

1975246

MYRRH LIMITED
ANNUAL REPORT AND ACCOUNTS
31 JULY 2000



MYRRH LIMITED

COMPANY NO 1975246 (England & Wales)

REGISTERED CHARITY NO 293464

DIRECTORS

Anthony Lester (Chairman)
Major Gerard McGough
Canon Charles Walker
Sr Una Mc Creesh
Bernard Borland
Dr Micheal Dulake
Pauline Farrell
Desiree Howells
Christopher Richards
Lloyd Booker

COMPANY SECRETARY Anthony Lester

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 2000

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MYRRH LIMITED

DIRECTORS' REPORT

For the year ended 31 July 2000 (continued)

The Directors present their report and the audited financial statements of the company for the year ended 31 July 2000.

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 £114,857 (1999: £26,956). This increase was mainly due to an increase in grant income compared with the previous year.

The Crickelwood branch was closed with effect from 31 July 2000. The lease was surrendered in December 2000 and closure costs of £27,000 have been taken up in the financial statements.

At the balance sheet date the amount due to the Further Education Funding Council (FEFC) was £425,388. This debt arose because the company had fallen short of its funding targets in the years ended 31 July 1995 to 1996. A recovery plan has been agreed with the FEFC and it is expected that the balance due to them will have been reduced to approximately £341,000 by 31 July 2001. 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. The FEFC was replaced by the Learning & Skills Council on 1 April 2001 who have confirmed their support by continuing to fund the company for the year ended 31 July 2002.

(continued)

MYRRH LIMITED

DIRECTORS' REPORT

for the year ended 31 July 2000 (continued)

Directors

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

Anthony Lester
Major Gerard McGough
Canon Charles Walker
Sr Una McCresh
Bernard Borland
Dr Micheal Dulake
Pauline Farrell (Appointed 14 October 1999)
Desiree Howells (Appointed 12 January 2000)
Christopher Richards (Appointed 16 March 2000)
Lloyd Booker (Appointed 17 November 2000)

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 to 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.

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MYRRH LIMITED

DIRECTORS' REPORT
for the year ended 31 July 2000 (continued)

Fixed Assets

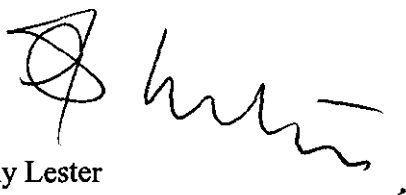
The movements in fixed assets during the year are set out in note 7.

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.

A handwritten signature in black ink, appearing to read 'Anthony Lester', is written over the printed name and title.

Anthony Lester
Director

Approved by the Board: 31 May 2001

AUDITORS' REPORT

to the members

MYRRH LIMITED

We report on the accounts of the company for the year ended 31 July 2000, as set out on pages 8 to 16.

Respective Responsibilities of Directors and Auditors

As described on page 4, 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

Our audit was conducted 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.

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 £425,388 to the FEFC, leaving its liabilities exceeding its assets by £79,941. A repayments plan has been agreed with the FEFC and this has been endorsed by the Learning & Skills Council who took over from the FEFC on 1 April 2001, who have indicated that they will continue to fund the company for the year to 31 July 2002. This support has been given on the understanding that the company seek a merger or collaborative work with another institution. The company is currently seeking such an alliance but the outcome has not yet been concluded. In view of the significance of this matter we consider that it should be brought to your attention, but our opinion is not qualified in this respect.

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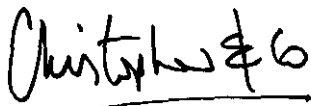
AUDITORS' REPORT

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 2000 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
Chartered Accountants and
Registered Auditors

51a Anson Road
Tufnell Park
London N7 OAR

31 May 2001

MYRRH LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
Incorporating the Income and Expenditure Account
For the year ended 31 July 2000

	Notes	2000 All Unrestricted Funds £	1999 All Unrestricted Funds £
INCOMING RESOURCES			
Grant Income	2	958,429	848,607
Donations and Gifts		20,075	560
Interest Receivable		3,699	2,624
Other Income		39,549	35,343
Total Income		1,021,752	887,134
RESOURCES EXPENDED			
Direct Charitable Expenditure	3	698,266	664,231
Fundraising and Publicity	4	14,380	11,269
Management and Administration	5	194,249	184,678
Total Expenditure	6	906,895	860,178
NET INCOME FOR THE YEAR		114,857	26,956
Unrestricted Funds brought forward		(194,798)	(221,754)
UNRESTRICTED FUNDS at 31 July 2000	10	£(79,941)	£(194,798)

