

Charity registration number 1000381

Company registration number 02283391 (England and Wales)

MORTHYNG GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

MORTHYNG GROUP LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	J P Neal P Clements J Wheatley C Haywood J Irving A Corbridge M Broxholme A F Featherstone	(Appointed 11 January 2023)
Life President	Rev Canon P Wright	
Charity number	1000381	
Company number	02283391	
Registered office	North Grove House South Grove Rotherham S60 2AF	
Auditor	Hart Shaw LLP Europa Link Sheffield Business Park Sheffield S9 1XU	
Bankers	National Westminster Bank Bawtry Road Wickersley Rotherham S66 0JY	
Solicitors	Bradford & Son Solicitors 9 Moorgate Road Rotherham S60 2EN	
Senior Leadership Team	C MacCormac MBE (Chief Executive) C Ellis (Group Director of Finance) M MacCormac (Group Director of Operations)	

MORTHYNG GROUP LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

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 Borough Academy
Kilsby Lane
Rugby
CV21 4PN

MORTHYNG GROUP LIMITED

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MORTHYNG GROUP LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 JULY 2023

The trustees present their annual report and financial statements for the year ended 31 July 2023.

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 2022/23 year, the impact of Covid-19 still reduced the contract volume and value compared to the 2020/21 year.

A full review of the business was undertaken and a succession plan agreed in July 2022, to support the continuing improvements seen in the 2021/22 contract year and to maintain stability to and beyond 2025.

Study Programmes occupancy remained buoyant from August to March and numbers increased due to the closure of another training provider in Rotherham. The Government announced its closing of stand-alone Traineeship Provision for August 2023.

Our in-house Football Academy Study Programme in Rugby as well as provision in Rotherham and Warrington, continue to expand. We have reduced our volume of sub-contracting from that of 2021/22 contract year.

Achievement rates showed improved results for 2022/23. Total achievement rates of all aims increased from 2021/22. We saw the rates of G.C.S.E Maths and English achievement grade 1 to 9 maintain at 100% and Grades 4-9 drop to 33%, which has followed a national trend due to shifts in grade boundaries. The predicted fall in Maths 4-9 Grades did not drop as much as predicted and all outcomes were above that of the 2019 year.

High Needs places continue to grow month on month during the year, but approvals by local authorities remain slow.

The 2022/23 year was still negatively affected by Covid-19, more due to after effects as described above rather than directly through lockdowns and by some learners' mental health and attendance rates. As we write this report in September 2023 contract volumes and value have increased and are at, 67.1% volume and 68.6% of contract value in only 2/12th of the contract year.

MORTHYNG GROUP LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 JULY 2023

Learner outcomes		Target	Actual
ESFA	Study programme	76%	76% (Progressions)
		85%	90% (All aim achievements)
		85%	86% (Core aim achievements)
		85%	86% (Work related activity engagement)
Volumes:		Starts	
ESFA Study Programme All Regions		338	
ESFA LLDD All Regions		81	
TURING		12	
Total		431	

Financial review

Reserves policy

The Board and trustees approved the reserves policy for the 2022/2023 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 as a minimum:

- £198,655 Liquidity Manager Reserve by December 2022;
- £749,052 Assets and debtors (working capital);
- £192,578 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 July 2023 were £2,681,792. The reserves policy will be reviewed and agreed at the Annual General Meeting in November 2023 to consider 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 11.

The financial standing of the charity is stable.

MORTHYNG GROUP LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 JULY 2023

Future developments

In the 2023/24 year, we are expecting an improved picture with the growth of vocational options available to our students. We will continue to respond to the local needs of our operational areas and position and resources ourselves accordingly to meet those needs, in line with our charitable ethos.

Our High Needs volume growth, is expected to continue in 2023/24 and again in 2024/25 as Local Authorities' budgets are under strain and looking for more local provision than out of area. North West Study Programmes is our fastest growing provision and we have complemented this with additional new resource investment in Warrington along with further improvements planned for Rugby for the start of 2024/25 year.

Improvement in staff salaries especially to GCSE teaching and learning have maintained GCSE results in August 2023 and we expect this to continue in the 2023/24 year. Improved, Functional Skills Maths and English attainment levels did meet our targets for 2022/23 and are improving.

Morthyng is in the best operational and financial position since 2006. From 2021/22 we have invested in improving staff salaries and conditions.

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 2023/2024 and 2024/25 and 2025/26 to -

- Continue to improve our delivery quality;
- Increase achievement of learners' qualifications and progressions.
- Consolidate our strategic programme for the Yorkshire & Humber, East/West Midlands and North West;
- To maintain and build the South Yorkshire programmes;
- Continue to grow our delivery in Warrington
- Managed cessation of Erasmus+ TURING programme funding, by using in house funding.
- To prepare for Ofsted inspection
- To expand our vocational subject delivery

Events since the balance sheet date

During October 2023 the charity completed the purchase of North Grove House for the sum of £780,000.

