

**Charity Registration No. 1000381**

**Company Registration No. 02283391 (England and Wales)**

**MORTHYNG GROUP LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 JULY 2021**

## **MORTHYNG GROUP LIMITED**

### **LEGAL AND ADMINISTRATIVE INFORMATION**

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<b>Trustees</b>	J P Neal P Clements P Hudson J Wheatley C Haywood J Irving A Corbridge M Broxholme
<b>Life President</b>	Rev Canon P Wright
<b>Charity number</b>	1000381
<b>Company number</b>	02283391
<b>Registered office</b>	North Grove House South Grove Rotherham S60 2AF
<b>Auditor</b>	Hart Shaw LLP Europa Link Sheffield Business Park Sheffield S9 1XU
<b>Bankers</b>	National Westminster Bank Bawtry Road Wickersley Rotherham S66 0JY
<b>Solicitors</b>	Bradford & Son Solicitors 9 Moorgate Road Rotherham S60 2EN
<b>Senior Leadership Team</b>	C MacCormac MBE (Chief Executive) C Ellis (Group Director of Finance) M MacCormac (Group Director of Operations)

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## **LEGAL AND ADMINISTRATIVE INFORMATION**

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### **Operational addresses**

7-9 Canklow Road  
Rotherham  
S60 2JB

52-54 Hamilton Street  
Birkenhead  
Wirral  
CH41 5AE

North Grove House  
South Grove  
Rotherham  
S60 2AF

Suites 3, 4, 5 and 6  
First Floor  
Stuart House  
71 Elizabeth Street  
Corby  
NN17 1SE

75 - 77 Sankey Street  
Warrington  
WA1 1SL

Rugby Town Academy  
Butlin Road  
Rugby  
CV21 3SD

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# MORTHYNG GROUP LIMITED

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## **MORTHYNG GROUP LIMITED**

### **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)**

#### ***FOR THE PERIOD ENDED 31 JULY 2021***

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The trustees present their report and financial statements for the period ended 31 July 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Companies Act 2006 and "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) (effective 1 January 2019)".

#### **Charitable activities**

The charity's objects, as set out in its Memorandum of Association are:

- to advance educational and training schemes of every description in any geographical areas of the United Kingdom and Europe, including the provisions of courses to prepare trainees for future employment, in particular in relation to management techniques, employment and recruitment and to promote and encourage the dissemination of information relating to the aforesaid activities; and

- to relieve poverty in the area of benefit.

The charity's aim is to alleviate the stress caused by unemployment by providing education and learning programmes to those who are unemployed or at the risk of unemployment in the United Kingdom and Europe.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

#### **Achievements and performance**

During the 2020/21 year, the impact of Covid-19 saw our Study Programme not meet 100% contract volume or value. Through prudent management, and with no HM Government assistance or staff furloughed, in a difficult operating period we achieved a 6% surplus of income over expenditure.

A full review of the business was undertaken and an efficiency plan was implemented in December 2020 and completed by July 21.

Morthyng continued to support Permanently Excluded young people in partnership with RMBC, this successful arrangement has continued into the 2021/22 year.

Study Programmes occupancy remained buoyant from August to December, but Traineeships failed to meet the expected increase in volumes for the second year in succession, this is partly due to the inaccessibility of 19+ Traineeships funding, and the 2nd Covid lockdown period. This lockdown period reduced enrolment to programmes, which resulted in us not meeting the annual contract volume and fiscal targets.

For the 2020/2021 year, the ESFA has awarded an improved Study Programme Contract based upon actual values delivered in 2018/19, and 2019/20.

Our in house Football Academy Study Programme continues to expand, while volumes for other partner volumes have reduced in line with new sub-contracting guidance for 2021/22 contract year.

Achievement rates showed mixed results for 2020/21, which was a reflection and an accumulation of the 2 lockdowns. However, total achievement rates of all aims increased from 2019/20. We saw another annual improvement in the rates of G.C.S.E Maths and English achievement grade 1 to 9 to 97%% and Grades 4-9 to 51%. This was against a learner GCSE volume of 115, some 24% higher than the 2019/20 contract year.

2020/21 year, was much more negatively affected by Covid-19, than the 2019/20 year. As we write this report in September 2021 contract volumes and value have increased and at 69% of contract targets in only 15% of the contract year.

## **MORTHYNG GROUP LIMITED**

### **TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE PERIOD ENDED 31 JULY 2021**

Learner outcomes		Target	Actual
ESFA	Study programme	76%	76% (Progressions)
		78%	86% (All aim achievements)
		83%	86% (Core aim achievements)
		83%	86% (Work related activity engagement)
Volumes:		Starts	
ESFA Study Programme All Regions		456	
ESFA LLD All Regions		40	
Schools		3	
Total		499	

#### **Financial review**

The Board and trustees approved the reserves policy for the 2020/2021 financial year at the Annual General Meeting. Their decisions took into account the costs of operating the business, and that of any closure costs of the business to prevent insolvency. To this end, the Board/trustees agreed the following:

- £198,561 Liquidity Manager Reserve by December 2020;
- £412,809 Assets and debtors (working capital);
- £243,128 Leased building security for early lease surrender.

The nature of the business the charity undertakes with Government funding means that the organisation will always be expending resources in advance of payment for the services being received.

The total reserves at 31 August 2021 were £1,875,984. The reserves policy will be reviewed and agreed at the Annual General Meeting in October 2021 to take into account changes in activity, the revised structure and the requirements of the business.

Any surplus income over expenditure above that required to meet the reserves policy will be used either for capital expenditure to improve the premises and equipment used to meet the charity's aims and objectives, or for potential acquisitions or for further expansion of charitable activities.

#### **Investment policy and objectives**

The charity's investment powers are set out in its Memorandum and Articles of Association and allow the charity to make any investments which the Board think fit.

#### **Results for the period**

The financial results for the year are set out on page 9.

The financial standing of the charity is stable.

## **MORTHYNG GROUP LIMITED**

### **TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE PERIOD ENDED 31 JULY 2021**

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#### **Future developments**

In the 2021/22 year we are expecting an improved picture with growth forecast in Corby, Warrington, Grantham and Rugby, the 2021/2022 lagged funding calculations should see our allocation volumes increase for the next two years.

ESFA confidence in Morthyng has seen the company funded throughout Covid-19 lockdown along with an additional award of Catch-up funding. Our High Needs provision will continue, but further growth in 2021/22 is not assured across all areas and regions.

East & West Midlands Region Study Programmes are still our fastest growing provision and we have complemented this with the new resource investment in Rugby and Warrington along with further improvements planned for Rugby for the start of 2022/23 year.

Improvement to GCSE teaching and learning have improved GCSE results in August 2021 and we will expect this to continue in the 2021/22 year. Improving Functional Skills Maths and English attainment levels although did not exceed our targets for 2020/21, they are still 5% points higher than 2019/20 actual. This is still a high priority for 2021/22.

Additional funding from the Sheffield Combined Mayoral Authority should mean some growth and additional funding, but the failure of most SY providers to attain any of the newly SCMAAEB budgets is very disappointing. The UK Governments new Skills and Employability programmes are yet to be defined.

Morthyng is in the best operational and financial position since 2006, with the lagged funding system supporting the improved growth until the end of 2022/23. In 2020/21, we have reduced even more lease commitments that will have financial benefits in 2021/22 and beyond.

Although not imminent, succession planning for the retirement of the current CEO is in hand and planned in good time to prevent any hiatus in the ethos and delivery style of the company.

#### **Plans for the future**

At the next annual Director strategic day, the board will review the three-year business plan along with our plans for 2022/2023 and 2023/24 are to -

- Continue to improve our delivery quality;
- Increase achievement of learners' qualifications and progressions;
- Consolidate our strategic programme for the East Midlands and North West;
- To maintain and build the South Yorkshire programmes;
- Continue to grow the business into Warrington;
- Manage the fallout from Brexit and our Erasmus+ contracting after 2022;
- To prepare for an Ofsted inspection; and
- To expand our vocational subject delivery.

**MORTHYNG GROUP LIMITED**

**TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)**  
**FOR THE PERIOD ENDED 31 JULY 2021**

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**Auditor**

In accordance with the company's articles, a resolution proposing that Hart Shaw LLP be reappointed as auditor of the company will be put at a General Meeting.

**Disclosure of information to auditor**

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

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

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

The trustees' report was approved by the Board of Trustees.



A Corbridge

Trustee

Dated: 20/10/21



## **MORTHYNG GROUP LIMITED**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

***FOR THE PERIOD ENDED 31 JULY 2021***

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The trustees (who are also the directors of Morthyng Group Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

## **MORTHYNG GROUP LIMITED**

### **INDEPENDENT AUDITOR'S REPORT**

#### **TO THE TRUSTEES OF MORTHYNG GROUP LIMITED**

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##### **Opinion**

We have audited the financial statements of Morthyng Group Limited (the 'charity') for the period ended 31 July 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2021 and of its incoming resources and application of resources, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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**

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

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

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

##### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **MORTHYNG GROUP LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE TRUSTEES OF MORTHYNG GROUP LIMITED**

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##### **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 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 Statement of Trustees' Responsibilities, the trustees' are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees' determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the 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 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 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

##### **Extent to which the audit was considered capable of detecting irregularities, including fraud and the audit response**

Our objectives are to obtain reasonable assurance about whether the financial statements are as a whole free from financial misstatement, and to issue an auditors 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.

Our audit plan identified certain significant risks and our audit work was targeted to ensure it was capable of detecting any irregularities, including fraud, created by those risks.

Management override is inherently high risk and as a result, journals in the year have been reviewed and tested for their appropriateness. We also assessed whether management's judgements indicated potential bias and during the audit we reviewed the underlying rationale behind transactions in order to assess whether they were outside the normal course of business.

Revenue recognition is inherently high risk and as a result, substantive testing was performed across all revenue streams.

**MORTHYNG GROUP LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE TRUSTEES OF MORTHYNG GROUP LIMITED**

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We have identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements. Law and regulations surrounding Ofsted reviews and safeguarding were identified.

- We reviewed the latest Ofsted inspection report and the charities procedures to ensure it continues to provide high standards of education and training.
- We reviewed the charities risk assessments and compliance procedures surrounding safeguarding.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the charity's 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 auditors' 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.

  
Hart Shaw LLP

**Chartered Accountants  
Statutory Auditor**

20.10.21

Europa Link  
Sheffield Business Park  
Sheffield  
S9 1XU

Hart Shaw LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

**MORTHYNG GROUP LIMITED**

**STATEMENT OF FINANCIAL ACTIVITIES**  
**INCLUDING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE PERIOD ENDED 31 JULY 2021**

	Notes	Unrestricted funds Period ended 2021 £	Unrestricted funds Year ended 2020 £
<b><u>Income from:</u></b>			
Charitable activities	3	2,695,346	3,065,638
<b><u>Expenditure on:</u></b>			
Charitable activities	4	2,539,968	2,921,299
<b>Net income for the year/ Net movement in funds</b>		155,378	144,339
Fund balances at 1 September 2020		1,720,606	1,576,269
<b>Fund balances at 31 July 2021</b>		<b>1,875,984</b>	<b>1,720,608</b>

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

**MORTHYNG GROUP LIMITED****BALANCE SHEET****AS AT 31 JULY 2021**

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	10		47,593		78,634
Investments	11		2		2
			<u>47,595</u>		<u>78,636</u>
<b>Current assets</b>					
Debtors	13	65,797		250,418	
Cash at bank and in hand		2,571,452		1,935,199	
		<u>2,637,249</u>		<u>2,185,617</u>	
<b>Creditors: amounts falling due within one year</b>	14	(808,860)		(543,645)	
Net current assets			<u>1,828,389</u>		<u>1,641,972</u>
<b>Total assets less current liabilities</b>			<u><u>1,875,984</u></u>		<u><u>1,720,608</u></u>
<b>Income funds</b>					
Unrestricted funds			<u>1,875,984</u>		<u>1,720,608</u>
			<u><u>1,875,984</u></u>		<u><u>1,720,608</u></u>

**MORTHYNG GROUP LIMITED**

**BALANCE SHEET (CONTINUED)**

**AS AT 31 JULY 2021**

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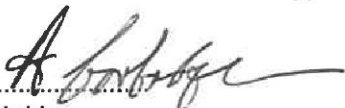
The charity is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the period ended 31 July 2021, although an audit has been carried out under section 144 of the Charities Act 2011. No member of the charity has deposited a notice, pursuant to section 476, requiring an audit of these accounts under the requirements of the Companies Act 2006.

The trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the charity as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charity.

The members have not required the company to obtain an audit of its financial statements under the requirements of the Companies Act 2006, for the period in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 20th Oct 2021



A Corbridge  
Trustee

**Company Registration No. 02283391**

**MORTHYNG GROUP LIMITED****STATEMENT OF CASH FLOWS****FOR THE PERIOD ENDED 31 JULY 2021**

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	21		639,932		593,110
<b>Investing activities</b>					
Purchase of tangible fixed assets		(3,679)		(17,127)	
<b>Net cash used in investing activities</b>			(3,679)		(17,127)
<b>Net cash used in financing activities</b>			-		-
<b>Net increase in cash and cash equivalents</b>			636,253		575,983
Cash and cash equivalents at beginning of period			1,935,199		1,359,216
<b>Cash and cash equivalents at end of period</b>			2,571,452		1,935,199



## **MORTHYNG GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE PERIOD ENDED 31 JULY 2021**

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#### **1 Accounting policies**

##### **Charity information**

Morthyng Group Limited is a private company limited by guarantee incorporated in England and Wales and is a registered charity. The registered office is North Grove House, South Grove, Rotherham, S60 2AF.

##### **1.1 Accounting convention**

The financial statements have been prepared in accordance with the Companies Act 2006 and "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) (effective 1 October 2019)". 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 accounts have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### **1.2 Going concern**

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

##### **1.3 Change in reporting period**

The charity has shortened its reporting period so that the period end is coterminous with the end of the academic year.

##### **1.4 Charitable funds**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Trustees in furtherance to the general objectives of the charity.

##### **1.5 Incoming resources**

Incoming resources are accounted for when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied:

Voluntary income, by way of grants and donations, is accounted for when receivable.

Investment income is accounted for when receivable.

Incoming resources from charitable activities are accounted for when earned for service contracts and when receivable for grants.

##### **1.6 Resources expended**

Expenditure is charged to the Statement of Financial Activities on an accruals basis, exclusive of VAT where recoverable.

Charitable expenditure comprises those costs incurred in the delivery of its activities and services for its beneficiaries, including both direct and support costs.

Governance costs include those costs associated with meeting constitutional and statutory requirements.

In the opinion of the trustees, all support costs relate to charitable expenditure.

## MORTHYNG GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE PERIOD ENDED 31 JULY 2021

#### 1 Accounting policies

(Continued)

##### 1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Equipment, computers and vehicles	15% - 33%/ 20%/ 15% on cost
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

##### 1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

##### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

##### 1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

## MORTHYNG GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE PERIOD ENDED 31 JULY 2021

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## 1 Accounting policies

(Continued)

### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

### **1.11 Employee benefits**

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

### **1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

### **1.13 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

### **1.14 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in net income/(expenditure) for the period.

## 2 Critical accounting estimates and judgements

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.

**MORTHYNG GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 JULY 2021****3 Charitable activities**

	<b>2021</b>	<b>2020</b>
	£	£
Grants and contracts for training	2,695,237	3,065,156
Sundry income	109	482
	<u>2,695,346</u>	<u>3,065,638</u>

**4 Charitable activities**

	<b>2021</b>	<b>2020</b>
	£	£
Staff costs	675,045	755,394
Direct costs	737,142	894,489
	<u>1,412,187</u>	<u>1,649,883</u>
Share of support costs (see note 6)	1,119,848	1,263,703
Share of governance costs (see note 6)	7,933	7,713
	<u>2,539,968</u>	<u>2,921,299</u>
<b>Analysis by fund</b>		
Unrestricted funds	2,539,968	
	<u>2,539,968</u>	
<b>For the year ended 31 August 2020</b>		
Unrestricted funds		2,921,299
		<u>2,921,299</u>

**MORTHYNG GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 JULY 2021****5 Direct costs**

	2021 £	2020 £
Learner travel expense	150,799	131,783
Learner refreshments	757	280
Travel and vehicle expenses	13,109	19,765
Training expenditure	571,971	742,101
Protective clothing	506	560
	<u>737,142</u>	<u>894,489</u>

**6 Support costs**

	Support costs £	Governance costs £	2021 £	Support costs £	Governance costs £	2020 £
Staff costs	488,561	-	488,561	501,378	-	501,378
Depreciation	34,720	-	34,720	42,452	-	42,452
Support costs	596,567	-	596,567	719,873	-	719,873
Audit fees	-	7,933	7,933	-	7,713	7,713
	<u>1,119,848</u>	<u>7,933</u>	<u>1,127,781</u>	<u>1,263,703</u>	<u>7,713</u>	<u>1,271,416</u>
Analysed between Charitable activities	<u>1,119,848</u>	<u>7,933</u>	<u>1,127,781</u>	<u>1,263,703</u>	<u>7,713</u>	<u>1,271,416</u>

**7 Trustee remuneration and benefits**

There were not any trustees' remuneration or other benefits for the period ended 31 July 2021 nor for the year ended 31 August 2020.

Responsibility allowances for the period of £3,120 (2020 year: £3,099) were paid to six trustees (2020: six).

**MORTHYNG GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 31 JULY 2021****8 Employees****Number of employees**

The average monthly number of employees during the period was:

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
Direct charitable	35	39
Administration	14	14
	<u>49</u>	<u>53</u>

**Employment costs**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,029,520	1,109,485
Social security costs	84,960	95,715
Other pension costs	49,126	51,572
	<u>1,163,606</u>	<u>1,256,772</u>

One employee earned between £90,000 and £100,000 (2020: one between £90,000 and £100,000).

Total pension contributions paid on behalf of the above member of staff were £5,230 (2020: £5,528).

**9 Support costs**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Professional fees	6,976	7,112
Travel and entertaining	24,770	48,148
Staff training and refreshments	7,274	8,275
Telephone	9,664	11,944
Postage, stationery and advertising	81,896	52,499
Sundries	11,393	15,451
Disallowed VAT inputs	73,049	75,148
Bank charges	4,884	3,805
Rent and rates	263,325	359,654
Insurance	10,465	13,204
Light and heat	42,012	37,437
Repairs and renewals	4,748	1,272
Property refurbishments	3,187	33,592
Cleaning	52,924	52,332
	<u>596,567</u>	<u>719,873</u>

**MORTHYNG GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 31 JULY 2021****10 Tangible fixed assets**

	Equipment, computers and vehicles £
<b>Cost</b>	
At 1 September 2020	672,035
Additions	3,679
	<hr/>
At 31 July 2021	675,714
	<hr/>
<b>Depreciation and impairment</b>	
At 1 September 2020	593,401
Depreciation charged in the period	34,720
	<hr/>
At 31 July 2021	628,121
	<hr/>
<b>Carrying amount</b>	
At 31 July 2021	47,593
	<hr/>
At 31 August 2020	78,634
	<hr/>

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £5,159 (2020 - £5,628) for the period.

	2021 £	2020 £
Motor vehicles	4,066	9,225
	<hr/>	<hr/>

**11 Fixed asset investments**

	Unlisted investments £
<b>Cost or valuation</b>	
At 1 September 2019 & 31 July 2020	2
	<hr/>
<b>Carrying amount</b>	
At 31 July 2021	2
	<hr/>
At 31 August 2020	2
	<hr/>

**MORTHYNG GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 JULY 2021****12 Subsidiaries**

Details of the charity's subsidiaries at 31 July 2021 are as follows:

<b>Name of undertaking</b>	<b>Registered office</b>	<b>Nature of business</b>	<b>Class of shares held</b>	<b>% Held Direct</b>
C K W Academy Limited	England	Dormant company	Ordinary	100.00
Morthyng Limited	England	Dormant company	Ordinary	100.00

**13 Debtors**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	683	972
Arrears of funding	-	198,378
Prepayments and accrued income	65,114	51,068
	<u>65,797</u>	<u>250,418</u>

**14 Creditors: amounts falling due within one year**

	<b>Notes</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
Trade creditors		25,273	39,127
Other taxation and social security		26,436	28,444
Deferred income	<b>15</b>	582,615	373,344
Other creditors		4,247	4,959
Accruals		170,289	97,771
		<u>808,860</u>	<u>543,645</u>

Included in trade creditors is £2,412 (2020: £3,412) which relates to a finance lease which is secured on the asset to which it relates.

**15 Deferred income**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Grants and contracts for training	<u>582,615</u>	<u>373,344</u>



**MORTHYNG GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 JULY 2021****15 Deferred income****(Continued)**

Deferred income has increased in 2020/2021 period mainly due to the amounts included in the accounts that relate to the European Erasmus contracts.

£120,173 relates to the 2019/2020 Erasmus contract that was not fulfilled due to a Covid impacted year, as the contract is unfulfilled there is still an amount the remains to be spent, the pot has been rolled forward to November 2022.

£161,392 relates to the 2020/2021 Erasmus contract that again remains unfulfilled. Again a deadline of November 2022 has been given to spend the money. Claw back is expected on these amounts as travel is still restricted across Europe.

£184,653 relates to the element of the ESFA contract that has not been fulfilled in the 2020/2021 period, as a result clawback is expected.

£111,535 relates to the restricted bursary fund. Student intake is not complete at the July 2021 period end and so this money relates to students who are due to enrol after the period end.

**16 Retirement benefit schemes**

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The cost in respect of defined contribution schemes was £49,126 (2020: £51,572).

**17 Analysis of net assets between funds**

	<b>Total £</b>
Fund balances at 31 July 2021 are represented by:	
Tangible assets	47,593
Investments	2
Net current assets	1,828,389
	<u>1,875,984</u>

**18 Related party transactions**

There were no disclosable related party transactions during the period.

**Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

	<b>2021 £</b>	<b>2020 £</b>
Aggregate compensation	<u>198,534</u>	<u>209,851</u>

**MORTHYNG GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 JULY 2021****19 Operating lease commitments**

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Within one year	170,677	132,246
Between two and five years	130,451	43,027
	<u>301,128</u>	<u>175,273</u>

**20 Share capital**

The charity is registered as a company limited by guarantee and has no share capital. Each member is a guarantor for a maximum of £10.

**21 Cash generated from operations**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Surplus for the period	155,376	144,339
Adjustments for:		
Depreciation and impairment of tangible fixed assets	34,720	42,452
Movements in working capital:		
Decrease in debtors	184,621	380,735
Increase/(decrease) in creditors	55,944	(17,692)
Increase in deferred income	209,271	43,276
<b>Cash generated from operations</b>	<u><u>639,932</u></u>	<u><u>593,110</u></u>