



SCIO: SC045816

MCR Pathways
Financial Accounts
For the Year ended 5th April 2021

MCR Pathways
Report of the Trustees
For the year ended 5th April 2021

Contents of the Financial Statements

	Page
Report of the Trustees	2 to 9
Auditor's Report	10 to 13
Statement of Financial Activities	14
Balance Sheet	15
Cash Flow Statement	16
Notes to the Financial Statements	17 to 23

MCR Pathways
Report of the Trustees
For the year ended 5th April 2021

The Trustees present the annual report together with the audited financial statements for the year ended 5 April 2021.

The charity trustees confirm that the annual report and financial statements of the charity comply with the current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

ORGANISATION

MCR Pathways (MCR) is a Scottish Charitable Incorporated Organisation (SCIO) recognised by the Scottish Charity Regulator OSCR, registration number SC045816. It is governed by its constitution which was adopted on 20th July 2015.

OBJECTIVES AND ACTIVITIES

MCR Pathways delivers school-based mentoring and talent development programmes supporting those in or on the edges of the care system to realise their full potential through education. The initial project was set up in one school in 2007 and funded directly by the MCR Charitable Foundation and ██████████. A commitment to extend and embed in all secondary schools in Glasgow resulted in the registration of MCR Pathways (MCR) as an independent charity on the 20th of July 2015.

MCR's **vision, mission and values** continue to guide its activities at all times:

Vision - an equality of education outcomes, career opportunities and life chances for young people in or on the edges of the care system relative to any other young person.

Mission - providing schools-based mentoring and Talent Taster opportunities for young people to find, grow and use their talents through education, learning and experience.

Values - exceptional and consistent levels of **Motivation, Commitment and Resilience**.

The impact of the COVID 19 pandemic has been devastating for the young people that MCR supports and the consequences continue to be felt across the schools and communities that the charity serves. Despite the uncertainties and challenges of multiple lockdowns, MCR took the decision to increase support and invest to work through the pandemic and expand services further. The charity transformed it's in person mentoring into a range of safe and secure virtual mentoring options and dedicated all the front-line school staff and specialist teams to support the young people directly. The ongoing commitment of mentors and partners allowed all services to be delivered and further developed despite the pandemic.

We were extremely grateful for the continuing and exceptional commitment of our volunteer mentors and our partners which allowed us to reach and engage an increased number of young people. We also benefitted from £250,000 of funds from Scottish Government, JP Morgan and others to provide over 330 laptops and unlimited data packages to those who were unable to get online through lack of equipment or internet access.

MCR Pathways
Report of the Trustees
For the year ended 5th April 2021

ACHIEVEMENTS AND PERFORMANCE

The commitment and determination of the MCR staff, partners and schools has allowed the Charity to support 3,403 young people throughout the pandemic. The extent of the support made possible included:

- 20,636 virtual mentoring sessions during lockdowns and school closures maintaining vital contact between young people, their mentors and MCR staff
- 13,022 one to one mentoring sessions and 6,428 groupwork sessions were held when schools were open but operating under COVID restrictions.
- This allowed a total of 40,086 support sessions for the young people during both periods in mentoring, additional one to one support and MCR groupwork.

With young people contact blended online and in person where restrictions permitted, the team has continued to actively promote and progress recruiting mentors despite the constraints. All content and processes were rapidly adjusted to be delivered virtually whilst ensuring compliance with key quality and practice standards. The number of individuals engaged and progressed through the pipeline was exceptional in the circumstances with 1,557 new mentor registrations, over 1,000 interviews and 769 mentors who completed the process through to being matched with a young person.

In terms of impact on education outcomes, MCR continues to focus on the 3 Key performance indicators being: Staying on in school rates, Attainment and post school Destinations. Despite the multiple disruptions, the results for the year remain extremely positive with our Care Experienced mentored young people outperforming their non-mentored counterparts in every key area recorded.

Of note was MCR mentored young people in the care system in Glasgow, the most mature area achieving 1+ qualification at Level 5 or above at 83.2% compared to the national number of 57.2%; 80.7% progressed to college, university or employment compared to 65.9% nationally. In one of the newer areas in Aberdeenshire 100% of the mentored care experienced young people achieved 1+ qualification at Level 5 or above compared to the national number of 57.2%; with 87.5% progressing to higher education compared to 65.9% nationally.