Structure, governance and management

The charity is a company limited by guarantee, without share capital. Its governing instrument is its Memorandum and Articles of Association.

The charity is governed by a Board of Trustees which is responsible for setting the strategic direction of the charity and for establishing policy. The Board consists of eight persons who are unpaid. They receive additional travel expenses for meetings. Trustees who sit on the Quality and Personnel Sub Group and on the F&GP Sub Group, along with the chair of the Board, receive additional responsibility allowances as agreed and approved by the Charity Commission, as noted in note 8 to the accounts. Both the Board and the Finance Sub Group meet every eight weeks. Strategic and policy decisions are made based on information provided by the Chief Executive, contract funders and other external advisors. The Board reviews all policies annually.

MORTHYNG GROUP LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 JULY 2023

The trustees, who are also the directors for the purpose of company law, and who served during the year were:

J P Neal
P Clements
J Wheatley
C Haywood
J Irving
A Corbridge
M Broxholme
A F Featherstone

(Appointed 11 January 2023)

New trustees are appointed based upon skills required. They are committed to supporting our learners in engaging and participating in training learning. All new trustees will be provided with levels of training and induction that is dependent upon their previous experience. All new trustees will meet with both the Chief Executive and the Chair of the Board to give an overview of the organisation and the expectations required within the role of a trustee. They will be provided with policies, procedures, minutes, accounts, terms of reference and other documents to aid the induction process and support will be provided by the Chair and or other Trustees. Trustees will be invited to visit centres and sub group meetings to develop understanding and experiences of the organisation.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £10 in the event of a winding up.

The charity is managed on a day to day basis by paid professional staff under the leadership of the Chief Executive. He is supported in these duties by the Group Director of Operations and the Group Director of Finance. The charity currently has 43 employees delivering training and education across Yorkshire and the Humber, North West and in Europe.

The Senior Leadership Team makes day to day decisions in line with policies and procedures approved by the Board and in line with Companies and Charities Acts. The remuneration of the key management personnel identified within the financial statements will be determined, monitored and reviewed by the Quality and Personnel and Remuneration sub-committees of the Board of Directors. Factors taken into account will include level of responsibility, context and complexity of the role, benchmarking from similar education providers as well as current and potential business requirements.

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.

MORTHYNG GROUP LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 JULY 2023

Disclosure of information to auditor

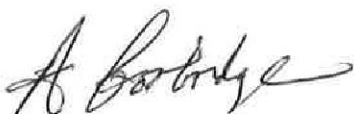
So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit 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: 22 November 2023

MORTHYNG GROUP LIMITED

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 JULY 2023

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

Opinion

We have audited the financial statements of Morthyng Group Limited (the 'charity') for the year ended 31 July 2023 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 2023 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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.

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.

MORTHYNG GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF MORTHYNG GROUP LIMITED

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

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.

At the planning stage we identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with management, as required by auditing standards. The potential effect of any laws and regulation on the financial statements can vary considerably. There are laws and regulations that directly affect the financial statements (e.g. the Companies Act, the Charities SORP 2019) as well as many other operational laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

We have assessed the overall susceptibility of the financial statements to material misstatement due to irregularities as moderate risk due to the inherent regulatory environment and financial reporting requirements within the sector. Furthermore, increased public scrutiny due to use of public funds increases the risk around certain financial reporting disclosures. However, as a result, there are stronger financial controls around sensitive financial reporting disclosures imposed by the ESFA therefore this reduces the risk of material misstatements as a result of irregularities being undetected. The procedures performed by the audit team included:

- Communicating identified laws and regulations at planning to all members of the audit team to remain alert to any indications of non-compliance throughout the audit.
- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations including the Charities SORP 2019.

MORTHYNG GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF MORTHYNG GROUP LIMITED

We have assessed the overall susceptibility of the financial statements to material misstatement due to fraud as low risk because of the strong control environment and regulatory framework imposed on charities by the ESFA. Management override is the most common way in which fraud might present itself and is therefore inherently high risk on any audit. Management override, which may cause there to be a material misstatement within the financial statements, may present itself in a number of ways, for example:

- Override of internal controls (e.g. segregation of duties)
- Entering into transactions outside the normal course of operations, especially with related parties
- Fraudulent revenue recognition and income being recorded in the wrong period
- Presenting bias in accounting judgements and estimates.

In order to reduce the risk of material misstatement to an acceptable level, numerous audit procedures were performed including:

- Enquiries of management as to whether they had any knowledge of any actual or suspected fraud.
- Review of all material journal entries made throughout the year as well as those made to prepare the financial statements.
- Review of financial data for evidence of previously unidentified related party transactions.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing the underlying rationale behind transactions in order to assess whether they were outside the normal course of business.
- Increased substantive testing across all material income streams.
- Assessing whether management's judgements and estimates indicated potential bias.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected material misstatements in the financial statements, even though we have performed our audit in accordance with auditing standards. Furthermore, as with all audits, there is a higher risk of irregularities (especially those relating to fraud) being undetected, as these may involve the override of internal controls, collusion, intentional omissions and misrepresentations etc. We are not responsible for preventing non-compliance or fraud and therefore cannot be expected to detect all instances of such. Our audit was not designed to identify misstatements or other irregularities that would not be considered to be material to the financial statements. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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.

MORTHYNG GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF MORTHYNG GROUP LIMITED

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

22 November 2023

**Chartered Accountants
Statutory Auditor**

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 section 1212 of the Companies Act 2006.

MORTHYNG GROUP LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2023

	Notes	Unrestricted funds 2023 £	Unrestricted funds 2022 £
<u>Income and endowments from:</u>			
Charitable activities	2	3,239,008	2,776,888
Investments	3	26,584	-
Other income	4	-	28,715
Total income		3,265,592	2,805,603
<u>Expenditure on:</u>			
Charitable activities	5	2,657,234	2,608,153
Net income for the year/ Net movement in funds		608,358	197,450
Fund balances at 1 August 2022		2,073,434	1,875,984
Fund balances at 31 July 2023		2,681,792	2,073,434

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

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 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	12		43,253		46,371
Investments	13		2		2
			<u>43,255</u>		<u>46,373</u>
Current assets					
Debtors	15	322,980		250,072	
Cash at bank and in hand		<u>3,377,856</u>		<u>2,458,715</u>	
		3,700,836		2,708,787	
Creditors: amounts falling due within one year	16	<u>(1,062,299)</u>		<u>(681,726)</u>	
Net current assets			<u>2,638,537</u>		<u>2,027,061</u>
Total assets less current liabilities			<u><u>2,681,792</u></u>		<u><u>2,073,434</u></u>
Income funds					
Unrestricted funds			<u>2,681,792</u>		<u>2,073,434</u>
			<u><u>2,681,792</u></u>		<u><u>2,073,434</u></u>

The charity is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 July 2023, 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 year 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 22 November 2023

A Corbridge
Trustee



Company registration number 02283391

MORTHYNG GROUP LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	23		905,609		(106,201)
Investing activities					
Purchase of tangible fixed assets		(13,052)		(36,957)	
Proceeds from disposal of tangible fixed assets		-		30,421	
Investment income received		26,584		-	
Net cash generated from/(used in) investing activities			13,532		(6,536)
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			919,141		(112,737)
Cash and cash equivalents at beginning of year			2,458,715		2,571,452
Cash and cash equivalents at end of year			<u>3,377,856</u>		<u>2,458,715</u>

MORTHYNG GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2023

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 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.

1.4 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.

1.5 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 YEAR ENDED 31 JULY 2023

1 Accounting policies

(Continued)

1.6 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 the statement of financial activities.

1.7 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.

1.8 Cash and cash equivalents

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

1.9 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 YEAR ENDED 31 JULY 2023

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.10 Employee benefits

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

1.11 Retirement benefits

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

1.12 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.

1.13 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 in the period are included in profit or loss.

2 Charitable activities

	2023 £	2022 £
Grants and contracts for training	3,239,008	2,776,888

3 Investments

	2023 £	2022 £
Interest receivable	26,584	-

MORTHYNG GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

4 Other income

	2023 £	2022 £
Net gain on disposal of tangible fixed assets	-	28,715

5 Charitable activities

	2023 £	2022 £
Staff costs	825,299	735,379
Direct costs	427,715	727,643
	1,253,014	1,463,022
Share of support costs (see note 7)	1,395,509	1,137,242
Share of governance costs (see note 7)	8,711	7,889
	2,657,234	2,608,153
Analysis by fund		
Unrestricted funds	2,657,234	
	2,657,234	
For the year ended 31 July 2022		
Unrestricted funds		2,608,153
		2,608,153

6 Direct costs

	2023 £	2022 £
Learner travel expense	87,187	143,134
Learner refreshments	576	744
Travel and vehicle expenses	20,888	17,937
Training expenditure	317,080	565,600
Protective clothing	1,984	228
	427,715	727,643

MORTHYNG GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

7 Support costs

	Support costs £	Governance costs £	2023 £	Support costs £	Governance costs £	2022 £
Staff costs	523,202	-	523,202	486,834	-	486,834
Depreciation	16,170	-	16,170	36,473	-	36,473
Support costs	856,137	-	856,137	613,935	-	613,935
Audit fees	-	8,711	8,711	-	7,889	7,889
	<u>1,395,509</u>	<u>8,711</u>	<u>1,404,220</u>	<u>1,137,242</u>	<u>7,889</u>	<u>1,145,131</u>
Analysed between Charitable activities	<u>1,395,509</u>	<u>8,711</u>	<u>1,404,220</u>	<u>1,137,242</u>	<u>7,889</u>	<u>1,145,131</u>

8 Trustee remuneration and benefits

There was not any trustees' remuneration or other benefits for the year ended 31 July 2023 nor for the year ended 31 July 2022.

Responsibility allowances for the year of £2,619 (2022: £2,393) were paid to six trustees (2022: six).

9 Support costs

	2023 £	2022 £
Professional fees	20,169	12,730
Travel and entertaining	59,511	44,033
Staff training and refreshments	11,743	8,026
Telephone	10,082	8,561
Postage, stationery and advertising	62,366	49,475
Sundries	32,116	17,346
Disallowed VAT inputs	75,618	69,462
Bank charges	4,069	4,853
Rent and rates	268,660	262,083
Insurance	12,082	11,206
Light and heat	63,594	54,289
Repairs and renewals	9,007	355
Property refurbishments	177,596	21,453
Cleaning	49,524	50,063
	<u>856,137</u>	<u>613,935</u>

MORTHYNG GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

10 Employees

Number of employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
Direct charitable	30	31
Administration	13	13
	<u>43</u>	<u>44</u>

Employment costs

	2023 £	2022 £
Wages and salaries	1,119,905	1,058,311
Social security costs	105,634	97,467
Other pension costs	122,962	66,435
	<u>1,348,501</u>	<u>1,222,213</u>

One employee earned between £100,001 and £110,000 (2022: one between £90,001 and £100,000).

Total pension contributions paid on behalf of the above member of staff were £17,569 (2022: £5,926).

11 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

MORTHYNG GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

12 Tangible fixed assets

	Equipment, computers and vehicles £
Cost	
At 1 August 2022	553,412
Additions	13,052
At 31 July 2023	566,464
Depreciation	
At 1 August 2022	507,041
Depreciation charged in the year	16,170
At 31 July 2023	523,211
Carrying amount	
At 31 July 2023	43,253
At 31 July 2022	46,371

13 Fixed asset investments

	Unlisted investments £
Cost or valuation	
At 1 August 2022 & 31 July 2023	2
Carrying amount	
At 31 July 2023	2
At 31 July 2022	2

14 Subsidiaries

Details of the charity's subsidiaries at 31 July 2023 are as follows:

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

MORTHYNG GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

15 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	253,639	200,746
Prepayments and accrued income	69,341	49,326
	<u>322,980</u>	<u>250,072</u>

16 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Trade creditors		76,253	40,810
Other taxation and social security		44,904	26,064
Deferred income	17	485,479	351,683
Other creditors		7,412	26,877
Accruals		448,251	236,292
		<u>1,062,299</u>	<u>681,726</u>

17 Deferred income

	2023 £	2022 £
Grants and contracts for training	<u>485,479</u>	<u>351,683</u>

Deferred income has increased in the 2022/2023 year mainly due to the amounts included in the accounts that relate to catch up funding from the ESFA and funds expected to be clawed back.

Unspent Erasmus and Turing contract amounts to £135,039 (2022: £109,247).

£242,598 relates to the element of the ESFA contract that has not been fulfilled in the 2022/2023 period, as a result clawback is expected (2022: £152,762).

£107,842 relates to the restricted bursary fund (2022: £89,674). This fund relates to student expenditure and is a pot which can be drawn down if student expenditure is higher than what has been funded for the year.

18 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.

MORTHYNG GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

19 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 £122,962 (2022: £66,435).

20 Related party transactions

There were no disclosable related party transactions during the year.

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023 £	2022 £
Aggregate compensation	236,996	224,977

21 Analysis of net assets between funds

	Total £
Fund balances at 31 July 2023 are represented by:	
Tangible assets	43,253
Investments	2
Net current assets	2,638,537
	2,681,792

MORTHYNG GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2023

22 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:

	2023 £	2022 £
Within one year	184,604	152,201
Between two and five years	89,584	32,375
	<u>274,188</u>	<u>184,576</u>

23 Cash generated from operations

	2023 £	2022 £
Surplus for the year	608,358	197,450
Adjustments for:		
Investment income recognised in statement of financial activities	(26,584)	-
Gain on disposal of tangible fixed assets	-	(28,715)
Depreciation and impairment of tangible fixed assets	16,170	36,473
Movements in working capital:		
(Increase) in debtors	(72,908)	(184,275)
Increase in creditors	246,777	103,798
Increase/(decrease) in deferred income	133,796	(230,932)
Cash generated from/(absorbed by) operations	<u>905,609</u>	<u>(106,201)</u>