



**SCIO: SC045816**

MCR Pathways  
Financial Accounts  
For the Year ended 5th April 2023

**MCR Pathways**  
**Report of the Trustees**  
**For the year ended 5<sup>th</sup> April 2023**

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## **MCR Pathways**

### **Report of the Trustees**

### **For the year ended 5<sup>th</sup> April 2023**

The trustees present the annual report together with the audited financial statements for the year ended 5<sup>th</sup> April 2023.

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 20<sup>th</sup> 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 Iain MacRitchie. 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 20<sup>th</sup> 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**.

## **ACHIEVEMENTS AND PERFORMANCE**

2022/23 has been a difficult year for many people. The ripple effect of COVID-19 continues to be felt and the cost of living crisis has been a critical issue in all sectors, however even in these challenging times MCR Pathways has continued to deliver on its promises and reach more young people who need our support. In total over 5,000 young people are now supported by MCR each week.

This financial year we have enjoyed a full year of face to face mentoring as opposed to the hybrid/virtual approach we adopted during the COVID-19 restrictions. Whilst online meetings served a purpose, face to face mentoring is much more impactful to young people's outcomes. Our young person survey results again show that face to face, one to one mentoring increases young people's wellbeing, self-esteem and confidence.

The success of the programme is also evident in the educational outcomes from young people who have been involved with the programme. The three key performance indicators being: Staying on in school rates, Attainment and post school Destinations. The results for the year remain extremely positive with our Care Experienced mentored young people outperforming their non-mentored counterparts in every key measure recorded.

## **MCR Pathways**

### **Report of the Trustees**

### **For the year ended 5<sup>th</sup> April 2023**

The expansion into England continues to grow from strength to strength. The programme in Hertfordshire is making significant impact and it has been successfully launched in schools in Surrey. After a period focusing on quality, we hope to expand the programme in England further and will focus efforts on a number of areas including London boroughs.

### **Partners and Volunteers**

Volunteers are a crucial aspect of the programme. Despite the national picture of declining volunteer numbers, we have continued to increase the number of people who volunteer with MCR. Research published in May 2023 from the Charities Aid Foundation's (CAF) UK Giving report, found that only 13% of people said they volunteered in the last year, compared with 17% pre-pandemic, representing about 1.6 million fewer people volunteering over the past five years.

We are extremely proud of the diverse range of volunteers the programme attracts and we are very grateful to local authorities, corporate parents, businesses, and community groups for supporting our mentor recruitment. In the past year we have developed and improved our systems and processes to create partnerships that will support us in recruiting volunteer mentors. These improvements will be vital as we seek to build the programme further.

To increase the appeal of mentoring to our corporate partners we have developed a leadership course which works in harmony with mentoring. The course has been designed for those in, or aspiring to, leadership roles who want to gain or develop existing skills, knowledge and best practice.

We recognise the importance of ensuring that our volunteers are adequately trained and supported to mentor young people. In the last year we have re-developed our mentor training programme and increased the resources available to our mentors. The feedback of these improvements has been overwhelmingly positive and the extra confidence this has given our mentors will benefit the young people.

We wish to express our deep gratitude to each mentor for the life changing difference they make to their young person and for their commitment. It has been a privilege for the MCR team to serve and work with them.

We also take this opportunity to thank our funders and sponsors without whom we also simply would not exist. As we continue to grow the programme and provide the individual and societal impact we envisage and plan we will continue to seek support from past partners but also from new sources to ensure our aims are adequately met.

### **FINANCIAL REVIEW**

The charity generated a net surplus of £199,724 for the year ended 5 April 2023 (2022 : surplus £673,489). 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 £2,466,192 (2022: £2,266,468) with £2,466,192 of these being unrestricted (2022: £2,266,468). 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.

**MCR Pathways**  
**Report of the Trustees**  
**For the year ended 5<sup>th</sup> April 2023**

**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<sup>th</sup> April 2023, ordinary expenditure for twelve months amounts to £2,995,483. At the Balance sheet date, the charity held unrestricted reserves of £2,466,192 which represents slightly less than twelve months funding. We will continue to seek additional funding and support whilst maintaining appropriate cost control measures in order to achieve our goal of twelve months available funding for ongoing operations and 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. Any risks associated with our income streams are mitigated by multi year contracts with schools, local authorities and Government bodies, together with ensuring that our relationships with funders remain strong.