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 8 to 16

MYRRH LIMITED**BALANCE SHEET**
At 31 July 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Tangible Assets	7	<u>235,958</u>	<u>265,752</u>
CURRENT ASSETS			
Debtors	8	22,116	28,534
Cash at bank and in hand		<u>157,387</u>	<u>82,153</u>
		<u>179,503</u>	<u>110,687</u>
CREDITORS: Amounts falling due within one year	9	<u>(495,402)</u>	<u>(571,237)</u>
Net Current Liabilities		<u>(315,899)</u>	<u>(460,550)</u>
Total Assets less Current Liabilities		<u>(79,941)</u>	<u>(194,798)</u>
CAPITAL			
Unrestricted Funds (Deficit)	10	<u>£ (79,941)</u>	<u>£(194,798)</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

Approved by the board on: 31May 2001

The financial statements are comprised of pages 8 to 16

MYRRH LIMITED**CASH FLOW STATEMENT****For the year ended 31 July 2000**

	Note	2000 £	1999 £
NET INFLOW FROM OPERATING ACTIVITIES	11	<u>89,427</u>	<u>55,930</u>
CAPITAL EXPENDITURE AND FINANCIAL			
Payments to acquire Tangible Fixed Assets		<u>(14,193)</u>	<u>(16,797)</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(14,193)</u>	<u>(16,797)</u>
INCREASE IN CASH IN THE YEAR	12	<u><u>£ 75,234</u></u>	<u><u>£ 39,133</u></u>

The financial statements are comprised of pages 8 - 16

MYRRH LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2000

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" and applicable accounting standards.

b) Going Concern Basis of Preparation

The balance sheet at 31 July 2000 shows net liabilities of £79,941. This deficit has arisen principally due to a claw back of grant income by the Further Education Funding Council (FEFC), 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 2000 the company achieved its funding target. The amount due to the FEFC at the balance sheet date was £425,388. The Learning & Skills Council (LSC) who took over from the FEFC on 1 April 2001, has continued to fund the company for the year ending 31 July 2002. 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. The accounts do not include any adjustments that would result if the going concern basis were inappropriate.

c) Recognition of income

The annual allocation from the FEFC, 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 FEFC are reflected as soon as the company is made aware of them.

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.

MYRRH LIMITED

NOTES TO FINANCIAL STATEMENTS for the year ended 31 July 2000 (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.

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

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

	2000 £	1999 £
Current Year's Income	958,429	1,005,024
Retrospective Adjustments to Prior Years' Income	-	(156,417)
	<u>£958,429</u>	<u>£848,607</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.

MYRRH LIMITED**NOTES TO FINANCIAL STATEMENTS****For the year ended 31 July 2000 (continued)****3. DIRECT CHARITABLE EXPENDITURE – Education Services**

	2000 £	1999 £
Provision for Training and Education		
Teaching Staff Costs	463,157	466,921
Teaching Expenses	51,068	51,115
General Education Expenditure	17,153	18,029
Support Costs		
Premises and Equipment Costs	147,098	106,274
Support Staff Costs	19,776	21,877
Support Service Expenses	14	15
	<u>£ 698,266</u>	<u>£ 664,231</u>

4. FUNDRAISING AND PUBLICITY

	2000 £	1999 £
Advertising	14,380	11,269
	<u>£ 14,380</u>	<u>£ 11,269</u>

5. MANAGEMENT AND ADMINISTRATION

	2000 £	1999 £
Salaries and Office Costs	186,789	179,433
Legal and Professional Fees	1,585	545
Audit Fees	5,875	4,700
	<u>£ 194,249</u>	<u>£ 184,678</u>

6. TOTAL RESOURCES EXPENDED

	Staff Costs £	Depreciation £	Other Costs £	Total £
Education Services	482,933	43,986	171,347	698,266
Fundraising and Publicity	-	-	14,380	14,380
Management and Administration	124,427	-	69,822	194,249
	<u>£ 607,360</u>	<u>£ 43,986</u>	<u>£ 255,549</u>	<u>£906,895</u>

