

1975246

MYRRH LIMITED  
ANNUAL REPORT AND ACCOUNTS  
31 JULY 1998



**MYRRH LIMITED**

**COMPANY NO** 1975246 (England and Wales)

**REGISTERED CHARITY NO** 293464

**DIRECTORS**  
Anthony Lester (Chairman)  
Rev Hugh Bridge  
Major Gerard McGough  
Canon Charles Walker  
Rev Alan Wright  
Sr Una McCreesh  
Bernard Borland  
Dr Michael Dulake

**COMPANY SECRETARY** Susan Bryan

**REGISTERED OFFICE** 52 Ossory Road  
London SE1 5AN

**AUDITORS** Christopher & Co  
51a Anson Road  
Tufnell Park  
London N7 0AR

**BANKERS** Unity Trust Bank Plc  
4 The Square  
111 Broad Street  
Birmingham B15 1AR

MYRRH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS  
for the year ended 31 July 1998

---

CONTENTS	Page
Directors' Report	1 - 3
Auditors' Report	4 - 5
Financial Statements	
Statement of Financial Activities	6
Balance Sheet	7
Cash Flow Statement	8
Notes	9 - 14

=====

## **MYRRH LIMITED**

### **DIRECTORS' REPORT for the year ended 31 July 1998**

---

The directors present their report and the audited financial statements of the company for the year ended 31 July 1998.

#### **Status and Activities**

The company is a private company limited by guarantee and without any share capital. It is also a registered charity. The company's principal objects continue to be to:

- help those especially who find it hard to find suitable training elsewhere;
- improve their chances of finding suitable employment locally by providing good quality, inclusive learning experiences and access to recognised qualifications;
- promote all or any activities for the benefit of the community now or hereafter by law to be charitable.

#### **Financial Review**

The net income for the year was £122,485 (1997: deficit £47,270). This increase was primarily due to a reduction of staff and premises costs.

The directors are pleased to report that during the year the amount due to the Further Education Funding Council (FEFC) was reduced by £95,534 to £507,532. This debt had arisen because the company had fallen short of its funding targets for the years ended 31 July 1995 and 1996; negotiations to resolve the remaining debt are continuing. The FEFC have indicated their continued support to the company for the year ending 31 July 1999, pending the company's possible merger with a larger institution. In view of the positive progress of events, the directors are of the opinion that the company will be able to repay the remaining debt over the coming years and that it continues to be viable.

#### **Millennium IT Risk**

The turn of the century could see faults in the processing of data which could have wide ranging consequences for all businesses. The company is aware of this issue and is undertaking relevant steps to eliminate the problem within its internal operations. The company does however remain potentially exposed to the failure of third parties to deal with their Year 2000 exposures and will take all practical steps to mitigate the effect.

(continued)

## **MYRRH LIMITED**

### **DIRECTORS' REPORT**

**for the year ended 31 July 1998 (continued)**

---

#### **Directors**

The directors currently in office and throughout the year, except as stated, were as follows:

Anthony Lester (Appointed Chairman 18 December 1997)  
Rev Hugh Bridge  
Major Gerard McGough  
Canon Charles Walker (Resigned as Chairman 18 December 1997)  
Rev Alan Wright  
Sr Una McCreesh  
Bernard Borland  
Dr Michael Dulake  
Sr Mary Barrow (Resigned 14 October 1997)

#### **Directors' Responsibilities**

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements; and;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

(continued)

**MYRRH LIMITED**

**DIRECTORS' REPORT**  
**for the year ended 31 July 1998 (continued)**

---

**Fixed Assets**

The movements in fixed assets during the year are set out in note 7.

**Auditors**

A resolution to reappoint Christopher & Co, will be proposed at the Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

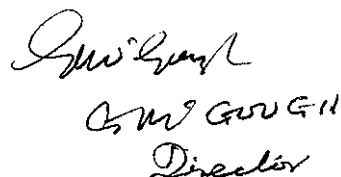
The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Signed on behalf of the Board



Anthony Lester  
Director

Approved by the Board: 19 April 1999



G. M. GOUGH  
Director

**AUDITORS' REPORT  
to the Members**

**MYRRH LIMITED**

We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 9 and 10.

**Respective Responsibilities of Directors and Auditors**

As described on page 2, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of Opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Going Concern**

As explained in note 1b), the company had fallen short of the funding targets in previous years set by the Further Education Funding Council (FEFC), and is therefore liable to repay funds amounting to £507,532 to the FEFC, leaving its liabilities exceeding its assets by £221,754. The FEFC have indicated their continuing support of the company on the understanding that the company seek a merger with another institution. The company is currently in merger discussions but the outcome is not yet certain. In view of the significance of this uncertainty we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

(continued)

AUDITORS' REPORT  
to the Members

MYRRH LIMITED (Continued)

Opinion

In our opinion the financial statements give a true and fair view of the company's state of affairs as at 31 July 1998 and of its incoming resources and application of resources, including its income and expenditure, and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Christopher & Co

Christopher & Co  
Chartered Accountants and  
Registered Auditors

51a Anson Road  
Tufnell Park  
London N7 0AR

23 April 1999



**MYRRH LIMITED**

**STATEMENT OF FINANCIAL ACTIVITIES**  
**Incorporating the Income and Expenditure Account**  
**for the year ended 31 July 1998**

	Note	1998	1997
		All Unrestricted Funds	All Unrestricted Funds
		£	£
<b>INCOMING RESOURCES</b>			
FEFC Grant Income	2	900,368	894,484
Donations and Gifts		10,026	34,947
Interest Receivable		1,935	2,630
Other Income		15,260	13,452
<b>Total Income</b>		<b>927,589</b>	<b>945,513</b>
<b>RESOURCES EXPENDED</b>			
Direct Charitable Expenditure	3	621,653	765,604
Fundraising and Publicity	4	8,644	11,058
Management and Administration	5	174,807	216,121
<b>Total Expenditure</b>	6	<b>805,104</b>	<b>992,783</b>
<b>NET INCOME FOR THE YEAR</b>		<b>122,485</b>	<b>( 47,270)</b>
Unrestricted Funds brought forward		(344,239)	(296,969)
<b>UNRESTRICTED FUNDS at 31 July 1998</b>		<b>£(221,754)</b> =====	<b>£(344,239)</b> =====

All the company's activities in the above two financial years were derived from continuing operations. The company has no recognised gains or losses other than the profit or loss for the above two financial years.

The financial statements are comprised of pages 6 to 14

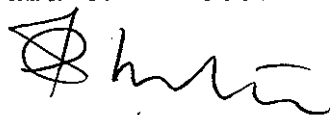
**MYRRH LIMITED**

**BALANCE SHEET**  
at 31 July 1998

	Note	1998 £	1997 £
<b>FIXED ASSETS</b>			
Tangible fixed Assets	7	<u>275,639</u>	<u>307,512</u>
<b>CURRENT ASSETS</b>			
Debtors	8	16,459	15,724
Cash at Bank and in Hand		<u>43,020</u>	<u>4,370</u>
		<u>59,479</u>	<u>20,094</u>
<b>CREDITORS: Amounts falling due within one year</b>	9	<u>(556,872)</u>	<u>(671,845)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(497,393)</u>	<u>(651,751)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>£ (221,754)</u>	<u>£ (344,239)</u>
Creditors: Amounts falling due after more than one year		-	-
<b>Net Liabilities</b>		<u>£ (221,754)</u> =====	<u>£ (344,239)</u> =====
<b>UNRESTRICTED FUNDS (DEFICIT)</b>	10	<u>(221,754)</u>	<u>(344,239)</u>
<b>Total Funds (Deficit)</b>		<u>£ (221,754)</u> =====	<u>£ (344,239)</u> =====

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the  
Board of Directors



Anthony Lester  
Director



Major Gerard McGough  
Director

Approved by the board: 19 April 1999

The financial statements are comprised of pages 6 to 14

MYRRH LIMITED

CASH FLOW STATEMENT  
for year ended 31 July 1998

	Note	1998 £	1997 £
NET INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES	11	<u>44,245</u>	<u>(33,671)</u>
CAPITAL EXPENDITURE AND FINANCIAL			
Payments to acquire Tangible Fixed Assets		(14,595)	(42,333)
Proceeds on disposal of Fixed Assets		<u>9,000</u>	<u>609</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>( 5,595)</u>	<u>(41,724)</u>
INCREASE (DECREASE) IN CASH IN THE YEAR	12	£ £38,650 =====	£ (75,395) =====

The financial statements are comprised of pages 6 to 14

## **MYRRH LIMITED**

### **NOTES TO FINANCIAL STATEMENTS for the year ended 31 July 1998**

---

#### **1 ACCOUNTING POLICIES**

##### **a) Basis of Accounting**

The financial statements have been prepared under the historical cost convention and in accordance with the statement of Recommended Practice "Accounting by Charities" and applicable accounting standards.