MCR's long term objective is to ensure that its programme becomes embedded in 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 current economic and inflationary pressures. 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 5<sup>th</sup> April 2023**

**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, the charity has created a Young National Advisory Board of young people who have experienced the programme and will input to its continual development. In addition an Advisory Board has been set up, which includes some of Scotland's most experienced figures in business, the public sector, education and the third sector. Both groups will provide advice on the MCR model and on its sustainability over the long term.

The executive management team continues to be expanded in quality and experience to meet with the growth and development plans.

**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 systems, and to ensure diverse representation of the demographics and communities we serve, additional trustees are being sought.

**Trustee Induction Process**

On appointment, new trustees will be provided with a welcome pack including a history of the charity, charity 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 10,000 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 5<sup>th</sup> April 2023**

**Reference and Administrative Details**

**Registered SCIO Number**  
SC045816

**Principal Address**  
25 Park Circus  
Glasgow  
G3 6AP

**Trustees**  
NJC Walters, Chair  
M McKenna , Vice Chair  
I D MacRitchie, Founder  
Lord McConnell of Glenscorrodale  
M Little  
A Longfield

**Auditors**  
French Duncan LLP trading as AAB  
133 Finnieston Street  
Glasgow  
G3 8HB

**Bankers**  
Clydesdale Bank  
30 St Vincent Street  
Glasgow G1 2HL

**Solicitors**  
CMS Cameron McKenna Nabarro Olswang LLP  
1 West Regent Street  
Glasgow  
G2 1AP

**MCR Pathways**  
**Report of the Trustees**  
**For the year ended 5<sup>th</sup> April 2023**

**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 of the 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.

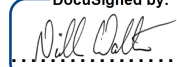
**DISCLOSURE OF INFORMATION TO AUDITOR**

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 trading as AAB, 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.....<sup>20 December 2023</sup> and signed on their behalf by:

DocuSigned by:  
  
 60D3AF5A9538470  
 Nicholas Walters, Chair & Trustee

## **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 2023 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 2023 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.

## **MCR Pathways**

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

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 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.

## **MCR Pathways**

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

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.

#### **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; and
- enquiring of management as to actual and potential litigation and claims.

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**

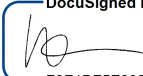
Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

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.

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](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.

### **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.

DocuSigned by:  
  
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Antony J Sinclair 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: 20 December 2023

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

**MCR Pathways**  
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**Statement of Financial  
Activities for the year ended  
5<sup>th</sup> April 2023**

			<b>2023</b>	<b>2022</b>
		<b>Restricted</b>	<b>Unrestricted</b>	
		<b>funds</b>	<b>funds</b>	
				<b>Total</b>
				<b>funds</b>
				<b>funds</b>
Notes		<b>£</b>	<b>£</b>	<b>£</b>
				<b>£</b>
<b>INCOME AND ENDOWMENTS FROM:</b>				
Donations and Legacies	2	-	16,873	16,873
Charitable activities	3	31,667	3,110,964	3,142,631
Investments	4	-	35,703	35,703
Other	5	-	-	-
<b>Total Income</b>		<b>31,667</b>	<b>3,163,540</b>	<b>3,195,207</b>
<b>EXPENDITURE ON:</b>				
<b>Charitable activities</b>	6	<b>31,667</b>	<b>2,963,816</b>	<b>2,995,483</b>
<b>Total Expenditure</b>		<b>31,667</b>	<b>2,963,816</b>	<b>2,995,483</b>
<b>Net income and expenditure</b>		<b>-</b>	<b>199,724</b>	<b>199,724</b>
Transfers between funds		-	-	-
<b>Net movement in funds</b>		<b>-</b>	<b>199,724</b>	<b>199,724</b>
<b>RECONCILIATION OF FUNDS:</b>				
<b>Total funds brought forward</b>		<b>-</b>	<b>2,266,468</b>	<b>2,266,468</b>
<b>Total funds carried forward</b>		<b>-</b>	<b>2,466,192</b>	<b>2,466,192</b>

