable company has the power to make any investment which the Trustees see fit. Investments are made where required to further the aims and objects of the Charity and to provide surety that it will be able to meet its long term commitments in terms of the quality of the provision offered.

In addition to the commercial considerations, the Trustees also consider a number of other objectives when developing the investment portfolio. The Trustees are keen to ensure responsible investment as a strategy so as to incorporate environmental, social and governance (ESG) factors in investment decisions. Sustainability is also considered to identify investments based on the fulfilment of certain sustainability criteria, and to also ensure that ethical standards are upheld.

In 2020/21 HideOut Youth Zone established investment portfolios totalling £2m with Brewin Dolphin and Goldentree Financial Services PLC. The Charity holds 3 investment portfolios across both organisations (2 with Brewin Dolphin and 1 with GoldenTree) and as at 31st March 2021 the value of the investment was £2.08m.

2.8 Future Plans & Covid Recovery

As we move into 2021/22 we are still under significant restrictions in line with the Government's Covid - Recovery guidelines. However, we will continue to keep up to date with guidance changes via the National Youth Agency and DCMS briefings and webinars with an evolving delivery roadmap and risk assessment implemented at each stage. Our priority is to build the offer slowly increasing the number of young people we engage as quickly but as safely as possible.

Focus will be given to securing additional statutory funding for provision during Easter and Summer school holidays aimed at children and young people eligible for free school meals but also offering universal places where guidance allows. We will refocus efforts back into our core centre based offer whilst maintaining a phased exit from the ongoing detached, outreach and digital engagement currently being offered. As restrictions ease we also intend to move away from 'pre-booked' activities and our current 'bubble' system, to original open access model, increasing numbers of attendees gradually, with the aim of launching our full core universal offer from mid to late September 2021 (guidance pending)

We are confident of securing our final Founder Patrons to hit the required target of 28 in total by the end of September 2021 to coincide with our 1st Birthday celebrations. In addition we aim to recruit additional resource into our Fundraising Team and diversify our revenue income strategy. We will host our 1st ever Annual Patrons dinner in September with aim of thanking our supporters whilst also providing young people with the platform to showcase their talents and aspirations.

We will continue to build on our existing partnership offer that create further pathways for children and young people with regards to social, leisure, educational development and employment. Equality Diversity and Inclusion will remain central to everything we do both as a service delivery but also as an employer. We will continue to celebrate cultural awareness days and empower young people to lead projects and initiatives that allow them to build their confidence, self esteem and discover their identity.

Finally we will develop a People's plan that outlines our vision of becoming an employer of choice as the Charity develops, with a commitment to review our internal HR functions, processes and employment terms and conditions etc.

Trustees' Report and Financial Statements (including Strategic Report) For the year ended 31 March 2021

3 GOVERNANCE

3.1 Reference and administrative details

Manchester Youth Zone - East was incorporated on 13 April 2018 (Company registration number : 11309137) as a company limited by guarantee and registered as a charity on 29 August 2018 (Charity registration number : 1179712).

Trading name

HideOut Youth Zone

Registered office

HideOut Youth Zone
1 Queen's Avenue
Manchester
M12 5PX

Directors & Trustees

The Directors and Trustees of the Charity who served during the period and were:

J Whittaker	Chair
P Kirszanek	
J Masraff	
P Medicott	
B Sheikh	
C Wilkinson	
V Braddock	
J Atkins	Appointed 7 December 2020

Chief Executive

A Farricker

Auditor

Michael Garrett FCA
Kay Johnson Gee Limited
1 City Road East
Manchester
M15 4PN

Web-site www.hideoutyouthzone.org

Bankers

Handelsbanken
Manchester Spinningfields Branch
4th Floor, 15 Quay Street
Manchester
M3 3HN

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3.2 Structure, governance and management

Governing Document

Manchester Youth Zone - East is a company limited by guarantee without share capital and registered under the Companies Act 1985, registration number 11309137. The company is governed by its Memorandum and Articles of Association dated 21 March 2018. Management of the company's affairs is vested in the co-Directors. It is a Charity registered with the Charity Commission on 29 August 2018.

In the event of a winding-up, the present members and those who have ceased to be a member within one year of such an event have guaranteed the liabilities of the company to the sum not exceeding ten pounds each.

Recruitment and appointment of Trustees (Directors)

The first Directors were the subscribers to the memorandum as notified to Companies House as the first Directors of the Charity. A person appointed as a Director thereupon becomes a Member of the Charity and a Director who ceases to hold office for any reason thereupon ceases to be a Member of the Charity. Directors have the power to appoint, by ordinary resolution, any person to be a Director who is willing to act as such. New Directors will be recruited according to the needs of the Charity and the suitability of possible candidates. A unanimous approval of existing Directors would lead to their appointment.

The Memorandum and Articles of Association states that the number of members (Directors) shall have no maximum and shall not be less than three. At the first Annual General Meeting all Directors must retire and seek re-election. At each subsequent Annual General Meeting one third of the Directors are required to retire by rotation and seek re-appointment if they wish to continue.

The Members of the Charity are its Directors for the time being and the only persons eligible to be Members of the Charity are its Directors.

Full details of the rules are contained in the company's Memorandum and Articles of Association, dated on incorporation on 21 March 2018, which may be inspected at the Manchester Youth Zone - East registered office.

Trustees induction and training

All trustees receive a full induction and training inclusive of, safeguarding, risk management, fundraising, role of a trustee and sustainability ahead of formal appointment. All key policies, the organisation structure and articles of association are shared. Training and development needs are reviewed at least annually and as and when any trustees are appointed or resign.

Organisational Structure

Manchester Youth Zone - East is governed by its Trustee Board which is responsible for setting the strategic direction of the organisation and the policy of the Charity. The Trustees carry the ultimate responsibility for the conduct of Manchester Youth Zone - East and for ensuring that the Charity satisfies its legal and contractual obligations. Trustees meet approximately every two months and may delegate the implementation of their decisions or day-to-day operation of the organisation to senior management, any employee of the Charity, person or committee as they see fit. Any committee must include at least one Trustee. The Trustee Board is independent from management.

Decisions are determined by a simple majority of votes. In the case of an equality of votes the Chairman of the meeting has the casting vote.

Related party transactions

Transactions with related parties are disclosed in note 19 to the financial statements and in accordance with paragraph 163 of the SORP (Accounting and reporting by charities: Statement of Recommended Practice (SORP 2005)).

Remuneration Policy

The directors consider the board of directors, who are the charity's trustees, and the senior management team comprise the key management personnel of the Youth Zone in charge of directing and controlling, running and operating the charity on a day to day basis. All directors give of their time freely and no director received remuneration in the year. Details of directors' expenses and related party transactions are disclosed in Note 19 to the accounts.

The pay of the full staff team is reviewed annually and, if financial resources allow, normally increased in accordance with projected Government inflation rates taking into account CPI and RPI. In view of the nature of the charity, the directors benchmark against pay levels in other similar charities in the voluntary sector, as well as across the OnSide Youth Zone Network.

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3.3 Volunteers' contribution

Throughout the period all members of the Board of Trustees made invaluable voluntary contributions to the Charity's work in terms of governance, professional and business experience, financial planning, fundraising and leading initiatives across the project. Such contributions were, on average, equivalent to two full days each calendar month. 35 people have registered as volunteers following an application and interview and received initial inductions and training. However due to ongoing Government restrictions in line with the Charity's strategic Covid Risk Assessment no volunteers have been asked to deliver sessions in this period. This is to keep the number of people in the centre at any time to the minimum required, reducing the risk of increased Covid infections or self isolation requirements.

