

**ESSENTIAL CHRISTIAN**

**formerly  
MEMRALIFE GROUP**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 NOVEMBER 2016**

**Company Number: 06667924  
Charity Number: 1126997**

**ESSENTIAL CHRISTIAN**

**formerly  
MEMRALIFE GROUP**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 NOVEMBER 2016**

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# **ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)**

## **REPORT OF THE DIRECTORS**

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The Directors have pleasure in submitting their report together with the audited group financial statements for the year ended 30 November 2016 which have been prepared in accordance with the current statutory requirements, the company's memorandum and articles of association and the Statement of Recommended Practice (Charities SORP (FRS 102)) and Financial Reporting Standard 102 (FRS 102).

### **Reference & Administrative Details**

Charity Number	1126997
Company Number	06667924
Principal/ Registered Office	14 Horsted Square Uckfield East Sussex TN22 1QG

<u>Bankers</u>	Lloyds Bank plc 8 High Street Lewes East Sussex BN7 2AD
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<u>Solicitors</u>	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B3 2ES
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<u>Auditors</u>	Jacob Cavenagh & Skeet 5 Robin Hood Lane Sutton Surrey SM1 2SW
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## ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)

### REPORT OF THE DIRECTORS (continued)

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#### Directors

The directors who held office during the period were as follows:

##### *Non executive directors*

Mr Geoffrey Booker		
Ms Tania Bright		(appointed 10 March 2016)
Rt Rev Peter Broadbent	<i>Chair</i>	
Rev Gavin Calver		(appointed 3 March 2017)
Mr David Dorricott		
Ms Elaine Duncan		
Rev Malcolm Duncan		
Rev Roger Sutton		
Mr Alastair Watson		(resigned 31 December 2015)
Rev Dr Ian White		(resigned 31 December 2015)

##### *Executive director*

Mr Peter Martin	<i>Chief Executive</i>
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Each of the directors is also a member of the company and is considered a member of Key Management Personnel. Further details of the constitution of the company are given in note 15 to the accounts.

#### History and Name

Memralife Group was formed from the merger of International Christian Communications and Spring Harvest and began activities in January 2009. On 23 March 2017 the name of the company was changed to Essential Christian.

#### Ethos

Essential Christian is a Christian organisation. It's reason for existence and ongoing ethos is to serve Jesus Christ and represent Jesus Christ and his teaching to the world. This service is undertaken through delivering the objectives and activities of the Charity for the public benefit.

#### Objectives and Activities

The object of the charity is for the public benefit to advance the Christian faith throughout the world and to do so principally, but not exclusively by:

- serving the Christian church worldwide;
- enabling the Christian church worldwide;
- informing, inspiring and equipping Christians to live out their Christian faith with biblical integrity, heartfelt unity and cultural relevance; and
- encouraging people to live as disciples of Jesus Christ.

The charity seeks to promote Christian faith and teaching, discipling and evangelism, and to contribute to the quality of life of individuals and families, whether they are currently engaged with the Christian church or on a personal spiritual journey.

## ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)

### REPORT OF THE DIRECTORS (continued)

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The charity seeks to promote Christian faith and teaching, discipling and evangelism, and to contribute to the quality of life of individuals and families, whether they are currently engaged with the Christian church or on a personal spiritual journey.

The strategies employed to achieve the company's objectives for the period included:

- the provision of the annual Spring Harvest teaching event at Butlins resorts, open to and accessed by people of all ages and from all sections of the community
- organising *The Pursuit*, a worship event and conference primarily for young adults.
- assisting with a delivery of holidays with Christian teaching at a resort in France.
- delivering booking and conference infrastructures for events provided by other organisations.
- producing printed material.
- recording and distributing audio and video teaching material.
- producing and publishing Christian music.
- providing a royalty administration service.
- enabling access to audio, video and written materials through shops at events and online.
- offering discounts to make Spring Harvest accessible to those otherwise unable to come.
- donations to other organisations from moneys collected in the Spring Harvest offering, and also in support of a long-standing commitment to assist a church in Ukraine.

### Public Benefit

The directors are aware of their responsibility to ensure that the charity provides public benefit. The aim of Essential Christian's activities is to equip and enable the Church and her members through providing events and resources. Accordingly the activities both provide spiritual benefit to a large number of people and assist churches to serve their communities.

Essential Christian:

- promotes the study of and application of the Bible through seminars and addresses at Spring Harvest, Spring Harvest Holidays, and through making available audio and video recordings from these and other conferences.
- gives opportunities for corporate prayer and praise, often with a large number of people.
- provides opportunities for families to enjoy time together in a relaxed, teaching setting.
- records and distributes Christian music.
- makes available Christian teaching and resources in audio, video and written formats.
- makes its expertise in conference management available to other organisations.

Teaching and music recordings are available at a price which makes them accessible to everyone, regardless of income. Discounts and grants are offered to assist people experiencing financial hardship to attend events within the group.

During the year the charity developed a resource to help schools with collective worship.

## **ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)**

### REPORT OF THE DIRECTORS (continued)

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#### **Structure, Governance & Management**

##### Governing Document

The organisation is a charitable company limited by guarantee, incorporated in England and Wales on 8 August 2008 (at that time named eternalfx) and registered as a charity on 28 November 2008. The company is governed by its Memorandum and Articles of Association. There are currently 9 members and Directors of the company.

##### Recruitment and Appointment of Directors

The existing Directors of the company have power to appoint new members of the company. Once appointed as a member a person automatically becomes a Director of the company.

The Directors of the company are also charity trustees. Under the requirements of the Memorandum and Articles of Association the Non-Executive Directors are appointed to serve for a period of up to five years and they may be re-appointed after a year's break; however the Board may waive the year's break, as it has recently, when continuity is deemed to be in the best interests of the company.

Directors have a wide knowledge of the beneficiary and potential beneficiary group served by the company. All Directors are invited to nominate new Directors, having regard to the skills, experience or representation which the Directors have identified as being required at the time. Full discussion takes place on each of the nominees before a final appointment is made.

The Board of Directors is satisfied that both the legal and financial needs of the company are well served by its current professional advisors.

A register of interests is held on the Directors and is updated annually.

##### Directors' Induction and Training

New Directors often come with extensive experience on the boards of other charities or businesses and are familiar with Essential Christian having participated in one or more of its activities. Any new Director therefore comes with a high level of awareness of the company's objectives, structures and operational activities.

New Directors are supplied with the Memorandum and Articles of Association, current minutes and recent financial reports, and the statement of Beliefs, Purpose and Values. In addition access is given to the Charity Commission publication 'The Essential Trustee: What you need to know, what you need to do'.

Before attending their first Directors' meeting the Chief Executive and/or the Chair will seek to meet the new Director to answer any questions they may have. Where appropriate, additional induction and meetings with other Directors and staff will be provided.

##### Board of Directors

The Board carries the legal and financial responsibility for the charity and establishes the vision and mission of the charity while monitoring its activities and policies. The Board meets six times per year. In addition there is a Finance Committee consisting of three non-executive Board members, the CEO and three other staff members.

## ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)

### REPORT OF THE DIRECTORS (continued)

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#### Structure

The charity operates under brands to distinguish its activities. As part of a restructuring in the autumn of 2016 much of the work undertaken by the Elevation and ICC Duplication divisions was discontinued, and activities under those brands will be much reduced in future.

- Elevation  
This was the publishing name for resources produced by the charity to equip the Church, including CDs, DVDs and books. This will continue on a smaller scale as part of Essential Event Management
- Essential Christian  
A wide range of Christian resources, including talks from conferences going back many years, is available for sale from the *Essential Christian* shop, both on-line and through retail stands at events.
- Essential Event Management  
Using the experience built up in running Spring Harvest and other events, Essential Event Management makes these skills available to the wider Christian community and beyond.
- ICC Duplication  
The company duplicated CD, DVD and USB sticks both for its own label products and as a service to others organisations. This will continue on a smaller scale as part of Essential Event Management.
- Song Solutions  
Song Solutions administers copyrights and royalties on Christian music, both where the copyright is owned by Essential Christian and on behalf of clients in UK and worldwide.
- Spring Harvest  
The Spring Harvest main event takes place within the Easter school holidays using the Butlins facilities at Minehead and Skegness. From time to time Spring Harvest runs other events either alone or in partnership with others.
- Spring Harvest Holidays  
Operating as a separate company, Spring Harvest Holidays extends the vision of Spring Harvest into France offering a mix of holiday relaxation and spiritual input at its resort in the Vendée region. Many Spring Harvest speakers give Bible teaching during the season. Essential Christian provides services to Spring Harvest Holidays. There are currently two Essential Christian directors on its Board.

In furtherance of its activities Essential Christian has two wholly-owned subsidiaries: Copycare Ltd, which in turn owns Copycare Pacific Pty Ltd, which undertakes copyright administration; and Daybreak Music Ltd, through which activities are channelled where these are not directly connected with Essential Christian's charitable objects.

Further details are given in Note 9 to the Accounts.

## ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)

### REPORT OF THE DIRECTORS (continued)

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#### Management & Staffing

The Chief Executive appointed by the Board is responsible for the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority for operational matters, including day-to-day finance, communications and business development. In addition the Chief Executive is responsible for recruiting the staff team and ensuring that there are the skills and expertise needed to run the charity. The charity is well served by an experienced and motivated senior staff team.

The key management personnel of the charity are the directors listed on page 1. All non-executive directors give of their time freely and no director received any remuneration in the year for being a director. Payments are sometimes made for additional services. Details of directors' payments, expenses and related party transactions are disclosed in Notes 7.3 and 20 to the financial statements. The pay of the Chief Executive and other senior staff is reviewed annually.

The Spring Harvest division is assisted by a Planning Group which devises and delivers the Spring Harvest event programme. The Group includes three Board members and several others who together bring theological and event-leadership skills.

#### Risk Management

The Directors have a risk management strategy which comprises:-

- an annual review document showing the risks to the organisation and the control measures to be taken, which is put together on behalf of the Directors by the Chief Executive and Company Secretary;
- a review of this document by the Board;
- further discussion of those areas where greater risks are identified and the establishment of systems and procedures to mitigate those risks; and
- the implementation of procedures designed to minimise where possible any potential impact on the company should those risks materialise.

The annual risk assessment acts as a tool to ensure that appropriate systems and controls are in place to protect the company in the areas of governance, management, activities, premises, IT, finance, litigation and reputation.

Based on this risk review, the Directors consider the most relevant risks, and the means by which they may be mitigated, to be as follows:

- Reduction in the number of guests at Spring Harvest leading to loss of income, either because of a commercial decision by the resort owner, or because of changes to annual school holidays. The event will run at a new (additional) location in 2018.
- Financial constraints as described below.
- Retirement of some directors due in the next two years. The Board has begun a process of renewal and of identifying new trustees.
- Loss of key staff. There is an intention to share knowledge where possible.
- Loss of data or key equipment. Regular backups are taken.



## ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)

### REPORT OF THE DIRECTORS (continued)

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#### **Achievements and Performance**

Essential Christian's activities fall into three broad categories: Conference and Event Ministry, Ministry Resources, and Grant-making.

##### (1) Conferences and Event Ministry

This includes Spring Harvest, Spring Harvest Holidays and activities undertaken by Essential Event Management on behalf of other organisations.

- Spring Harvest

The Spring Harvest event in 2016 was held at the Butlins resorts in Minehead and Skegness over four periods during the Easter school holidays – two of 5 days (4 nights) and one of 6 days at Minehead; and at Skegness one of 5 days. Over 20,000 people attended over the four event-breaks, including team members and day visitors.

The event provides an opportunity for individuals, families, and wider church families to engage in teaching and worship opportunities around a central theme all within a relaxed, holiday environment. The teaching provision is structured by age for children and teens, and for adults there is a range of options related to interests and situations. All age groups address the same core theme, adapted appropriately, so that when back in the family or church group all ages can share what has been learnt.

The event in 2016 was titled 'Game Changers' and took as the theme the life of Moses, who encountered God and was enlisted into mission, and the calling of God to everyone to be equipped and empowered to be game changers wherever they are. Mornings began with an all-age 'Big Start', followed by the main Bible teaching. Afternoons offered a range of seminars, workshops and matinees. The seminar programme included sessions about being a game changer in government, business, science, family and education, and in the media, arts and entertainment. There were other seminars on parenting, a series for church leaders and much more. In the evenings there were celebrations of corporate worship and teaching. Although programmes across the events were broadly similar, each event-break also had one or more special streams. In 2016 these were for adults with learning disabilities, 18-30s, single and seniors.

Main meetings were held in a Big Top in Skegness and in the Skyline arena in Minehead.

A highly skilled and experienced pastoral team was available each week to meet with individuals.

The Spring Harvest event is made accessible to guests with disabilities through the provision of BSL signing, speech to text, loop systems, Braille and large print material. Multi-sensory areas are available in children's and youth venues. An experienced Disability Co-ordinator is available to handle questions which may arise on a one-to-one basis. The stream for adults with learning disabilities was organised in conjunction with the charity Prospects, now part of Livability.

Guests gave £330,000 to the Offering appeal, which was to assist four agencies working to support refugees in the Middle East, in Athens and in the UK. Details are given below and in Notes 14 and 17 to the Accounts.

To deliver the Main Event 1,400 team members were recruited of whom 1,200 were volunteers. They make a major contribution to the ministry of Spring Harvest. Because there are children and vulnerable adults at the event, a system is in place to make appropriate checks with the Disclosure and Barring Service and to take up references on team members.

## ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)

### REPORT OF THE DIRECTORS (continued)

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Following each event a review is undertaken in the light of the objectives, and having regard to feedback from guests and team members. Guests continue to appreciate the event. Many come as part of a group from their church and return year after year.