The notes on pages 15 to 24 form part of these financial statements



**MCR Pathways**  
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**Balance Sheet**  
**As at 5<sup>th</sup> April 2023**

		<b>2023</b>	<b>2022</b>
		<b>Total</b>	<b>Total</b>
		<b>funds</b>	<b>funds</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	11	164,448	1,347,422
Cash at bank		6,783,005	4,749,203
<b>Total current assets</b>		<u>6,947,453</u>	<u>6,096,625</u>
<b>LIABILITIES</b>			
Creditors: amounts falling due within one year	12	4,481,261	3,830,157
<b>NET CURRENT ASSETS</b>		<u>2,466,192</u>	<u>2,266,468</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,466,192</u>	<u>2,266,468</u>
<b>NET ASSETS</b>		<u>2,466,192</u>	<u>2,266,468</u>
<b>THE FUNDS OF THE CHARITY:</b>			
Unrestricted Fund	13	2,466,192	2,266,468
Restricted Fund		<u>-</u>	<u>-</u>
<b>TOTAL CHARITY FUNDS</b>		<u>2,466,192</u>	<u>2,266,468</u>

The financial statements were approved by the Board of Trustees on 20 December 2023

signed on its behalf by:

DocuSigned by:

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Nicholas Walters - Chairman and Trustee

The notes on pages 15 to 24 form part of these financial statements.

**MCR Pathways**  
SCIO: SC045816



**Cash Flow Statement  
for the year ended 5<sup>th</sup> April 2023**

	2023	2022	
	£	£	
<b>Cash flows from operating activities</b>			
Cash generated from operations	1,998,099	2,342,769	
<b>Net cash provided by operating activities</b>	<u>1,998,099</u>	<u>2,342,769</u>	
<b>Cash flows from investing activities</b>			
Interest Received	35,703	4,247	
<b>Net cash provided by investing activities</b>	<u>35,703</u>	<u>4,247</u>	
<b>Change in cash and cash equivalents in the reporting period</b>	2,033,802	2,347,016	
<b>Cash and cash equivalents at the beginning of the reporting period</b>	4,749,203	2,402,187	
<b>Cash and cash equivalents at the end of the reporting period</b>	<u><u>6,783,005</u></u>	<u><u>4,749,203</u></u>	
<b>Reconciliation of Net Income to Net Cash Flow from Operating Activities</b>			
Net income per statement of financial activities	199,724	673,489	
Decrease/(Increase) in debtors	1,182,974	(560,357)	
Interest received	(35,703)	(4,247)	
Increase in creditors	651,104	2,233,884	
	<u><u>1,998,099</u></u>	<u><u>2,342,769</u></u>	
<b>Analysis of cash and cash equivalents</b>			
Cash in Hand	100	100	
Bank Accounts	<u>6,782,905</u>	<u>4,749,103</u>	
	<u><u>6,783,005</u></u>	<u><u>4,749,203</u></u>	
<b>Analysis of changes in net debt</b>	As at 6 <sup>th</sup> April	Cashflows	As at 5 <sup>th</sup> April
	2022		2023
Cash at Bank and in Hand	4,749,203	2,033,802	6,783,005

The notes on pages 15 to 24 form part of these financial statements.

**MCR Pathways**  
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## **Notes to the Financial Statements for the Year Ended 5<sup>th</sup> April 2023**

### **1. 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**

The school mentoring project fee income MCR Pathways receives is moving towards being funded equally by the Scottish Government in partnership with Local Authorities. In addition to this and with expansion into England, MCR 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 cash flows also taking into account the transition from Local Authority funding to Scottish Government funding, the good relationships with Scottish Government, Councils and its funders mean there are no reasons to believe that this will not continue in the current and future years. After taking all these factors into account, together with the residual impact of Covid 19, current economic conditions and inflationary pressures, 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 the date the accounts are approved and hence the accounts are prepared on a going concern basis.

**MCR Pathways**  
SCIO: SC045816



## **Notes to the Financial Statements – continued for the Year Ended 5<sup>th</sup> April 2023**

### **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 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. Where grants include performance conditions, income is recognised to the extent that the performance conditions have been met.

Donations to the charity are recognised when they have been communicated to the charity 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.

