

MYRRH LIMITED
ANNUAL REPORT AND ACCOUNTS
31 JULY 2001



MYRRH LIMITED

COMPANY NO	1975246 (England & Wales)
REGISTERED CHARITY NO	293464
DIRECTORS	Sr Una McCreesh (Chair) Major Gerard McGough Bernard Borland Dr Michael Dulake Pauline Farrell Desiree Howells Christopher Richards Lloyd Booker
COMPANY SECRETARY	Sr Una McCreesh
REGISTERED OFFICE	52 Ossory Road London SE1 5AN
AUDITORS	Christopher & Co Chartered Accountants 51a Anson Road Tufnell Park London N7 0AR
BANKERS	Unity Trust Bank Plc Nine Brindleyplace 4 Oozells Square Birmingham B1 2HB

MYRRH LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 July 2001

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MYRRH LIMITED

DIRECTORS' REPORT

For the year ended 31 July 2001

The Directors present their report and the audited financial statements of the company for the year ended 31 July 2001.

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:

- provide training and help, especially to those who find it hard to find suitable training elsewhere;
- improve trainees 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

Net income for the year was £350,382 (2000: £114,857). This increase was mainly due to an increase in grant income compared with the previous year.

At the balance sheet date the debt due to the Learning and Skills Council (LSC) in respect of a short fall of its funding targets in the years ended 31 July 1995 to 1996 amounted to £375,384. Repayments are being made in accordance with a recovery plan agreed with the LSC and it is expected this balance will be reduced to approximately £325,380 by 31 July 2002. In view of the continuing 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. The LSC have confirmed their support by continuing to fund the company for the year ended 31 July 2003.

(continued)

MYRRH LIMITED

DIRECTORS' REPORT

for the year ended 31 July 2001 (continued)

Directors

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

Sr Una McCreesh
Major Gerard McGough
Anthony Lester (Resigned 10 October 2001)
Canon Charles Walker (Resigned 8 June 2001)
Bernard Borland
Dr Michael Dulake
Pauline Farrell
Desiree Howells
Christopher Richards
Lloyd Booker

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 company's affairs at the end of its financial year and of its income and expenditure for the year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make adjustments 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 maintaining proper accounting records, which disclose with reasonable accuracy the company's financial position at any time and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the company's assets 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 2001 (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.



Major Gerard McGough
Director

Approved by the Board: 8 May 2002

MYRRH LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MYRRH LIMITED

We have audited the financial statements of Myrrh Limited for the year ended 31 July 2001 on pages 7 to 13. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with the applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

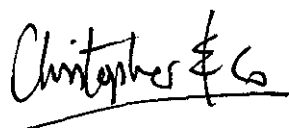
Basis of audit opinion

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 judgements 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.

Opinion

In our opinion the financial statements give a true and fair view of the company's state of affairs as at 31 July 2001 and of its incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Christopher & Co
Chartered Accountants and
Registered Auditors

51a Anson Road
Tufnell Park
London N7 OAR

8 May 2002

MYRRH LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
Incorporating the Income and Expenditure Account
For the year ended 31 July 2001

		Restricted Funds	Unrestricted Funds	2001 Total	2000 Total
	Notes	£	£	£	£
INCOMING RESOURCES					
Grant Income	2	78,085	1,073,174	1,151,259	958,429
Donations and Gifts		-	400	400	20,075
Interest Receivable		-	8,512	8,512	3,699
Other Income		-	37,066	37,066	39,549
Total Income		78,085	1,119,152	1,197,237	1,021,752
RESOURCES EXPENDED					
Direct Charitable Expenditure	3	78,085	562,369	640,454	698,266
Fundraising and Publicity	4	-	13,689	13,689	14,380
Management and Administration	5	-	192,712	192,712	194,249
Total Expenditure	6	78,085	768,770	846,855	906,895
NET INCOME FOR THE YEAR		-	350,382	350,382	114,857
Unrestricted Funds brought forward		-	(79,941)	(79,941)	(194,798)
UNRESTRICTED FUNDS at 31 July 2001	10	-	270,441	£270,441	£ (79,941)

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 income or expenditure for the above two financial years.

The financial statements are comprised of pages 7 to 13

MYRRH LIMITED**BALANCE SHEET**
At 31 July 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Tangible Assets	7	<u>226,048</u>	<u>235,958</u>
CURRENT ASSETS			
Debtors	8	44,119	22,116
Cash at bank and in hand		<u>518,470</u>	<u>157,387</u>
		<u>562,589</u>	<u>179,503</u>
CREDITORS: Amounts falling due within one year	9	<u>(518,196)</u>	<u>(495,402)</u>
Net Current Assets (Liabilities)		<u>44,393</u>	<u>(315,899)</u>
Total Assets less Current Liabilities		<u><u>270,441</u></u>	<u><u>(79,941)</u></u>
CAPITAL			
Total Funds (Deficit)	10	<u><u>£270,441</u></u>	<u><u>£ (79,941)</u></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



Major Gerard McGough
Director

Approved by the board on: 8 May 2002

The financial statements are comprised of pages 7 to 13

MYRRH LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2001

1. ACCOUNTING POLICIES

a) Basis of accounting

These financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice Accounting by Charities (SORP 2000) issued in October 2000 and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

b) Going Concern Basis of Preparation

The balance sheet at 31 July 2001 shows net assets of £270,441 (2000 : deficit £79,941). The 2000 deficit had arisen principally due to a claw back of grant income by the Learning & Skills Council (LSC) in respect of the financial years ended 31 July 1995 to 1996, because of a shortfall in student numbers in those years.

During the year ended 31 July 2001 the company achieved its funding target. The amount due to the LSC at the balance sheet date in respect of the 1995 to 1996 claw back was £375,384 and this is being paid back in accordance with an agreed schedule of repayments. The LSC has continued to fund the company for the year ending 31 July 2003. The directors believe it is appropriate to assume continued longer term support from the LSC and have therefore prepared the accounts on a going concern basis.

c) Recognition of income

The annual allocation from the LSC, which is intended to meet recurrent costs, is credited to the statement of financial activities in accordance with funding units achieved in the year. Any retrospective adjustments made by the LSC are reflected as soon as the company is made aware of them. Restricted funds represent funds received which are to be used for a specific purpose. Unrestricted funds can be used to carry out any of the company's objects.

Income from 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 the provision of Education and includes an allocation of overheads consistent with use of the resources.

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 20% of individual asset values are written off as depreciation each year. Previously 33% of individual asset values were 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.

Leasehold buildings are depreciated on a straight –line basis over 50 years.

MYRRH LIMITED**NOTES TO FINANCIAL STATEMENTS**
for the year ended 31 July 2001 (continued)**1. ACCOUNTING POLICIES (continued)****f) Taxation**

As an 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. GRANT INCOME

	2001 £	2000 £
Current Year's Income	1,173,163	958,429
Retrospective Adjustments to Prior Years' Income	(21,904)	-
	<u>£1,151,259</u>	<u>£958,429</u>

The company was funded by the Further Education Funding Council (FEFC) until its activities were taken over by the Learning & Skills Council on 1 April 2001, who currently fund the company.

3. DIRECT CHARITABLE EXPENDITURE – Education Services

Provision for Training & Education	Restricted Funds £	Unrestricted Funds £	Total 2001 £	Total 2000 £
Teaching Staff Costs	-	433,958	433,958	463,157
Teaching Expenses	78,085	4,851	82,936	51,068
General Education Expenditure	-	17,606	17,606	17,153
Support Costs				
Premises and Equipment Costs	-	79,629	79,629	147,098
Support Staff Costs	-	26,237	26,237	19,776
Support Service Expenses	-	88	88	14
	<u>£78,085</u>	<u>£562,369</u>	<u>£640,454</u>	<u>£698,266</u>

4. FUNDRAISING AND PUBLICITY

	Restricted Funds £	Unrestricted Funds £	Total 2001 £	Total 2000 £
Advertising	-	13,689	13,689	14,380
	<u>-</u>	<u>£13,689</u>	<u>£13,689</u>	<u>£14,380</u>

MYRRH LIMITED

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 July 2001 (continued)

5. MANAGEMENT AND ADMINISTRATION

	Restricted Funds £	Unrestricted Funds £	Total 2001 £	Total 2000 £
Salaries and Office Costs	-	144,400	144,400	186,789
Legal and Professional Fees	-	42,437	42,437	1,585
Audit Fees	-	5,878	5,878	5,875
	-	£192,712	£192,712	£194,249

6. TOTAL RESOURCES EXPENDED

	Staff Costs £	Depreciation £	Other Costs £	Total £
Education Services	460,195	24,167	156,092	640,454
Fundraising and Publicity	-	-	13,689	13,689
Management and Administration	102,343	-	90,369	192,712
	£ 562,538	£ 24,167	£ 260,150	£846,855

Staff Costs

	2001 £	2000 £
Wages and Salaries	499,903	538,439
Social Security Costs	37,609	40,392
Pension Costs	25,026	28,529
	£562,538	£ 607,360

Other Costs

	2001 £	2000 £
Premises	79,629	147,098
Miscellaneous	180,521	108,451
	£ 260,150	£ 255,549

No employee earned £40,000 per annum or more

	2001 Number	2000 Number
The average number of employees analysed by function, was:		
Education Services	21	25
Management and Administration	5	6
	26	31

MYRRH LIMITED

NOTES TO FINANCIAL STATEMENTS
For the year ended 31 July 2001 (continued)

7. TANGIBLE FIXED ASSETS

	Property	Plant and Equipment	Motor Vehicles	Total
COST	£	£	£	£
At beginning of year	212,000	229,238	-	441,238
Additions in year	-	10,973	3,284	14,257
Disposals	-	-	-	-
At 31 July 2001	212,000	240,211	3,284	455,495
DEPRECIATION				
At beginning of year	15,720	189,560	-	205,280
Charge for year	3,240	20,270	657	24,167
Disposals	-	-	-	-
At 31 July 2001	18,960	209,830	657	229,447
NET BOOK VALUE				
At 31 July 2001	193,040	30,381	2,627	226,048
At 31 July 2000	£ 196,280	£ 39,678	-	£ 235,958

8. DEBTORS: Amounts Falling Due Within One Year

	2001	2000
	£	£
Prepayments and Accrued Income	44,119	22,116
	<u>£ 44,119</u>	<u>£ 22,116</u>

9. CREDITORS: Amounts Falling Within One Year

	2001	2000
	£	£
Trade Creditors	10,385	12,035
Payments Received on Account	479,251	425,388
Other Taxation and Social Security	10,436	13,066
Accruals	18,124	44,913
	<u>£ 518,196</u>	<u>£ 495,402</u>

10. UNRESTRICTED FUNDS (DEFICIT)

	2001	2000
	£	£
At beginning of year	(79,941)	(194,798)
Surplus on Continuing Operations	350,382	114,857
At 31 July 2001	<u>£ 270,441</u>	<u>£ (79,941)</u>

MYRRH LIMITED

NOTES TO FINANCIAL STATEMENTS
for the year ended 31 July 2001 (continued)

11. COMMITMENTS AND CONTINGENT LIABILITIES

There were no capital commitments or contingent liabilities at the balance sheet date. The company occupies one of its premises under a lease from Lambeth Council at a rent of £30,100 per annum, this lease is currently under negotiation for renewal at an expected rent of £40,000 per annum for a period of 3 to 15 years.

THESE NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS