

Providing disabled and disadvantaged people the opportunity of
sustained employment



Since 1923

The Merthyr Tydfil Institute for the Blind

***Annual Report for the year ended
31st March 2022***



Unit 4, Triangle Business Park, Pentrebach, Merthyr Tydfil, CF48 4TQ

Tel: (01685) 370072 Fax: 01685 370073 Email: info@mtib.co.uk Website: www.mtib.co.uk

Providing disabled and disadvantaged people the opportunity of sustained employment

CONTENTS	Page
Trustees Report	3
Independent report of the Auditors	18
Statement of financial activities	22
Profit and loss account	23
Balance sheet	24
Statement of Cash Flows	25
Notes to the financial statements	26

Providing disabled and disadvantaged people the opportunity of sustained employment

Trustees' Report

The Trustees are pleased to present their annual report together with the financial statements of the charity for the year ending 31 March 2022

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 charity's governing document, 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)".

OBJECTIVES AND ACTIVITIES

Purpose of The Merthyr Tydfil Institute for the Blind

The Merthyr Tydfil Institute for the Blind (MTIB) is a registered charity providing cost effective training, development and employment opportunities for persons with disabilities and those who are disadvantaged, economically inactive or unemployed. The Charity achieves this through a delicate balancing of the commercial demands on the organisation with the social ethos of providing employment and training opportunities for its clients.

We have referred to the guidance contained in the Charity Commissions' general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

MTIB's aim is to provide people who have disabilities, or are disadvantaged, economically inactive or unemployed, the opportunity for sustained employment.

The main areas of charitable activity are the operation of a Supported Business, via a wood working manufacturing unit at Pentrebach, Merthyr Tydfil, servicing the UK furniture industry that directly employs disabled and disadvantaged persons, along with an Employment and Training Department, which delivers programmes that support the employment of persons with disabilities and health conditions, along with those that are disadvantaged, economically inactive or unemployed within mainstream employment throughout South Wales.

The Supported Business provided sustained direct employment for an average of 43 (2021, 41) disabled persons within a commercial manufacturing environment with an average of 3 (2021, 9) hosted to local employers. Employees are encouraged to engage in training activities to expand and develop their skills in areas such as ICT to benefit themselves and the organisation. In addition, the manufacturing unit is used to offer work trials and work placement opportunities to clients seeking to gain experience within a work environment, which include those with learning disabilities who access the local council's Day Care Services, as well as students at local schools and colleges.

Providing disabled and disadvantaged people the opportunity of sustained employment

Trustees' Report

Administration of the Employment and Training Department also operates from the Pentrebach site and directly employed an average of 8 (2021/8) disabled persons during the year. The Department matches disabled and disadvantaged clients seeking to gain or retain employment with mainstream 'Host' employers and provides a wide range of supported work opportunities that meet the differing needs of people with disabilities, whilst reflecting the demands of the local labour market. MTIB offers a range of support to both employers and employees including practical help, such as, a job trainer, job coach, mentoring from colleagues as well as advice and awareness help to the employer and employees, along with financial support to the employer. All support activities are focused with the goal of creating and sustaining the employment of the disabled client.

The main programmes delivered during the year include the Restart and Jobsense contracts, which started in July and September 2021 respectively, the WCVA Active Inclusion projects, the remainder of the Employability Skills Programme and our Local Authority SLA Reach Up. The Supported Business contract continues to be funded via Access to Work under the Transitional Employer Support Grant (TESG). This funding model has been extended until end of March 2023 with a possible further extension to March 2024.

During the year we secured a subcontract with Serco to deliver the DWP Restart programme, supporting disadvantage persons back into employment. We have already experienced changes to the contract and the onerous compliance regime, however, the Team has performed well to meet the contract compliance and performance targets, regularly being in the top quartile of the supply chain. Additionally, our 25-month EU funded Jobsense project, supporting those with sight and/or hearing impairment in South and West Wales started in September 2021. We deliver the project in a collaborative consortium with 3 other likeminded third sector providers of employment support to disabled and disadvantaged people. The MTIB Team have performed very well to date, already over achieving on the job outcome target.

Both our WCVA Active Inclusion projects support disabled, disadvantaged and economically inactive people. Our W&les project was successfully completed in June 2021. The second project, Mantais started as the Covid-19 lockdown hit the UK in March 2020. Despite the challenges last year under the difficult circumstances, the team has continued to perform well to meet the performance levels. Client engagement increased following the easing of Covid-19 restrictions. Consequently, our Mantais project achieved 97% of our engagement target (95 of 98) and we have successfully negotiated a contract extension to December 2022 with additional funding, so we are confident in our ability to meet all project targets.

Our Employability Skills Contract (ESP), delivered for the Welsh Government via ITEC and PeoplePlus finished during the year, which focused more on those closer to the labour market and more recently out of work. The end date of the contract was September 2021 for referrals, with delivery until early 2022. During the period we engaged with 17 individuals across the ESP contracts with 5 job outcomes. All remaining outcomes have been claimed and we are awaiting the final payment.

We continue to provide much needed training, development and work placement opportunities to people with severe learning disabilities in the Merthyr Area and following a tender of the Reach Up contract with Merthyr Tydfil CBC, we successfully secured the contract until March 2024.

Providing disabled and disadvantaged people the opportunity of sustained employment

Trustees' Report

During the year, 369 disabled and disadvantaged people were supported by MTIB via its training and employment contracts, achieving and sustaining a total of 123 jobs.

Our Restart contract supported 131 customers gaining 29 jobs to date, with our WCVA Active Inclusion projects supporting 125 individuals in the period of which 35 entered employment. Jobsense engaged with 15 sensory impaired clients and successfully secured 3 jobs, which was very encouraging for this client group.

Our Reach Up project supported 32 individuals with learning disabilities, with 26 sustaining volunteer placements following the pandemic, along with 2 new jobs and 4 maintaining Supported Permitted Work in the period.

Since April 2019, MTIB's disabled and disadvantaged employees within the Supported Business have originally been funded by the replacement 3-year Transitional Employment Support Grant (TESG) via Access to Work (AtW) up to March 2022. This funding has since been extended to March 2023 with a further extension to March 2024 pending. During the year our Supported Business directly supported an average of 50 individuals on the TESG programme with 3 new starters in the period.

MTIB's clients are provided with the opportunity to participate within our programmes at their chosen level. MTIB's provision facilitates a progressive process, from entry via a directly employed supportive manufacturing environment, through assessment, training and development in specific skill areas, through to the opportunity for placement with a 'Host' employer. Eventually, by tapering support, those who are able, can be fully integrated into mainstream employment. An important feature of MTIB's delivery is that individuals can enter the programme at any stage, to suit their own particular needs and abilities and reap the attendant benefits associated with gaining, retaining and sustaining employment.

There is no charge for our services to the client or 'Host' employer. Eligibility for our services is restricted to persons with disabilities and those disadvantaged, economically inactive and unemployed persons as defined by the individual programmes we deliver. Demand for our services continues to be high especially as the gap between the employment of disabled persons compared to non-disabled remains stubbornly high. MTIB's consistent proactive approach over the years of successfully providing on its contracts, has to date facilitated our ability to support each eligible client that has been referred to us. MTIB also continues to expand and develop the services that it is able to provide in line with the varying needs of our clients. However, where client's requirements would be better served through another provider, we refer the client to them where appropriate.

We ensure our activities deliver our aims by reviewing our aims, objectives and activities each year via our business planning process. This review looks at what we achieved and the outcome of our work in the previous 12 months. The review looks at the success of each key activity and the benefits brought to those groups of people we are set up to help. This helps us to ensure our aims, objectives and activities remained focused on our stated purposes.

Providing disabled and disadvantaged people the opportunity of sustained employment

Trustees' Report

The training, development and support we provide to create and sustain employment opportunities for our clients is always focused on the individual to ensure that the client's health condition is not adversely affected by their employment and is monitored on a regular basis. In addition, any changes in financial circumstances affected by employment are considered with the necessary agencies, so that clients can make an informed decision.

All members of the Board give their time voluntarily and received no benefits from the charity. Any expenses reclaimed from the charity are set out in note 21 to the accounts.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

As the Covid-19 restrictions have eased during the year MTIB has continued to successfully meet the increased customer demand, utilising the flexible furlough facility to September 2021, where all relevant staff have now successfully returned to working on site. As with most organisations the home working requirement during the pandemic has seen MTIB adopt more flexible working from home practices with relevant staff where agreed, which importantly has ensured continuity of delivery of our employment and training contracts.

Furthermore, MTIB's continued membership of the Supported Business Steering Group (SBSG) with DWP provided our ability to lobby DWP and agree the support services and evidence requirements, to enable TSEG funding to continue to be claimed for our furloughed employees. Moreover, MTIB were instrumental in securing a further extension of TSEG funding to 31st March 2023, which continues provide the transitional funding while a new funding model is developed and implemented.

Having successfully delivered our W&les WCVA Active Inclusion project, which finished in June 2021, MTIB successfully agreed an extension and extra funding for its Mantais project to December 2022. Furthermore, we successfully secured a further 18-month contract to March 2024 of the amalgamated service provision contract from MTCBC 's Day Care services.

MTIB's remaining outcome payments were successfully achieved from our subcontract with ITEC and PeoplePlus to deliver the Welsh Government's Employment Support Programme (ESP), which has now been completed and awaiting final payments.

MTIB's focus on securing the existing income from its contracts, whilst securing new ones, coupled with ability to increase manufacturing capability as customer demand increased, has helped us to maintain and develop our products and services. However, there still remains more work to be done each year, especially as many employment and training contracts are of 18-24 month duration.

However, the fact that MTIB is able to secure and deliver these contracts continues to justify the Board's decision to invest in securing our staff resources, whilst replacement contracts are secured in order to demonstrate our ability to successfully deliver. Our aim has partly been achieved by securing a subcontract with Serco to deliver DWP's new Restart programme which started from July 2021 and the EU funded Jobsense project through our

Providing disabled and disadvantaged people the opportunity of sustained employment

Trustees' Report

collaborative consortium partners via the Welsh European Funding Office. Consequently, we will continue to perpetuate this course of action with the goal of generating further income wherever possible.

The forecast budget for the year was a loss of £78,830, due mainly to the delay in the commencement of replacement employment and training contracts, Restart and Jobsense, along with the uncertain sales demand from our commercial activities in a climate of increasing costs, without any further government Covid-19 support.

Through our focus on maximising income from our employment and training contracts as well as generating sales opportunities within the manufacturing unit, whilst controlling costs, the loss was reduced to £26,518 as per the profit and loss account shown at page 23, (£12,815 surplus, 2021). This was an encouraging result, as it demonstrated the success of our efforts as we emerged post Covid-19, to the new business as usual and the realisation that MTIB had survived the considerable challenges that Covid-19 presented.

Within the manufacturing unit, the management has continued to focus on a targeted marketing strategy to generate sales opportunities and secure material supply in a climate of volatile price increases, whilst improving production effectiveness and efficiency where possible.

Consequently, sales income from the manufacturing business increased to £851,657, (£577,274, 2020/21), representing a 47.5% increase on the Covid-19 restricted previous year, resulting in a 44.5% increase in added value. The encouraging sales were mainly due to a build back of demand from existing and new customers for existing products, along with our new offering of office furniture services.

The Employment and Training Department performed well during the year commencing the 2 new contracts of Restart and Jobsense, whilst completing one of the WCVA Active inclusion contracts and extending the other with further funding to December 2022. The remaining outcome income was generated from the ESP contracts and since the year end, the Merthyr Tydfil CBC contract has been secured to March 2024. Consequently, overall financial performance achieved within the department was very encouraging, realising a surplus of around £82k.

Within the manufacturing unit, we continue to focus on improvements to ensure its continued long-term viability. The aim remains for it to achieve a break-even position and then generate a surplus, so as to become less reliant on funding, which is ever reducing. Additionally, the Employment and Training department needs to continue to successfully secure and deliver contracts to maintain its contribution to the organisation, especially where contract opportunities are less prevalent. The Board and Management Team continue to review performance and activities, whilst seeking replacement funding from various other sources so that financial stability can be fully realised. To this end, MTIB has made representation to local authorities regarding inclusion in their UK Shared Prosperity Fund (UKSPF) plans, which is the funding available to bridge the gap between the end of EU funds and its UK successor programme. To date we have firm commitment that we are in the plans of Merthyr Tydfil CBC with a funding allocation for 2 years from April 2023, so we are awaiting confirmation from the UK Government following its recent Autumn Statement.

Providing disabled and disadvantaged people the opportunity of sustained employment

Trustees' Report

The charity's main objectives for the year were to recover the financial performance of the manufacturing unit post Covid-19 and to successfully deliver its Employment and Training contracts, by aiming to maximise related outputs and financial return from all contracts. Additionally, to successfully commence and deliver all its contracts, whilst further developing and expanding MTIB's training resources and facilities seeking to secure and deliver further replacement employment and training contract income. This has been achieved through the successful commencement of the Restart and Jobsense contracts and securing an allocation of UKSPF funding with Merthyr Tydfil CBC, which will be vital income for the organisation over the next two years to replace that lost from the EU as a consequence of Brexit.

During the year, we have continued to deliver quality services to our disabled and disadvantaged customers incorporating online activities introduced as a result of Covid-19 and have secured continued funding income. The ability of our staff to successfully adapt and be flexible in delivering the various contracts secured, has resulted in a performance that has facilitated our survival throughout this most challenging of years, whilst developing future opportunities.

Our objectives focus on the need to develop and expand our training resources and facilities to secure and deliver employment related training. MTIB has met its objective to successfully deliver its employment and training contracts by maximising the outputs and related income from all contracts. Additionally, we have successfully extended funding for our last WCVA Active inclusion project, successfully started the Restart and Jobsense contracts and successfully completed our subcontracts for the Welsh Government's Employment Support Programme. All contracts are performing well supported by our continued recognition of holding our Investors in People accreditation and that of Matrix.

We have also met our objective to improve the effectiveness and efficiency of the Supported Business manufacturing unit, increasing sales and added value beyond that of pre Covid-19 levels and increase the training and employment opportunities for our disabled and disadvantaged workforce. MTIB has also maintained its FSC accreditation following audit and notably secured preferred supplier place on Welsh Water's office furniture framework through our collaboration with Ministry of Furniture, both of which will allow more access to potential business.

Matters regarding Finance, Business Development and Business Operations are reported on at full board meetings, since the board decided to dispense with sub committees. This has proved a more effective way of conducting the business of the organisation, as all Trustees are updated on all progress and developments, whilst ensuring that meetings can take place should some be unable to attend. Additionally, the CEO provides regular updates to the board via email, whilst, there is also the flexibility to hold extra meetings in addition to the scheduled board meetings to discuss and address any specific issues that arise.

Providing disabled and disadvantaged people the opportunity of sustained employment

Trustees' Report

Board structure

The board and executive management were satisfied with the results during the year considering the circumstances, but are also acutely aware of the challenge to generate future contract income, since the end of EU funds following Brexit. Consequently, they will continue to utilise the business planning process to manage the organisation. In conjunction with the involvement of all staff, they reviewed the strategic direction and agreed a Business Plan for 2022/23, agreeing to commit to maintain staff levels to March 2023, by utilising reserves, whilst new contract income is sought and secured, but will reassess should there be any further developments.

Training, development and personnel

The training and development of MTIB's disabled and disadvantaged clients is a key aspect of the organisation's employment and training delivery. The Board and Management are committed to strive for continual improvement of the quality of all of MTIB's services, whilst increasing the training, development and employment opportunities to disabled, disadvantaged, economically inactive and unemployed persons. The facilities and resources made available through the legacy of the Blueprint Project continues to help the realisation of this goal by providing enhanced work-based training, assessment and ICT training services, which, not only allow more clients the chance to take up employment opportunities, but also provide further opportunities to develop the organisation in the future.

The securing of new contracts and extensions to existing ones during the year, all contribute to the delivery of employability training for those disabled, disadvantaged, economically inactive or unemployed clients seeking to improve their skills, gain qualifications and develop their employment opportunities.

Our focus on our Core Values, communication and the development support of our people, have all been major contributory factors to MTIB's ability to cope with the issues by the Covid-19 pandemic and to successfully adapt to meet the challenges it presented.

During the year, all staff continued to be regularly updated on the developments of the business throughout the pandemic, with all furloughed employees regularly contacted to provide them with updates and well-being support where required. MTIB's Core Values and Management Behaviours have helped to reinforce a positive organisational culture towards change, where all employees have stated that they are prepared to adapt to meet future requirements in order to face the challenges ahead. As such, the Board and Management believe that the continual development of positive working relationships between all employees has resulted in a more effective business operation, which has again been evidenced by this year's performance.

Supported Business Protected Places

MTIB continued to effectively utilise the 90 places on our Supported Business contract, which was extended to 31st March 2021 and subsequently to 31st March 2023, under the new DWP Access to Work TSEG scheme (Transitional Employer Support Grant).

Providing disabled and disadvantaged people the opportunity of sustained employment

Trustees' Report

This resulted in an average of 50 individuals (49, 2021) being directly employed by MTIB. In addition, a further 319 (140, 2021) persons with disabilities were supported by MTIB with the aim of achieving sustainable mainstream employment

Of those engaged in 2021/22, MTIB's support provided ongoing or new employment for 123 (2021, 89) individuals during the period.

MTIB's continued flexibility and proactive approach to the delivery of all its contracts has ensured that we have successfully maximised the outputs and related income to the end of contracts (WCVA and ESP). Consequently, we have achieved high levels of contract quality and performance, which has built MTIB an excellent track record that has allowed us to take advantage of future contract opportunities.

Income

MTIB's WCVA, the new Resatart and Jobsense contracts, along with the Supported Business TSEG grant via DWP's Access to Work programme, have been the main sources of income, where the objectives were to achieve their planned outputs in order to obtain the maximum funding. During the year, output related income has been maximised where possible and the Supported Business contract has been extended to 31st March 2023. The Merthyr Tydfil CBC contract was also extended during the year, along with securing extra funding and extension to our remaining WCVA contract to December 2022. Furthermore, MTIB's ESP subcontracts with ITEC and Peopleplus were complete during the year. However, apart from the 4-year RESTART subcontract, all these contracts are relatively short term, so further funding streams will need to be secured as EU funds are no longer available. Progress has already been achieved with our UKSPF allocation within the plans of Merthyr Tydfil CBC, which is awaiting imminent confirmation from the UK government.

Also, we continue our efforts to reduce costs and increase sales within the Supported Business to secure MTIB's future viability. Our place on the NPS Office and Educational Furniture framework has already presented opportunities where we are collaborating with another socially minded organisation to bid jointly on future contract opportunities.

Further potential opportunities are currently being explored with the DWP, JCP, WCVA and Welsh Government programmes amongst others, but are less developed, due to the uncertainties of funders' priorities within the current economic climate.

We continue to cultivate and develop our relationships and services with Merthyr Tydfil CBC, securing an extension to our existing contract to 31st March 2024 and inclusion within the local authority's UKSPF planned allocation. In addition, as a member of the Supported Business Alliance, MTIB sits on the Supported Business Steering Group with the British Association of Supported Employment (BASE) working with DWP, which has secured transitional funding for Supported Businesses from April 2019 to March 2023 and are awaiting confirmation of a further extension to 31st March 2024. As a consequence, the group will continue its work with DWP to develop a mechanism for future funding from April 2024.

Providing disabled and disadvantaged people the opportunity of sustained employment

Trustees' Report

FINANCIAL REVIEW

Results and principal activities

The profit and loss account for the period is set out on page 23. The retained loss for the period of £26,518 (£12,815 surplus, 2020/21) has been transferred to reserves. The principal activities of the company are the provision of supported employment, training and development for disabled persons and those who are disadvantaged, economically inactive or unemployed.

Review of business and future developments

Both the level of business and the year end financial position were satisfactory considering the challenging circumstances. The Trustees are satisfied that there are plans in place to secure opportunities of replacement contract income following the end of existing contracts and have committed to maintain the level of staff, whilst covering any shortfall to March 2022 using reserves, with regular reviews up to that date.

Principal Funders

MTIB's principal funders were WCVA via our 2 existing WCVA Active Inclusion projects, our new Restart and Jobsense contracts, as well as AtW TEGS Funding. All other contracts are smaller in value and for shorter durations of between 12 to 18 months, besides the contract with Merthyr Tydfil County Borough Council Adult Services Department, which although low value, has persisted for many years in one form or another.

Reserves policy

MTIB aims to retain sufficient free reserves to ensure that commitments made to providing services to disabled persons can be made with confidence. The Trustees believe that the value of reserves needed equates to 12 months of the resources expended, excluding materials. The free reserves figure used is calculated as the total of unrestricted reserves less those related to fixed assets, which are compared to the forecast expenditure for the following year. At 31st March 2022 free reserves were £1,675,980 (2021: £1,747,857), which is 13 months of the forward resources expended, excluding materials.

The ongoing effects of Covid-19, Brexit, the Energy Crisis and the attendant increase in inflation and cost of living on the future economic climate, provide continued uncertainty of our ability to generate the required level of income from our Employment and Training contracts to cover the Supported Business, which although improved, still trades at a deficit. Consequently, our excess reserves will be utilised to cover periods where income does not cover expenditure, so that service to our disabled employees and customers can be maintained until replacement income or cost reductions are implemented.

Providing disabled and disadvantaged people the opportunity of sustained employment

Trustees' Report

Investment policy

The Trustees have wide investment powers and adopted a risk adverse policy to investments. The investments, shown in note 13 to the accounts, have been made in the Charities Official Investment Fund which provides income and the opportunity for capital growth on the investment

Risk review

Key risks within MTIB have been identified and a contingency plan is set out within the Business Plan each year. The Board and management team have set in place systems to mitigate these risks and continue to evaluate and monitor them.

One of the main risks to the business is to achieve the minimum performance levels of all its employment and training contracts to ensure that there is no risk of losing them, even with those that have less financial impact due to their relatively lower value. However, the potential resultant undesirable loss in reputation is why MTIB prioritises efforts to ensure that contract quality and performance levels are met and strive to exceed them where possible. This is achieved by ensuring our staff are skilled, focussed, motivated and supported with the necessary resources to successfully deliver all our contracts.

Due to the ending of EU funding following Brexit, MTIB's current WCVA and Jobsense contract will end in December 2022 and September 2023 respectively, with no framework for employment contract/programme opportunities to replace previous EU funded programmes. The UK Government has developed the UK Shared Prosperity Fund (UKSPF) to be administered by local authorities throughout the UK, for the 2-year period to Mar 2025. MTIB, marketed its services and has successfully been included in the plans of Merthyr Tydfil CBC with an indicative allocation of funding over the 2 years. However, due to the recent turmoil within the UK Government and Autumn Statement, we are waiting for confirmation of the allocation to local authorities and that to MTIB. The risk is that MTIB will have no replacement employment and training contracts beyond September 2023, so as usual we will keep up to date of potential opportunities as they arise. The expected recession and rise in unemployment will likely provide further opportunities either within our existing Restart subcontract or new programmes. Should the UKSPF not be realised, to help bridge the funding gap, MTIB will consider its options depending on the circumstances at the time.

As a result of the energy crisis, MTIB's latest forecast for gas and electricity are set to rise from £45k to £113k pa from April 2023, so we await imminent details of any Government Energy Bill Relief Scheme support to help partly reduce our exposure. Therefore, MTIB is investigating investment options to generate energy and waste cost savings.

Operating within a commercial environment there is a considerable risk of our manufacturing unit not being able to improve its financial performance from its current loss, especially with the future uncertainties surrounding the forecast recession for 2023. Consequently, senior management focus efforts on developing existing and new customers, along with identifying new opportunities. This is complimented by concerted efforts to control costs, whilst reviewing and implementing production efficiencies to ensure financial improvements are achieved.

Providing disabled and disadvantaged people the opportunity of sustained employment

Trustees' Report

Underpinning the potential negative financial effects of the risks highlighted above is our level of free reserves, which would allow the business time to assess the situation and implement a plan of recovery, in the best interests of our disabled workforce.

Employment policy

The company has an equal opportunity policy, which it adopts within its operating environment of Supported Employment.

Pay policy for Key Management Personnel

The trustees and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis. The senior management team are considered to be those stated below within the Directors, Trustees, Members and Chief Officers section.

All trustees give their time freely and no trustee received remuneration in the year. Details of wage costs of key management personnel and trustees' expenses including related party transactions are disclosed in notes 9 and 21 respectively, to the accounts.

Senior management pay and staff pay is based on market rates and aligned to the National Minimum Wage. An inflationary rise is awarded upon the discretion of the Trustees following consideration of the aforementioned comparators and where funds are available. Increments and bonuses may be awarded; however, they are not automatic and are given at the discretion of the Chief Executive and the Board of trustees.

Political and charitable donations

The company has made no political or charitable donations.

CONCLUSION AND PLANS FOR THE FUTURE

During the year, we have made good progress as the restrictions have eased and emerged with promising business demand, having adapted well to the challenges presented by the Covid-19 pandemic. We have secured continued income from the sponsors of our employment and training contracts and used our close relationships with our commercial customers to maintain and generate new business opportunities for the future.

New Supported Business commercial opportunities have been developed bringing the potential for new customers, new markets along with new skills to be learnt, which provides a good platform on which to build. MTIB's facilities and resources, coupled with the commitment and flexibility of our workforce, will give us the opportunity to fully realise the required recovery to drive the business forward.

The Board and Management believe that the development of the business planning process has continued to help us lead the business following the Covid-19 crisis and has ensured that everyone is focussed on delivering the business objectives, which has been an

Providing disabled and disadvantaged people the opportunity of sustained employment

Trustees' Report

important factor in our continuing success to date.

2021/22 has been another challenging year, where we have had to draw on the skills, resourcefulness, flexibility, adaptability and resilience of our staff to maintain the employment of our disabled workforce and continue to deliver the invaluable services to disabled and disadvantage persons within South Wales. This has been mainly due to the strong commercial demand within the Supported Business, the Employment and Training Team successfully achieving delivery of contracts during the year and management securing the Restart Serco subcontract and Jobsense project, along with the opportunity of UKSPF post year end. However, we must not be complacent as we need to build on production efficiencies and realise the increased sales opportunities to generate our own income to become less reliant on ever decreasing funding. Additionally, the employment and training contracts are for relatively short durations, so will need to be replaced when completed. We will continue to adapt and develop our services, focusing our efforts to meet the requirements of any new contract opportunities. As a result, we can continue to demonstrate our excellent track record of delivery and performance to commissioners, ensuring that additional contracts are secured.

We are focused on delivering our existing contracts, whilst seeking to secure future contracts, as well as delivering further significant improvements in the financial performance of the manufacturing unit.

MTIB's involvement with DWP with the Supported Business Steering Group will have a major impact on MTIB. As such, we will continue our involvement and monitor developments closely, promoting MTIB's services to DWP, JCP, potential prime contractors, MPs and AMs, in order to influence and position ourselves in the best interests of our disabled employees, clients and organisation. However, the future develops, the Board are committed to make every effort to secure the future of the business and continue to develop our services of providing training and employment opportunities for persons with disabilities and health conditions and those who are disadvantaged, economically inactive and unemployed. Consequently, we look forward to meeting the challenges ahead during MTIB's centenary year 2022/23 and beyond.

STRUCTURE GOVERNANCE AND MANAGEMENT

Status

The organisation is a charitable company limited by guarantee, incorporated on 31st October 1991 and registered as a charity in June 1923.

The company was established under a Memorandum of Association, which sets out the objects and powers of the charitable company and is governed under its Articles of Association. Under those Articles, the members of the Management Committee are elected annually at the AGM.

Providing disabled and disadvantaged people the opportunity of sustained employment

Trustees' Report

Governance of the Charity

Matters, regarding Finance, Business Development and Business Operations are reported on at regular full board meetings. Day to day management of MTIB is the responsibility of the Chief Executive Officer, who reports directly to the Trustees and is in regular contact with the Chairman to discuss any issues that arise, where it may require a Board meeting to be convened.

Recruitment and appointment of Trustees

Periodically the board will decide whether new Trustees need to be recruited to bring knowledge and experience within specific areas required by the business. Nominations are invited from existing Trustees, which are discussed by the board in order to review the respective nominee's credentials. Successful candidates, approved by the board, are then formally invited to become a trustee. Following acceptance, the new trustee receives an induction regarding all aspects of the organisation by the executive management and meets key employees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

REFERENCE AND ADMINISTRATIVE INFORMATION

Secretary and registered office

R A Welfoot

Unit 4 Triangle Business Park
Pentrebach
Merthyr Tydfil
CF48 4TQ

Company registration number : 2659355

Charity registration number : 1007270

Statutory auditors

Azets Audit Services
Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
CF23 8AB

Solicitors

Hugh James
Hodge House
114-116 St Mary Street
Cardiff
CF10 1DY

Carbon Law Partners
Creative Quarter
Morgan Arcade
Cardiff
CF101AF

Bankers

Lloyds Bank plc
69 High Street
Merthyr Tydfil
CF47 8AD

Providing disabled and disadvantaged people the opportunity of sustained employment

Trustees' Report

Directors, Trustees, members and chief officers

The directors and members, who are also Trustees, and chief officers of the company during the period were:-

Directors and Trustees:

Mr G Meredith (Chairman)
Mr A Bush
Mr R Cooper
Mrs L Mytton
Mr A Gunter
Mr J Ellis
Mrs J Morgan (appointed 30th March 2022)

Members:

Mr G Meredith
Mr A Bush
Mr R Cooper
Mrs L Mytton
Mr A Gunter
Mr J Ellis
Mrs J Morgan (appointed 30th March 2022)

Principal Officers/Key Management Personnel:

Mr R A Welfoot	Chief Executive Officer & Company Secretary
Mrs P Kennedy	Deputy Chief Executive Officer
Mrs M Davies	Employment & Training Manager
Mr A Phillips	Manufacturing Manager
Mr A Hall	Human Resources Manager
Mr E Silburn	Commercial Manager
Mr A Trythall	ICT Officer

Providing disabled and disadvantaged people the opportunity of sustained employment

Trustees' Report

Statement of directors' responsibilities

The trustees (who are also directors of The Merthyr Tydfil Institute for the Blind for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the strategic report and directors' report) and the financial statements in accordance with 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).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board

R A Welfoot
Company Secretary



Date: 14/12/2022

Providing disabled and disadvantaged people the opportunity of sustained employment

Independent Auditors' Report to the Trustees of The Merthyr Tydfil Institute for the Blind

We have audited the financial statements of The Merthyr Tydfil Institute for the Blind (the "Charity") for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, 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 March 2022 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 of 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.

Providing disabled and disadvantaged people the opportunity of sustained employment

Independent Auditors' Report to the Trustees of The Merthyr Tydfil Institute for the Blind

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.

Responsibilities of the trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Providing disabled and disadvantaged people the opportunity of sustained employment

Independent Auditors' Report to the Trustees of The Merthyr Tydfil Institute for the Blind

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.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;

Providing disabled and disadvantaged people the opportunity of sustained employment

Independent Auditors' Report to the Trustees of The Merthyr Tydfil Institute for the Blind

- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.



Sarah Case FCA DChA
Senior Statutory Audit
Azets Audit Services
Chartered Accountants
Statutory Auditor

Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
CF23 8AB

Date: 21-12-2022

Azets Audit Services 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.

Providing disabled and disadvantaged people the opportunity of sustained employment

Statement of financial activities for the year ended 31st March 2022

	Note	Unrestricted Funds £	Restricted Funds £	2022 Total Funds £	2021 Total Funds £
Income and endowments from:					
Donations and legacies	3	38	-	38	2,973
Charitable activities	4	1,700,760	96,626	1,797,386	1,598,270
Investments	5	20,251	-	20,251	27,881
Total income and endowments		1,721,049	96,626	1,817,675	1,629,124
Expenditure on:					
Charitable activities	6	1,795,055	42,937	1,837,992	1,646,569
Total expenditure		1,795,055	42,937	1,837,992	1,646,569
<i>Net gains/(losses) on investments</i>	13	1,770	-	1,770	3,512
Net income/(expenditure)	8	(72,236)	53,689	(18,547)	(13,933)
Transfers between funds	18	48,139	(48,139)	-	-
Net movement in funds		(24,097)	5,550	(18,547)	(13,933)
Reconciliation of Funds					
Total Funds brought forward	18, 19	2,085,831	916,790	3,002,621	3,016,554
Total funds carried forward	18, 19 & 20	2,061,734	922,340	2,984,074	3,002,621

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 26 to 41 form part of the financial statements.

Providing disabled and disadvantaged people the opportunity of sustained employment

Profit and loss account for the year ended 31st March 2022

	Notes	2022	2021
		£	£
Turnover	4	851,657	577,274
Raw materials and change in stocks	6	<u>(389,606)</u>	<u>(257,611)</u>
Trading Profit		462,051	319,663
Other operating income	4	73,856	363,685
Other operating charges	6	(243,202)	(225,212)
Other staff costs	6	<u>(523,318)</u>	<u>(465,440)</u>
		(230,613)	(7,304)
Wage cost of disabled Supported Business employees	6	(430,677)	(504,680)
Grant income related to disabled Supported Business employees	4	276,426	324,658
Employment & Training Programmes staff costs	6	(202,850)	(158,658)
Employment & Training Programmes income	4	541,758	332,154
Operating profit	8	(45,956)	(13,830)
Interest payable and similar charges	7	(201)	(635)
Interest receivable and similar income		19,639	27,280
Retained profit on ordinary activities for the financial year	19	<u>(26,518)</u>	<u>12,815</u>

All the activities of the charitable company are classed as continuing. There is no material difference between the profit for the financial year stated above and its historical cost equivalent.

The notes on pages 26 to 41 form part of the financial statements.

Providing disabled and disadvantaged people the opportunity of sustained employment

Balance sheet as at 31st March 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible assets	10	<u>1,308,094</u>	<u>1,254,764</u>
Total Fixed Assets		<u>1,308,094</u>	<u>1,254,764</u>
Current assets			
Stocks	11	128,827	88,835
Debtors	12	310,599	202,636
Investments	13	1,340,482	1,268,931
Cash at bank and in hand	14	<u>160,778</u>	<u>430,132</u>
Total Current Assets		<u>1,940,686</u>	<u>1,990,534</u>
Liabilities			
Creditors falling due within one year	15	<u>(264,706)</u>	<u>(242,677)</u>
Net current assets		<u>1,675,980</u>	<u>1,747,857</u>
Net assets		<u>2,984,074</u>	<u>3,002,621</u>
The funds of the charity:			
Unrestricted income funds	19	2,061,734	2,085,831
Restricted income funds	18	<u>922,340</u>	<u>916,790</u>
Total charity funds	20	<u>2,984,074</u>	<u>3,002,621</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31st March 2022, although an audit has been carried out under section 144 of the Charities Act 2011.

The trustees acknowledge their responsibilities for ensuring the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give true and fair view of the state affairs of the company 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 requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

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 board of directors on 14th December 2021 and were signed on its behalf by:


Garry Meredith
Chairman


Lisa Mytton
Director

The notes on pages 26 to 41 form part of the financial statements.

Providing disabled and disadvantaged people the opportunity of sustained employment

Statement of Cash Flows for year ended 31st March 2022

	Note	2022 £	2021 £
Net cash provided by (used in) operating activities	24	<u>(88,231)</u>	<u>(3,028)</u>
Cash flows from investing activities:			
Interest income		20,251	27,881
Purchase of tangible fixed assets		(132,611)	(79,702)
Prior Year adjustment to fixed assets		-	-
Proceeds from the disposal of fixed assets		1,017	-
Proceeds from investments		1,770	3,512
Net cash provided by (used in) investing activities		<u>(109,573)</u>	<u>(48,309)</u>
Cash flows from financing activities:			
Net cash provided by (used in) financing activities		<u>-</u>	<u>-</u>
Change in cash and cash equivalents in the reporting period		<u>(197,804)</u>	<u>(51,337)</u>
Cash and cash equivalents at the beginning of the year		<u>1,699,063</u>	<u>1,750,400</u>
Total cash and cash equivalents at the end of the year		<u>1,501,259</u>	<u>1,699,063</u>

Providing disabled and disadvantaged people the opportunity of sustained employment

Notes to the financial statements for the year ended 31st March 2022

1 Accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the charity's financial statements.

Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, 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)". The charity is a Public Benefit Entity as defined by FRS 102.

The accounts 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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Presentation of the accounts on a going concern basis

The charity reported a net unrestricted outflow of £24,097 for the year. The charity has sufficient free reserves and is monitoring results on a frequent basis. The trustees are of the view that on this basis the charity is a going concern and there are no material uncertainties about the charity's ability to continue as a going concern.

Taxation

As a registered charity, The Merthyr Tydfil Institute for the Blind is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only.

Recognition of income

Income is included in the Statement of Financial Activities (SoFA) when:

- The charity or its subsidiary have entitlement to the funds;
- any performance conditions attached to the item(s) of income have been met or are fully within the control of the charity or its subsidiary;
- there is sufficient certainty that receipt of the income is considered probable; and
- the amount can be measured reliably.

Grants and donations

Grants and donations are only included in the SoFA when the general income recognition criteria are met (5.10 to 5.12 FRS 102 SORP).

Providing disabled and disadvantaged people the opportunity of sustained employment

Notes to the financial statements for the year ended 31st March 2022

1 Accounting policies (continued)

In the case of performance related grants, income must only be recognised to the extent that the charity has provided the specified goods or services as entitlement to the grant only occurs when the performance related conditions are met (5.16 FRS 102 SORP).

Government grants

The charity has received government grants in the reporting period.

Contractual income and performance related grants

This is only included in the SoFA once the charity has provided the related goods or services or met the performance related conditions.

Legacies

Legacies are included in the SOFA when receipt is probable, that is, when there has been grant of probate, the executors have established that there are sufficient assets in the estate and any conditions attached to the legacy are either within the control of the charity or have been met.

Tax reclaims on donations and gifts

Gift Aid receivable is included in income when there is a valid declaration from the donor. Any Gift Aid amount recovered on a donation is considered to be part of that gift and is treated as an addition to the same fund as the initial donation unless the donor or the terms of the appeal have specified otherwise.

Donations

Donations, are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Volunteer help

The value of any voluntary help received is not included in the accounts but is described in the trustees' annual report.

Income from interest

This is included in the accounts when receipt is probable and the amount receivable can be measured reliably.

Settlement of insurance claims

Insurance claims are only included in the SoFA when the general income recognition criteria are met (5.10 to 5.12 FRS 102 SORP) and are included as an item of other income in the SoFA.

Providing disabled and disadvantaged people the opportunity of sustained employment

Notes to the financial statements for the year ended 31st March 2022

1 Accounting policies (continued)

Investment gains and losses

This includes any realised or unrealised gains or losses on the sale of investments and any gain or loss resulting from revaluing investments to market value at the end of the year.

All gains and losses are taken to the Statement of Financial Activities as they arise.

Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year.

Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value.

Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Expenditure Recognition and Irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Expenditure on charitable activities includes all costs relating to the furtherance of the charity's objectives as stated in the trustees report and their associated support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Support costs

The charity has incurred expenditure on support costs.

Governance and support costs

Support costs have been allocated between governance costs and other support. Governance costs comprise all costs involving public accountability of the charity and its compliance with regulation and good practice.

Grants with performance conditions

Where the charity gives a grant with conditions for its payment being a specific level of service or output to be provided, such grants are only recognised in the SoFA once the recipient of the grant has provided the specified service or output.

Grants payable without performance conditions

Where there are no conditions attaching to the grant that enables the donor charity to realistically avoid the commitment, a liability for the full funding obligation must be recognised.

Providing disabled and disadvantaged people the opportunity of sustained employment

Notes to the financial statements for the year ended 31st March 2022

1 Accounting policies (continued)

Redundancy cost

The charity made no redundancy payments during the reporting period.

Offsetting

There has been no offsetting of assets and liabilities, or income and expenses, unless required or permitted by the FRS 102 SORP or FRS 102.

Tangible fixed assets for use by charity

These are capitalised if they can be used for more than one year, and cost at least £500. They are valued at cost. The depreciation rates and methods used are noted below:

Freehold land and buildings	2%
Plant and machinery	20%
Motor vehicles	20%
Fixtures and fittings	20%

Stocks and work in progress

Goods or services provided as part of a charitable activity are measured at net realisable value based on the service potential provided by items of stock.

Work in progress is valued at cost less any foreseeable loss that is likely to occur on the contract.

Current asset investments

They are valued at fair value except where they qualify as basic financial instruments.

Cash at Bank

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

Liability recognition

Liabilities are recognised where it is more likely than not that there is a legal or constructive obligation committing the charity to pay out resources and the amount of the obligation can be measured with reasonable certainty.

Provisions for liabilities

A liability is measured on recognition at its historical cost and then subsequently measured at the best estimate of the amount required to settle the obligation at the reporting date.

Creditors

The charity has creditors which are measured at settlement amounts less any trade discounts

Providing disabled and disadvantaged people the opportunity of sustained employment

Notes to the financial statements for the year ended 31st March 2022

1 Accounting policies (continued)

Deferred income

No material item of deferred income has been included in the accounts.

Basic financial instruments

The charity accounts for basic financial instruments on initial recognition as per paragraph 10.7 FRS 102 SORP. Subsequent measurement is as per paragraphs 11.17 to 11.19, FRS 102 SORP.

Fund accounting

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

Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are donations and grants which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity.

Pension scheme

Contributions are made to the Rhondda Cynon Taf County Borough Council Pension Fund, which is a defined benefit scheme, in respect of certain employees. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effectiveness of variations from regular cost is spread over the expected average remaining service lives of members of the scheme. The company also provides contributions to a defined contribution Work Place Pension administered by Peoples Pension.

2 Critical accounting estimates and judgements

In the application of 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.

Providing disabled and disadvantaged people the opportunity of sustained employment

Notes to the financial statements for the year ended 31st March 2022

3 Income from Donations and Legacies

	Unrestricted funds	Restricted funds	Total funds 2022	Total funds 2021
	£	£	£	£
Donations	38	-	38	2,973
	38	-	38	2,973

4 Income from Charitable Activities

	Unrestricted Funds	Restricted Funds	2022 Total Funds	2021 Total Funds
	£	£	£	£
Sales, contracts, grants and fundraising				
Sales	851,657	-	851,657	577,274
Fundraising	0	-	0	0
Supported Business and Placement Scheme				
Access to Work TESS Grant	233,089	-	233,089	279,658
Merthyr Tydfil CBC SLAs	45,000	-	45,000	45,000
WG Economic Resilience Grant	9,303	-	9,303	83,723
Coronavirus Job Retention Scheme	-	31,938	31,938	276,995
WCVA Active Inclusion contract	236,700	-	236,700	198,050
RESTART contract	177,017	-	177,017	-
JOBSense contract	87,648	-	87,648	-
Specialist Employment Support contract	-	-	-	10,093
Employment Support Programme Contract	38,730	-	38,730	124,011
	827,487	31,938	859,425	1,017,530
Other grant				
Third Sector Resilience Fund Capital Grant	-	5,000	5,000	-
Third Sector Resilience Fund Revenue Grant	-	9,500	9,500	-
Social Business Growth Fund Capital Grant	-	40,389	40,389	-
VAMT Staff Welfare Revenue Grant	-	1,500	1,500	-
DWP Access to Work Grant	-	8,299	8,299	499
DWP Access to Work Income	21,616	-	21,616	2,967
	21,616	64,688	86,304	3,466
Total	1,700,760	96,626	1,797,386	1,598,270

Providing disabled and disadvantaged people the opportunity of sustained employment

Notes to the financial statements for the year ended 31st March 2022

5 Income from Investments

	Unrestricted funds £	Restricted funds £	Total funds 2022 £	Total funds 2021 £
Interest and rental income	20,251	-	20,251	27,881
	20,251	-	20,251	27,881

6 Expenditure on Charitable Activities

Manufacturing, contracts, grants and fundraising

	Fundraising £	Supported Business £	Employment & Training £	Blueprint Project £	Governance £	2022 Total £	2021 Total £
Costs directly allocated to activities							
Staff Costs	-	430,677	502,219	-	-	932,896	918,906
Travel & Subsistence	-	400	907	-	-	1,307	3,696
Vehicle running costs	-	13,792	4,625	-	-	18,417	15,107
Materials	-	389,606	-	-	-	389,606	257,611
Manufacturing costs	-	136,567	-	-	-	136,567	128,218
Fundraising events	-	-	-	-	-	-	0
Donations and beneficiary costs	-	-	-	-	-	-	0
Administrative costs	-	14,263	-	-	-	14,263	6,407
Legal & Professional	-	-	-	-	6,000	6,000	8,665
Depreciation	-	38,491	8,419	32,371	-	79,281	66,260
Promotion & Advertising	-	64	-	-	-	64	199
	-	1,023,860	516,170	32,371	6,000	1,578,401	1,405,069
Support costs allocated to activities (Overhead apportionment)							
Staff Costs	-	111,975	111,974	-	-	223,949	209,873
Premises	-	5,276	5,275	-	-	10,551	8,082
Administrative costs	-	11,018	11,017	-	-	22,035	20,263
Legal & Professional	-	1,528	1,528	-	-	3,056	3,282
	-	129,797	129,794	-	-	259,591	241,500
Total	-	1,153,657	645,964	32,371	6,000	1,837,992	1,646,569

7 Interest payable and similar charges

	2022 £	2021 £
Amounts payable in relation to bank and finance charges	201	635

Providing disabled and disadvantaged people the opportunity of sustained employment

Notes to the financial statements for the year ended 31st March 2022

8 Operating Profit

	2022 £	2021 £
Operating profit is stated after (crediting)/charging:		
Depreciation charge for the year on tangible owned fixed assets	79,281	66,260
Auditors' remuneration	5,925	8,590

9 Staff Costs and Numbers

Key Management Personnel

The key management personnel of the charity are as detailed in the Trustees report. The total employee benefits (including salary, employer's national insurance, pension and benefits in kind) of the key management personnel of the charity were £301,092 (2021: £283,790). The emoluments of one member of staff, including benefits in kind, are within the range of £70,000 to £79,999 (2021 – one in the range £60,000 to £69,999), not including retirement benefits, which are accruing under a defined benefit scheme.

The average weekly number of persons (excluding directors) employed by the company during the period was:

	2022 Number	2021 Number
By activity		
Production	41	39
Selling and distribution	2	2
Administration	16	16
Placement Scheme	3	9
	<u>62</u>	<u>66</u>
Staff costs (for the above persons)	£	£
Wages and salaries	1,032,030	1,029,833
Social security costs	75,357	59,808
Other pension costs (see note 17)	49,458	39,137
	<u>1,156,845</u>	<u>1,128,778</u>

Providing disabled and disadvantaged people the opportunity of sustained employment

Notes to the financial statements for the year ended 31st March 2022

10 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1st April 2021	1,693,209	546,473	85,103	127,421	2,452,206
Additions	-	115,073	6,500	11,038	132,611
Disposals	-	-	(22,217)	-	(22,217)
At 31st March 2022	1,693,209	661,546	69,386	138,459	2,562,600
Depreciation					
At 1st April 2021	536,400	478,384	55,776	126,882	1,197,442
Charge for the year	33,864	35,006	9,203	1,208	79,281
Disposals	-	-	(22,217)	-	(22,217)
At 31st March 2022	570,264	513,390	42,762	128,090	1,254,506
Net book value					
At 31st March 2022	1,122,945	148,156	26,624	10,369	1,308,094
At 31st March 2021	1,156,808	68,089	29,327	538	1,254,764

11 Stocks

	2022 £	2021 £
Raw materials and consumables	120,814	80,267
Work in progress	2,274	6,047
Finished goods	5,739	2,521
	128,827	88,835

12 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	170,148	91,818
Other debtors	1,952	0
Prepayments and accrued income	138,499	110,818
	310,599	202,636

Providing disabled and disadvantaged people the opportunity of sustained employment

Notes to the financial statements for the year ended 31st March 2022

13 Investments

	2022 £	2021 £
Charities Official Investment Fund (historical cost £1,144)	22,278	20,508
Fixed Rate Deposits	<u>1,318,204</u>	<u>1,248,423</u>
	<u>1,340,482</u>	<u>1,268,931</u>

14 Cash at Bank and In Hand

	2022 £	2021 £
Cash at bank and in hand	<u>160,778</u>	<u>430,132</u>
	<u>160,778</u>	<u>430,132</u>

15 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	82,204	99,515
Other taxation and social security costs	54,583	19,044
Other creditors	7,483	10,645
Accruals and deferred income	<u>120,436</u>	<u>113,473</u>
	<u>264,706</u>	<u>242,677</u>

16 Financial Instruments

	2022 £	2021 £
Carrying amount of financial assets		
Investments measured at fair value	1,340,482	1,268,931
Debt instruments measured at amortised cost	<u>332,878</u>	<u>521,950</u>
	<u>1,673,360</u>	<u>1,790,881</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>89,686</u>	<u>110,160</u>

Providing disabled and disadvantaged people the opportunity of sustained employment

Notes to the financial statements for the year ended 31st March 2022

17 Pension and similar obligations

The company participates in a pension scheme operated by Rhondda Cynon Taff County Borough Council providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the company has taken advantage of the exemption in FRS 102, and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The company has set out below, information available on the funding of the scheme and the implications for the company in terms of the anticipated contribution rates.

The total pension cost of the company was £30,071 (2021 £22,765). The pension cost is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The latest actuarial valuation of the scheme was at 31st March 2019. The assumptions that have the most significant effect on the valuation are those relating to discount rate set on the expected return on the fund assets and the rates of increase in salaries and pensions. It was assumed that the discount rate for active members would be 4.25% per annum and 4.25% per annum for members who have left the service; salary increases would average 3.35% per annum and that present and future pensions would increase at the rate of 2.1% per annum.

