SCIO: SC045816

MCR Pathways

Financial Accounts

For the period ended 31st March 2026

MCR Pathways
Report of the Trustees
For the period ended 31st March 2026

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MCR Pathways
Report of the Trustees
For the period ended 31st March 2026

The trustees present the annual report together with the audited financial statements for the period ended 31st March 2026.

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

The mission of MCR Pathways through it's 'Bridge the Gap' Strategy Nov 2025, is to provide access to mentoring support for disadvantaged and care-experienced young people through partnership with secondary schools, further education institutes and community partnerships.

Core Mission Goals

- **Connect:** Attract, Train and Match every young person who needs support with a dedicated, trusted adult volunteer mentor.
- **Spark Confidence:** Provide consistent emotional stability, encouragement and a reliable presence.
- **Fuel Ambition:** Encourage focus on educational outcomes, attendance, and future positive career pathways.
- **Walk Beside Them:** Empower and enable young people to drive their own change and realise their own potential and aspirations.

MCR Pathways overarching vision is that every young person who needs support has someone to help them navigate toward equal educational outcomes and life chances.

The initial project was set up in one school in Glasgow in 2007. A commitment to extend and embed in all secondary schools in Glasgow resulted in the registration of MCR Pathways as an independent charity on the 20th July 2015. From 2015 MCR Pathways has grown to expand access to mentoring in in 162 schools, 3 further education colleges and 3 community partnerships across Scotland and England as at 31st March 2026. This translates to the support of 7,425 young people across 1:1 mentoring, group work and preparation for mentoring support

MCR Pathways is underpinned by core values of relationship-focused support, integrity, and empowerment.

Financial Review

The charity generated a deficit of £137,265 for the period ended 31 March 2026 (2025: surplus £2,716,216). The balance sheet reserves were £8,169,103 (2025: £8,306,368) with £1,561,054 of those funds restricted and £3,200,000 newly designated for strategic growth over the next 3 years to support reaching 2,000 additional young people).

Prior Year Adjustment

During the year, the Trustees undertook a detailed review of how grant income and grant-funded expenditure had been recognised in previous years. This review formed part of the charity's ongoing commitment to strong financial governance and transparent reporting. It identified two technical accounting matters affecting how income and expenditure had been presented in earlier periods, which the Trustees have chosen to correct in full and disclose openly. Neither adjustment changes the total funds available to the charity, or its cash position, and neither affects the amount of funding raised or the amount spent delivering mentoring for young people.

The first adjustment concerns grant income that had previously been held within deferred income. On review, the Trustees concluded that certain grants had already met the income recognition criteria of the Charities SORP (FRS 102) at the point they were awarded, and should therefore have been recognised when the charity became entitled to them rather than in later periods. The comparative figures have been restated to reflect this, increasing funds brought forward at 6 April 2025 by £2,080,683 (£1,000,000 unrestricted and £1,080,683 restricted), with further restatements of £1,134,167 and £1,176,000 in respect of earlier years. This is a change in the timing of income recognition only. The full value of every grant has always been received in full and applied to its intended purpose.

The second adjustment concerns the presentation of expenditure between restricted and unrestricted funds. Expenditure related to restricted funds had previously been recorded against unrestricted funds rather than against the restricted funds to which it related. The comparative figures have been restated to reallocate £1,176,000, £1,127,180 and £987,267 of expenditure into restricted funds for the respective earlier years. This is a reclassification between funds only; it has no effect on total expenditure, total funds, net assets or cash flows in any year. It confirms that restricted funding was spent on the restricted activities for which it was provided.

The Trustees identified both matters through the charity's own review processes and have worked closely with the charity's auditors, Armstrong Watson, to ensure the restated comparative figures are accurate and fully compliant with the Charities SORP. Full details are set out in note 19 to the financial statements. The Trustees are satisfied that these corrections strengthen the clarity and integrity of the charity's reporting, and that funders and supporters can continue to have full confidence that every pound entrusted to MCR Pathways is properly accounted for and applied to its intended purpose.

Sector Context

The 2025/26 economic landscape for MCR Pathways within the larger UK voluntary sector proved to be a challenging period driven by inflation and shifts in fiscal policy. Charities like ours faced a 'triple squeeze' of rising operational costs, declining donor numbers, and increase in demand for services. In addition, our main delivery partners, local councils, faced severe deficits through heightened demand for services and stagnant level of statutory grant funding. Despite these hurdles, MCR Pathways has demonstrated remarkable resilience, expanding its footprint, enhancing its reputation and pivoting its vision towards following the Young Person' beyond the school setting into Community and Further Education settings to access more opportunities to reach more young people, develop new pioneering partnerships, open up new funding opportunities and create deeper community and cross sector collaboration.

