

Charity Registration No. 1163885

Company Registration No. 08045437 (England and Wales)

MAGIC (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

MAGIC (UK) LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mrs C Cooper Mrs J Daly Miss K Boon Miss Carole Hobbs	(Appointed 1 November 2020) (Appointed 16 April 2021)
Charity number	1163885	
Company number	08045437	
Trading Name	City of Rochester School	
Registered office	Bradbury House View Road Cliffe Woods Rochester Kent ME3 8UJ	
Auditor	Crossley Financial Accounting Limited Star House Star Hill Rochester Kent	

MAGIC (UK) LIMITED

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MAGIC (UK) LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 30 APRIL 2021

The trustees present their report and financial statements for the year ended 30 April 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the 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

MAGIC (UK) Ltd is a charity set up to help children, young adults and their families who have an autism spectrum diagnosis or are in the process of having one diagnosed. It aims to deliver services to these groups of the public that will help alleviate the additional problems that children and young adults with autism can have especially with socialising or being in social situations. This directly benefits the children and young adults by providing experience and strategies for preparing them for adult life in the general public.

The organisation is established to:

- Help and support families with children with autistic spectrum disorder within the Medway Towns.
- Provide a centre of information relating to autism and co-existing disorders.
- Establish and maintain a parent based advisory group for sharing information.
- Arrange activities for the purpose of social skills development for children with autistic spectrum disorders offering extra curricular activities otherwise unavailable to them.
- Provide and manage drop in centre within the Medway Towns for use by families and those working with children with autistic spectrum disorders.
- Create and make available a directory of local agencies offering services for families with children with autistic spectrum disorder's and professionals working with such children.

The trustees confirm that they have complied with the duties in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

We have referred to the guidance 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.

With the restrictions that have been in place due to Covid-19 (see significant activities to follow) and the growth of the school, the objectives are currently in the process of being reviewed.

MAGIC (UK) LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

Significant Activities

The organisation operates the following activities for its beneficiaries:

City of Rochester School

The Charity provides an enriched, relevant and bespoke curriculum to pupils who have an EHCP with their primary need being ASD. The majority of our pupils come from the Medway Towns and Kent area. The pupils who attend are aged 5-18 years and currently, 45 pupils are on role.

Sadly for many of our pupils, education has been a negative and often traumatic experience. Our well being team is a strength of the charity offering emotional support to our pupils, improving their mental well being and re-engaging families into supporting and valuing the benefits a good education can provide.

In having high ambition to raise aspirations for pupils with SEND and offer wider opportunities, the charity has registered as a 'test centre' so that pupils can now take part in nationally recognised qualifications that employers require. These include GCSE and BTEC's. We also support pupils in their driving theory and driving lessons. We offer careers advice to all our pupils and from on going discussions we create informed plans that identifies the right career paths and qualifications needed to access the preferred profession for our pupils.

We have 4 minibuses that allow us to extend our curriculum offer outside the school setting. We work with the local community and alternative providers to organise learning opportunities that develop life skills and social skills including cookery sessions with a chef in a cookery school, riding lessons and stable school at a local riding stable and motor mechanics courses with a local garage.

We work closely with parents and families to ensure they can access fully, the support available to them from other specialist services. Our pastoral support ensures that the relationships with parents is positive leading to pupils attending school on a more regular basis.

We have a commitment to staff training. We aim for all staff to be highly skilled so that our pupils have the best opportunities.

We have extensively refurbished the building to make it fit for purpose and compliant in meeting health and safety standards.

Volunteers

During the year 0 volunteers have provided their services to the charity which equated to 0 hours of donated time.

MAGIC (UK) LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

Achievements and performance

The charity's major objectives, which are described above, unless otherwise stated have continued throughout the period of this report.

At the last AGM the Trustees agreed to review and amend the Articles of Association and update the objectives to reflect the current provision.

The global Covid pandemic has continued to have significant impact upon some of our services as noted above such as the continued closure of the soft play centre meaning that our popular Monkey Bizz sessions still could not be provided. In terms of the charity as a whole however, the pandemic has not had any significant financial impact. City of Rochester School has remained open throughout as it is designated a special school so was and is not subject to the school closures.

With City of Rochester School remaining open throughout the pandemic we have been able to continue to provide services to the children and young adults of Kent and Medway. They have continued to benefit from the charities work during this hard time not only within the school, but for those who have been unable to attend, the charity has continued to provide education, therapies and support through telephony, use of information technology such as video calls and ensuring work has been able to be sent home to families. We have ensured the safety of the beneficiaries throughout by continuing home visits (within social distancing guidelines) and continuing to support family needs including by delivering food parcels for those worse affected by the pandemic.