### **Expenditure Recognition**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement 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.

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**Notes to the Financial Statements – continued**  
**for the Year Ended 5<sup>th</sup> April 2023**

**Funds**

The charity maintains unrestricted funds which can be used in accordance with its charitable objectives at the discretion of the trustees. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund.

**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.

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**Notes to the Financial Statements – continued**  
**for the Year Ended 5<sup>th</sup> April 2023**
**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**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Donations	<u>16,873</u>	<u>28,668</u>

**3. INCOME FROM CHARITABLE ACTIVITIES**

	<b>2023</b>	<b>2022</b>
	<b>Total</b>	<b>Total</b>
	<b>Funds</b>	<b>Funds</b>
	<b>£</b>	<b>£</b>
School based mentoring programme fees	1,748,306	1,449,546
Grants	<u>1,394,325</u>	<u>1,433,896</u>
	<u>3,142,631</u>	<u>2,883,442</u>

Grants received, included in the above, are as follows

DYW	317,336	320,163
The Robertson Trust	112,950	51,300
CMS	-	500
Life Changes Trust	112,950	121,500
Impetus	198,000	217,000
Hunter Foundation	215,864	532,000
Coldstones	200,000	-
Social Innovation Partnership	-	30,666
Scottish Govt Covid Grant	-	65,767
Get Online	18,058	-
Gannochy Trust	31,667	95,000
J P Morgan	87,500	-
Dunlossit and Islay	100,000	-
	<u>1,394,325</u>	<u>1,433,896</u>

Included in income from Charitable activities is restricted income of £31,667 (2022 £95,000)

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**Notes to the Financial Statements – continued  
for the Year Ended 5<sup>th</sup> April 2023**
**4. INVESTMENT INCOME**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Bank Interest	35,703	4,247
	<hr/>	<hr/>

**5. OTHER INCOME**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Job Retention Scheme Grant	-	2,966
	<hr/>	<hr/>

**6. CHARITABLE ACTIVITIES COSTS**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Expenditure on school based mentoring programme – Note 7	2,337,262	1,695,413
Support costs – Note 8	658,221	550,421
	<hr/> 2,995,483	<hr/> 2,245,834

**7. EXPENDITURE ON SCHOOL BASED MENTORING PROGRAMME**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Staff Costs</b>		
<b>Central Departments</b>		
(Mentor Services, Mentor Support Senior Management & Governance, Finance)		
Staff salaries, consultancy fees & pension	886,589	690,349
Travel	36,174	2,970
<b>School Teams</b>		
Aberdeen, Edinburgh, North Ayrshire, South Lanarkshire, West Dunbartonshire, Clackmannanshire, Perth & Kinross, Highland, Dundee, Fife, Falkirk, Inverclyde & Hertfordshire)		
Staff salaries, consultancy fees & pension	1,386,857	979,950
Travel	27,642	22,144
	<hr/> 2,337,262	<hr/> 1,695,413

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**Notes to the Financial Statements –  
Continued for the Year Ended 5<sup>th</sup> April 2023**

<b>8. SUPPORT COSTS</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Digital Platforms, Support &amp; CPD</b>		
Staff salaries, consultancy fees & pension	171,220	97,371
Travel		208
Website, internet & computer software including Covid support	87,499	345,564
<b>General Operational Costs</b>		
Including: Marketing campaigns & events, telephones, repairs, equipment, professional fees, consultancy, insurances & stationery & other sundry costs	388,345	95,238
<b>Bank charges</b>	117	40
<b>Audit Fees</b>	11,040	12,000
	<u>658,221</u>	<u>550,421</u>

**9. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 5<sup>th</sup> April 2023 (2022 : Nil)

**Trustees' Expenses**

There were no trustees' expenses paid in the year 5th April 2023 (2022 : Nil)

<b>10. STAFF COSTS</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Wages & Salaries	2,176,656	1,597,769
Social Security Costs	204,755	136,741
Other pension costs	<u>47,370</u>	<u>33,160</u>
	<u>2,428,781</u>	<u>1,767,670</u>

The average number of employees during the year ended 5 April 2023:	<b>2023</b>	<b>2022</b>
Office and Project Staff (FTE)	92	63

There was 1 employee whose remuneration was in the bracket £60,000-£70,000 during the year (2022: none) The charity considers its key management personnel to comprise of the charity trustees and the executive team. The total employment benefits including employers pension contributions of the key management personnel were £129,144 (2022: £127,903).