In the autumn a 'Spring Harvest Local' tour was held with the aim of engaging with church leaders and with Spring Harvest guests in their home areas, and introducing the event to new people. This brought elements of a Spring Harvest celebration to 7 towns in North-West, Eastern, Southern and Western England, and was also broadcast on TBN-UK.

- The Pursuit

This weekend of retreat and worship ran for its second year and drew over 350 people for the full period and another 180 day visitors. Guests were mainly in their 20s and 30s and were enthusiastic about the event. Numbers increased over the first year; however the growth was insufficient to cover its costs and it was decided not to run it again.

- Spring Harvest Holidays

Many guests return year after year to enjoy a holiday at Le Pas Opton holiday park in France. In 2016 4.350 people came and satisfaction levels remain high. Speakers, many of them known to Spring Harvest guests, lead the Bible teaching sessions each week, and there are specially programmed activities for children and teenagers.

The offices of Spring Harvest Holidays are situated within Essential Christian's premises and during the course of the year the charity provided administrative and management assistance, the costs of which were reimbursed under a management agreement between the charity and Spring Harvest Holidays Ltd.

Further information is available in the Spring Harvest Holidays Ltd Annual Report.

- Other Events

Through *Essential Event Management* the charity assists other agencies through providing volunteer recruitment services, DBS checks, assistance with safety procedures, and with ticketing and registration facilities.

There was less activity than expected in 2016; however it has increased recently and an area of growth is travelling around the country to help other Christian organisations set up their events, in particular a number of events for Care for the Family. Clients report that they are well served by the charity's teams.

#### (2) Ministry Resources

This includes activities undertaken through the Elevation, ICC Duplication, Essential Christian and Song Solutions brands in creating audio, video and print media; making these available to purchasers; and in copyright administration and royalty collection.

- Music and Books

The Elevation imprint has continued to produce albums of Christian music appropriate for all ages and in a variety of genres, from praise-songs for pre-school children to reflective, instrumental albums for meditative worship. Some of the children's albums link to Christian teaching events so reinforce the educational objectives of the event. Elevation also works with music artists, such as Jonathan Veira and the New Irish Choir & Orchestra, who reach out to a wider audience for evangelism purposes.

## ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)

### REPORT OF THE DIRECTORS (continued)

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Partnerships have continued to develop with organisations such as Jesus Culture, and new ranges have been launched including the *Best of British Live Worship* series.

In partnership with Lion Hudson's *Monarch* imprint, Elevation also publishes books with a growing and successful list, some of which link to the main Spring Harvest theme.

- Spoken Word  
Recordings of Bible expositions and seminars were made for Spring Harvest and for other Christian events and conferences, including New Wine, the Keswick Convention, and Kingdom Faith. These recordings provide a resource for attendees to take teaching home and listen to it again or pass it on to their friends, and for others who were not at the event to access it themselves. Recordings are made in CD, DVD, USB and MP3 format, and are available for downloading shortly after the end of the event.

- Sales  
The *essentialchristian.com* website, which now operates in partnership with Eden.co.uk, carries teaching from events going back many years as well as a range of music, DVDs, Bibles, books, church resources, and Christian gifts, and includes sheet music available for a low price for use within churches. Orders can be made on-line or by post or telephone,

Sales also took place at events where the charity made recordings of teaching material, and a further proportion were through Christian bookshops and online retailers.

Most music is available worldwide through distribution agreements; and spoken word through the internet.

- Duplication  
Use of the charity's in-house duplication facilities and factoring expertise declined in the year, and the department was closed in September 2016. A reduced level of in-house duplication continues as a service offered by Essential Event Management. As well as producing discs for Elevation, Memralife also worked alongside other Christian agencies, such as The Salvation Army, to produce their music, and continues to offer this service to strategic partner ministries.

- Copyrights administration  
Under Song Solutions (Copicare) Memralife administers over 200,000 songs globally from its own office and through franchise partners around the world. This continues to increase through securing new administration catalogues of Christian music.

Song Solutions (Daybreak) has seen growth again in its catalogue of songs where the charity owns the copyright, and this includes a large selection of children's songs which are used in school assemblies.

There has been increased revenue through these activities as new methods and technology facilitate the identification of song usage with our partners.

- Big Start Assemblies  
Inspired by the 'Big Start' at the beginning of each day at Spring Harvest, this is a project in development to provide an all-in-one package for collective worship in primary schools. It uses stories from the Bible with videos, music and scripts and has been trialled at schools in Sussex and Kent. It was launched more widely in March 2017.

## ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)

### REPORT OF THE DIRECTORS (continued)

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In addition to its charitable activities, the Essential Christian also engages in trading activities through Daybreak Music Ltd, using its duplication expertise and facilities to generate income for its charitable purposes.

#### (3) Grants and Grantmaking

Funds for grantmaking come mainly from the generosity of guests at the Spring Harvest events in supporting the annual Offering appeals. Other donations are received specifically for the support of a church in Lebedin, Ukraine.

- Grant-making policy

The charity's policy is to channel funds available from the Spring Harvest Offering to other organisations which have projects relevant to the focus given for the year. This focus changes annually. Most grants are to other UK registered charities. It may, on rare occasions, give support to individuals involved in Christian work or support the work of organisations which are not registered charities.

Funds are also sent on a more regular basis to support of a mission centre and church in Lebedin, Ukraine, as it reaches out and provides training, aid and Christian education in its community, using money given specifically for this purpose.

Funds for distribution as grants are held in restricted funds as shown in Note 14 to the Accounts.

- Selection process

In the months leading up to Spring Harvest 2016 the plight of refugees fleeing Syria and Iraq was much in the news. The Board felt that it would be right to support the work of some of the Christian agencies involved. The previous year funds had been raised for emergency aid packs, trauma counselling and the provision of Bibles for people displaced from their homes to temporary shelter in the region. For 2016 the Board accepted proposals from four agencies, each working in different ways to support refugees: Refugee Support Network, assisting young refugees and asylum seekers in the UK; Church Support for Refugees, providing support and advice to co-ordinate responses amongst churches in the UK; The Salvation Army, providing for the needs of refugees in transit as they waited in Athens; and Open Doors, again for its work providing trauma counselling to Syrian and Iraqi refugees.

- Grants

For the second year guests at Spring Harvest gave over £330,000, of which £200,000 was sent in the summer, and the remainder held to be sent depending on how the needs developed. A further £61,000 was received from various sources to support the church in Lebedin, which is sent on a regular basis. Details of these and other funds are given in Notes 14 and 17 to the Accounts.

- Monitoring

Organisations receiving grants are asked to submit at least two written reports on the use of the funds within a year. The four agencies above were also interviewed for a video report to Spring Harvest guests in 2017.

The charity also makes sums available to individuals and families in receipt of state benefits to enable people on low incomes to come to Spring Harvest. In 2016 discounts to the value of £60,000 were given, and a further £23,000 in bursaries to help people who were recommended by their church leader and who otherwise, even with a discount, would have been unable to attend.

## **ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)**

### REPORT OF THE DIRECTORS (continued)

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#### **Rebranding**

The charity is grateful for advice from branding specialist Agency ASHA, one of whose founders made contact following an appeal for Partners at Spring Harvest. The process helped to refine the charity's aims and direction. It resulted, amongst other things, in changing the name from 'Memralife Group' to 'Essential Christian', to have a name more expressive of its activities, and in updating the presentation of the brands and giving them a family likeness. These changes were put into effect in March 2017.

#### **Financial Review**

There was again a deficit for the year, albeit much smaller than the previous year. A thorough review was conducted over the summer and this led to changes in the autumn, including some redundancies, to put the charity on a path to financial sustainability.

Provision of duplication services used to be a trading activity from which charitable activities could be funded. However revenue has dropped gradually but significantly over 10 years. Since it can no longer be expected to make a surplus, duplication services for external clients has largely ended. As technology has evolved, sales of Christian music on CD have also declined so in future releases will be fewer and more focused. These measures will reduce costs whilst some of the income, on a smaller scale, can be retained. In view of the restructure, the value included on page 26 for stocks of recorded music CDs held in the warehouse was reduced in line with the new expectations and resources available.

Guest numbers at Spring Harvest changed little in the years 2014-2016. Income increased as prices increased, reflecting investment at the Butlins resorts, and costs decreased; however costs continued to exceed income. The Board and staff are very grateful to Spring Harvest guests and others who have become Partners and donated £150,000 last year to the shortfall. They make a significant contribution to maintaining Spring Harvest into the future. Their donations, together with donations received into the Offering funds, are included in the restricted funds on page 28.

Net income from providing Event Management services to others was below expectations because two anticipated tours were cancelled by the clients. By contrast, Song Solutions income from administering royalties was higher than expected.

Taking everything together, expenditure was greater than income from all sources by £84,000. The Board is grateful for a special donation of £500,000, without which the deficit would have been much more. It is, however, an improvement on the year before.

Looking ahead, the indications for 2017 are of further improvement as the reductions to staffing have their effect on costs over a full year, and there is continued growth in Event Management and Song Solutions.

The Board regularly considers the charity's activities and its future, and explores new ways of working and increasing sources of income in order to maintain its ministry. The main annual operating cycle is from May to May, following the major financial commitments and revenues of the Spring Harvest event in April. With the financial support of a corporate backer who has provided substantial cashflow assistance, and who is prepared to underwrite the operating costs of the charity in extremis, the trustees are satisfied that the Charity can continue to operate on a sound financial footing for the next 12 months.

## ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)

### REPORT OF THE DIRECTORS (continued)

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#### Reserves Policy

The Board considered the charity's requirement for reserves. It is mindful of the risks facing the organisation and the need for reserves.

There were no freely available reserves (which excludes fixed assets, restricted funds and minority interests) at the year end, and a calculation of free reserves would show a negative figure of £717,000. There were net current liabilities of £563,000. The charity was able to meet its obligations because of a loan facility made available to the charity, which is sufficient to cover anticipated financial needs for at least the next 12 months.

#### **Plans for Future Periods**

The Board has considered all aspects of Essential Christian's operations and believes them to be a valuable resource for the Church. The charity aims to:

- maintain and develop the annual *Spring Harvest* event, which is well-known and recognised. The Board believes there is scope to increase the numbers attending over the medium term. In 2018 Spring Harvest will run at Harrogate as well as at Minehead and Skegness, so will be more accessible to people in the north of England and Scotland. In the autumn of 2017 the Spring Harvest Local tour will visit 13 towns in England, Scotland and Wales.
- develop the Spring Harvest Partnership scheme to provide an increasing amount of gift income.
- provide resources for individual Christians and the Church so far as resources allow. Spoken word recordings will continue. Production of music resources will be on a smaller scale. Work will be done to increase the number of Big Start assemblies available so that there is one per week for two school years, and to market the resource so that schools beyond the initial trial areas become aware of it.
- assist other organisations through making the charity's services available to them, in particular using the charity's expertise to run or help with events for other organisations, and to extend the team to allow for growth in this area.
- increase the number of songs administered by Song Solutions.
- work in partnership with others where possible, in particular to help with increasing guest numbers at the Spring Harvest event.

#### **Other information**

##### Disabled employees

The company has procedures in place regarding the employment of disabled staff to ensure that no current or potential member of staff is disadvantaged due to disability and that all staff have equal access to training, career development and promotion.

##### Employee consultation

The company acknowledges the importance of staff communications and involving staff in decisions that directly affect them and their work. A number of procedures and activities are in place to support decision-making and communications, including meetings held corporately, departmentally, team based and individually; and staff participation in decision making as it affects terms of employment.

## ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)

### REPORT OF THE DIRECTORS (continued)

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#### Statement of Directors' responsibilities

The Directors are responsible for preparing the 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 Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and the incoming resources and application of resources, including the net income or expenditure, of the company for the period. In preparing those financial statements, the Directors are required to:

- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 company's operations will continue.

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

#### Disclosure of information to auditors

To the knowledge and belief of the Directors, there is no relevant information that the company's auditors are not aware of, and the Directors have taken all the steps necessary to ensure the Directors are aware of any relevant information, and to establish that the company's auditors are aware of the information.

**Registered office**  
14 Horsted Square  
Uckfield  
East Sussex  
TN22 1QG

Date: 13<sup>th</sup> July 2017

ON BEHALF OF THE  
DIRECTORS

**P Broadbent**  
Director

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### **ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)**

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We have audited the financial statements of Essential Christian (formerly Memralife Group) for the year ended 30 November 2016 which comprise the Consolidated Statement of Financial Activities, the Consolidated Income and Expenditure Account, the Consolidated Balance Sheet, the Balance Sheet, the Consolidated Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard 102 (FRS 102).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out in the Report of the Directors, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 November 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

**ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)**

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**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit, the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Trustees' Report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the 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 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' Report.

