

Charity Registration No. 1149282

**THE BETTY MESSENGER CHARITABLE FOUNDATION
TRUSTEES' REPORT AND CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2019**



Sobell Rhodes LLP
Ground Floor
Unit 501 Centennial Park
Centennial Avenue
Elstree, Borehamwood
Hertfordshire
WD6 3FG

THE BETTY MESSENGER CHARITABLE FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Steven Jaffe Robert Wallis Jennifer Hirsch
Senior management team	Steven Jaffe Robert Wallis Jennifer Hirsch
Charity Number	1149282
Principal address	The Art Stables C/O The Sternberg Centre 80 East End Road London N3 2SY
Auditors	Sobell Rhodes LLP Ground Floor Unit 501 Centennial Park Centennial Avenue Elstree, Borehamwood Hertfordshire WD6 3FG
Investment Managers	Schroder Unit Trusts Ltd 31 Gresham Street London EC2V 7QA Investec Wealth & Investment Ltd 2 Gresham Street London EC2V 7QP

THE BETTY MESSENGER CHARITABLE FOUNDATION

CONTENTS

	Page
Trustees Report	3
Independent Auditors' report	8
Consolidated statement of financial activities	11
Balance sheets	12
Consolidated statement of cash flows	13
Notes to the financial statements	14

THE BETTY MESSENGER CHARITABLE FOUNDATION

TRUSTEES' REPORT FOR THE YEAR ENDED 5 APRIL 2019

The Trustees present their annual report and financial statements of the Foundation for the year ended 5th April 2019. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Foundation's Trust Deed, the Charities Act 2011, and the Statement of Recommended Practice; Accounting and Reporting by Charities 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Betty Messenger Charitable Foundation is an unincorporated trust established by a Trust Deed dated 17th September 2010 and registered with the Charity Commission on 11th October 2012. The Trustees have the power to spend or retain both capital and income. The Foundation does not actively fundraise and seeks to continue its charitable work through careful stewardship of its existing resources and providing funding for its charitable purposes.

The Foundation owns the entire share capital of Messenger Estates (Holdings) Limited which in turn owns the entire share capital of Messenger Estates Limited.

The Trustees who served during the year are as follows:

Jennifer Hirsch

Steven Jaffe

Robert Wallis

The Trustees, with the active involvement of our part-time Grants and Governance Officer, deal with the day-to-day management of the Foundation, including administration of grants, and the processing of applications. The Trustees undertake much of the work themselves and only employ such professional support as is necessary to operate effectively, so as to maximise the funds available for the beneficiaries.

The Trustees comply with the Foundation's Conflicts of Interest Policy to ensure best practice when carrying out the Foundation's activities. The Foundation has reviewed its activities to ensure compliance with the GDPR. An exercise was undertaken to benchmark the Foundation against the principles of the Charity Governance Code and the Trustees were satisfied that they could either apply the principles or explain why they have taken a different approach.

OBJECTIVES AND ACTIVITIES

The objects of the Foundation are for the Trustees to determine such charitable purposes as shall, from time to time be in accordance with its objectives. In setting their grant making strategy and when reviewing the Foundation's aims and objectives, they have due regard to the guidelines laid down by the Charity Commission.

THE BETTY MESSENGER CHARITABLE FOUNDATION

TRUSTEES' REPORT
FOR THE YEAR ENDED 5 APRIL 2019

Public Benefit and impact

The objects of the Foundation are for the Trustees to determine such charitable purposes as shall, from time to time be in accordance with its objectives. In setting their grant making strategy and when reviewing the Foundation's aims and objectives and when planning future activities and setting the grant making policy, they have due regard to the guidelines laid down by the Charity Commission.

The Foundation is mindful of its obligations to meet the Public Benefit criterion and to be transparent, to this end it makes grants to UK based registered charities for activities and projects and, seeks to demonstrate its impact. Though the number of beneficiaries supported by the Foundation's funding is important when monitoring and evaluating its grants, the qualitative impact on individuals is also where the Trustees seek to understand their impact.

Over the course of the last year, the Trustees have refined the Foundation's grant making strategy to focus on specific areas. In general terms this means direct support to alleviate those suffering from disease which includes end of life care, community or educational initiatives that support the health and wellbeing, creating opportunities for them that would otherwise be unobtainable and support for smaller charities, though capital projects will also be considered. The Foundation continues to be concerned with individuals who "fall through the gaps" of other support.

The Trustees therefore offer some examples of where and how we are seeking to implement this strategy and make an impact, as follows:

The Watford Workshop, www.watfordworkshop.co.uk gives disabled and disadvantaged people new skills and confidence through work experience and training. Where possible, they are helped to move into unsupported employment.

When this charity first came to our attention, we were impressed with the supportive environment, enthusiastic management and Trustees. On subsequent visits and further discussion what surprised us was the extent of the services they provided beyond work-focused training. In particular, activities such as life skills training and music therapy demonstrated a holistic approach which fits the way we like to work and we were keen to explore ways to help.

So, in addition to funding the original project "Disability Works – Ability in disability" for the current 80 service users, we plan to contribute towards a mezzanine floor and provide administrative support to increase capacity of this impressive charity.

The Royal Society of Arts, Pinball Kids www.thersa.org/action-and-research/rsa-projects/creative-learning-and-development-folder/pinball-kids, is a new RSA project to support vulnerable students at risk of exclusion to stay in – and thrive in – education.

The rising levels of school exclusions includes an over-representation of young people whose academic performance might negatively affect their school's exam results and league table standings. Support services for these students, including Child and Adolescent Mental Health Services, are also suffering from decreased capacity. Excluded students are more likely to be in care, be 'children in need', to have grown up in poverty and have special educational needs and disabilities.

The Trustees decide to support the RSA's belief that it is possible to ensure that fewer children and young people are unnecessarily excluded from mainstream schools.

The Pinball Kids project partners with exemplary mainstream and alternative provision schools, forward-thinking local authorities, representatives of health and social care and other agencies that support vulnerable children. Together RSA will provide recommendations to policymakers and practitioners to ensure that all children thrive in education.

The Honeypot Children's Charity, www.honeypot.org.uk has since 1996 been working to enhance the lives of young carers and vulnerable children aged 5 – 12 years old. They are the only charity in the UK to provide respite breaks and on-going outreach support throughout a child's formative years. Honeypot gives young carers a break from demanding and stressful responsibilities at home and provides a safe, nurturing environment where children at risk can develop their full potential. We have supported this wonderfully enriching children's charity for the last few years in various ways to try and reduce the stress these children find themselves under daily and give them a carefree, nurturing experience, where they can forget their responsibilities and are allowed to be children.

THE BETTY MESSENGER CHARITABLE FOUNDATION

TRUSTEES' REPORT FOR THE YEAR ENDED 5 APRIL 2019

Grant Making Policy and Strategy

The Trustees have established their grant making strategy to achieve their objects as previously explained. The Trustees also have a grant making policy which covers eligibility criteria and the whole process of application so as to facilitate due diligence and be fair to applicants.

The Trustees monitor the grants to ensure that they meet the aims and objectives of the Foundation, by insisting upon periodic updates from recipients and assessing the outcomes.

The Trustees play a very active role in the Foundation and review their strategy, policy and criteria regularly. Although they have a central policy, flexibility is retained to allow for reaction to changes in the community. The Trustees believe the current governance structure allows them to respond to need in the community faster and more efficiently than larger foundations. The Trustees also seek out charities and projects that meet their criteria. The Trustees continue to commit a proportion of their income to multi-year grants. The Trustees keep the value of these continuing grants under review to avoid over-committing their resources.

In the short term, the Trustees will continue to make grants and donations that fall within their aims and objectives. In the long term, the Trustees reviewed their strategy to consider various options including whether all the objectives could be achieved in line with the full depletion of capital and income. After review and discussion, the Trustees have committed to continue its grant making policy for the foreseeable future. The Trustees hold Away Day events twice a year, this is an opportunity to take time out of the day-to-day business of the Foundation and focus on reviewing work to date and looking to the future, at a strategic level.

REVIEW OF ACHIEVEMENTS AND PERFORMANCE

The Trustees meet on a monthly basis. On top of on-going grant commitments, the Trustees authorised several further grants in the year, in addition to ad hoc donations. These are detailed within the body of the financial statements.

The Foundation has focused its grants on charities that are involved areas defined by its current grant making strategy.

All successful applicants are requested to provide a report on the use of the funding provided and how it has benefitted the target groups. A standard reporting format is provided and we expect the financial information to be provided on a timely basis, and in a format that enables the Foundation to assess how the funds are being expended.

As part of the recipient's commitments, if there is inadequate financial accountability and/or there has been a material underspend, the Foundation reserves the right to withhold future funding.

Income from donations and legacies during the year amounted to £2,036,784 and rental income from the Group's investment properties amounted to £5,770.

Fund raising expenditure included £3,357 of refurbishment and repair costs for the properties. As noted in the accounts, because the Foundation does not undertake any fundraising activities the expenditure is shown against the description 'Raising funds' is purely to comply with charity accounting requirements and the expenditure actually relates to 'investment property management costs'.

By reviewing the periodic reports of the recipients, the Trustees are able to assess the added value and impact that their funding has made. This in turn, enables the Trustees to assess whether the beneficiaries have been able to benefit the wider community through for example, their advances in research.

RISK MANAGEMENT

The Trustees have identified the risks to which the Foundation is exposed and have implemented procedures to mitigate those risks. The principle risk to the Foundation is considered to be a dramatic downturn in capital value.

The Trustees consider the major financial risk to be a variability of returns on their investments. Spreading the investments with two established fund managers helps to mitigate this risk, as does their different approaches with one picking stocks and the other investing in a specialist charity fund. The fund managers engaged are both respected and established specialists in the charity sector and are mindful of our requirements and risk profile. Their respective performances are monitored monthly with daily online access. The Trustees meet with their fund managers at least twice a year to review performance.

THE BETTY MESSENGER CHARITABLE FOUNDATION

TRUSTEES' REPORT FOR THE YEAR ENDED 5 APRIL 2019

The major operational risk faced by the Foundation is misuse of grant funding by recipients. The Trustees have implemented procedures to manage this risk including a thorough review of all applications, including a financial assessment, and, effective monitoring of grants made including visits to projects. To mitigate this risk, grants are only made to UK registered charities.

To manage the risks, with the assistance of our Grants and Governance Officer, we maintain a Risk Register which is reviewed annually by the Trustees. We have also established reporting requirements in order to not only measure the outcomes, but also to evaluate actual expenditure against budget for those projects we have funded. We, as a policy, will not advance further funding if there are significant underspends or reporting by the recipients is found to be inadequate.

FINANCIAL REVIEW

The Foundation's work is not solely dependent upon income from its investments, and if necessary, will use the capital fund. The Trustees policy is to maximise income from their investments. This policy is kept under review and if the need arises, the Trustees will reconsider this decision.

During the year the Group relied on primarily from income from its investment income. Rental income has now ceased, but raised £5,770 in the year.

All the funds are unrestricted. There are no funds in deficit at the date of the financial statements. The Charity's financial position at the balance sheet date is sufficient to meet ongoing expenditure and commitments.

The Trustees' power to invest is unrestricted. At the balance sheet date, the Group has cash of £670,735 on current and deposit accounts. The Group recorded a surplus of £116,215 (2018 - £529,838 surplus) for the year.

INVESTMENT POLICY

The capital fund of the Foundation consists of both stock exchange and fund of funds investments, which enables the fund managers to be flexible on their holdings. There is no restriction on the type of investments that the fund managers may wish to make.

The Trustees are satisfied with the fund managers' performance and measure their performance against the funds own internal benchmarks and benchmarks provided by ARC.

The Trustees have continued to dispose of their property portfolio and are reviewing options for the remaining property with appropriate professional advice.

RESERVES POLICY

The Trustees have given consideration as how best to benefit those groups and individuals to whom its policies are targeted to help in the short and medium term. They keep under review the number of grants, which include payments in future years, to ensure that they have sufficient funds to meet needs as they arise.

Total reserves held by the Group at the year-end were £21,314,510 (2018: £21,198,295).

The Foundation has an unrestricted capital and income fund of £19,798,637, which includes known liabilities for future approved grants. The figure for 2018 was £18,735,501.

The Trustees have considered the level of reserves, which adequately meets future grants already committed, and the overhead running expenses of the Foundation.

The principal funding source remains the legacy from the estate of the late Betty Messenger. No other funding is received by the Foundation.

FUTURE PLANS

The Trustees are continuing to dispose of all the properties held by the Foundation and its subsidiary. They plan to complete this process in the near future.

THE BETTY MESSENGER CHARITABLE FOUNDATION

TRUSTEES' REPORT
FOR THE YEAR ENDED 5 APRIL 2019

The Trustees look forward to continuing to make grants in accordance with their stated objectives and identify opportunities to make a positive impact on the lives of those who "fall through the gaps" in society.

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Trustees are responsible for preparing a Trustee's annual report and financial statements in accordance with applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the charity Trustees to prepare financial statements for each year, which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the Foundation for that period. In preparing the financial statements, the Trustees are required to:

- Select suitable accounting policies and apply them consistently.
- Observe the methods and principles in the applicable Charities SORP and FRS102.
- Make judgments and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures that must be disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume the Foundation will continue in existence.

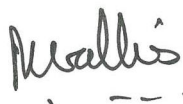
The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Foundation and to enable them to ensure that the financial Statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations and the provision of the Trust Deed.

They are also responsible for safeguarding the assets of the Foundation and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Foundation and the financial information included in the Foundation's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

Agreed by the Trustees on 24/10 2019 and signed on behalf by:

 Steven Jaffe FCA

 Rmwmw's FCA.

THE BETTY MESSENGER CHARITABLE FOUNDATION

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE BETTY MESSENGER CHARITABLE FOUNDATION

Independent Auditor's Report to the trustees of The Betty Messenger Charitable Foundation

We have audited the financial statements of The Betty Messenger Charitable Foundation Charity (the 'parent charity') and its subsidiaries (the 'group') for the year ended 5 April 2019 which comprise the Group Statement of Financial Activities, the Group and the Parent Charity Balance Sheets, the Group 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 group's and parent charity's affairs as at 5 April 2019, and of the group's incoming resources and application of resources 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 Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charity 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 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 group's or parent charity'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 trustees are responsible for the other information. The other information comprises the information included in the trustees' annual 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.

THE BETTY MESSENGER CHARITABLE FOUNDATION

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE BETTY MESSENGER CHARITABLE FOUNDATION

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the parent charity's financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of financial statements which 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 group's and parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

THE BETTY MESSENGER CHARITABLE FOUNDATION

INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEES OF THE BETTY MESSENGER CHARITABLE FOUNDATION

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Sobell Rhodes LLP
.....

Sobell Rhodes LLP, Statutory Auditor

Ground Floor
Unit 501 Centennial Park
Centennial Avenue
Elstree, Borehamwood
Hertfordshire
WD6 3FG

Date: *7/11/2019*
.....

Sobell Rhodes LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE BETTY MESSENGER CHARITABLE FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 5 APRIL 2019

		2019 Unrestricted Funds £	2019 Total Funds £	(As restated) 2018 Total Funds £
	Notes			
Income from:				
Investments	2	668,991	668,991	309,834
Total	2	<u>668,991</u>	<u>668,991</u>	<u>309,834</u>
Expenditure on:				
Raising funds	3	160,114	160,114	331,118
Charitable activities - grant making	3	2,001,788	2,001,788	45,150
Total		<u>2,161,902</u>	<u>2,161,902</u>	<u>376,268</u>
Net gains/(losses) on investments		1,609,126	1,609,126	596,272
Net income / (expenditure)		<u>116,215</u>	<u>116,215</u>	<u>529,838</u>
Net movement in funds		<u>116,215</u>	<u>116,215</u>	<u>529,838</u>
Reconciliation of funds:				
		21,198,295	21,198,295	20,668,457
		<u>21,314,510</u>	<u>21,314,510</u>	<u>21,198,295</u>
		-		-

All amounts relate to continuing activities of the group.

The notes on pages 14 to 25 form part of these financial statements.

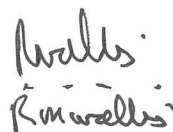
THE BETTY MESSENGER CHARITABLE FOUNDATION

BALANCE SHEETS
AS AT 5 APRIL 2019

	Notes	Group		Charity	
		(As restated)			
		2019	2018	2019	2018
		£	£	£	£
Fixed assets					
Tangible assets	6	-	2,919	-	-
Investments	7	22,414,741	18,042,713	21,504,084	17,358,118
Total fixed assets		<u>22,414,741</u>	<u>18,045,632</u>	<u>21,504,084</u>	<u>17,358,118</u>
Current assets					
Debtors	8	13,462	496,639	-	963,216
Cash at bank and in hand		670,735	2,880,026	70,771	623,168
Total current assets		<u>684,197</u>	<u>3,376,665</u>	<u>70,771</u>	<u>1,586,385</u>
Creditors					
Amounts falling due within one year	9	(696,622)	(224,000)	(688,412)	(209,000)
Net current assets		<u>(12,425)</u>	<u>3,152,665</u>	<u>(617,641)</u>	<u>1,377,385</u>
Total assets less current liabilities		<u>22,402,316</u>	<u>21,198,297</u>	<u>20,886,443</u>	<u>18,735,503</u>
Creditors: amounts falling due in greater than one year	10	(1,087,806)	(2)	(1,087,806)	(2)
Total net assets		<u>21,314,510</u>	<u>21,198,295</u>	<u>19,798,637</u>	<u>18,735,501</u>
Income funds					
Unrestricted income funds	11	21,314,510	21,198,295	19,798,637	18,735,501
Total funds	11	<u>21,314,510</u>	<u>21,198,295</u>	<u>19,798,637</u>	<u>18,735,501</u>

The financial statements were approved by the trustees on 24/10/19 and signed on their behalf by:


Steven Jaffe


R. M. Wallis

The notes on page 14 to 25 form part of these financial statements.

THE BETTY MESSENGER CHARITABLE FOUNDATION

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 5 APRIL 2019**

		<u>2019</u>	<u>2018</u>
	Notes	£	£
Cash flows from operating activities:			
Net cash provided by / (used in) operating activities	15	(109,610)	(643,827)
Cash flows from investing activities:			
Dividends and interest from investments		663,222	229,352
Proceeds on disposal of fixed asset investments		900,000	8,256,000
Purchase of investments		(3,662,900)	(7,444,475)
Net cash provided by / (used in) investing activities		(2,099,678)	1,040,877
Net movement in cash and cash equivalents in the reporting period		(2,209,288)	397,050
Cash and cash equivalents at the beginning of the reporting period		2,880,026	2,482,974
Cash and cash equivalents at the end of the reporting period		670,735	2,880,026
Analysis of cash and cash equivalents		<u>2019</u>	<u>2018</u>
		£	£
Cash in hand		670,735	2,880,026
Total cash and cash equivalents		670,735	2,880,026

THE BETTY MESSENGER CHARITABLE FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2019

1. Accounting policies

Company Information

The Betty Messenger Charitable Foundation is a charity domiciled in England and Wales. The registered office is 14 David Mews, London, W1U 6EQ. The charity registration number is 1149282.

The group consists of The Betty Messenger Charitable Foundation; Messenger Estates Limited and Messenger Estates (Holdings) Limited.

a) Basis of Preparation

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 Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, and UK Generally Accepted Accounting Practice.

Betty Messenger Charitable Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Going concern

The trustees consider that there are no material uncertainties about Betty Messenger Charitable Foundation's ability to continue as a going concern.

c) Group financial statements

The financial statements consolidated the results of the charity and its wholly owned subsidiaries Messenger Estates (Holdings) Limited and Messenger Estates Limited on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has been included in the notes to the financial statements.

d) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Where income has related expenditure (as with fundraising or contract income), the income and related expenditure are reported gross in the Statement of Financial Activities.

Donations, grants and gifts are recognised when receivable. In the event that a donation is subject to fulfilling performance conditions before the charity is entitled to the funds, the income is deferred and not recognised until it is probable that those conditions will be fulfilled in the reporting period.

THE BETTY MESSENGER CHARITABLE FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2019

f) Expenses

Grants payable represent amounts awarded by the charity during the year for charitable purposes. Grants payable are shown under creditors in the balance sheet and represent the full liability to pay grants to recipients over the full duration of their research projects. The grants are recognised as being payable once the recipient has met the conditions for receipt and the grant has been minuted at the trustees' meeting.

Support costs are those that assist the work of the charity but do not directly represent charitable activities. They are incurred directly in support of expenditure on the objects of the Charity. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

h) Tangible fixed assets

All assets are capitalised at their historical cost when purchased.

Depreciation is provided to write off the cost or revaluated amount, less an estimated residual value, of all fixed assets evenly over their expected economic useful lives on a straight line basis as follows:

Fixtures and Fittings	15%
-----------------------	-----

The need for any impairment of a fixed asset write-down is considered if there is concern over the carrying value of an asset and is assessed by comparing that carrying value against the value in use or realisable value of the asset when appropriate.

i) Investments

Listed securities are stated at open market value. The shares in the subsidiary company are stated at costs less any provision for diminution of value.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

j) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Accrued income is included at the best estimate of the amounts receivable at the balance sheet date. Rent deposits recoverable are all held by Independent Authorities in accordance with law.

k) Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

THE BETTY MESSENGER CHARITABLE FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2019

l) Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

m) Financial Instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially recognised at transaction price (including transaction costs). The charity and group only have financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The charity does not acquire put options, derivatives or other complex financial instruments.

n) Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charity for UK corporation tax purposes.

o) Judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The assets that have a significant judgement in the reporting period are the investment properties. These have been valued by the Surveyor.

2) Investment income

	2019	2018
	£	£
Rental income	5,770	80,482
Income from listed investments	662,901	172,240
Interest receivable	320	57,112
	<u>668,991</u>	<u>309,834</u>
	-	-

THE BETTY MESSENGER CHARITABLE FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2019

3) Expenditure

	Direct costs	Support costs	2019
	£	£	£
Raising funds - Investment property	156,765	3,349	160,114
Charitable activities - Grant making (note 4)	2,001,788	-	2,001,788
	<u>2,158,553</u>	<u>3,349</u>	<u>2,161,902</u>
			-
	Direct costs	Support costs	2018
	£	£	£
Raising funds - Investment property	217,067	114,051	331,118
Charitable activities - Grant making (note 4)	45,150	-	45,150
	<u>262,217</u>	<u>114,051</u>	<u>376,268</u>
			-

The Foundation does not undertake any fundraising activities although expenditure is shown against the description 'Raising funds', this is purely to comply with charity accounting requirements and the expenditure relates to - 'investment property management costs'.

Allocation of Support costs	Total	Basis of allocation	Raising funds	Grant making
2019				
Governance costs	47,454	on percentage of time spent	4,745	42,709
2018				
Governance costs	151,713	on percentage of time spent	15,171	136,542
Governance costs			2019	2018
			£	£
Audit fee			900	10,040
Accountancy fee			3,770	14,239
Legal and professional fees			39,586	126,060
Trustee expenses			3,198	1,374
			<u>47,454</u>	<u>151,713</u>

THE BETTY MESSENGER CHARITABLE FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2019

4) Grants Payable

	2019 £	2018 £
Tommy's	-	1,900
Ovarian Cancer Action	99,999	-
North London Hospice	1,260,658	-
The Honeypot Children's Charity	196,130	-
Stokenchurch Parish Council	-	20,000
The British Friends of the Israeli War	-	20,000
Watford Workshop	50,000	-
RSA	95,000	-
CST	300,000	-
Other	-	3,250
	<u>2,001,787</u>	<u>45,150</u>

All grants are payable to institutions.

5) Analysis of staff costs and key management personnel

	2019 £	2018 £
Wages and salaries	-	97,217
Social Security costs	-	220
Pension costs	-	1,758
	<u>-</u>	<u>99,194</u>

The key management personnel of the charity are considered to be its trustees.

The average monthly head count was 0 (2018:2) and analysis of the staff employees in the year were:

	2019	2018
Administrative	<u>-</u>	<u>2</u>

There were no employees whose annual remuneration was £60,000 or more in either year.

The pension liability at the year end was £Nil (2018 : £Nil)

THE BETTY MESSENGER CHARITABLE FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2019

6) Tangible Fixed Assets

Group

Fixtures,
fittings and
equipment
£

Cost or valuation

At 6 April 2018	719,884
Additions	-
Disposals	(505,867)

At 5 April 2019	214,017
------------------------	----------------

Depreciation

At 6 April 2018	716,965
Depreciation charge	-
Eliminated on disposal	(502,948)

At 5 April 2019	214,017
------------------------	----------------

Net book value at 5 April 2019	-
---------------------------------------	----------

Net book value at 5 April 2018	2,919
---------------------------------------	--------------

7) Fixed asset investments

Group

Investment Properties £	Listed securities £	Total £
-------------------------------	---------------------------	------------

Cost or valuation

At 6 April 2018 (as restated)	973,938	17,068,775	18,042,713
Additions	-	3,662,901	3,662,901
Transfers/Disposals	(631,161)	-	(631,161)
Changes in fair value	857,223	483,065	1,340,288

Value At 5 April 2019	1,200,000	21,214,741	22,414,741
------------------------------	------------------	-------------------	-------------------

Historical cost

At 5 April 2019	315,000	20,674,768	20,989,768
-----------------	---------	------------	------------

At 5 April 2018 (as restated)	895,000	17,011,867	17,906,867
-------------------------------	---------	------------	------------

THE BETTY MESSENGER CHARITABLE FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2019

7) Fixed asset investments (continued)

Charity	Shares in subsidiary companies £	Listed securities £	Total £
Cost or valuation			
At 6 April 2018	289,343	17,068,775	17,358,118
Additions	-	3,662,901	3,662,901
Transfers/Disposals	-	-	-
Changes in fair value	-	483,065	483,065
Value At 5 April 2019	289,343	21,214,741	21,504,084
Historical cost			
At 5 April 2019	289,343	20,674,768	20,964,111
At 5 April 2018	289,343	17,011,867	17,301,210

Investment properties were subject to independent, professional valuation at 25th September 2019. The valuation was undertaken by Duncan Bailey Kennedy who is registered under Royal Institution of Chartered Surveyors.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	County of registration or incorporation	Shares held	
Subsidiary undertakings		Class	%
Messenger Estates (Holdings) Limited - Company number 07253414	England and Wales	Ordinary	100
Messenger Estates Limited - Company number 00465048	England and Wales	Ordinary	100

The principal activity of these undertakings from the last relevant financial year was as follows:

	Principal Activity
Messenger Estates (Holdings) Limited	Intermediate holding company

Messenger Estates Limited Property investment and letting

Messenger Estates Limited is a wholly owned subsidiary of Messenger Estates (Holdings) Limited.

THE BETTY MESSENGER CHARITABLE FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2019

8) Debtors

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	-	496,639	-	-
Concessionary loan	-	-	-	963,216
Prepayments and accrued income	13,462	-	-	-
	13,462	496,639	-	963,216

The loan between The Betty Messenger Charitable Foundation and Messenger Estates Limited is a concessionary loan at zero interest and with no repayment terms attached.

9) Creditors : amounts falling due within one year

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Other creditors	681,812	200,000	681,812	200,000
Accruals	14,810	24,000	6,600	9,000
	696,622	224,000	688,412	209,000

10) Creditors : amounts falling due in greater than one year

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Grant commitments > 1 year	1,087,806	2	1,087,806	2
	1,087,806	2	1,087,806	2

11) Unrestricted funds

Charity

	Balance at 6 April 2018	Income	Expenditure	Gains/Losses	Balance at 5 April 2019
	£	£	£	£	£
General funds	18,735,501	2,699,760	(2,119,689)	483,065	19,798,637
	-	-	-	-	-

	Balance at 6 April 2017	Income	Expenditure	Gains/Losses	Balance at 5 April 2018
	£	£	£	£	£
General funds	11,845,586	7,004,285	(57,462)	(56,908)	18,735,501
	-	-	-	-	-

Group

(As restated)

	Balance at 6 April 2018	Income	Expenditure	Gains/ (Losses)	Transfers	Balance at 5 April 2019
	£	£	£	£		£
Unrestricted funds						
General funds	21,198,295	668,991	(2,161,902)	1,609,126	-	21,314,510
Total Funds	21,198,295	668,991	(2,161,902)	1,609,126	-	21,314,510

THE BETTY MESSENGER CHARITABLE FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2019

11) Unrestricted funds (continued)

	(As restated)					(As restated)	
Unrestricted funds	Balance at 6 April 2017	Income	Expenditure	Gains/ (Losses)	Transfers	Balance at 5 April 2018	
	£	£	£	£	£	£	£
General funds	20,668,457	309,834	(376,268)	596,272	-	21,198,295	
Total Funds	20,668,457	309,834	(376,268)	596,272	-	21,198,295	

12) Parent and Subsidiary Accounts

Investment in subsidiaries

The consolidated statement of financial activities includes the results of Betty Messenger Charitable Foundation's (charity number 1149282) wholly owned subsidiary Messenger Estates Limited (company number 00465048). The summary performance of Messenger Estates Limited along is as follows:

	(As restated)	
	2019	2018
	£	£
<u>Income</u>		
Income from investments	6,015	80,549
<u>Expenditure</u>		
Raising funds	(42,213)	(318,807)
Charitable activities	(2,036,784)	(6,775,000)
Net gains on investments	1,126,061	653,180
Net income / (expenditure) including movement in funds	(946,921)	(6,360,078)
<u>Reconciliation of funds</u>		
Total funds brought forward	2,711,137	9,071,214
Total funds carried forward	1,764,216	2,711,137

THE BETTY MESSENGER CHARITABLE FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2019

12) Parent and Subsidiary Accounts (continued)

Balance sheet of Messenger Estates Limited

	(As restated)	
	2019	2018
	£	£
Fixed Assets		
Investment Properties	1,200,000	973,938
Tangible assets	-	2,920
	<hr/> 1,200,000	<hr/> 976,858
Current Assets		
Debtors	13,461	496,639
Cash at bank and in hand	599,964	2,256,856
	<hr/> 613,425	<hr/> 2,753,495
Liabilities		
Creditors : amounts falling due within one year	8,210	978,216
	<hr/> 605,216	<hr/> 1,775,279
Net current assets		
	<hr/> 1,805,216	<hr/> 2,752,137
Total assets less current liabilities		
	<hr/> 1,805,216	<hr/> 2,752,137
Total net assets		
	<hr/> 1,805,216	<hr/> 2,752,137
Unrestricted funds		
Ordinary share capital	41,000	41,000
General funds	1,764,216	2,711,137
Total funds	<hr/> 1,805,216	<hr/> 2,752,137

Financial performance of the foundation

The consolidated statement of financial activities includes the results of the Foundation's wholly owned subsidiary Messenger Estates Ltd. The summary performance of the Foundation alone is as follows:

	2019	2018
	£	£
Income	2,699,760	7,004,285
Expenditure	<hr/> (2,119,689)	<hr/> (57,462)
Net expenditure before investment gains / (losses)	580,071	6,946,823
Gains/ (losses) on investment assets	483,065	(56,908)
Net movement in funds	<hr/> 1,063,136	<hr/> 6,889,915
Total funds brought forward	18,735,501	11,845,586
Total funds carried forward	<hr/> 19,798,637	<hr/> 18,735,501
Represented by:		
Unrestricted funds	<hr/> 19,798,637	<hr/> 18,735,501

THE BETTY MESSENGER CHARITABLE FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2019

13) Trustees remuneration and expenses

The trustees received reimbursement of subsistence expenses of £1,230 (2018 £1,374) and laptop expense of £1,968 (2018 £nil).

No Trustees, nor any persons connected with them, have received any remuneration or other benefits from the Charity during the year.

14) Related Party Transactions

The Charity has taken the exemption not to disclose inter-company transactions and balances within 100% group companies.

15) Net cash (outflow)/ inflow from operating activities

	2019 £	2018 £
Net movement in funds	116,215	529,837
(Gains)/losses on investments	(1,609,126)	(596,272)
Dividends and interest from investments	(663,221)	(229,352)
Depreciation and impairment of tangible fixed assets	-	1,457
Impairment of fixed assets	2,919	-
Decrease/(increase) in debtors	483,177	(435,753)
Increase/(decrease) in creditors	1,560,426	86,256
	<u>(109,610)</u>	<u>(643,827)</u>
	-	-

16) Prior period adjustment

The financial statements for the prior year have been restated to recognise that three investment properties have been disposed during the year ended 5 April 2018 but the fair value of the investment properties have not been transferred to the gains/losses on investments.

The fair value of the investment properties was wrongly recognised in the revaluation reserves and therefore is now restated to the unrestricted funds.

The recognition of these transactions have resulted in the re-statement of the Statement of Financial Activities and balance sheet for the previous year as follows:

Summary of the accounting impact on the Statement of Financial Activities for the year ended 05/04/18

	<u>Net movement of funds</u> £
Transferred of fair value of the investment properties disposed to the gains/losses on investments	(923,307)
Derecognise fair value adjustments of disposal of investment properties	(1,454,240)

Summary of the accounting impact on the Balance Sheet

	Revaluation reserves £	unrestricted funds £
At 6/4/17		
Reclassification of fair value reserve brought down	(1,300,000)	1,300,000
Reclassification of fair value adjustment during the year	(1,000,000)	1,000,000
Derecognise fair value adjustments of disposal of investment properties	(691,969)	691,969

THE BETTY MESSENGER CHARITABLE FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2019

16) Prior period adjustment (continued)

At 6/4/18	Revaluation reserves £	unrestricted funds £	Investment Properties £
Derecognise fair value adjustments of disposal of investment properties	(1,454,240)	1,454,240	-
Transferred of fair value of the investment properties disposed to the gains/losses on investments	-	923,307	(923,307)