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**Notes to the Financial Statements –  
Continued for the Year Ended 5<sup>th</sup> April 2023**

**11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Trade Debtors	151,000	799,066
Accrued Income	-	532,000
Prepayments	<u>13,448</u>	<u>16,356</u>
	<u>164,448</u>	<u>1,347,422</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Trade Creditors	26,052	32,245
HM Revenue & Customs (PAYE, NIC, Pension & Student Loan)	68,607	49,587
Accruals	27,740	142,038
Accruals relating to School Based Mentoring Programme	-	7,974
Deferred Income	4,247,635	3,482,207
Other Creditors	<u>111,227</u>	<u>116,106</u>
	<u>4,481,261</u>	<u>3,830,157</u>

Deferred income comprises income received for projects which commenced in 2022/23 and to which MCR Pathways was not entitled to in the year 2022/23.

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
At 6 <sup>th</sup> April 2022	3,482,207	1,303,394
Deferred in year	3,735,000	4,996,490
Released in year	<u>(2,969,572)</u>	<u>(2,817,677)</u>
At 5 <sup>th</sup> April 2023	<u>4,247,635</u>	<u>3,482,207</u>

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**Notes to the Financial Statements –  
Continued for the Year Ended 5<sup>th</sup> April 2023**

**13. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<b>2023 Total funds £</b>	<b>2022 Total funds £</b>
Current assets	6,947,453	6,096,625
Current liabilities	(4,481,261)	(3,830,157)
	<u>2,466,192</u>	<u>2,266,468</u>

**14. MOVEMENT IN FUNDS**

**Current Year**

	<b>At 6/4/22 £</b>	<b>Net movement in funds £</b>	<b>Transfer between funds £</b>	<b>At 5/4/23 £</b>
<b>Unrestricted fund</b>				
General fund	2,266,468	199,724	-	2,466,192
<b>TOTAL FUNDS</b>	<u>2,266,468</u>	<u>199,724</u>	<u>-</u>	<u>2,466,192</u>

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

	<b>Incoming resources £</b>	<b>Resources expended £</b>	<b>Movement in funds £</b>
<b>Unrestricted fund</b>			
General fund	3,163,540	2,963,816	199,724
<b>Restricted Fund</b>			
Gannochy Trust	<u>31,667</u>	<u>31,667</u>	<u>-</u>
<b>TOTAL FUNDS</b>	<u>3,195,207</u>	<u>2,995,483</u>	<u>199,724</u>

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**Notes to the Financial Statements –  
Continued for the Year Ended 5<sup>th</sup> April 2023**

**14. MOVEMENT IN FUNDS – continued**

<b>Prior Year</b>		Net movement in funds	Transfer between funds	
	<b>At 6/4/21</b>			<b>At 5/4/22</b>
	£	£	£	£
<b>Unrestricted fund</b>				
General fund	1,592,979	673,489	-	2,266,468
<b>TOTAL FUNDS</b>	<u>1,592,979</u>	<u>673,489</u>	-	<u>2,266,468</u>

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

	Incoming resources	Resources expended	Movement in funds
	£	£	£
<b>Unrestricted Funds</b>			
General Fund	2,824,323	2,150,834	673,489
<b>Restricted Fund</b>			
Gannochy Trust	<u>95,000</u>	<u>95,000</u>	<u>-</u>
<b>TOTAL FUNDS</b>	<u>2,919,323</u>	<u>2,245,834</u>	<u>673,489</u>

**15. RELATED PARTY TRANSACTIONS**

The Charity's Chief Executive Officer is married to one of the Trustees and their remuneration is disclosed in note 10 of the accounts by salary banding.

**16. COMMITMENTS**

There were no outstanding commitments at 5<sup>th</sup> April 2023.

## **17. PENSION COMMITMENTS**

The charity operates a defined contribution scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £47,370 (2022: £33,464). Contributions totalling £10,450 were payable to the fund at the Balance Sheet date (2022: £8,006).