Key Performance Indicators

Tuition income as a percentage of total income - £1,814,807, 99% of total income, no movement from last year.

Wages are £1,312,824, which is 79% of total expenditure, a increase of 0.8% from last year. Wages as a percentage of total income are 71.4% in 2021, 76.1% in 2010, 52.9% in 2019 69.8% in 2018 and 78.7% in 2017.

Donations of £5,645 in 2021, are down 12.7% from last year, and are less than 0.5% of total income in 2021.

In November 2018 Ofsted inspected the school and rated it inadequate. In July 2021, Ofsted returned and rated the school Good overall with outstanding leadership and personal development. We are really proud of this achievement and the recognition of the charity's work can be read in the report.

The school roll has expanded from 37 to 45 pupils

MAGIC (UK) LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

Financial review

Despite the turbulent world around Covid-19, the charity has again continued to grow over the period with the number of referrals to City of Rochester School increasing. More staff and pupils have been brought on board and the school building is nearing the point of current capacity. Money has continued to be invested in the buildings infrastructure including updating alarms and wiring, plus also developing areas to maximise efficiency and accessibility.

Funding during the period has predominantly been delivered via Medway and Kent County Council. Both of these provide funding to enable the charity to provide education and support to the children, young adults and their families with an aim to help them as they grow into adult members of the public.

The split between pupils funded by Medway and by Kent local authorities has remained roughly constant during the period, maintaining the mitigation of risks involved with funding streams. As at the time of writing the report however, the majority of incoming referrals are from Medway. Kent local authority is putting in place a new bidding process for future student referrals. Potentially this could reduce the number of pupils placed at the City of Rochester School. However, we remain confident that our provision is unique and sought after. Many pupils are referred to us having already been in 'specialist' provision or out of education for extended periods of time. Parents also name our school as their preferred choice. There is and will be no change to existing placements through Kent's new process however, future placements numbers will have to be monitored as their new system takes affect.

Unlike many other charities and businesses, the Covid pandemic has not posed a significant financial risk to our charity. The Department for Education, very early in the pandemic, confirmed that all funding for charities running independent schools would remain in place for the duration of the pandemic. As our funding from the local authorities which forms the majority of the charity's income falls under this, it was assessed that and continues to be assessed that the financial risks to charitable income were minimal.

Reserves Policy

The Board of Trustees recognise the need for the organisation to keep in reserve a level of funds that will enable it to continue supporting its beneficiaries for the foreseeable future.

The Board of Trustees also recognise that the funds of the organisation where possible should be reinvested into the activities that it provides for its beneficiaries.

With this in mind the trustees have agreed that the level of reserves held should be sufficient to support 2 months pay for employees and are working towards this.

There were cash and cash equivalents at end of year of £165,519 compared to £191,103 in 2020, £120,097 in 2019 and £59,419 in 2018, demonstrating an increasing trend towards this goal.

Future Plans

Continued growth towards filling the 60 available school places with 45 pupils on roll as at the time of writing. Investment and modernisation of the building to facilitate this growth is ongoing, including looking at additional teaching spaces through the extending the current facilities by temporary or permanent structure and/or alternative additional sites

MAGIC (UK) LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

Structure, governance and management

Governing Document

The charity is controlled by its governing document, a deed of trust and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Charity Constitution

Magic Ltd is a Company Limited by Guarantee governed by its Memorandum and Articles of Association dated 25 April 2012. It is registered as a charity with the Charity Commission.

Trustees during the year

Mr C Pocock	(Resigned 1 January 2021)
Mrs C Cooper	
Mrs J Daly	
Miss K Boon	(Appointed 1 November 2020)
Miss Carole Hobbs	(Appointed 16 April 2021)

Recruitment and Appointment of New Trustees

Once a new trustee has been recruited in line with the processes laid out in the charity's governing documents, they are given access to a private trustees only shared cloud drive. On this shared page are a number of the latest documents required to provide a basic induction for all new trustees and for reference for all trustees on an ongoing basis. Shared documents include:

- Articles of association
- Certificate of incorporation
- Charities commission certificate
- Policy documents
- Organisational structure diagram
- Most recent annual report
- Most recent annual accounts
- Quarterly management accounts
- Minutes of previous trustees meetings
- Being a trustee CC3 "the Essential Trustee: what you need to know" (charity commission)
www.charitycommision.gov.uk/publications/cc3.aspx

In addition to this access, all new trustees are invited to visit the charity's main office to meet the senior management team, staff and where appropriate service users to better understand the charity and its people.