##### **b) Going Concern Basis of Preparation**

The balance sheet at 31 July 1998 shows net liabilities of £221,754. This deficit has arisen principally due to a clawback of grant income by the Further Education Funding Council (FEFC), in respect of the financial years ended 31 July 1995 and 1996, because of a shortfall in student numbers in those years.

During the year ended 31 July 1998 the company achieved its funding target and was able to reduce the amount due to the FEFC to £507,532. The FEFC has continued to fund the company for the year ending 31 July 1999 and has indicated its continued support pending the company's possible merger with another institution. Merger discussions are currently in progress, and the directors believe it is appropriate to assume continued FEFC support and have therefore prepared the accounts on a going concern basis. The financial statements do not include any adjustments that would result if the going concern basis were inappropriate.

##### **c) Recognition of Income**

The annual recurrent allocation from the FEFC which is intended to meet recurrent costs is credited to the statement of the financial activities in accordance with funding units achieved in the year. Income from research grants, contracts, and other services rendered is included to the extent of the completion of the contract or service concerned.

##### **d) Expenditure**

Expenditure is classified under the principal categories of charitable and other expenditure rather than the type of expense, in order to provide more useful information.

Charitable expenditure comprises direct expenditure attributable to provision of Education and includes an allocation of overheads consistent with use of the resources.

**MYRRH LIMITED**

**NOTES TO FINANCIAL STATEMENTS**  
**for the year ended 31 July 1998 (continued)**

**1 ACCOUNTING POLICIES (continued)**

**e) Equipment**

Equipment costing less than £200 per individual item is written off to the income and expenditure account in the year of acquisition, unless part of a major refit. All other equipment is capitalised at cost.

For accounting purposes 33% of individual asset values have been written off as depreciation in the first two years of operation and 20% each year thereafter. These rates are applied on a straight line basis.

Freehold buildings are depreciation on a straight-line basis over 50 years. Freehold land is not depreciated.

**f) Taxation**

As a exempt charity the company benefits by being exempt from corporation tax on income it receives from tuition fees, interest and rents.

The company is exempted from levying VAT on most of the services it provides to students and is not registered for VAT. For this reason the company is unable to recover input VAT it suffers on goods and services purchased.

**2 FEFC GRANT INCOME**

	1998 £	1997 £
Current year	900,368	894,484
	<u>£900,368</u>	<u>£894,484</u>
	=====	=====

**3 DIRECT CHARITABLE EXPENDITURE - Education Services**

	1998 £	1997 £
<b>Provision for Training and Education</b>		
Teaching Staff Costs	451,709	537,230
Teaching Expenses	38,737	52,016
General Education Expenditure	18,103	19,804
<b>Support Costs</b>		
Premises and Equipment Costs	92,949	134,764
Support Staff Costs	19,778	19,046
Support Service Expenses	377	2,744
	<u>£621,653</u>	<u>£765,604</u>
	=====	=====

MYRRH LIMITED

NOTES TO FINANCIAL STATEMENTS  
for the year ended 31 July 1998 (continued)

4 FUNDRAISING AND PUBLICITY

	1998	1997
	£	£
Advertising	8,644	11,058
	<u>£8,644</u>	<u>£11,058</u>
	=====	=====

5 MANAGEMENT AND ADMINISTRATION

	1998	1997
	£	£
Salaries and Office Costs	167,104	206,895
Legal and Professional Fees	2,702	2,227
Audit Fees	5,001	6,999
	<u>£174,807</u>	<u>£216,121</u>
	=====	=====

6 TOTAL RESOURCES EXPENDED

	Staff Costs	Depreciation	Other Costs	Total
	£	£	£	£
Education Services	471,487	38,625	111,541	621,653
Fundraising and Publicity	-	-	8,644	8,644
Management and Administration	115,811	-	58,996	174,807
	<u>£587,298</u>	<u>£ 38,625</u>	<u>£179,181</u>	<u>£805,104</u>
	=====	=====	=====	=====

Staff Costs	1998 £	1997 £
Wages and Salaries	525,402	634,401
Social Security Costs	43,258	57,548
Pension costs	18,638	18,517
	<u>£587,298</u>	<u>£710,466</u>
	=====	=====

**MYRRH LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
for the year ended 31 July 1998 (continued)

**6 TOTAL RESOURCES EXPENDED (continued)**

Other Costs	1998 £	1997 £
Premises	92,949	134,764
Miscellaneous	86,232	107,849
	<u>£179,181</u>	<u>£242,613</u>
	=====	=====

No employees earned £40,000 per annum or more

	1998 Number	1997 Number
The average number of employees analysed by function, was:		
Education Services	28	26
Fundraising and Publicity	-	-
Management and Administration	6	7
	<u>34</u>	<u>33</u>
	=====	=====

**7 TANGIBLE FIXED ASSETS**

	Freehold Property £	Plant & Equipment £	Motor Vehicles £	Total £
<b>COST</b>				
At beginning of year	208,000	181,155	1,763	390,918
Additions in year	12,000	2,595	-	14,595
Disposals in year	( 8,000)	-	( 588)	( 8,588)
	<u>212,000</u>	<u>183,750</u>	<u>1,175</u>	<u>396,925</u>
At 31 July 1998	=====	=====	=====	=====
<b>DEPRECIATION</b>				
At beginning of year	6,240	75,650	1,516	83,406
Charge for year	3,240	35,222	163	38,625
Disposals in year	( 240)	-	( 505)	( 745)
	<u>9,240</u>	<u>110,872</u>	<u>1,174</u>	<u>121,286</u>
At 31 July 1998	=====	=====	=====	=====
<b>NET BOOK VALUE</b>				
At 31 July 1998	£ 202,760	£ 72,878	£ 1	£ 275,639
	=====	=====	=====	=====
At 31 July 1997	£ 201,760	£ 105,505	£ 247	£ 307,512
	=====	=====	=====	=====

**MYRRH LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
for the year ended 31 July 1998 (continued)

**8 DEBTORS: Amounts falling due within one year**

	1998 £	1997 £
Prepayments and Accrued Income	16,459	15,724
	<u>£16,459</u>	<u>£15,764</u>
	=====	=====

**9 CREDITORS: Amounts Falling Due Within one Year**

	1998 £	1997 £
Trade Creditors	21,213	43,187
Payments Received on Account	507,532	603,066
Other Taxation and Social Security	14,550	13,742
Accruals	13,577	11,850
	<u>£556,872</u>	<u>£671,845</u>
	=====	=====

**10 UNRESTRICTED FUNDS (DEFICIT)**

	1998 £	1997 £
At beginning of year	(344,239)	(296,969)
Surplus (Deficit) on Continuing Operations	<u>122,485</u>	<u>( 47,270)</u>
At 31 July 1998	<u>£ (221,754)</u>	<u>£ (344,239)</u>
	=====	=====

**11 RECONCILIATION OF OPERATING SURPLUS (DEFICIT) TO NET INFLOW FROM OPERATING ACTIVITIES**

	1998 £	1997 £
Surplus (Deficit) on Continuing Operations after		
Depreciation of Assets at Valuation and Tax	122,485	(47,270)
Depreciation	38,625	39,702
Decrease (Increase) in Prepayments and		
Accrued Income	( 735)	3,022
(Decrease) Increase in Trade Creditors	(21,974)	22,698
(Decrease) Increase in Other Taxation and		
Social Security	808	( 6,603)
(Decrease) Increase in Payments on Account	(95,534)	(36,614)
(Decrease) Increase in Accruals	1,727	( 8,395)
(Profit) Loss on Sale of Fixed Assets	( 1,157)	( 211)
Net cash Inflow (Outflow) from Operating		
Activities	<u>£ 44,245</u>	<u>£ (33,671)</u>
	=====	=====



MYRRH LIMITED

NOTES TO FINANCIAL STATEMENTS  
for the year ended 31 July 1998 (continued)

12 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	1998 £	1997 £
Increase (decrease) in cash in the year	38,650	(75,395)
Net Funds at 31 July 1997	4,370	79,765
Net Funds at 31 July 1998	£43,020 =====	£ 4,370 =====

13 COMMITMENTS AND CONTINGENT LIABILITIES

At the balance sheet date the company had rental commitments of £54,040 (1997: £54,040) under operating leases for certain of its premises, which expire within 2 - 4 years. The terms of these leases are currently under review.

There were no capital commitments or contingent liabilities at the balance sheet date.

THESE NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

=====