At the date of the last actuarial valuation, the market value of the assets of the scheme was £3,458.6 million and the actuarial value of the assets was sufficient to cover 81% of the benefits which had accrued to members, after allowing for expected future increases in earnings. The contributions of the company and employees will be 33.5% (2021 33.5%) and 9.9% (2021 8.5%) respectively. Contributions amounting to £1,925 (2021 £1,869) were payable to the scheme at the year end and are included in creditors.

The company set up a defined contribution Work Place Pension administered by Peoples Pension and started making contributions in May 2015. The contributions of the company and employees were 3% (2021 3%) and 5% (2021 5%) respectively, with the pension cost to the company amounting to £19,387 (2021 £16,372). Contributions amounting to £1,412 (2021 £1,327) were payable to the scheme at the year end and are included in creditors.

Providing disabled and disadvantaged people the opportunity of sustained employment

Notes to the financial statements for the year ended 31st March 2022

18 Restricted Funds

	At 1st April 2021	Receipts in year	Transfers to Profit and loss in year	At 31st March 2022
	£	£	£	£
Job Retention Scheme	-	31,937	(31,937)	-
Other revenue grants	-	11,000	(11,000)	-
Other capital grants	28,539	53,689	(22,400)	59,828
Blueprint project	888,251	-	(25,739)	862,512
	<u>916,790</u>	<u>96,626</u>	<u>(91,076)</u>	<u>922,340</u>

Job Retention Scheme is the grant funding from the UK Government to support the jobs of those employees furloughed and flexible furloughed as a result of the Covid-19 pandemic restrictions.

Other capital grants represent grants received from funders that in order to help finance the acquisition of certain fixed assets. Each funding agreement will have its own conditions attached to the use of the funding in relation to the fixed asset.

The Blueprint project represents grants received from the Welsh European Funding Office and Merthyr Tydfil County Borough Council in relation to the organisation's European Objective 1 Blueprint project to expand its resources and services for the training, development and creation of employment opportunities for blind, partially sighted and disabled persons throughout South Wales.

Previous year

	At 1st April 2020	Receipts in year	Transfers to Profit and loss in year	At 31st March 2021
	£	£	£	£
Job Retention Scheme	-	276,995	(276,995)	-
Other capital grants	37,303	499	(9,263)	28,539
Blueprint project	913,320	-	(25,069)	888,251
	<u>950,623</u>	<u>277,494</u>	<u>(311,327)</u>	<u>916,790</u>

Providing disabled and disadvantaged people the opportunity of sustained employment

Notes to the financial statements for the year ended 31st March 2022

19 Unrestricted Funds

	At 1st April 2021	Movement in year	At 31st March 2022
	£	£	£
Capital and charitable reserve	476,931	2,420	479,351
Profit and loss account	<u>1,608,900</u>	<u>(26,517)</u>	<u>1,582,383</u>
	<u><u>2,085,831</u></u>	<u><u>(24,097)</u></u>	<u><u>2,061,734</u></u>

The capital and charitable reserve comprises: £

A capital reserve which arose on incorporation in 1991 352,919

The accumulated balance of fundraising activities and donations which have been given to the Institute to use for charitable purposes, together with interest thereon, less expenditure incurred to date. 126,432

479,351

Previous year

	At 1st April 2020	Movement in year	At 31st March 2021
	£	£	£
Capital and charitable reserve	469,845	7,086	476,931
Profit and loss account	<u>1,596,086</u>	<u>12,814</u>	<u>1,608,900</u>
	<u><u>2,065,931</u></u>	<u><u>19,900</u></u>	<u><u>2,085,831</u></u>

The capital and charitable reserve comprises: £

A capital reserve which arose on incorporation in 1991 352,919

The accumulated balance of fundraising activities and donations which have been given to the Institute to use for charitable purposes, together with interest thereon, less expenditure incurred to date. 124,012

476,931

Providing disabled and disadvantaged people the opportunity of sustained employment

Notes to the financial statements for the year ended 31st March 2022

20 Analysis of net assets between funds

	Restricted Fund	Unrestricted Funds		
	Capital Grant reserve	Capital & Charitable reserve	Profit and loss account	Total
	£	£	£	£
Tangible fixed assets	922,340	58,010	327,744	1,308,094
Stocks	-	67,187	61,640	128,827
Debtors	-	376,473	(65,874)	310,599
Investments	-	22,276	1,318,206	1,340,482
Cash at bank and in hand	-	125,252	35,526	160,778
Creditors	-	(169,847)	(94,859)	(264,706)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 2022	922,340	479,351	1,582,383	2,984,074

Previous year

	Restricted Fund	Unrestricted Funds		
	Capital Grant reserve	Capital & Charitable reserve	Profit and loss account	Total
	£	£	£	£
Tangible fixed assets	916,790	58,010	279,964	1,254,764
Stocks	-	67,187	21,648	88,835
Debtors	-	376,473	(173,837)	202,636
Investments	-	20,507	1,248,424	1,268,931
Cash at bank and in hand	-	124,601	305,531	430,132
Creditors	-	(169,847)	(72,830)	(242,677)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 2021	916,790	476,931	1,608,900	3,002,621

Providing disabled and disadvantaged people the opportunity of sustained employment

Notes to the financial statements for the year ended 31st March 2022

21 Transactions with Trustees and Related Parties

No fees, emoluments or expenses were paid to Trustees during the year (2021: £ Nil)

During the year the charity was not involved in any transactions with organisations associated with people who are directors of the charity.

22 Status of the company

The company is limited by guarantee and has no share capital. The liability of each member under guarantee is limited to £1.

23 Capital Commitments

At the year end the charity had no capital commitments.

24 Reconciliation of net movement in funds to net cash flow from operating activities

	2022 £	2021 £
Net movement in funds	(18,547)	(13,933)
Add back depreciation charge	79,281	66,260
Deduct profit on disposal of fixed assets	(1,017)	-
Deduct interest income shown in investing activities	(20,251)	(27,881)
Deduct gains/ add back losses on investments	(1,770)	(3,512)
Decrease (increase) in stock	(39,992)	(21,295)
Decrease (increase) in debtors	(107,963)	(60,573)
Increase (decrease) in creditors	22,028	57,906
Net cash provided by operating activities	(88,231)	(3,028)

Providing disabled and disadvantaged people the opportunity of sustained employment

Notes to the financial statements for the year ended 31st March 2022

25 Comparative Statement of Financial Activities

	Unrestricted funds £	Restricted funds £	Total funds 2021 £
Income and endowments from:			
Donations and legacies	2,973	-	2,973
Charitable activities	1,583,272	14,998	1,598,270
Investments	27,881	-	27,881
Total income and endowments	1,614,126	14,998	1,629,124
Expenditure on:			
Charitable activities	1,646,569	-	1,646,569
Total expenditure	1,646,569	-	1,646,569
Net gains/(losses) on investments	3,512	-	3,512
Net income/(expenditure)	(28,931)	14,998	(13,933)
Transfer between funds	35,002	(35,002)	-
Net movement in funds	6,071	(20,004)	(13,933)
Reconciliation of Funds			
Total funds brought forward	2,065,931	950,623	3,016,554
Total funds carried forward	2,072,002	930,619	3,002,621