MAGIC (UK) LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

Organisational Structure

The organisation and its property is administered and managed in accordance with the constitution by the trustees.

The Board of Trustees consists of not less than 2 members and not more than 6 members.

The Board of Trustees has delegated the responsibility for the day to day operation of the organisation to the Headteacher of The City of Rochester School, Alicja Emmett.

Risk Management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. This is reviewed regularly by trustees at their meetings.

Key Management Personnel Remuneration

Trustees now review and consider the remuneration of key management personnel annually.

Statement of trustees' responsibilities

The trustees, who are also the directors of Magic (UK) Limited for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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 judgements and 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 charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Crossley Financial Accounting Limited were appointed as auditor to the company and a resolution proposing that they be re-appointed will be put at a General Meeting.

MAGIC (UK) LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

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

Claire Cooper

Claire Cooper (Jan 31, 2022 14:43 GMT)

Mrs C Cooper

Trustee

Dated: Jan 31, 2022

MAGIC (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MAGIC (UK) LIMITED

Opinion

We have audited the financial statements of Magic (UK) Limited (the 'charity') for the year ended 30 April 2021 which comprise the statement of financial activities, the statement of financial position, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 30 April 2021 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.

MAGIC (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF MAGIC (UK) LIMITED

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, 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.

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.

MAGIC (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF MAGIC (UK) LIMITED

Risks

Based on our understanding of the company and industry, we identified that the principle risks of non-compliance with laws and regulations related to compliance with; Safeguarding legislation; Ofsted standards; and Health and Safety regulations.

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

In addition, we considered provisions of other laws and regulations that do not have a direct impact on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These include data protection and employment.

We evaluated managements motivations and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to revenue recognition, posting inappropriate journals entries to increase turnover or reduce expenditure, and management bias in accounting estimates and judgemental areas of the financial statements such as deferred income and useful lives of assets.

Audit response

Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and review of the reports made by management
- Understanding of management's internal controls designed to prevent and detect irregularities.
- *Reviewing relevant meeting minutes*
- Review of tax compliance
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of testing of expenses
- Testing transactions entered into outside the normal course of business
- Substantive tests of detail of revenue and expenditure
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risk of material misstatement due to fraud
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business

There are inherent limitations in the audit procedures described above and 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. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, by for example, forgery, or intentional misrepresentation, or though collusion.

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.

MAGIC (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF MAGIC (UK) 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.



S Meah FCCA (Senior Statutory Auditor)
for and on behalf of Crossley Financial Accounting Limited

Chartered Accountants
Statutory Auditor

31 January 2022

Star House
Star Hill
Rochester
Kent

Crossley Financial Accounting Limited 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.

MAGIC (UK) LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 APRIL 2021

		Unrestricted funds 2021 £	Total 2020 £
	Notes		
<u>Income from:</u>			
Donations and legacies	3	22,312	6,464
Income from charitable activities	4	1,814,807	1,139,591
Other trading activities	5	360	360
Total income		1,837,479	1,146,415
<u>Expenditure on:</u>			
<u>Raising funds</u>			
Charitable activities expenditure	6	1,661,916	1,016,283
Net income for the year/ Net movement in funds		175,563	130,132
Fund balances at 1 May 2020		336,458	206,326
Fund balances at 30 April 2021		512,021	336,458

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.

MAGIC (UK) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11		807,784		577,664
Current assets					
Stocks	12	100		100	
Debtors	13	51,137		329,100	
Cash at bank and in hand		332,455		191,103	
		<u>383,692</u>		<u>520,303</u>	
Creditors: amounts falling due within one year	15	<u>(341,100)</u>		<u>(455,818)</u>	
Net current assets			42,592		64,485
Total assets less current liabilities			850,376		642,149
Creditors: amounts falling due after more than one year	16		(338,355)		(305,691)
Net assets			<u>512,021</u>		<u>336,458</u>

MAGIC (UK) LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 APRIL 2021

Notes	2021		2020	
	£	£	£	£
Income funds				
Unrestricted funds - general	512,021		336,458	
	<u>512,021</u>		<u>336,458</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 30 April 2021, although an audit has been carried out under section 144 of the Charities Act 2011.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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 Jan 31, 2022

Claire Cooper

Claire Cooper (Jan 31, 2022 14:43 GMT)

Mrs C Cooper
Trustee

Company Registration No. 08045437

MAGIC (UK) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	19		364,190		221,326
Investing activities					
Purchase of tangible fixed assets		(264,344)		(142,918)	
Net cash used in investing activities			(264,344)		(142,918)
Financing activities					
Repayment of bank loans		41,507		(7,402)	
Net cash generated from/(used in) financing activities			41,507		(7,402)
Net increase in cash and cash equivalents			141,353		71,006
Cash and cash equivalents at beginning of year			191,103		120,097
Cash and cash equivalents at end of year			332,455		191,103

MAGIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

Charity information

Magic (UK) Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Bradbury House, View Road, Cliffe Woods, Rochester, Kent, ME3 8UJ.

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

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

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 are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

MAGIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

1.5 Resources expended

Expenditure is accounted for on an accruals basis and has been classified under the heading that aggregates all costs related to the category. Where costs cannot be attributed to a particular heading, they have been allocated to activities on a basis consistent with the use of resources.

1.6 Tangible fixed assets

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

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

Freehold land and buildings	2% on cost
Freehold improvements	Straight line over 20 years
Plant and equipment	Straight line over 5 years
Fixtures and fittings	Straight line over 5 years
Computers	Straight line over 3 years
Motor vehicles	Straight line over 5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

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.

MAGIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

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.

1.10 Company Status

In the event of winding up of the charity each member of the Charity undertakes to contribute such sum as may be required, not exceeding £1 each.

2 Critical accounting estimates and judgements

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

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

3 Donations and legacies

	Unrestricted funds general 2021 £	Total 2020 £
Donations and gifts	5,645	6,439
Funding within charitable activities	16,667	-
Membership fees	-	25
	<u>22,312</u>	<u>6,464</u>

MAGIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

3 Donations and legacies

(Continued)

Grants receivable for core activities

Government grants and support

16,667

-

16,667

-

4 Income from charitable activities

General

2021

£

General

2020

£

Tuition

1,814,807

1,139,591

5 Other trading activities

Unrestricted
funds

general

2021

£

Unrestricted
funds

general

2020

£

Fundraising events

-

14

Cafe

-

36

Trading activity income: other

360

310

Other trading activities

360

360

MAGIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

6 Charitable activities expenditure

	General 2021 £	Total 2021 £	General 2020 £	Total 2020 £
Staff costs	1,312,824	1,312,824	760,915	760,915
Depreciation and impairment	32,048	32,048	18,975	18,975
Premises Costs	73,016	73,016	43,653	43,653
Office Costs	9,921	9,921	8,564	8,564
Activity Costs	64,243	64,243	37,720	37,720
Travel and Fuel	27,586	27,586	6,003	6,603
Computer and Software	37,485	37,485	30,826	30,826
Training	15,221	15,221	8,502	8,502
Professional Fees	14,951	14,951	23,589	23,589
School Supplies	37,371	37,371	21,223	21,223
Magic Bean Cafe	59	59	1,094	1,094
Bank Charges and Loan Interest	9,705	9,705	11,362	11,362
Fund Raising Costs	198	198	216	216
	<u>1,634,628</u>	<u>1,634,628</u>	<u>973,242</u>	<u>973,242</u>
Share of support costs (see note 7)	19,368	19,368	36,441	36,441
Share of governance costs (see note 7)	7,920	7,920	6,600	6,600
	<u>1,661,916</u>	<u>1,661,916</u>	<u>1,016,283</u>	<u>1,016,283</u>
Analysis by fund				
Unrestricted funds - general	<u>1,661,916</u>	<u>1,661,916</u>	<u>1,016,283</u>	<u>1,016,283</u>
For the year ended 30 April 2020				
Unrestricted funds - general	<u>1,016,283</u>			<u>1,016,283</u>
	<u>1,016,283</u>			<u>1,016,283</u>

MAGIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

7 Support costs

	Support costs	Governance costs	2021	Support costs	Governance costs	2020
	£	£	£	£	£	£
Depreciation	2,177	-	2,177	-	-	-
Sundries	5,538	-	5,538	1,811	-	1,811
Marketing	2,623	-	2,623	2,292	-	2,292
Recruitment costs	6,570	-	6,570	27,507	-	27,507
Accountancy fees	2,460	-	2,460	4,831	-	4,831
Audit fees	-	7,920	7,920	-	6,600	6,600
	<u>19,368</u>	<u>7,920</u>	<u>27,288</u>	<u>36,441</u>	<u>6,600</u>	<u>43,041</u>
Analysed between Charitable activities	<u>19,368</u>	<u>7,920</u>	<u>27,288</u>	<u>36,441</u>	<u>6,600</u>	<u>43,041</u>

8 Trustees

No trustees made any mileage or expenses during the period. Mileage is paid at the standard 45p per mile for additional travel incurred performing home visits for potential new students.

9 Employees

Number of employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Monthly staff	<u>34</u>	<u>19</u>

Employment costs

	2021 £	2020 £
Wages and salaries	966,100	532,012
Social security costs	126,177	64,370
	<u>1,092,277</u>	<u>596,382</u>

The number of employees whose annual remuneration was £60,000 or more were:

	2021 Number	2020 Number
Head Teacher	<u>1</u>	<u>1</u>

MAGIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

10 Key management personnel

The key management personnel of the charity comprise the Head Teacher - appointed 1 March 2019.

The total amount of remuneration (including employer pension contributions and employee benefits) paid to key management personnel for their services to the charity for the year was £83,434 (2020 - £74,667).

MAGIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

11 Tangible fixed assets

	Freehold land and buildings £	Freehold improvements £	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost							
At 1 May 2020	475,000	131,803	2,526	12,038	16,253	1,050	638,670
Additions	-	240,032	276	13,688	10,348	-	264,344
Disposals	-	(2,449)	(150)	(282)	(3,163)	-	(6,044)
At 30 April 2021	475,000	369,386	2,652	25,444	23,438	1,050	896,970
Depreciation and Impairment							
At 1 May 2020	38,000	4,806	2,092	7,952	7,105	1,050	61,005
Depreciation charged in the year	9,500	13,420	132	3,401	5,595	-	32,048
Eliminated in respect of disposals	-	(551)	(104)	(249)	(2,963)	-	(3,867)
At 30 April 2021	47,500	17,675	2,120	11,104	9,737	1,050	89,186
Carrying amount							
At 30 April 2021	427,500	351,711	532	14,340	13,701	-	807,784
At 30 April 2020	437,000	126,997	434	4,086	9,147	-	577,664

MAGIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

12 Stocks

	2021	2020
	£	£
Valuation	100	100

13 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	36,733	313,552
Other debtors	8,499	7,956
Prepayments and accrued income	5,905	7,592
	<u>51,137</u>	<u>329,100</u>

14 Loans and overdrafts

	2021	2020
	£	£
Bank loans	355,626	314,119
Payable within one year	17,271	8,428
Payable after one year	338,355	305,691

15 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	£
Bank loans	14	17,271	8,428
Other taxation and social security		48,084	21,355
Trade creditors		79,003	22,692
Accruals and deferred income		196,742	403,343
		<u>341,100</u>	<u>455,818</u>

16 Creditors: amounts falling due after more than one year

	Notes	2021	2020
		£	£
Bank loans	14	338,355	305,691

MAGIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

17 Related party transactions

CooperDaly Solutions & Support LLP is a business which Claire Cooper and Jennifer Daly, two of the trustees of Magic (UK) Limited own.

During the year ended 30 April 2021 no sales were raised from Magic (UK) Limited to Cooper Daly Solutions & Support LLP. Sales to the sum of £7,584 were raised from CooperDaly Solutions and Support LLP to Magic (UK) Ltd for training and consulting services.

At the year-end no amounts were due to or from the related party.

18 Secured Debt

HSBC bank registered a fixed and floating charge over the charity's assets dated 22 July 2014.

HSBC bank registered a legal mortgage over the freehold premises of the charity dated 14 January 2016.

19 Cash generated from operations	2021 £	2020 £
Surplus for the year	175,563	130,132
Adjustments for:		
Loss on disposal of tangible fixed assets	2,177	-
Depreciation and impairment of tangible fixed assets	32,048	18,975
Movements in working capital:		
(Increase)/decrease in stocks	-	200
Decrease/(increase) in debtors	277,963	(289,541)
(Decrease)/increase in creditors	(123,561)	361,560
Cash generated from operations	364,190	221,326

20 Analysis of changes in net (debt)/funds

	At 1 May 2020 £	Cash flows £	At 30 April 2021 £
Cash at bank and in hand	191,103	141,352	332,455
Loans falling due within one year	(8,428)	(8,843)	(17,271)
Loans falling due after more than one year	(305,691)	(32,664)	(338,355)
	<u>(123,016)</u>	<u>99,845</u>	<u>(23,171)</u>