3.4 Public benefit

All the activities of the Charity (as summarised above) were undertaken to further its charitable purposes for public benefit. The provision of a high-quality, centrally located facility for young people responds to a clear, ongoing demand from young people, parents and wider communities for more and better places for young people to go. Although providing a service to all young people, Manchester Youth Zone - East will focus on attendance and participation by young members of disadvantaged communities who will be able to enjoy affordable access to all the opportunities that the facilities will provide. This will lead to improved achievements and enhanced aspirations amongst young members of the local community. They will be happier, healthier and make more constructive use of their leisure time which consequently will help reduce nuisance and anti-social behaviour. Longer term public benefits will include improved health, reduced crime, enhanced learning and employability and greater community cohesion.

The Trustees of Manchester Youth Zone - East believe they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

**Trustees' Report and Financial Statements (including Strategic Report)
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3.5 Statement of Trustees' responsibilities

The Trustees (who are also the Directors of Manchester Youth Zone - East for the purpose of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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.

In so far as the Trustees are aware at the time of approving our Trustees' annual report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the charity's auditor is unaware; and
- The Trustees, having made enquiries of fellow directors and the charity's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Compliance with accounting standards

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013, the company has prepared a strategic report, which includes information that would previously been included in the Trustees' Report.

The financial statements comply with current statutory requirements, the company's Memorandum and Articles of Association and the Charities SORP.

Auditors

A proposal to reappoint Kay Johnson Gee Limited as auditor of the charity will be put to the Annual General Meeting.

The Trustees Report, including the Strategic Report, was approved and was signed on behalf of the Trustees by :



J Whittaker
Chair, Company Director and Trustee
9 September 2021

**Independent Auditor's Report to the Members
For the year ended 31 March 2021**

We have audited the financial statements of Manchester Youth Zone - East (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2021 and of its income and expenditure, for the period 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' report other than the financial statements and our auditor's report thereon.

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.

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 company law purposes, 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.

Independent Auditor's Report to the Members (continued)
For the year ended 31 March 2021

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 Trustees' report.

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

- the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or
- the Charitable Company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.
- 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.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 11, 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.

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

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities including fraud and non-compliance with laws and regulations we have considered the following:

- The nature of the industry and sector, control environment and business performance including the Charitable Company's remuneration policies, key drivers for remuneration and performance targets;
- Results of the enquiries of management about their own identification and assessment of the risks of irregularities;
- Any matters we have identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of noncompliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
 - the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

Independent Auditor's Report to the Members (continued)
For the year ended 31 March 2021

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: revenue recognition and the impact of COVID-19. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Charitable Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act, Charities Act, Health and Safety Laws and Environmental Regulations.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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 Charity'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 Charity'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 Charity and the Charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



1 City Road East
Manchester
M15 4PN

9 September 2021

Michael Garrett (Senior Statutory Auditor)
For and on behalf of
Kay Johnson Gee Limited
Statutory Auditors and Chartered Accountants

Statement of Financial Activities (including Income and Expenditure Report)
For the year ended 31 March 2021

	Note	Unrestricted 2021 £	Restricted 2021 £	TOTAL 2021 £	TOTAL 2020 £
INCOME FROM					
- Donations and legacies	3	3,232,597	71,000	3,303,597	6,435,830
- Charitable activities	4	26,488	-	26,488	-
- Investments	5	13,143	120	13,263	623
- Other income	6	19,573	-	19,573	-
Total income		3,291,801	71,120	3,362,921	6,436,453
EXPENDITURE					
<i>Expenditure on Charitable Activities</i>					
- Operating costs	7	755,731	70,799	826,530	123,680
- Governance costs		5,970	-	5,970	5,400
Total Expenditure		761,701	70,799	832,500	129,080
Net income before gains on investments		2,530,100	321	2,530,421	6,307,373
Net gains on investments	15	8,893	-	8,893	-
Net income	8	2,538,993	321	2,539,314	6,307,373
Fund balance at 31 March 2020		610,489	6,399,611	7,010,100	702,727
Fund balance at 31 March 2021	17	3,149,482	6,399,932	9,549,414	7,010,100

The statement of financial activities includes all gains and losses in the period.

All income and expenditure derive from continuing activities.

**Balance Sheet
As at 31 March 2021**
**Company no : 11309137
Charity no : 1179712**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	6,337,128	6,159,018
Current assets			
Stock		1,917	-
Debtors	14	42,703	1,004,880
Investments	15	2,008,893	-
Cash at bank and in hand		1,278,898	706,868
		3,332,411	1,711,748
Creditors : amounts falling due within one year	16	(120,125)	(860,666)
Net current liabilities		3,212,286	851,082
Net assets		9,549,414	7,010,100
FUNDS			
Unrestricted funds	18	3,149,482	610,489
Restricted funds	18	6,399,932	6,399,611
		9,549,414	7,010,100

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The financial statements on pages 13 to 21 were approved and authorised for issue by the Board of Trustees and signed on its behalf by:



J Whittaker
Chair, Company Director and Trustee

9 September 2021

Statement of Cashflows
For the year ended 31 March 2021

	2021 £	2020 £
Cash flow from operating activities	2,807,676	5,932,233
Cash flow from investing activities		
Interest received	13,263	623
Purchase of investments	(2,000,000)	-
Payments to acquire tangible fixed assets	(248,909)	(5,430,148)
Increase in cash and cash equivalents	572,030	502,708
Cash and cash equivalents at 1 April 2020	706,868	204,160
Cash and cash equivalents at 31 March 2021	1,278,898	706,868
Cash and cash equivalents consists of:		
Cash at bank and in hand	1,278,898	706,868
Reconciliation of net income to net cash flow from operating activities	2021 £	2020 £
Net income for the year	2,539,314	6,307,373
Depreciation	70,799	592
(Gains)/losses on investments	(8,893)	-
Investment income	(13,263)	(623)
(Increase) / decrease in Stock	(1,917)	-
Decrease / (increase) in debtors	962,177	(1,004,188)
(Decrease) / increase in creditors	(740,541)	629,079
Net cash flow from operating activities	2,807,676	5,932,233

Notes to the Financial Statements
For the year ended 31 March 2021

1 General information

Manchester Youth Zone - East is a charitable company limited by guarantee in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are to build, deliver and sustain a Youth Zone in the East Manchester area.

The Charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) issued 16 July 2014, the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

2 Accounting policies

i. Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention. The financial statements are prepared in sterling which is the functional currency of the Charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

ii. Funds

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

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

iii. Income recognition

All income is included in the Statement of Financial Activities (SoFA) when the Charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the Charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the Charity and it is probable that they will be fulfilled.

Investment income represents amounts receivable in respect of the period. Accrued income is recognised on investments up to the balance sheet date.

Grants in connection with the job retention scheme are recognised in the period to which the underlying staff costs relate to.

iv. Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred.

Charitable expenditure

Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Charity and include the audit fees and costs linked to the strategic management of the Charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis.

Notes to the Financial Statements
For the year ended 31 March 2021

v. Tangible fixed assets

Fixed assets costing more than £250 are capitalised and included on the balance sheet at cost. These reflect the initial planning and development costs of the asset under construction.