**Paul Newton FCA (Senior Statutory Auditor)**

**For and on behalf of Jacob Cavenagh & Skeet, Chartered Accountants and Statutory Auditor**

5 Robin Hood Lane, Sutton, Surrey SM1 2SW

Date:

**ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)**

 CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
 (INCLUDING INCOME AND EXPENDITURE ACCOUNT)  
 FOR THE YEAR ENDED 30 NOVEMBER 2016

		2016	2016	2016	2015	2015	2015
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Unrestricted funds £	Restricted funds £	Total funds £
<b>Income from:</b>							
<i>Donations and legacies</i>		500,000	584,038	1,084,038	500,000	489,994	989,994
<i>Other trading activities:</i>							
Manufacture and Duplication of Media		64,907	-	64,907	82,002	-	82,002
<i>Investments</i>	2	650	-	650	888	-	888
<i>Incoming resources from charitable activities</i>							
Conferences and Event Ministry		1,534,097	-	1,534,097	2,603,581	-	2,603,581
Ministry Resources: Creation, Sales and Royalties	3	2,011,146	6,000	2,017,146	1,914,489	-	1,914,489
<i>Other sources</i>	4	<u>119,016</u>	<u>-</u>	<u>119,016</u>	<u>109,529</u>	<u>-</u>	<u>109,529</u>
Total income: group and share of joint venture		4,229,816	590,038	4,819,854	5,210,489	489,994	5,700,483
Less: share of joint venture's income		-	-	-	( 963,568)	-	( 963,568)
<b>Group total income</b>		<u>4,229,816</u>	<u>590,038</u>	<u>4,819,854</u>	<u>4,246,921</u>	<u>489,994</u>	<u>4,736,915</u>
<b>Expenditure on:</b>							
<i>Raising funds</i>	5	58,176	13,656	71,832	105,640	-	105,640
<i>Charitable activities:</i>							
Grants and Grantmaking		5,044	290,386	295,430	1,362	387,515	388,877
Conferences and Event Ministry		2,205,665	262,661	2,468,326	2,384,147	50,000	2,434,147
Ministry Resources: Creation, Sales and Royalties		<u>2,061,464</u>	<u>6,363</u>	<u>2,067,827</u>	<u>2,100,767</u>	<u>-</u>	<u>2,100,767</u>
<b>Total expenditure</b>		<u>4,330,349</u>	<u>573,066</u>	<u>4,903,415</u>	<u>4,591,916</u>	<u>437,515</u>	<u>5,029,431</u>
<b>Net (expenditure)/income for the year</b>	6	( 100,533)	16,972	( 83,561)	( 344,995)	52,479	( 292,516)
Transfers between funds		( 3,954)	3,954	-	-	-	-
Share of joint venture's (loss) for the year		-	-	-	( 154,217)	-	( 154,217)
(Loss) on disposal of joint venture		-	-	-	( 8,305)	-	( 8,305)
<b>Net movement of funds</b>		<u>( 104,487)</u>	<u>20,926</u>	<u>( 83,561)</u>	<u>( 507,517)</u>	<u>52,479</u>	<u>( 455,038)</u>
<b>Reconciliation of funds</b>							
Funds brought forward at 1 December 2015		( 502,075)	133,352	( 368,723)	6,439	80,873	87,312
Minority interests		( 1,106)	-	( 1,106)	( 997)	-	( 997)
<b>Funds carried forward at 30 November 2016</b>		<u>( 607,668)</u>	<u>154,278</u>	<u>( 453,390)</u>	<u>( 502,075)</u>	<u>133,352</u>	<u>( 368,723)</u>

The statement of financial activities includes all gains and losses recognised in the year.  
 All incoming resources and resources expended derive from continuing operations.

**ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)**CONSOLIDATED BALANCE SHEET  
AS AT 30 NOVEMBER 2016

	<b>Note</b>	<b>2016</b>		<b>2015</b>	
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Tangible assets	8a		110,733		155,453
<b>Current assets</b>					
Stocks	10	154,192		381,518	
Debtors and prepayments	11a	366,134		336,281	
Cash at bank		<u>515,810</u>		<u>240,715</u>	
		1,036,136		958,514	
<b>Creditors: Amounts falling due within one year</b>	12a	<u>(1,598,851)</u>		<u>(1,482,388)</u>	
<b>Net current (liabilities)</b>			<u>(562,715)</u>		<u>(523,874)</u>
<b>Net (liabilities)</b>			<u>(451,982)</u>		<u>(368,421)</u>
<b>Funds</b>					
Unrestricted funds	13a		(607,668)		(502,075)
Restricted funds	14		<u>154,278</u>		<u>133,352</u>
			(453,390)		(368,723)
Minority interests			<u>1,408</u>		<u>302</u>
<b>Total funds</b>			<u>(451,982)</u>		<u>(368,421)</u>

These financial statements were approved by the Directors on 13<sup>th</sup> July 2017 and signed on their behalf by:

**P Broadbent**  
Director

Company number: 06667924

**ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)**COMPANY BALANCE SHEET  
AS AT 30 NOVEMBER 2016

		2016		2015	
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8b		110,733		155,268
Investments	9		<u>1,128</u>		<u>1,128</u>
			111,861		156,396
<b>Current assets</b>					
Stocks	10	154,192		381,518	
Debtors and prepayments	11b	365,034		335,181	
Cash at bank		<u>438,381</u>		<u>181,254</u>	
		957,607		897,953	
<b>Creditors:</b> Amounts falling due within one year	12b	<u>(1,526,055)</u>		<u>(1,423,690)</u>	
<b>Net current (liabilities)</b>			<u>(568,448)</u>		<u>(525,737)</u>
<b>Net (liabilities)</b>			<u>(456,587)</u>		<u>(369,341)</u>
<b>Funds</b>					
Unrestricted funds	13b		(610,865)		(502,693)
Restricted funds	14		<u>154,278</u>		<u>133,352</u>
<b>Total funds</b>			<u>(456,587)</u>		<u>(369,341)</u>

The company's net expenditure for the year ended 30 November 2016 was £87,246 (2015: £295,843).

These financial statements were approved by the Directors on 13<sup>th</sup> July 2017  
and signed on their behalf by:

**P Broadbent**  
Director

Company number: 06667924

**ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)****CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 NOVEMBER 2016**

	2016		2015	
	£	£	£	£
<b>Net cash provided by/(used in) operating activities</b> (see below)		294,962		(132,127)
<b>Cash flows from investing activities</b>				
Interest received	650		888	
Payments for fixed asset additions	(25,341)		(48,756)	
Proceeds on fixed asset disposals	<u>-</u>		<u>6,015</u>	
<b>Net cash (used in) investing activities</b>		( 24,691)		( 41,853)
<b>Cash flows from financing activities</b>				
Loans drawn down/(repaid)	<u>4,824</u>		<u>( 1,703)</u>	
<b>Net cash provided by/(used in) financing activities</b>		<u>4,824</u>		<u>( 1,703)</u>
<b>Net cash inflow/(outflow)</b>		275,095		(175,683)
Cash and cash equivalents at 1 December 2015		<u>240,715</u>		<u>416,398</u>
<b>Cash and cash equivalents at 30 November 2016</b>		<u>515,810</u>		<u>240,715</u>

**Note: Cash flows from operating activities**

<b>Net (expenditure) for the year</b>	( 83,561)	(292,516)
Interest receivable included in investing activities	( 650)	( 888)
Depreciation	70,061	65,327
Decrease in stocks	227,326	26,302
(Increase) in debtors	( 29,853)	( 1,389)
Increase in creditors	<u>111,639</u>	<u>71,037</u>
<b>Net cash provided by/(used in) operating activities</b>	<u>294,962</u>	<u>(132,127)</u>

## ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2016

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#### 1 Accounting policies

##### Charity information

Essential Christian (formerly Memralife Ltd) is a private company limited by guarantee incorporated in England and Wales. The registered office is 14 Horsted Square, Uckfield, East Sussex TN22 1QG.

##### 1.1 Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), "Accounting and Reporting by Charities" the Statement of Recommended Practice for charities applying FRS 102, the Companies Act 2006, the Charities Act 2011 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015. The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 30 November 2016 are the first financial statements of Essential Christian (formerly Memralife Ltd) prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 December 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

##### 1.2 Going concern

The trustees have looked and continue to look for ways to increase income to maintain its services and a Partnership scheme has been set up to encourage voluntary income in support of Spring Harvest. After considering all issues carefully, with the financial support of a corporate backer who has provided substantial cashflow assistance, the trustees are confident that the charity can operate on a sound financial footing for the next 12 months. For this reason the accounts are prepared on a going concern basis.

##### 1.3 Reconciliation with previous UK Generally Accepted Accounting Practice

In preparing the financial statements, the directors have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. No such restatement was deemed necessary.

##### 1.4 Consolidation

The group financial statements combine the results of the company and its subsidiary undertakings, Daybreak Music Limited (which owns, manufactures and duplicates audio and visual media) and Copycare Limited (a holding company for the administration of royalties from Copycare Pacific Pty Ltd) under the acquisition method. The group accounts also include a joint venture, Spring Harvest Holidays Limited (a company specialising in Christian holidays) under the gross equity method until it left the group on 1 November 2015.

Essential Christian and Daybreak Music Ltd have reporting dates of 30 November, Copycare Ltd 31 December, and Copycare Pacific Pty Ltd prepares financial statements to 30 June. A separate Statement of Financial Activities for the charity itself is not presented.

## ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2016 (continued)

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#### 1 Accounting policies (continued)

##### 1.5 Income

Voluntary income and donations (including legacies) are accounted for once the charity has entitlement to the income, it is probable the income will be received and the amount of income receivable can be reliably measured. The income from fundraising is shown gross, with the associated costs included in fundraising costs. Where material assets are donated to the company for its use, these are capitalised at the estimated market value at the date of the gift and included under income. Assets given for distribution by the charity are received as income when distributed and stated in the accounts at the directors' estimated market value at the time of receipt.

##### 1.6 Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer term liabilities. The majority of costs are directly attributable to specific activities. Staff costs are allocated on the basis of time spent by staff on each activity. Office costs, including rent of premises, are charged directly to the activity when incurred.

##### 1.7 Tangible fixed assets and depreciation

Tangible fixed assets are capitalised and included at cost including any incidental expenses of acquisition. Donated assets are included at fair value. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:

Freehold Land	– not depreciated
Buildings	– over 10 years
Motor vehicles	– over 4 years
Equipment	– over 4 to 10 years
Computer equipment	– over 3 to 4 years

##### 1.8 Fixed asset investments

Fixed asset investments in subsidiary undertakings are shown at cost less impairment because the fair value cannot be measured reliably.

##### 1.9 Stocks

Stock is stated at the lower of cost and realisable value. Work in progress is recognised on 50% of the total cost of masters of recordings produced in the period.

##### 1.10 Debtors and prepayments

Trade debtors and other receivables are included at the settlement amount due. Prepayments are valued at the amount prepaid.

##### 1.11 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 opening of the deposit.

## **ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)**

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2016 (continued)

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

##### **1.12 Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation arising 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 recognised at their settlement amount.

##### **1.13 Financial instruments**

The charity only has financial assets and 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.

##### **1.14 Pension scheme arrangements**

The pension costs charged represent the amount of the contributions payable in respect of the accounting period.

##### **1.15 Cost of generating funds**

This comprises expenditure incurred in the manufacture of goods for non-charitable trading purposes and costs attributable to receiving donations.

##### **1.16 Charitable activities expenditure**

This comprises expenditure directly related to the objects of the group, including project management and support functions. Support costs are allocated principally on a basis of the proportion of time spent by employees.

##### **1.17 Governance costs**

This comprises expenditure to comply with statutory and legal requirements.

##### **1.18 Foreign exchange transactions**

Transactions and balances arising from non-UK subsidiaries are recognised at the exchange rate prevailing at the period end.

##### **1.19 Operating lease commitments**

Charges under operating leases are incurred in the period to which they relate.

##### **1.20 Fund accounting**

Unrestricted funds are expendable at the discretion of the directors in furtherance of the objects of the group.



**ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2016 (continued)

	2016 Unrestricted £	2016 Restricted £	2016 Total £	2015 Total £	
<b>2 Investment income – unrestricted</b>					
Bank interest: United Kingdom	183	-	183	378	
Bank interest: Rest of the World	<u>467</u>	<u>-</u>	<u>467</u>	<u>510</u>	
	<u>650</u>	<u>-</u>	<u>650</u>	<u>888</u>	
<b>3 Ministry Resources: Creation, Sales and Royalties – unrestricted</b>					
Creation, Manufacture and Duplication of Media	149,828	-	149,828	216,453	
Product Sales	827,899	6,000	833,899	841,321	
Royalties	<u>1,033,419</u>	<u>-</u>	<u>1,033,419</u>	<u>856,715</u>	
	<u>2,011,146</u>	<u>6,000</u>	<u>2,017,146</u>	<u>1,914,489</u>	
<b>4 Other incoming resources – unrestricted</b>					
Management charges from SHH	119,000	-	119,000	105,000	
Other income	<u>16</u>	<u>-</u>	<u>16</u>	<u>4,529</u>	
	<u>119,016</u>	<u>-</u>	<u>119,016</u>	<u>109,529</u>	
<b>5 Resources expended</b>					
	Direct charitable expenditure £	Other trading activities £	Support costs £	Total 2016 £	Total 2015 £
Raising funds	15,563	54,764	1,505	71,832	105,640
Grants and grantmaking	293,397	-	2,033	295,430	388,877
Conferences and Events	1,995,812	-	472,514	2,468,326	2,434,147
Ministry Resources	<u>1,792,884</u>	<u>-</u>	<u>274,943</u>	<u>2,067,827</u>	<u>2,100,767</u>
	<u>4,097,656</u>	<u>54,764</u>	<u>750,995</u>	<u>4,903,415</u>	<u>5,029,431</u>
<b>6 Net (expenditure) for the year</b>				2016 £	2015 £
This is stated after charging:					
Staff costs (see note 7.1)				1,234,920	1,258,671
UK auditors' remuneration:					
– for audit services				16,000	15,400
– for non-audit services				7,438	2,200
Depreciation				70,061	65,327
Operating lease rentals – land and buildings				<u>101,242</u>	<u>99,765</u>

## ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2016 (continued)

#### 7 Employee information

7.1 Staff costs	Group 2016 £	Group 2015 £
Wages and salaries	1,082,719	1,102,933
Social security costs	97,763	102,907
Employer's contribution to defined contribution schemes	<u>54,438</u>	<u>52,831</u>
	1,234,920	1,258,671
Benefits in kind	<u>28,458</u>	<u>24,330</u>
	<u>1,263,378</u>	<u>1,283,001</u>

During the year, termination payments of £30,859 (2015: £nil) were payable to staff. These are recognised when an obligation arises to make a termination payment to an employee.

7.2 Staff numbers	2016 Number	2015 Number
The average monthly number of employees (on a total head count basis excluding non-Executive Directors) during the period was made up as follows:		
Conferences and Events Ministry	22.4	22.6
Ministry Resources	11.5	14.6
Corporate support and administration	<u>7.3</u>	<u>6.7</u>
	<u>41.2</u>	<u>43.9</u>

One employee received emoluments (excluding employer pension costs) between an annual equivalent of £60,000 and £70,000 in the year; plus employer pension costs of £6,387.

#### 7.3 Directors' emoluments

The following salaries were paid to the Executive Directors, as permitted by the Memorandum of Association:

	Salary £	Pension £	Benefits in Kind £	Total 2016 £	Total 2015 £
P Martin	<u>63,873</u>	<u>6,387</u>	<u>9,413</u>	<u>79,673</u>	<u>77,853</u>

The number of directors to whom retirement benefits are accruing under defined contribution schemes during the year is 1 (2015: 1).

The following amounts were paid to or for the services of the non executive Directors, as permitted by the Memorandum of Association under contracts for services:

	2016 £	2015 £
T Bright	350	-
M Duncan	500	-
R Sutton	250	-
E Duncan (paid to the Scottish Bible Society)	<u>-</u>	<u>400</u>

Also during the year, total travel expenses of £2,882 (2015: £1,138) were reimbursed to 6 (2015: 5) directors. Directors' indemnity insurance of £1,095 (2015: £1,060) was paid during the year.

**ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2016 (continued)

**8a Tangible fixed assets – GROUP**

	<b>Freehold Property</b>	<b>Studio Equipment</b>	<b>Computer Equipment</b>	<b>Fixtures and Fittings</b>	<b>Motor Vehicles</b>	<b>Plant and Machinery</b>	<b>Total 2016</b>
	£	£	£	£	£	£	£
<b>Cost or fair valuation</b>							
At 1 December 2015	2,170	11,920	499,833	458	74,904	432,098	1,021,383
Additions in the year	-	-	15,794	-	-	9,547	25,341
At 30 November 2016	<u>2,170</u>	<u>11,920</u>	<u>515,627</u>	<u>458</u>	<u>74,904</u>	<u>441,645</u>	<u>1,046,724</u>
<b>Depreciation</b>							
At 1 December 2015	2,025	11,920	451,227	458	49,043	351,257	865,930
Charge for year	145	-	27,829	-	10,930	31,157	70,061
At 30 November 2016	<u>2,170</u>	<u>11,920</u>	<u>479,056</u>	<u>458</u>	<u>59,973</u>	<u>382,414</u>	<u>935,991</u>
<b>Net book value</b>							
At 30 November 2016	<u>-</u>	<u>-</u>	<u>36,571</u>	<u>-</u>	<u>14,931</u>	<u>59,231</u>	<u>110,733</u>
At 1 December 2015	<u>145</u>	<u>-</u>	<u>48,606</u>	<u>-</u>	<u>25,861</u>	<u>80,841</u>	<u>155,453</u>

**8b Tangible fixed assets – COMPANY**

	<b>Freehold Property</b>	<b>Studio Equipment</b>	<b>Computer Equipment</b>	<b>Fixtures and Fittings</b>	<b>Motor Vehicles</b>	<b>Plant and Machinery</b>	<b>Total 2016</b>
	£	£	£	£	£	£	£
<b>Cost or fair valuation</b>							
At 1 December 2015	-	11,920	497,810	-	74,904	432,098	1,016,732
Additions in the year	-	-	15,794	-	-	9,547	25,341
At 30 November 2016	<u>-</u>	<u>11,920</u>	<u>513,604</u>	<u>-</u>	<u>74,904</u>	<u>441,645</u>	<u>1,042,073</u>
<b>Depreciation</b>							
At 1 December 2015	-	11,920	449,244	-	49,043	351,257	861,464
Charge for year	-	-	27,789	-	10,930	31,157	69,876
At 30 November 2016	<u>-</u>	<u>11,920</u>	<u>477,033</u>	<u>-</u>	<u>59,973</u>	<u>382,414</u>	<u>931,340</u>
<b>Net book value</b>							
At 30 November 2016	<u>-</u>	<u>-</u>	<u>36,571</u>	<u>-</u>	<u>14,931</u>	<u>59,231</u>	<u>110,733</u>
At 1 December 2015	<u>-</u>	<u>-</u>	<u>48,566</u>	<u>-</u>	<u>25,861</u>	<u>80,841</u>	<u>155,268</u>

## ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2016 (continued)

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#### 9 Fixed asset investments – COMPANY

	Shares in subsidiaries £	Total 2016 £	Total 2015 £
<b>Cost less impairment</b>			
At 1 December 2015	1,128	1,128	1,188
Disposals	<u>-</u>	<u>-</u>	<u>(60)</u>
At 30 November 2016	<u>1,128</u>	<u>1,128</u>	<u>1,128</u>
Historical cost at 30 November 2016		<u>1,128</u>	<u>1,128</u>

Essential Christian (formerly Memralife Group) owns 100% of the issued share capital of Daybreak Music Ltd (company number 01438805) and Copycare Ltd (company number 02714955), which are both companies registered in England and Wales at the same address as Essential Christian Group (formerly Memralife Group). Daybreak Music Ltd had net assets at 30 November 2016 of £1,000 and profit for the period then ended of £nil. Copycare Ltd had net assets at 30 November 2016 of £100 and profit for the period then ended of £nil.

Essential Christian Group (formerly Memralife Group) Group also holds a 70% stake in Copycare Pacific Pty Limited, a company registered in Australia, by virtue of its 100% shareholding in its immediate parent company, Copycare Ltd. Copycare Pacific Pty Limited had net liabilities at 30 June 2016 of AUS\$1,679 and profit for the year then ended of AUS\$1,545.

#### 10 Stocks – GROUP AND COMPANY

	2016 £	2015 £
Goods for resale	119,438	285,837
Work in progress	<u>34,754</u>	<u>95,681</u>
	<u>154,192</u>	<u>381,518</u>

**ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2016 (continued)**11a Debtors – GROUP**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade debtors	149,135	163,694
Other debtors including other taxation	35,547	32,070
Prepayments and accrued income	<u>181,452</u>	<u>140,517</u>
	<u>366,134</u>	<u>336,281</u>

**11b Debtors – COMPANY**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade debtors	141,086	150,516
Other debtors including other taxation	42,496	44,148
Prepayments and accrued income	<u>181,452</u>	<u>140,517</u>
	<u>365,034</u>	<u>335,181</u>

**12a Creditors: Amounts falling due within one year – GROUP**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Other loans	831,023	826,199
Trade creditors	177,043	209,155
Other creditors including taxation	197,224	158,732
Accruals and deferred income	<u>393,561</u>	<u>288,302</u>
	<u>1,598,851</u>	<u>1,482,388</u>

**12b Creditors: Amounts falling due within one year – COMPANY**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Other loans	800,000	800,000
Trade creditors	177,043	209,155
Other creditors including taxation	155,451	126,233
Accruals and deferred income	<u>393,561</u>	<u>288,302</u>
	<u>1,526,055</u>	<u>1,423,690</u>

The other loans are interest free and repayable on 30 days notice, although not before 31 May 2017.

## ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2016 (continued)

### 13a Unrestricted funds – GROUP

	Balance B/F £	Minority interests £	Income £	Expenditure £	Transfers £	Balance C/F £
General funds	(502,075)	(1,106)	4,229,816	(4,330,349)	(3,954)	(607,668)

### 13b Unrestricted funds – COMPANY

	Balance B/F £	Income £	Expenditure £	Transfers £	Balance C/F £
General funds	(502,693)	4,075,385	(4,179,603)	(3,954)	(610,865)

### 14 Restricted funds – GROUP AND COMPANY

	Balance B/F £	Income £	Expenditure £	Transfers £	Balance C/F £
Mission Fund	16,801	61,240	( 52,415)	-	25,626
2015 SH main appeal	12,256	500	( 12,756)	-	-
2016 SH main appeal	-	324,674	(206,741)	-	117,933
SH Partnership Fund	100,713	156,536	(261,203)	3,954	-
SHH offerings fund	-	13,498	( 13,498)	-	-
Discretionary fund	3,582	-	-	-	3,582
Youth offering appeal	-	7,179	( 7,179)	-	-
Bursary fund	-	7,699	( 7,699)	-	-
Children's offering appeal	-	5,212	( 5,212)	-	-
Big Start Assemblies fund	-	13,500	( 6,363)	-	7,137
	<u>133,352</u>	<u>590,038</u>	<u>(573,066)</u>	<u>3,954</u>	<u>154,278</u>

#### ***Mission Fund***

This comprises funds for the work of mission in Ukraine.

#### ***2015 SH main appeal***

This was to bring assistance through emergency food packs, trauma counselling and the provision of Bibles to those, mainly Christians, who had been forced from their homes in Iraq and Syria, and was given to Open Doors to do this on behalf of Spring Harvest guests.

#### ***2016 SH main appeal***

The offering was for the work of four ministries supporting refugees:

- The Salvation Army, assisting refugees in Athens
- Open Doors, providing trauma counselling to Syrian and Iraqi refugees
- Refugee Support Network, assisting young refugees and asylum seekers in the UK
- Church Support for Refugees (part of Chapel Street Community Fund), providing support and advice to co-ordinate responses amongst churches in the UK.

## ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2016 (continued)

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#### 14 Restricted funds – GROUP AND COMPANY (continued)

##### **SH Partnership Fund**

The Spring Harvest Partnership Fund comprises gifts made in support of and for running the Spring Harvest event. A transfer was made from General Funds to reimburse the Partnership Fund for 2015 Partnership Income originally allocated to General Funds.

##### **SHH Offerings fund**

These funds were given by Spring Harvest Holidays guests and were used to support local projects in France, on a bursary scheme to assist people who would not otherwise be able to attend, and to support couriers who were moving into ministry or training roles.

##### **Discretionary fund**

This is the remaining balance of a fund gifted to Essential Christian (formerly Memralife) when the Spring Harvest Charitable Trust was wound up.

##### **Youth offering appeal**

This was raised through the Youth programmes at Spring Harvest 2016 and was for the same purposes as the main appeal.

##### **Children's offering appeal**

This was raised through the Children's programmes at Spring Harvest 2016 and was for the same purposes as the main appeal.

##### **Big Start Assemblies fund**

This holds funds received to support the Big Start Assemblies project to provide materials for school assemblies.

#### 15a Analysis of net assets by fund – GROUP

	Unrestricted £	Restricted £	Total £
Tangible fixed assets	110,733	-	110,733
Net current (liabilities)/assets	(716,993)	154,278	(562,715)
Minority interests	(1,408)	-	(1,408)
	<u>(607,668)</u>	<u>154,278</u>	<u>(453,390)</u>

#### 15b Analysis of net assets by fund – COMPANY

	Unrestricted £	Restricted £	Total £
Tangible fixed assets	110,733	-	110,733
Investments	1,128	-	1,128
Net current (liabilities)/assets	(722,726)	154,278	(568,448)
	<u>(610,865)</u>	<u>154,278</u>	<u>(456,587)</u>

## ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2016 (continued)

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#### 16 Constitution of the company and status

The governing instrument of the company is its Memorandum and Articles of Association. The company is limited by guarantee, the liability of each member being limited to £1. At 30 November 2016 there were 8 members (2015: 9 members).

The company is registered as a company with number 06667924, registered with the Inland Revenue and is exempt from corporation tax on its charitable activities.

#### 17 Pension scheme arrangements

The group makes contributions to personal pension plans held by employees. The pension cost charge represents the contributions paid by the group to the funds and amounted to £54,438 (2015: £52,831) for the year.

#### 18 Grants

The following institutional grants were made by the charitable company during the year:

	£
<b>Grants from Spring Harvest offerings</b>	
Chapel Street Community Fund (for <i>Church Support for Refugees</i> )	50,000
Salvation Army	50,000
Open Doors	50,000
Refugee Support Network	<u>50,000</u>
	200,000
<b>Other grants</b>	
Spiritual Centre for Revival in Lebedin, Ukraine	52,415
Spring Harvest Holidays	13,498
Grants of less than £2,000	<u>-</u>
<b>Total Grants</b>	<b><u>265,913</u></b>



## ESSENTIAL CHRISTIAN (formerly MEMRALIFE GROUP)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2016 (continued)

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#### 19 Financial commitments

The charitable company's total future minimum lease payments under operating leases at 30 November 2016 were payable as set out below:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Within one year	82,040	83,810
Within two to five years	<u>82,040</u>	<u>164,080</u>
	<u>164,080</u>	<u>247,890</u>

The operating lease charges for the year were:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Land and buildings	99,380	99,380
Hire of plant and machinery	<u>1,770</u>	<u>1,682</u>
	<u>101,150</u>	<u>101,062</u>

#### 20 Related party relationships and transactions

ZipAddress Ltd is a company controlled by D Dorricott, a director of Memralife Group. During the year interest free loan advances of £1,200,000 were received by Memralife Group from ZipAddress Limited. There was an opening balance of £800,000. £700,000 was repaid during the year and £500,000 was converted to a gift, leaving a balance of £800,000 at the year end.

During the year £485 (2015: £1,316) of purchases were made on normal commercial terms from Friends and Heroes Productions Ltd, a company registered in the Isle of Man and of which D Dorricott is a mutual director.