During lockdown, we were deeply concerned about the feedback on how the young people were coping and the need to have their views heard and included in all recovery plans. We consulted with them and undertook a detailed survey of both the young people and mentors.

We received 1,025 detailed responses from MCR young people in city, town and rural settings, representing what we believe was the most comprehensive analysis in the UK for those in or on the edges of the care system. The results confirmed what was expected for our most disadvantaged young people with 66.8% feeling low, anxious and stressed and critically 68.2% being unable to do any schoolwork in lockdown.

MCR Pathways
Report of the Trustees
For the year ended 5th April 2021

Through further analysis we were able to identify and recommend immediate improvements with 49.1% feeding back education materials issued were too hard to understand, 26.7% having additional caring duties which had to be factored in and 42.1% requesting printed copies given their inconsistent online experiences. It also identified despite provision of additional equipment that there remained 14.5% who did not have IT or internet access and 19.5% who did not have suitable space at home.

Our analysis and subsequent 10 key recommendations were widely published and formed part of school, local authority and other agency recovery plans. Critically this included the need to recognise schools needed to be open full-time and were much more than just places of education. For the young people and communities, it is important to reframe schools as safe havens, community hubs and critical learning spaces where essential trusted relationships, opportunity and aspirations are formed.

Given the impact that MCR has had we were delighted that The Scottish Government announced in March 2021 that they will invest up to £19.4m to support the expansion of the MCR Programme across Scotland. In addition, the Hunter Foundation has donated £7.5m to MCR mentoring and a leadership development initiative. The MCR element will be match funded by local authorities in recruiting the MCR Pathways Coordinators in each school. This takes the full financial commitment to MCR to £50m overall over the next 6 years.

As Mr Swinney, Scotland's Deputy First Minister confirmed.

"I'm delighted to announce £19.4 million of Scottish Government funding to support a 6-year mentoring programme by MCR Pathways to help young people reach their full potential. This programme will be delivered in partnership with local authorities that wish to participate and will be part of the Scottish Government's Young Person's Guarantee to provide long-term support where it is needed most."

MCR will now grow to 300 schools and 15,000 young people supported each week. This marks a major strategic milestone in MCRs objective of reaching every young person who is experiencing disadvantage, whilst becoming a permanent part of the education system.

The opportunity to grow the programme into England has been progressed over the last year and Hertfordshire will be the first area to adopt the programme. Whilst the county has areas of affluence the schools expressing interest are located in high areas of deprivation and those experiencing county lines drug related issues. These will include Stevenage and Waltham Cross in a first cohort of up to 10 schools. In parallel with the launch in Hertfordshire, a selection of London Boroughs and Northern towns in or around the Greater Manchester areas are also being targeted.

To support the funding required, some key partners have been targeted. In addition, the MCR Foundation has provided seed funding. Impetus, in partnership with The Henry Smith Charity, announced in May the launch of an 'Engage Fund' backing charities tackling school exclusions and MCR were named as one of the first recipients.

MCR Pathways
Report of the Trustees
For the year ended 5th April 2021

PARTNERS AND VOLUNTEERS

MCR's achievements in 2020/21 have been realised with the passion and support of numerous partners. These include our dedicated volunteer mentors, school headteachers and staff, Councils, organisations (local authorities, educational establishments, public bodies, private companies and local communities) who have encouraged volunteer mentoring, and our various funders. All are very committed to closing the attainment gap for our young people and in securing radical improvements in school destinations. We thank all of them for their help and unwavering commitment, without which we could not have an impact.

The results for the current year reflect the continued embedding of the programme across all Glasgow secondary schools and the national expansion across Scotland. In addition to the £1,461,151 costs incurred by MCR Pathways and reflected in these accounts, other parties incurred costs in excess of £2.3m on behalf of the project in the period to 5th April 2021 including MCR Holdings, Aberdeenshire Council, Aberdeen Council, Glasgow City Council, Shetland Island Council and South Lanarkshire Council. None of the parties noted were reimbursed the costs they incurred directly on behalf of the project.

Critical to the MCR Programme is our expanding network of volunteer mentors. They represent every walk of life, career and job experience, age group, gender, race and religion. Our volunteer mentors meet with their matched young person for one school period per week for a minimum of a year and ideally two. They provide the increasingly essential 'one good adult' component of the programme and commitment for the essential relationship basis of no other reason than they care. MCR has a comprehensive programme of support, training and continuous development all of which it is committed to invest in for the long term. Importantly MCR can now evidence the positive impact on the mentor in their personal development and the direct benefit to employers.

We end our report by expressing our deep gratitude to each mentor for the life changing difference they make to their young person and for their commitment through the pandemic. It has been a privilege for the MCR team to serve and work with them.

MCR Pathways
Report of the Trustees
For the year ended 5th April 2021

FINANCIAL REVIEW

The charity generated a net surplus of £743,777 for the year ended 5 April 2021 (2020 : surplus £332,133). It is anticipated that this surplus will be fully utilised as MCR expands in both existing and new schools.

At the Balance Sheet date reserves were £1,592,979 (2020: £849,202) with £1,592,979 of these being unrestricted (2020: £849,202). The expenditure levels of MCR are in line with expectations as we go through various expansion phases. The management and Trustees of MCR utilise tight financial controls to ensure that all funding raised is used for the benefit of the young people we support. No trustee received remuneration for their services to MCR.

RESERVES

It is the policy of MCR to maintain unrestricted funds, which are free reserves for the charity, at a level equivalent to twelve months expenditure. The Trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised.

Based on the accounts for the year ended 5 April 2021, ordinary expenditure for twelve months amounts to £1,461,151. At the Balance sheet date, the charity held unrestricted reserves of £1,592,979. This represents thirteen months funding which is five further months improved on the 2020 position. We will continue to improve on the reserve figure to achieve our goal of twelve months available funding plus a contingency for future expansion.

RISK MANAGEMENT

MCR is not a risk averse organisation and it recognises that certain risks need to be taken if its programme is going to reach all relevant young people in Scotland and beyond. MCR invests in staff training and recognises the need to continually invest in its services while diversifying income sources to reduce dependence on any single stream of income.

MCR's long term objective is to ensure that its programme becomes embedded in the secondary education systems, with all schools and local authorities embracing the programme and dedicating resources to its continued success. There is risk associated with the maintenance and monitoring of the programme following its full adoption by government agencies and MCR is committed to managing this risk in order to secure the long-term success of the programme.

GOING CONCERN

The trustees have reviewed the charity's financial forecasts including the impact of the ongoing Covid-19 pandemic. The trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The trustees are of the opinion that the charity is a going concern and the financial statements have been prepared on this basis. Further details are provided in the going concern accounting policy.

MCR Pathways
Report of the Trustees
For the year ended 5th April 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

MCR is governed by a Board of Trustees. It is a single tier SCIO with all members being trustees.

As part of our expansion process, we created a National Advisory Group, which includes some of Scotland's most experienced figures in business, the public sector, education and the third sector.

The executive management team continues to be expanded in quality and experience to meet with the growth and development plans. Graeme McEwan has been appointed Vice Chair and Fay Gingell has been appointed Chief Executive of MCR Pathways with founder Iain MacRitchie taking the role of Chair.

APPOINTMENT OF TRUSTEES

The Trustees seek to follow good practice and ensure that there is a broad and diverse mix of skills and experience within their number. The Trustees keep succession planning under review and when needed seek to recruit new trustees based on their skill, experience and knowledge of the sector. To help facilitate the national ambition for both the Scottish, and English education system in due course, additional Trustees are being recruited.

TRUSTEE INDUCTION PROCESS

On appointment, new trustees will be provided with a welcome pack including a history of the Trust, Trust Accounts, constitutional documents, a note on trustee duties and any other Codes of Conduct applicable at that time.

PAY POLICY FOR SENIOR STAFF

The remuneration of our employees on our executive team is decided by the trustees who also maintain oversight of all employee remuneration.

CONTROLS

The Board of Trustees is the governing body of MCR and is responsible for the charity's internal financial controls. The current system of controls aims to give the Board reasonable assurance that issues are identified as they arise and are dealt with in an effective and timely manner.

FUTURE PLANS

MCR Pathways intends to continue its expansion with a future goal of supporting at least 15,000 young people in the UK. We will continue to share the model and engage in dialogue with additional local authorities and schools to ensure the programme is adopted where it is most needed and make relationship-focused mentoring an educational right for all care-experienced young people.

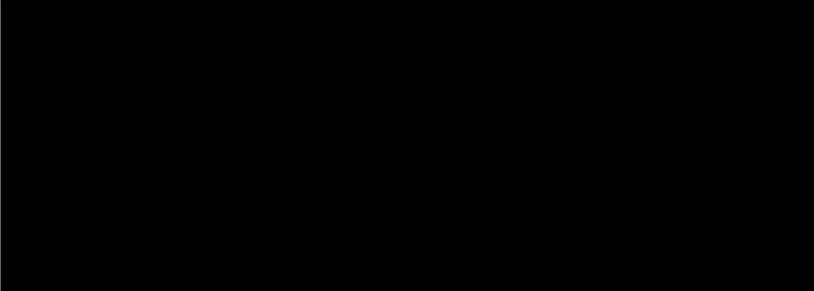
MCR Pathways
Report of the Trustees
For the year ended 5th April 2021

Reference and Administrative Details

Registered SCIO Number
SC045816

Principal Address
25 Park Circus
Glasgow
G3 6AP

Trustees



Auditors
French Duncan LLP
133 Finnieston Street
Glasgow
G3 86HB

Bankers
Clydesdale Bank
30 St Vincent Street
Glasgow
G1 2HL

Solicitors
Dentons Middle East & UK LLP
1 George Square
Glasgow
G1 2HL

MCR Pathways

Report of the Trustees

For the year ended 5 April 2021

STATEMENT OF TRUSTEES RESPONSIBILITIES

The Trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The law applicable to charities in Scotland, the Charities and Trustee Investment (Scotland) Act 2005, Charities Accounts (Scotland) Regulations 2006 and the provisions of the charity's constitution requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been subject to any material departures being disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charity Accounts (Scotland) Regulations 2006, and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITOR

It is the Trustees assessment that all necessary steps have been taken to ensure that the auditor has been made aware of all relevant audit information and as such there is no relevant audit information which the auditor has not been made aware of.

AUDITOR

The auditor, French Duncan LLP, has indicated their willingness to continue in office. The charity trustees will propose a motion reappointing the auditor at a meeting of the charity trustees.

Approved by the Trustees on.....and signed on their behalf by:

.....
[Redacted], Chairman

MCR Pathways Independent Auditor's Report to the Trustees of MCR Pathways

Opinion

We have audited the financial statements of MCR Pathways (the charity) for the year ended 5 April 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 United Kingdom 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 charity's affairs as at 5 April 2021 and of the charity's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and,
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The trustees are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is

materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- adequate and proper accounting records have not been kept by charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the charity's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees Responsibilities Statement set out on page 9, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act and report in accordance with regulations made under the Act.

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.

MCR Pathways

Independent Auditor's Report to the Trustees of MCR Pathways

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charity through discussions with trustees and other management, and from our charity sector knowledge;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including the Charities and Trustee Investment (Scotland) Act 2005, taxation legislation and data protection, anti-bribery, employment, and health and safety legislation; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed high level analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

MCR Pathways

Independent Auditor's Report to the Trustees of MCR Pathways

Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an 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 charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

██████████ BAcc CA (Senior Statutory Auditor)

for and on behalf of:

French Duncan LLP

Chartered Accountants and Statutory Auditor

133 Finnieston Street

Glasgow

G3 8HB

Date:

French Duncan LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of Financial Activities
for the year ended 5 April 2021

	Notes	Unrestricted funds £	2021 Total funds £	2020 Total funds £
INCOME AND ENDOWMENTS FROM:				
Donations and Legacies	2	12,486	12,486	7,055
Charitable activities	2	2,080,079	2,080,079	1,476,114
Investments	3	562	562	6,017
Other	3	111,801	111,801	-
Total Income		<u>2,204,928</u>	<u>2,204,928</u>	<u>1,489,186</u>
EXPENDITURE ON:				
Charitable activities	4	1,461,151	1,461,151	1,157,053
Total Expenditure		<u>1,461,151</u>	<u>1,461,151</u>	<u>1,157,053</u>
Net income and expenditure		743,777	743,777	332,133
Transfers between funds		-	-	-
Net movement in funds		<u>743,777</u>	<u>743,777</u>	<u>332,133</u>
RECONCILIATION OF FUNDS:				
Total funds brought forward		849,202	849,202	517,069
Total funds carried forward		<u>1,592,979</u>	<u>1,592,979</u>	<u>849,202</u>

The notes on pages 17 to 23 form part of these financial statements

Balance Sheet
As at 5 April 2021

	Notes	2021 Total funds £	2020 Total funds £
CURRENT ASSETS			
Debtors: amounts falling due within one year	9	787,065	271,854
Cash at bank		2,402,187	1,780,929
Total current assets		<u>3,189,252</u>	<u>2,052,783</u>
LIABILITIES			
Creditors: amounts falling due within one year	10	1,596,273	1,203,581
NET CURRENT ASSETS		<u>1,592,979</u>	<u>849,202</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,592,979	849,202
NET ASSETS		<u>1,592,979</u>	<u>849,202</u>
THE FUNDS OF THE CHARITY:			
Unrestricted Fund	12	1,592,979	849,202
TOTAL CHARITY FUNDS		<u>1,592,979</u>	<u>849,202</u>

The notes on pages 17 to 23 form part of these financial statements.

The financial statements were approved by the Board of Trustees on and were signed on its behalf by:

.....
 - Chairman

Cash Flow Statement
For the year ended 5 April 2021

	2021 £	2020 £
Cash flows from operating activities		
Cash generated from operations	620,696	824,369
Net cash provided by operating activities	<u>620,696</u>	<u>824,369</u>
Cash flows from investing activities		
Interest Received	562	6,017
Net cash provided by investing activities	<u>562</u>	<u>6,017</u>
Change in cash and cash equivalents in the reporting period	621,258	830,386
Cash and cash equivalents at the beginning of the reporting period	1,780,929	950,543
Cash and cash equivalents at the end of the reporting period	<u><u>2,402,187</u></u>	<u><u>1,780,929</u></u>

Reconciliation of Net Income to Net Cash Flow from Operating Activities

Net income per statement of financial activities	743,777	332,133
Increase in debtors	(515,211)	(31,237)
Interest received	(562)	(6,017)
Increase in creditors	392,692	529,490
	<u>620,696</u>	<u>824,369</u>

Analysis of cash and cash equivalents

Cash in Hand	100	100
Bank Accounts	2,402,087	1,780,829
	<u>2,402,187</u>	<u>1,780,929</u>

Analysis of changes in net debt

	As at 6 April 2020	Cashflows	As at 5 April 2021
Cash at Bank and in Hand	<u>1,780,929</u>	<u>621,258</u>	<u>2,402,187</u>

**Notes to the Financial Statements
for the Year Ended 5 April 2021**

I. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to these financial statements.

Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with The Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities SORP (FRS 102) "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)" and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

The financial statements have been prepared under the historical accounting convention.

Going Concern

In addition to the school mentoring project fee income, MCR Pathways is dependent on income from donors, grant givers and other supporters to ensure its objectives continue to be achieved for the longer term. The trustees have reviewed and updated forecasts and cashflows also taking into account the impact from the ongoing Covid-19 pandemic and it has good relationships with Councils and its funders and has no reason to believe that this will not continue in the current and future years. After taking all these factors into account, the trustees are of the opinion that MCR Pathways has and will have adequate financial resources to continue its activities for at least 12 months from when the accounts are approved and hence the accounts are prepared on a going concern basis.

Income Recognition

All income is recognised once the charity has entitlement to the income, there is sufficient certainty of receipt and so it is probable that the income will be received, and that the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received but not expended during the period is shown in the relevant fund on the Balance Sheet. Where income is received in advance of entitlement, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Donations to the Trust are recognised when they have been communicated to the Trust in writing containing both the amount and the settlement date.

Investment income is dealt with by reference to the due date of payment. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

**Notes to the Financial Statements – continued for
the Year Ended 5 April 2021**

Expenditure Recognition

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

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

Expenditure on charitable activities is incurred on directly undertaking the activities which further the charity's objectives as well as any associated support costs.

Governance costs include those incurred in the governance of the charity and are primarily associated with constitutional and statutory requirements.

Funds

The Trust maintains unrestricted funds which can be used in accordance with its charitable objectives at the discretion of the trustees.

Government Grants

Grants received under the job retention scheme are credited to the statement of financial activities as the related expenditure is incurred.

Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Liabilities

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advance payments for the goods or services it must provide.

Pension

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year

**Notes to the Financial Statements – continued for
the Year Ended 5 April 2021**

Charitable Activities

Cost of charitable activities include grants and donations made and support costs, including governance costs.

Financial Instruments

The Charity only has financial assets and financial liabilities that qualify as basic financial instruments.

Basic financial instruments are initially recognised at transaction value and subsequently measured at settlement value.

Taxation

The Charity is exempt from tax on its charitable activities, to the extent that such income or gains are applied exclusively to charitable purposes.

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires the charity trustees to exercise judgement in applying the charity’s accounting policies. The charity trustees have reviewed these and concluded there are no areas requiring a higher degree of judgement, or complexity, and no areas where assumptions or estimates are most significant to the financial statements.

2.	DONATIONS AND LEGACIES	2021	2020
		£	£
	Donations	<u>12,486</u>	<u>7,055</u>
	 INCOME FROM CHARITABLE ACTIVITIES	 2021	 2020
		Total	Total
		funds	funds
		£	£
	School based mentoring programme	1,678,973	560,528
	Grants	<u>401,106</u>	<u>915,586</u>
		<u>2,080,079</u>	<u>1,476,114</u>
	Grants received, included in the above, are as follows		
	STV Appeal	-	100,000
	Creative Scotland	6,917	20,586
	The Robertson Trust	190,400	100,000
	The William Grant Foundation	-	70,000
	Life Changes Trust	(164,400)	150,000
	J P Morgan	-	175,000
	Hugh Fraser Foundation	-	50,000
	Coldstones	99,998	100,000
	Social Innovation Partnership	150,000	150,000
	Scottish Govt Covid Grant	62,776	-
	Gannochy Trust	<u>55,415</u>	<u>-</u>
		<u>401,106</u>	<u>915,586</u>

Notes to the Financial Statements for
the Year Ended 5 April 2021

3.	INVESTMENT INCOME	2021	2020
		£	£
	Bank Interest	562	6,017
	OTHER INCOME	2021	2020
		£	£
	Job Retention Scheme Grant	111,856	6,017
4.	CHARITABLE ACTIVITIES COSTS	2021	2020
		£	£
	Expenditure on school-based mentoring programme – Note 5	1,183,553	920,734
	Support costs – Note 6	277,598	236,319
		<u>1,461,151</u>	<u>1,157,053</u>
5.	EXPENDITURE ON SCHOOL BASED MENTORING PROGRAMME	2021	2020
		£	£
	Staff Costs		
	Central Departments		
	(Mentor Services, Mentor Support Senior Management & Governance, Finance)		
	Staff salaries, consultancy fees & pension	580,833	518,170
	Travel	10,468	10,924
	School Teams		
	(Aberdeen, Edinburgh, North Ayrshire, South Lanarkshire, West Dunbartonshire, Clackmannanshire, Perth & Kinross)		
	Staff salaries, consultancy fees & pension	591,156	380,364
	Travel	1,096	11,276
		<u>1,183,553</u>	<u>920,734</u>
6.	SUPPORT COSTS	2021	2020
		£	£
	Digital Platforms, Support & CPD		
	Staff salaries, consultancy fees & pension	81,897	94,643
	Travel	101	251
	Website, internet & computer software including Covid support	155,596	91,448
	General Operational Costs		
	Including: Marketing campaigns & events, telephones, repairs, equipment, professional fees, consultancy, insurances & stationery & other sundry costs	37,828	47,784
	Bank charges	176	193
	Governance Costs:		
	Audit Fees	2,000	2,000
		<u>277,598</u>	<u>236,319</u>

In addition to the Audit fees above, non-audit fees (payroll and administration fees) amounting to £6,000 (2020 £6,000) have been included in General Operational Costs (note 5)

**Notes to the Financial Statements for
the Year Ended 5 April 2021**

7. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 5 April 2021 (2020:Nil)

Trustees' Expenses

There were no trustees' expenses paid in the year 5 April 2021 (2020 : Nil)

8. STAFF COSTS

	2021	2020
Wages & Salaries	1,137,442	909,574
Social Security Costs	92,946	66,270
Other pension costs	23,498	17,333
	<u>1,253,886</u>	<u>993,177</u>

The average number of employees during the year ended 5 April 2021 was as follows:

	2021	2020
Office and Project Staff (FTE)	<u>49</u>	<u>45</u>

There were no employees whose remuneration exceeded £60,000 during the year. The charity personnel comprise the charity trustees and the executive team. The total employment benefit contributions of the key management personnel were £69,272 (2020: £1,233).

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade Debtors	775,140	191,258
Accrued Income	0	75,000
Prepayments	11,925	5,596
	<u>787,065</u>	<u>271,854</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade Creditors	7,944	26,403
HM Revenue & Customs (PAYE, NIC, Pension & Student Loan)	35,750	26,422
Accruals	62,145	41,240
Accruals relating to School Based Mentoring Programme	5,176	6,189
Deferred Income	689,484	684,910
Provisions	795,784	418,417
	<u>1,596,273</u>	<u>1,203,581</u>

Deferred income comprises income received for projects which commenced in 2020/21 and to which MCR Pathways was not entitled to in the year 2020/21.

	2021	2020
	£	£
At 6 April 2020	684,910	378,761
Deferred in year	2,039,798	1,511,111
Released in year	2,035,224	1,204,962
At 5 April 2021	<u>689,484</u>	<u>684,910</u>

Notes to the Financial Statements for
the Year Ended 5 April 2021

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	2021	2020
	Total funds	Total funds
	£	£
Current assets	3,189,252	2,052,783
Current liabilities	<u>(1,596,373)</u>	<u>(1,203,581)</u>
	<u>1,592,879</u>	<u>849,202</u>

12. MOVEMENT IN FUNDS

	At 6/4/20	Net movement in funds	Transfer between funds	At 5/4/21
	£	£	£	£
Unrestricted fund				
General fund	849,202	743,777	-	1,592,879
TOTAL FUNDS	<u>849,202</u>	<u>743,777</u>	<u>-</u>	<u>1,592,879</u>

Net movement in funds, included in above are as follows:

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted fund			
General fund	2,204,928	1,461,151	743,777
TOTAL FUNDS	<u>2,204,928</u>	<u>1,461,151</u>	<u>743,777</u>

12. MOVEMENT IN FUNDS - continued

	At 6/4/19	Net movement	Transfer between funds	At 5/4/20
	£	£	£	£
Unrestricted fund				
General fund	517,069	332,133	-	849,202
TOTAL FUNDS	<u>517,069</u>	<u>332,133</u>	<u>-</u>	<u>849,202</u>

Net movement in funds, included in above are as follows:

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted Funds	<u>1,489,186</u>	<u>1,157,053</u>	<u>332,133</u>
TOTAL FUNDS	<u>1,489,186</u>	<u>1,157,053</u>	<u>332,133</u>

13. RELATED PARTY TRANSACTIONS

During the year donations received without conditions from related parties totalled £42,500 (2020 : £NIL)

14. COMMITMENTS

There were no outstanding commitments at 5 April 2021

15. PENSION COMMITMENTS

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £23,498 (2020: £17,333). Contributions totalling £9,502 were payable to the fund at the Balance Sheet date (2020: £4,277).