Fixed assets are depreciated so as to write off the cost or valuation, less anticipated residual value, over their anticipated useful lives, subject to annual review, as follows:

Youth Zone leasehold property	0.8% based on a lease of 125 years
Computer equipment	33% straight line
Fixtures and fittings	25% reducing balance
Computer equipment	33% straight line
Gym Equipment	20% straight line
Catering equipment	33% straight line
Plant & Machinery	25% reducing balance

vi. Investments

Listed investments are shown at market value at the balance sheet date.

vii. Debtors and creditors receivable/payable within one year

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

viii. Tax

The Charity is an exempt Charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

ix. Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the Charity to be able to continue as a going concern.

x. Pensions

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

3 Income from Donations and Legacies	Unrestricted	Restricted	TOTAL	TOTAL
	2021	2021	2021	2020
	£	£	£	£
Donations - capital	-	64,000	64,000	5,850,000
Donations - other	106,032	3,000	109,032	10,580
Grants, trusts & foundations	-	4,000	4,000	5,000
OnSide Foundation - DCMS Community Matched Funding	450,394	-	450,394	-
Local Authority	200,000	-	200,000	-
Founder patrons	1,108,500	-	1,108,500	514,000
Gift Aid	1,367,671	-	1,367,671	56,250
	3,232,597	71,000	3,303,597	6,435,830
4 Income from Charitable Activities	Unrestricted	Restricted	TOTAL	TOTAL
	2021	2021	2021	2020
	£	£	£	£
Young People's activity sessions	17,900	-	17,900	-
Facility hire	8,588	-	8,588	-
	26,488	-	26,488	-

Notes to the Financial Statements
For the year ended 31 March 2021

5 Investment Income	Unrestricted	Restricted	TOTAL	TOTAL
	2021	2021	2021	2020
	£	£	£	£
Bank interest received	1,195	120	1,315	623
Income from investments	11,948	-	11,948	-
	13,143	120	13,263	623
6 Other income	Unrestricted	Restricted	TOTAL	TOTAL
	2021	2021	2021	2020
	£	£	£	£
Coronavirus furlough scheme	19,573	-	19,573	-
7 Operating costs	Unrestricted	Restricted	TOTAL	TOTAL
	2021	2021	2021	2020
	£	£	£	£
Staff wages & salaries	541,688	-	541,688	106,298
Staff travel expenses	353	-	353	2,629
Freelance and Agency staff	7,526	-	7,526	-
Fundraising & Events	83	-	83	-
Staff and Volunteers DBS checks	3,333	-	3,333	512
Staff Uniform	3,966	-	3,966	955
Telephone	2,897	-	2,897	985
Stationery	4,284	-	4,284	697
Hospitality	310	-	310	399
Computer costs	14,426	-	14,426	2,414
Office supplies	3,615	-	3,615	-
Donations	9,917	-	9,917	-
Sundry Expenses	2,204	-	2,204	59
Insurance	20,160	-	20,160	1,393
Marketing costs	3,105	-	3,105	1,038
Legal & professional	9,463	-	9,463	405
Licences	1,721	-	1,721	180
Training	12,370	-	12,370	780
Trips and Residentials	-	-	-	2,142
Youth Work costs	44,601	-	44,601	644
Catering Supplies	12,189	-	12,189	-
Catering Equipment	2,037	-	2,037	-
Recruitment	1,370	-	1,370	1,471
Premises Costs	53,711	-	53,711	20
Depreciation	-	70,799	70,799	592
Bank charges	402	-	402	67
	755,731	70,799	826,530	123,680
8 Net income			2021	2020
			£	£
Net income / movement in funds is stated after charging :				
Depreciation			70,799	592
Audit Fee			5,970	5,400

9 Taxation

Manchester Youth Zone - East is a registered Charity. All the company's income is applied to its charitable objectives and the Company is therefore exempt under current legislation from most forms of taxation.

Notes to the Financial Statements
For the year ended 31 March 2021

10 Staff costs and numbers	2021	2020
	£	£
Wages	503,729	97,128
Social security	29,839	6,917
Pensions	8,120	2,253
	541,688	106,298

No employee earned more than £60,000 in the year (2020: Nil)

	2021	2020
	Number	Number
Average number of employees	51	3

The aggregate remuneration of the Key Management Personnel, comprising the Chief Executive, Business Administration Manager, Head of Youth Work, Head of Fundraising and Volunteer Recruitment and Training Manager, was £193,726 (2020: £103,830)

11 Trustee remuneration and expenses

No remuneration or expenses have been paid to the Trustees during this period (2020: Nil)

12 Tangible fixed assets

	<i>Leasehold Land & Buildings</i>	<i>Computer Equipment</i>	<i>Fixtures & Equipment</i>	<i>TOTAL</i>
	£	£	£	£
Cost				
At 1 April 2020	6,010,750	4,988	143,912	6,159,650
Additions	135,291	56,704	56,914	248,909
Disposals	-	-	-	-
At 31 March 2021	6,146,041	61,692	200,826	6,408,559
Depreciation				
At 1 April 2020	-	632	-	632
Charge for the year	28,598	16,063	26,138	70,799
Disposals	-	-	-	-
At 31 March 2021	28,598	16,695	26,138	71,431
Net book value				
At 31 March 2021	6,117,443	44,997	174,688	6,337,128
At 1 April 2020	6,010,750	4,356	143,912	6,159,018

13 Capital commitments	2021	2020
	£	£
Contracted for	148,232	173,479

14 Debtors	2021	2020
	£	£
Trade debtors	8,588	-
Prepayments and accrued income	34,115	1,004,880
	42,703	1,004,880

Notes to the Financial Statements
For the year ended 31 March 2021

15 Investments	2021 £	2020 £
The Charity has invested surplus funds as follows:		
Interest bearing deposits	500,000	-
Listed investments	1,508,893	-
	2,008,893	-

	Interest bearing deposits £	Listed investments £	2021 TOTAL £	2020 £
At 1 April 2020	-	-	-	-
Additions	500,000	1,500,000	2,000,000	-
Change in market value	-	8,893	8,893	-
At 31 March 2021	500,000	1,508,893	2,008,893	-

16 Creditors : amounts falling due within one year	2021 £	2020 £
Trade creditors	41,996	1,333
Capital creditors	-	830,566
Other creditors	68,067	20,152
Accruals	10,062	8,615
	120,125	860,666

17 Movement in funds

The movement in funds for the year is as follows:

	Opening Balance £	Income £	Expenditure £	Closing Balance £
Unrestricted Funds	610,489	3,300,694	(761,701)	3,149,482
Restricted funds				
- Fixed assets i.	6,399,611	64,120	(69,924)	6,393,807
- Baily Thomas Charity ii.	-	4,000	(500)	3,500
- Ultimate Products ii.	-	3,000	(375)	2,625
	6,399,611	71,120	(70,799)	6,399,932
	7,010,100	3,371,814	(832,500)	9,549,414

- All of the fixed assets restricted funds represent amounts received for the construction and development of the new Youth Zone facilities.
- Grants and donations to purchase Sensory Room Equipment.

The movement in funds for the prior year is as follows:

	Opening Balance £	Income £	Expenditure £	Closing Balance £
Unrestricted Funds	152,748	586,229	(128,488)	610,489
Restricted funds	549,979	5,850,224	(592)	6,399,611
	702,727	6,436,453	(129,080)	7,010,100

Notes to the Financial Statements
For the year ended 31 March 2021

18 Analysis of net assets between funds

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total funds</i>	<i>Total funds</i>
	2021	2021	2021	2020
	£	£	£	£
Tangible fixed assets	-	6,337,128	6,337,128	6,159,018
Net current assets	3,149,482	62,804	3,212,286	851,082
	3,149,482	6,399,932	9,549,414	7,010,100
	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total funds</i>	<i>Total funds</i>
	2020	2020	2020	2019
	£	£	£	£
Tangible fixed assets	-	6,159,018	6,159,018	729,462
Net current assets	610,489	240,593	851,082	(26,735)
	610,489	6,399,611	7,010,100	702,727

19 Related party transactions

There were no Related Party transactions during the year (2020: Nil)

20 Control

There is no ultimate controlling party.