MYRRH LIMITED**NOTES TO FINANCIAL STATEMENTS
for the year ended 31 July 2000 (continued)****6 TOTAL RESOURCES EXPENDED (continued)****Staff Costs**

	2000	1999
	£	£
Wages and Salaries	538,439	548,706
Social Security Costs	40,392	39,038
Pension Costs	28,529	24,144
	<u>£ 607,360</u>	<u>£ 611,888</u>

Other Costs

	2000	1999
	£	£
Premises	147,098	108,635
Miscellaneous	108,451	98,473
	<u>£ 255,549</u>	<u>£ 207,108</u>

No employee earned £40,000 per annum or more

	2000 Number	1999 Number
The average number of employees analysed by function, was:		
Education Services	25	28
Management and Administration	6	6
	<u>31</u>	<u>34</u>

(continued)

MYRRH LIMITED

NOTES TO FINANCIAL STATEMENTS for the year ended 31 July 2000 (continued)

7 TANGIBLE FIXED ASSETS

	Property	Plant and Equipment	Motor Vehicles	Total
COST	£	£	£	£
At beginning of year	212,000	215,045	1,175	428,220
Additions in year	-	14,193	-	14,193
Disposals	-	-	(1,175)	(1,175)
At 31 July 2000	212,000	229,238	-	441,238

DEPRECIATION

At beginning of year	12,480	148,814	1,174	162,468
Charge for year	3,240	40,746	-	43,986
Disposals	-	-	(1,174)	(1,174)
At 31 July 2000	15,720	189,560	-	205,280

NET BOOK VALUE

At 31 July 2000	196,280	39,678	-	235,958
At 31 July 1999	£ 199,520	£ 66,231	£ 1	£ 265,752

8 DEBTORS: Amounts Falling Due Within One Year

	2000	1999
	£	£
Prepayments and Accrued Income	22,116	28,534
	<u>£ 22,116</u>	<u>£ 28,534</u>

9 CREDITORS: Amounts Falling Within One Year

	2000	1999
	£	£
Trade Creditors	12,035	29,442
Payments Received on Account	425,388	512,030
Other Taxation and Social Security	13,066	13,220
Accruals	44,913	16,545
	<u>£ 495,402</u>	<u>£ 571,237</u>

MYRRH LIMITED**NOTES TO FINANCIAL STATEMENTS****For the year ended 31 July 2000****10 UNRESTRICTED FUNDS (DEFICIT)**

	2000	1999
	£	£
At beginning of year	(194,798)	(221,754)
Surplus on Continuing Operations	114,857	26,956
At 31 July 2000	<u>£ (79,941)</u>	<u>£ (194,798)</u>

11 RECONCILIATION OF OPERATING SURPLUS TO NET INFLOW FROM OPERATING ACTIVITIES

	2000	1999
	£	£
Surplus on Continuing Operations after		
Depreciation of Assets at Valuation and Tax	114,857	26,956
Depreciation	43,986	41,182
Decrease (Increase) in Prepayments and		
Accrued Income	6,418	(26,572)
(Decrease) Increase in Trade Creditors	(17,407)	8,229
(Decrease) Increase in Other Taxation and Social Security	(154)	(1,330)
(Decrease) Increase in Payments on Account	(86,642)	4,498
(Decrease) Increase in Accruals	28,368	2,967
Loss on Disposal of Fixed Assets	1	-
Net Cash Inflow from Operating activities	<u>£ 89,427</u>	<u>£ 55,930</u>

12 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2000	1999
	£	£
Increase in Cash in the year	75,234	39,133
Net Funds at 31 July 1999	82,153	43,020
Net funds at 31 July 2000	<u>£ 157,387</u>	<u>£ 82,153</u>

13 COMMITMENTS AND CONTINGENT LIABILITIES

There were no capital commitments or contingent liabilities at the balance sheet date. Costs of £27,000 relating to the surrender of the lease of the Cricklewood premises in December 2000, have been accrued for in these accounts as the decision to close this branch had been taken prior to the year end.

THESE NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS