



COMMON PURPOSE UK
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021

Company registered number: 3556983
Charity registered number: 1023384-1
Scottish charity registered number: SCO41166



COMMON PURPOSE UK

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2021

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COMMON PURPOSE UK

REPORT OF THE TRUSTEE

YEAR ENDED 31 JULY 2021

The trustee of Common Purpose UK ("CPUK" or the "Charity") is pleased to present the annual report together with the audited financial statements for the year ended 31 July 2021, which have been prepared in accordance with the Companies Act 2006, the Charities Act 2011 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK (FRS 102).

Following a business re-organization in February, the activities of CPUK were transferred to other companies within the group. The Charity is expected to be dissolved during 2022. As a result, all but one of the trustees resigned in July 2021, with one trustee remaining on the board to manage the wind down of the Charity.

1. OBJECTIVES AND AIMS

The charitable objective of CPUK is the advancement of education for the public benefit. Its governing document describes its charitable objects as:

"the advancement of education for the public benefit and in particular but without prejudice to the generality of the foregoing to educate people from a broad range of geographical, political, ethnic, institutional, social and economic backgrounds in constitutional, civic, economic and social studies with special emphasis on civil and social awareness and responsibility in the United Kingdom and elsewhere."

The trustee confirms that he has complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, 'Charities and Public Benefit'.

CPUK was established as a charity in 1989 and is registered with the Charity Commission in England and Wales under the registered Charity number 1023384 and with the Office of Scottish Charity Regulator under number SC041166.

Ethos and vision

CPUK is a not-for-profit leadership development organization specializing in leadership development.

It runs leadership development programmes in cities across the UK for senior and emerging leaders. Its programmes are experiential and we ensure that our participants leave with clear thinking on how to apply their learning back in the workplace and in wider society. As a result, leaders have a far more sustained impact. We convene leaders from across all sectors and from all backgrounds, so that they learn to cross boundaries and see how diversity brings fresh perspectives and sparks innovation.

CPUK is totally committed to ensuring that its programmes are open to all and not simply to those who can pay fees. Ability to pay is not part of the application process and each programme maintains a bursary fund for people who are unable to meet the full fee.

For more details, visit our website: www.commonpurpose.org/uk

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2. ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

The key areas of activity for CPUK continue to be open programmes, Legacy programmes and customised programmes run in the UK.

During the year in response to Covid 19, CPUK transitioned to running the group's new online programme, The Common Purpose Programme (TCPP) both for emerging leaders and for senior leaders. This proved attractive to both repeat and new buyers. In 2020/21, CPUK ran TCPP in:

- Bristol
- London and Birmingham
- the Northern Powerhouse; and
- Scotland and Northern Ireland.

The programmes involved 535 participants, in comparison to 624 participants on the in-person programmes in cities in 2019/20. Full bursary places were offered to 100 participants with a particular emphasis on investing in Black, Asian and Minority Ethnic participants.

Our place-based Legacy programme for young leaders continued to go from strength to strength – we ran seven programmes in five locations during the year involving 347 young people.

The company's *Bitesize* product, which gives buyers a cost-effective way of testing our approach, proved to be an effective entry point for organizations into our wider customised offer. CPUK also delivered customised programmes for a range of clients, including the Co-operative Group, Skipton Building Society, the Legal Aid Agency and NHSX.

Common Purpose Customised Limited, CPUK's former trading subsidiary was dissolved on 6 April 2021.

As part of the group Trustees' business re-organization in February 2021, activity in CPUK moved to the group's trading subsidiary, Common Purpose Limited (CPL). The new structure has led to the creation of a UK business unit, focused on sales across our key markets and products. Programme delivery is now provided by a dedicated group delivery team, which supports four group business units. The change has already produced a clearer focus on customers' needs and an increase in scale.

CPUK is now no longer trading. The company will be wound up during the coming financial year.

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3. REVIEW OF FINANCIAL ACTIVITIES

The financial results include only activity recorded in the company for the first six months of the year. Thereafter, all new business and costs were booked into CPL for open customised programmes and or in CPCT for charitable programmes (grants and Legacy programme).

The net movement in unrestricted funds for the year ended 31 July 2021 was a loss of £75.2k (2019/20: loss of £104.7k). Total income fell when compared to the previous year because business was moved into a different company.

The net movement in restricted funds for the year was an increase of £9k (2019/20: £0.2k) as the result of a grant for a programme from Creative Scotland. Because the programme was delivered after the re-organization, the funds were transferred to and spent by CPCT.

The Charity benefited from the UK government's Coronavirus Job Retention Scheme by receiving £25k of furlough payments. No staff remained on furlough after December 2020. The Statement of Financial Activities on page 12 contains details of the results for the year.

Donated goods and services

During the year, expenditure in CPUK was kept to a minimum through the receipt of significant support received locally and nationally. Generous in-kind support was received from contributors who act as advisors, speakers and hosts on the course days. Such contribution enables CPUK to run the high quality and range of courses currently in operation as well as enabling CPUK to offer bursary and part bursary places on those courses. During 2020/21, donated goods and services amounted to £145.4k compared with £346k in 2019/20. This reduction reflects the fact that the Charity vacated donated office space as lockdown began. With the move of the business into CPL, fewer donated services were provided to this company.

Income from charitable activities

Our courses continue to be funded through a combination of tuition fees, bursaries and sponsorship. These sources covered direct costs incurred locally. Before making remittances to group for support services and licence fee, the Charity made a loss of £18.3k (2019/20: surplus of £286.6k).

Expenditure

Total expenditure in 2020/21 amounted to £719k including donated goods and services, compared with £1,694.9k in 2019/20. The reduction in expenditure was due to costs moving to CPL from 1 February 2021.

Intercompany guarantee

The Charity has an intercompany credit balance with Common Purpose Student Experiences Ltd (another subsidiary within the group of £233.7. In light of CPUK's negative reserve balance, the parent company, CPCT, has provided a guarantee for the full sum in relation to amounts owed from CPUK to CPSE in the event that CPUK cannot repay the amounts concerned in full.

5. RESERVES POLICY

The Charity has established a reserves policy as part of its plans to provide long-term support to CPCT. Reserves are used to bridge the gap between the spending and receiving of income. The Charity therefore calculates reserves as that part of the Charity's unrestricted income that is freely available after taking account of designated funds that donors may have provided for specific projects.

The reserves currently stand at negative £276.9k.

Reserves are calculated and managed at a group level to ensure the group has, at a minimum, sufficient reserves to support the continued solvency and liquidity of the group. Beyond this, the Charity also aims to maintain a sufficient level of reserves at a company level to support its continued solvency. The CPCT group approves the Group Reserves Policy annually and sets the target level of reserves. The Charity likewise has its own company level Reserves policy.

The negative reserve position is the result of losses in the Charity over a number of years. However, a major cost to the Charity is remittances to group, principally its share of the cost of central services. This was the basis of a

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YEAR ENDED 31 JULY 2021

trustees' review of the business's position within the group. More details are set out in paragraph 7 following, Business Re-organization.

6. IMPACT OF COVID-19

The trustee has approved these accounts at a time when the economic uncertainty because of the coronavirus, COVID-19 continues but is lessening. Despite the easing of virus control measures in the UK during the year, and in common with most other organisations, the company continued to offer its programmes online only. This approach was well received by clients and as a result, the Charity continued to run its open and customised programmes as planned.

The Charity took advantage of the UK government's Coronavirus Job Retention Scheme to furlough staff. Staff remained on furlough until 31 December 2020, after which all staff returned to their jobs.

With the winding down of the business, the trustee has not prepared a 12 month cash flow forecast.

7. BUSINESS RE-ORGANIZATION

The trustees of the Charity and the Charity's parent, CPCT, undertook a business re-organization in February 2021. The Charity's business moved from Common Purpose UK to the group's trading subsidiary, Common Purpose Ltd (CPL). Income for charitable programmes was moved to CPCT. The purpose of the business restructure was to:

- create a better alignment between our business model and the corporate structure needed to achieve it, particularly in light of the impact of COVID-19 on our business
- reduce the number of boards and related governance requirements and cost
- leverage talents and abilities across the group to support innovation and growth, rather than keeping staff in business silos
- ensure the group remains lean and flexible to survive in the highly dynamic and fast-moving business environment, particularly over the next 12 to 18 months.

The core activity of the Charity, running open and customised programmes in the UK, has not changed but is instead now part of a larger team with a stronger support network for delivery. The trustee expects to see similar or larger revenue with a lower cost base as resources are shared between different teams within CPL. The Charity itself will become dormant once all contracted delivery has taken place, and it is expected that the Charity will be closed down after July 2021.

The trustee believes that the Charity's underlying business is fundamentally strong and management's ongoing relationships with key clients are extremely robust.

The Charity has no investments or other assets that have been significantly impaired as a result of COVID-19. However, the Charity's reserves are unlikely to recover now that trading in the company has ceased.

7. REFERENCE AND ADMINISTRATIVE DETAILS

Charity number: 1023384
Company number: 3556983
Scottish charity registered number: SCO41166

Registered office: Monmouth House
38-40 Artillery Lane, London E1 7LS

8. ADVISORS

Auditors Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG

Bankers National Westminster, 250 Regent Street, London W1B 3BN

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9. TRUSTEES AND DIRECTORS

David Robinson (Chair)
Letitia Corinna Andrewartha (resigned 15 July 2021)
Amanda Elizabeth Bromley (resigned 15 July 2021)
Alison Leona Layne-Smith (resigned 15 July 2021)
Gordon Merrylees (resigned 15 July 2021)
Simon Russell (resigned 15 July 2021)

All served throughout the year ended 31 July 2021 unless otherwise indicated.

Chief Executive Officer: Marie Mohan

10. STRUCTURE, GOVERNANCE AND MANAGEMENT

Common Purpose UK is a subsidiary of The Common Purpose Charitable Trust. Its wholly owned subsidiary, Common Purpose Customised Limited (CPCL), a trading company that delivers customised courses to UK clients was dissolved in April 2021.

Directors' insurance and indemnities

During their tenure on the board, the trustees had the benefit of the indemnity provisions contained in the Charity's Articles of Association, and the Charity has maintained throughout the year Directors' and Officers' liability insurance for the benefit of the Charity, the trustees and its officers. The remaining CPUK trustee continues to be covered under the parent entity's insurance policies in respect of:

- Professional indemnity
- Trustees and individual liability
- Professional and legal liability

Organisational structure and decision-making

The trustees of CPUK met quarterly to review the direction and performance of the organisation. They set and agreed the strategy to ensure that the organisation meets its aims.

The Chief Executive is responsible for the leadership of the organisation. The trustees reviewed the progress in the implementation of the strategic objectives of the Charity.

The aggregate emoluments of the key management personnel were £150,045 (2019/20: £295,434). The reduction reflects the fact that staff moved into CPCT from 1 February 2021. The salaries of senior management are benchmarked against average management salaries for the sector.

In each local area in which CPUK operates, a Local Advisory Group is set up, the chair of which is appointed by the chair of the trustees. The group is made up of local leaders from the public, private and voluntary sectors. The Local Advisory Group ensures that participant groups are diverse and reflect the make-up of the local area.

Risk review statement and principal risks and uncertainties

The trustees have established an annual risk assessment process that identifies the major foreseeable risks faced by the Charity, assesses their likelihood and impact, and recommends implementing measures to mitigate these risks. The key risk that emerged from the COVID-19 pandemic was business interruption to the Charity's ability to run its programmes face-to-face. The Charity's response was to move programmes online. This proved successful and demonstrated the effectiveness of the risk mitigation strategies.

The Charity will not continue to operate after 31 July 2021 following the trustees' review of the organization's future as part of the wider business re-organization (see note 7 above)

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REPORT OF THE TRUSTEE

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Statement of trustee's responsibilities

The trustee, who is also the director of CPUK for the purposes of company law, is responsible for preparing the Trustee's 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 trustee to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustee is aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustee has taken all steps that they ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

In preparing the trustee's report, the trustee has taken advantage of the exemptions available to small companies (including the exemption from preparing a strategic report).

By order of the Board of Trustees on 22 November 2021

DocuSigned by:

David Robinson

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David Robinson
Trustee

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

COMMON PURPOSE UK

Opinion

We have audited the financial statements of Common Purpose UK for the year ended 31 July 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2021 and of the charitable company's net movement in funds, including the income and expenditure, 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 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 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

Without modifying our opinion, we draw attention to Note 1(e) on page 13 of the financial statements which discloses the premise upon which the company has prepared its financial statements on a non-going concern basis.

Other information

The trustee is responsible for the other information. The other information comprises the information included in the Trustee's Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustee's Report (which includes the director's report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the director's report included within the Trustee's Report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

COMMON PURPOSE UK

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's Report (which incorporates the director's report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charity Accounts (Scotland) Regulations (as amended) requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustee's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustee was not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustee's report and from the requirement to prepare a strategic report.

Responsibilities of trustees for the financial statements

As explained more fully in the trustee's responsibilities statement set out on page 6, the trustee (who is also the director of the charitable company for the purposes of company law) is 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 he determines 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 trustee is responsible for assessing the charitable company'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 trustee either intends 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

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.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the regulatory requirements of the Charity Commission and the Office of the Scottish Charity Regulator, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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, the Charities Act 2011, the Charities Accounts (Scotland) Regulations 2006, payroll taxes and sales tax.

We evaluated management's incentives 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 the posting of inappropriate journal entries or the manipulation of accounting judgements and estimates. Audit procedures performed by the engagement team included:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMMON PURPOSE UK

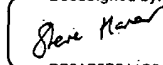
- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Reviewing the minutes of Trustees' meetings during the year
- Identifying and testing journals, in particular journal entries posted around the year-end; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



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Steven Harper (Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditor

10 Queen Street Place
London EC4R 1AG

Date: 28 February 2022

COMMON PURPOSE UK**STATEMENT OF FINANCIAL ACTIVITIES (including an income and expenditure account)****FOR THE YEAR ENDED 31 JULY 2021**

		Unrestricted Funds	Restricted Funds	Total Funds 2021	Unrestricted Funds	Restricted Funds	Total Funds 2020
	Note	£000s	£000s	£000s	£000s	£000s	£000s
Income from:							
Donated goods and services		145.4	0.0	145.4	346.0	0.0	346.0
<i>Charitable Activities</i>							
Fees from open programmes		283.1	0.0	283.1	833.6	0.0	833.6
Fees from student programmes		0.0	0.0	0.0	63.5	0.0	63.5
Fees from customised programmes		8.0	0.0	8.0	20.8	0.0	20.8
Grants and bursaries		45.0	9.0	54.0	115.8	0.0	115.8
Cost recoveries from related entities		117.9	0.0	117.9	144.0	0.0	144.0
Bank interest		0.0	0.0	0.0	0.0	0.0	0.0
Other income		35.4	0.0	35.4	66.3	0.0	66.3
Total		634.8	9.0	643.8	1,590.0	0.0	1,590.0
Expenditure on:							
<i>Charitable Activities</i>							
Open programmes		(537.3)	0.0	(537.3)	(1,293.5)	0.0	(1,293.5)
Student programmes		0.0	0.0	0.0	(85.3)	0.0	(85.3)
Grants and bursaries		0.0	0.0	0.0	0.0	(0.2)	(0.2)
Customised programmes		(11.6)	0.0	(11.6)	(119.7)	0.0	(119.7)
Cost recovered by related entities		(161.1)	(9.0)	(170.1)	(196.2)	0.0	(196.2)
Total	5	(710.0)	(9.0)	(719.0)	(1,694.7)	(0.2)	(1,694.9)
Net income / (expenditure)	2	(75.2)	0.0	(75.2)	(104.7)	(0.2)	(104.9)
Fund balances brought forward as at 1 August		(201.7)	0.0	(201.7)	(97.0)	0.2	(96.8)
Fund balances carried forward As at 31 July		(276.9)	0.0	(276.9)	(201.7)	0.0	(201.7)

All transactions are derived from continuing activities. All recognised gains and losses are included in the Statement of Financial Activities.

COMMON PURPOSE UK**Company Registered Number 3556983****BALANCE SHEET****AS AT 31 JULY 2021**

		2021		2020	
	Note	£000s	£000s	£000s	£000s
Fixed assets					
Tangible fixed assets	6.		8.2		21.0
Current assets					
Debtors	7	118.4		170.5	
Cash at bank and in hand		<u>1.9</u>		<u>36.4</u>	
		120.3		206.9	
Creditors: amounts falling due within one year	8	<u>(405.4)</u>		<u>(429.6)</u>	
Net current liabilities			<u>(285.1)</u>		<u>(222.7)</u>
Net liabilities			<u>(276.9)</u>		<u>(201.7)</u>
RESERVES					
Restricted funds	9		0.0		0.0
Deficit on unrestricted funds			<u>(276.9)</u>		<u>(201.7)</u>
			<u>(276.9)</u>		<u>(201.7)</u>

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 and authorised for issue by the board of trustees on 22 November 2021 and were signed below on its behalf by:

DocuSigned by:

David Robinson

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David Robinson
Trustee

COMMON PURPOSE UK**Company Registered Number 3556983****CASH FLOW STATEMENT****AS AT 31 JULY 2021**

		2021	2020
		£	£
Net cash used in operating activities	10	(34.5)	(60.5)
Net cash (used in) investing activities		<u>0.0</u>	<u>(13.9)</u>
Change in cash and cash equivalents in the year		(34.5)	(74.4)
Cash and cash equivalents at the beginning of the year		36.4	110.8
Cash and cash equivalents at the end of the year		<u><u>1.9</u></u>	<u><u>36.4</u></u>

COMMON PURPOSE UK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

1. ACCOUNTING POLICIES

(a) Basis of accounting

Common Purpose UK is a charitable company limited by guarantee. Further details are shown on page 1.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), section 1A. The charitable company is a public benefit entity for the purposes of FRS 102 and therefore the Charity also prepared its financial statements in accordance with the 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 (The FRS 102 Charities SORP – Second Edition, effective 1 January 2019), the Companies Act 2006 and the Charities Act 2011, and Regulations made thereunder.

(b) Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the trustee in furtherance of the general charitable objectives.

Restricted funds are funds subject to specific restricted conditions imposed by the donors.

(c) Income

Income represents the total income receivable during the year comprising tuition fees, local sponsors, bursaries, project income, bank interest and other income.

Income and expenditure related to individual courses is matched and any surplus on a course is recognised in the accounting year in which it arises. Course deficits are recognised as soon as anticipated. Income is fully recognised on commencement of courses including those that cease after the year end as no refunds are given once a course has commenced and hence full entitlement to the income occurs on commencement.

Where CPUK has been donated facilities, amounts are included in income at the estimated value to the charity of the donated facilities with an equal and opposite amount being included in expenditure.

(d) Expenditure

Expenditure is charged to the Statement of Financial Activities on an accruals basis.

Direct costs are charged to the appropriate category of charitable activity along with appropriate allocation of support costs, which are defined as those costs which are necessary to deliver the charitable activity but do not constitute its output. Support costs include governance costs. More detail as to the method of their allocation is given in note 5b to the accounts.

(e) Going concern

As explained in note 7 of the trustee's report, the Charity has transferred its activities to other subsidiary companies and the Charity has therefore now effectively ceased trading. As required by UK accounting standards, the directors have prepared the financial statements on the basis that the company is a going concern. No material adjustments are expected to arise as a result of applying the going concern basis of accounting. All assets and liabilities will be transferred to the fellow subsidiary at their carrying amount at the end of the first half year 2021/22. Fixed assets continue to be carried at net book value on the basis that the assets will continue to be used by the fellow subsidiary on transfer of the activities. On this basis, the net book value is considered to be equivalent to the fair value of the assets concerned.

The charitable company holds only basic financial instruments which are initially recognised at cost or transaction, and do not require subsequent adjustment to fair value.

COMMON PURPOSE UK**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 JULY 2021**

(f) Depreciation

Depreciation is calculated on a monthly basis so as to write off the cost of tangible fixed assets over their expected useful economic lives. The principal annual rates and bases used for this purpose are:

Leasehold improvements	20% straight line
Computer equipment	33% straight line

(g) Leased assets

Payments under operating leases are charged to the Statement of Financial Activities as the payments fall due.

2. NET MOVEMENT IN FUNDS

	2021 £000s	2020 £000s
The net movement in funds is arrived at after charging:		
Depreciation	12.8	14.8
Auditors' remuneration	3.0	14.2

COMMON PURPOSE UK**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 JULY 2021****3. STAFF NUMBERS AND EMOLUMENTS**

	2021	2020
	Number	Number
The average number of persons employed by the Company during the year was:		
Courses	17	19
Support staff	0	0
	<u>17</u>	<u>19</u>
Staff costs	£	£
Wages and salaries	315,517	660,074
Social security costs	33,136	66,952
Pension	8,493	16,462
	<u>357,146</u>	<u>743,488</u>
The number of employees whose emoluments for the year fell within the following bands:	Number	Number
£60,000 - £69,999	1	1
£80,000 - £89,999	1	1
	<u>2</u>	<u>2</u>
Aggregate emoluments of the Senior Management Team	£	£
Salary	130,603	257,414
Social security costs	15,599	30,503
Pension	3,843	7,519
	<u>150,045</u>	<u>295,435</u>

The large fall in staff cost reflects the transfer of employees from CPUK to CPCT with effect from 1 February 2021. No termination payments were made during the year.

4. TRANSACTIONS WITH TRUSTEES

No emoluments were paid to trustees during the year (2019/20: nil). Expenses to the value of £28 were reimbursed to trustees (2019/20: nil).

COMMON PURPOSE UK**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 JULY 2021****5a. ANALYSIS OF EXPENDITURE**

	2021			2020		
	Direct costs £000s	Support costs £000s	Total £000s	Direct costs £000s	Support costs £000s	Total £000s
Open programmes	404.4	132.9	537.3	988.0	305.5	1,293.5
Student Programmes	0.0	0.0	0.0	65.2	20.2	85.4
Customised programmes	8.7	2.9	11.6	91.5	28.3	119.8
Expenditure incurred in respect of group related entities*	128.0	42.1	170.1	149.9	46.4	196.3
	541.1	177.9	719.0	1,294.6	400.4	1,695.0

5b. ANALYSIS OF SUPPORT COSTS

	2021				2020			
	Central support costs £000s	Licence fee £000s	Governance £000s	Total £000s	Central support costs £000s	Licence fee £000s	Governance £000s	Total £000s
Open programmes	111.8	18.8	2.3	132.9	240.4	54.2	10.9	305.5
Student Programmes	0.0	0.0	0.0	0.0	15.9	3.6	0.7	20.2
Customised programmes	2.4	0.5	0.0	2.9	22.3	5.0	1.0	28.3
Expenditure incurred in respect of group related entities*	35.4	6.0	0.7	42.1	36.5	8.2	1.7	46.4
	149.6	25.3	3.0	177.9	315.1	71.0	14.3	400.4

* Central support costs consist of costs incurred by central or group functions in support of the Charity. These include services for HR, Marketing and Finance.

COMMON PURPOSE UK**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 JULY 2021****6. TANGIBLE FIXED ASSETS**

	Leasehold Improvements £000s	Computer Equipment £000s	Total £000s
COST			
At 1 August 2020	133.8	1,275.6	1,409.4
Disposal	0.0	0.0	0.0
Additions	0.0	0.0	0.0
At 31 July 2021	133.8	1,275.6	1,409.4
DEPRECIATION			
At 1 August 2020	133.8	1,254.5	1,388.4
Disposal	0.0	0.0	0.0
Charge for year	0.0	12.8	12.8
At 31 July 2021	133.8	1,267.3	1,401.1
NET BOOK VALUE			
At 31 July 2021	0.0	8.3	8.3
At 31 July 2020	0.0	21.0	21.0

All the fixed assets are used for direct charitable activities.

7. DEBTORS

	2021 £000s	2020 £000s
Tuition fees and sponsorship income	5.7	105.5
Prepaid marketing and printing stocks	0.6	0.6
Amounts due from group companies:		
- Common Purpose Charitable Trust	112.1	0.0
- Common Purpose Limited	0.00	29.8
- Common Purpose International	0.00	0.5
Prepayments and accruals	0.00	34.1
	118.4	170.5

COMMON PURPOSE UK**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 JULY 2021****8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021 £000s	2020 £000s
Sundry creditors and accruals	43.0	33.2
Other taxes and social security	(5.9)	73.4
Amounts due to group companies:		
- Common Purpose Charitable Trust	0.0	141.8
- Common Purpose Limited	126.584	0.0
- Common Purpose International	13.138	0.0
- Common Purpose Student Experiences	223.658	120.6
Deferred income	0.0	63.8
Other creditors	4.9	(3.3)
	<u>405.4</u>	<u>429.6</u>

Deferred income in 2020 related to invoices raised in respect of courses that were due to commence after 31 July 2020. The brought forward deferred income has been released into the current year's Statement of Financial Activities.

9. ANALYSIS OF NET ASSETS BETWEEN FUNDS

2021	Restricted Funds £	Unrestricted Funds £	Total Funds £
Fixed assets	0	8.2	8.2
Current assets	0	120.3	120.3
Current liabilities	0	(405.4)	(405.4)
	<u>0</u>	<u>(276.9)</u>	<u>(276.9)</u>
2020	Restricted Funds £	Unrestricted Funds £	Total Funds £
Fixed assets	0	21.0	21.0
Current assets	0	206.9	206.9
Current liabilities	0	(429.6)	(429.6)
	<u>0</u>	<u>(201.7)</u>	<u>(201.7)</u>

COMMON PURPOSE UK**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 JULY 2021****10. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2021	2020
	£	£
Net expenditure for the reporting period (as per the statement of financial activities)	(75.2)	(104.9)
Depreciation charges	12.8	15.5
Decrease in Debtors	52.1	117.7
Decrease in Creditors	(24.2)	(88.8)
Net cash used in operating activities	<u>(34.5)</u>	<u>(60.5)</u>

11. OPERATING LEASE COMMITMENTS

The Charity has no operating lease commitments.

12. SHARE CAPITAL

The Charity is limited by guarantee and has no share capital. The liability of the members is limited to the sum of £1 per member.

13. RESTRICTED FUNDS

The Charity received £9,000 in restricted income during the year from Creative Scotland, whose support for the Edinburgh Legacy programme we gratefully acknowledge. These funds were transferred to CPCT because delivery of the programme occurred after CPUK had transferred its charitable activities to this entity.

14. PARENT UNDERTAKING

The Charity's immediate and ultimate parent undertaking is The Common Purpose Charitable Trust (CPCT), a company registered in England, number 2832875 and a registered charity, number 1023384.

Consolidated financial statements for The Common Purpose Charitable Trust are available to the public from www.charitycommission.org.uk

15. RELATED UNDERTAKINGS

During the year, the Charity entered into transactions with other group companies. These transactions were to pay for staff engaged from those group entities, and to provide funding for programme costs where programmes were being delivered by a different group entity. All such transactions are eliminated on consolidation in the accounts of The Common Purpose Charitable Trust.