In addition, MCR Pathways is gaining ground in being a much more influential cross sector leader working with both Scottish Government and Westminster Government across voluntary and public sectors to drive a closer relationship between policy and practice, increasing the potential of efficiencies within the system, supporting public sector reform and modelling integrated and liberated services for young people through the power of mentoring.

Performance

An independent evaluation of the Scottish Mentoring and Leadership Programme, published by the Scottish Government in March 2026, found that MCR Pathways has a significant positive impact on the outcomes of care experienced young people. Among care experienced pupils who took part in the school-based mentoring programme, the evaluation estimated an 8 to 13 percentage point increase in staying on to S5, a 6 to 7 percentage point increase in achieving three or more National 5 qualifications, a 5 to 7 percentage point increase in securing a positive post-school destination nine months after leaving school, and a 7 to 9 percentage point reduction in the likelihood of ever being excluded from secondary school. The increase in staying-on rates alone is equivalent to closing between a third and almost two thirds of the longstanding gap between care experienced and non-care experienced pupils, making MCR Pathways a demonstrably effective intervention for narrowing the attainment and opportunity gap facing some of Scotland's most disadvantaged young people.

The evaluation also assessed the programme's value for money, concluding that for every £1 spent on MCR Pathways for care experienced pupils, between £2.30 and £2.80 was returned in wider societal and economic benefits. These returns reflect monetised gains from improved educational attainment, reduced unemployment, avoided school exclusions and the wellbeing value generated by the programme's volunteer mentors, and they are considered conservative given the additional benefits that could not be monetised within the study. Together, the impact and value for money findings provide strong independent evidence

that MCR Pathways delivers meaningful, lasting outcomes for care experienced young people alongside a substantial return on every pound invested.

In our annual mentor and young person surveys:

- 95% of young people reported that mentoring had improved their confidence
- 99% of young people described their mentor as a good role model
- 93% of young people said their mentor had supported them to identify goals
- 91% of mentors reported that they had found fulfilment through mentoring
- 89% of mentors reported that mentoring had improved their active listening as a skill
- 73% of mentors reported that mentoring helped them have a better understanding of the challenges facing young people today

Volunteers, Partners and Fundraising

Volunteers remain critical to the success of MCR Pathways. Their time, commitment, encouragement and consistency provide the trusted relationships on which the programme is founded.

Partnerships are playing an increasingly important role in the development and delivery of the MCR programme though our new Partnerships Strategy. Many of these relationships contribute volunteer mentors, access to their networks, financial resources and young people focussed experiences. In cities and larger towns we have continued to see employers' workplace-volunteering programmes and work with corporate parents play a growing role. While in rural, remote and island communities, local organisations, community groups and grassroots volunteers have continued to provide the strongest foundations for our mentoring community. This diversity of support demonstrates both the adaptability of the MCR model and the strength of local relationships across the UK.

Public sector investment remains a major protective source of funding. This year represented the second year of a two multi-year funding package totalling £4.3 million awarded by the Scottish Government through its Child Poverty, Social Justice, and Education and Skills Directorates.

Alongside public investment, the charity continued to make significant progress in diversifying its sources of income. Individual giving, philanthropic support and investment income have all increased during the year, while more than 100 individuals actively supported fundraising activity through events and challenges organised on behalf of MCR Pathways. The broadening of the charity's income base strengthens organisational resilience and helps reduce reliance on any single source of funding.

We extend our sincere thanks to every mentor, partner, donor, funder, and supporter whose commitment enables MCR Pathways to continue transforming the lives of young people across the UK.

Reserves

It is the policy of MCR Pathways to maintain reserves to cover 12 months of ordinary operating expenditure. Based on the accounts for the period ended 31st March 2026, ordinary expenditure for twelve months amounts to £3,854,751. At the Balance Sheet date, the charity held reserves of £8,169,103. Subtracting the restricted reserves of £1,561,054 and designated reserves of £3,200,000 (for planned expansion across Scotland and England) this represents cover for approximately 11 months of ordinary expenditure.

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 across the UK. However, in order to ensure a mindful/considered approach to risk, MCR Pathways maintains a corporate and operational risk register which is reviewed continually by the executive team and quarterly by the Trustees.

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.

Structure, Governance and Management

MCR is governed by a Board of Trustees that includes young people who have previously been mentored by MCR mentors. It is a single tier SCIO with all members being trustees. The Trustees lead 4 key sub-committees:

- Finance, Audit and Risk
- HR and Remuneration
- Impact and Learning
- Young National Advisory Board

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.

Future Plans

MCR Pathways intends to continue its expansion with a future goal of supporting an additional 2,000 young people in the UK over the next three years. We will continue to share the model and engage in dialogue with additional local authorities, schools, colleges, pupil referral units and community partners to ensure the programme is adopted where it is most needed and make relationship focused mentoring a right for all care-experienced young people and young people that would benefit from the support of a volunteer trusted adult mentor.

Reference and Administrative Details

Registered SCIO Number
SC045816

Principal Address
Hub Mitchell Library, Berkeley St, Glasgow, G3 7DN

Auditors
Armstrong Watson Audit Limited
Chartered Accountants & Statutory Auditors
89 Seaward Street
Glasgow
G41 1HJ

Bankers
Virgin Money, 30 St Vincent Place, Glasgow G1 2HL

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

Trustees

Name	Status
M McKenna, Chair	
I D MacRitchie, Founder	Resigned December 2025
S Richards	
GA Hannah	
JL Crocket	
R McCuaig	Resigned May 2026
MW McEwan	
L Gray	
FEN Evans	
FA Hamilton	
Geeta Subramaniam-Mooney	

MCR Pathways
Report of the Trustees
For the period ended 31st March 2026

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. 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;
- 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.

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.

Approved by the trustees on the 29th September 2026 and signed on their behalf by:



Maureen McKenna, 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 period ended 31st March 2026 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 (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 31st March 2026 and of its incoming resources and application of resources, for the period 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 regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 Auditors' 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

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

- the information given in the Trustees report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; 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, the Trustees are responsible for the preparation of the financial statements which 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.

Auditors' 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 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 Auditors' 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:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the charity, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include FRS 102, the Charities SORP (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

We gained an understanding of how the charity is complying with these laws and regulations by making enquiries of management. We corroborated these enquiries through our review of submitted returns, relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance oversee the implementation and operation of controls. In
areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud and error:

- Reviewing minutes of meetings of those charged with governance, to ensure all key matters identified during the audit have been appropriately discussed by Trustees, and that discussions held at meetings demonstrates appropriate governance by Trustees;

- Reviewing the level of reasoning behind the charity's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, through testing of journal entries and other adjustments appropriateness, evaluating business rationale of significant transactions outside the normal course of business and reviewing judgments made by management in their calculation of accounting estimates for potential management bias;
- Making enquiries with those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual and suspected and alleged fraud;
- Consideration of the internal controls in place to mitigate risks of fraud and non compliance with laws and regulations.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Armstrong Watson Audit Limited
Armstrong Watson Audit Limited (Sep 30, 2026 09:02:56 GMT+1)

Armstrong Watson Audit Limited
Chartered Accountants & Statutory Auditors
Glasgow
Date: 30/09/2026

Armstrong Watson Audit Limited are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

MCR Pathways
SCIO: SC045816

Statement of Financial Activities

For the period ended 31st March 2026

	Notes	Restricted Funds £	Unrestricted Funds £	Total 2026 £	As Restated Total 2025 £
INCOME					
Donations and Legacies	2	360,000	318,441	678,441	342,368
Charitable Activities	3	2,832,218	53,684	2,885,902	5,569,743
Investments	4	-	153,143	153,143	117,743
Total Income		**3,192,218**	**525,268**	**3,717,486**	**6,029,854**
EXPENDITURE					
Charitable Activities	5	2,694,875	1,159,876	3,854,751	3,313,638
Total Expenditure		**2,694,875**	**1,159,876**	**3,854,751**	**3,313,638**
Net Income		**497,343**	**(634,608)**	**(137,265)**	**2,716,216**
Transfers between funds		-	-	-	-
Net Movement in Funds		**497,343**	(634,608)	**(137,265)**	**2,716,216**
RECONCILIATION OF FUNDS					
Total funds brought forward (as restated)	15	1,063,711	7,242,657	8,306,368	5,590,152
Total funds carried forward	15	**1,561,054**	**6,608,049**	**8,169,103**	**8,306,368**

The notes on pages 17 to 29 form part of these financial statements.

MCR Pathways
SCIO: SC045816

Balance Sheet

As at 31st March 2026

	Notes	2026 £	As restated 2025 £
FIXED ASSETS			
Computer equipment	10	**3,805**	-
CURRENT ASSETS			
Debtors: amounts falling due within one year	11	205,250	959,760
Cash at bank		2,996,040	7,500,243
Short term investments	12	5,163,754	**-**
Total Current Assets		**8,365,044**	**8,460,003**
LIABILITIES			
Creditors: amounts falling due within one year	13	199,746	153,635
NET CURRENT ASSETS		**8,165,298**	**8,306,368**
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,169,103**	**8,306,368**
NET ASSETS	14	**8,169,103**	**8,306,368**
THE FUNDS OF THE CHARITY:			
Unrestricted Fund	15	6,608,049	7,242,657
Restricted Fund	15	1,561,054	1,063,711
TOTAL CHARITY FUNDS	15	**8,169,103**	**8,306,368**

The financial statements were approved by the Board of Trustees on 29th September 2026 and signed on its behalf by: **Maureen McKenna - Chair and Trustee**



MCR Pathways

SCIO: SC045816

Cash Flow Statement

For the period ended 31st March 2026

	2026 £	As restated 2025 £
Cash flows from operating activities		
Cash generated from/(used in) operations	510,428	1,128,628
Net cash provided by/(used in) operating activities	**510,428**	**1,128,628**
Cash flows from investing activities		
Purchase of fixed assets	(4,020)	-
Interest Received	153,143	117,743
Movement in short term investments	(5,163,754)	-
Net cash provided by investing activities	**(5,014,631)**	**117,743**
Change in cash and cash equivalents	**(4,504,203)**	**1,246,371**
Cash and cash equivalents at beginning of period	7,500,243	6,253,872
Cash and cash equivalents at end of period	**2,996,040**	**7,500,243**
Reconciliation of Net Income to Net Cash Flow		
Net income/(loss) per statement of financial activities	(137,265)	2,716,216
Decrease/(increase) in debtors	754,510	(182,639)
Interest received	(153,143)	(117,743)
Increase/(decrease) in creditors	46,111	(1,287,206)
Depreciation	215	**-**
Net cash from operating activities	**510,428**	**1,128,628**

MCR Pathways

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Notes to the Financial Statements

For the period ended 31st March 2026

1. General information and Accounting Policies

MCR pathways is a registered Scottish Charitable Incorporated Organisation registered with OSCR under charity number SC045816.

The charity's principal activities and nature of the charity's operations are detailed in the Objectives and Activities section of the Trustees' Report. The charity's registered address is Hub Mitchell Library, Berkeley St, Glasgow, G3 7DN

The presentation currency of these financial statements is Sterling. All amounts in these financial statements have been rounded to the nearest £1.

The financial statements cover the period from 6 April 2025 to 31 March 2026, being a shorter period of just under 12 months. The comparative figures are for the year ended 5 April 2025. As a result, the current period is not directly comparable with the comparative period.

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), and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

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.

The Trustees have assessed the charity's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. This assessment has included consideration of budgets, forecasts and cash flow projections covering this period, including the charity's expected income from school mentoring project fees, which are funded by the Scottish Government and Local Authorities, together with income from donors, grant funders and other supporters. The Trustees have also considered the charity's expansion into England as part of this assessment.

Having considered these factors, the Trustees are satisfied that MCR Pathways has adequate financial resources to continue its activities and meet its obligations as they fall due for at least 12 months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on the 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 for specific purposes but not expended during the period is shown in the relevant funds 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.

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.

Tangible Fixed Assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer Equipment: 20% straight line

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.

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.

Short Term Investments

Short term investments comprise cash held on fixed term deposit or in notice accounts with UK banks and building societies, where the deposit has a maturity of more than three months from the date of placement or is not repayable on demand without penalty. Such deposits are held to earn a return on funds not immediately required for the charity's activities, while preserving capital and maintaining ready access to funds in line with the reserves policy. They are recognised initially at cost and subsequently at amortised cost, including accrued interest. Deposits repayable on demand or with an original maturity of three months or less are classified as cash at bank and in hand.

Liabilities and provisions

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 advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.
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. The aim and use of each restricted fund is set out in the notes to the financial statements.

2. Donations and Legacies

	2026 £	As restated 2025 £
Donations - unrestricted	**318,441**	**43,978**
Donations – restricted:		
MCR holdings	-	28,390
CSJ	360,000	270,000
Donations - restricted	**360,000**	**298,390**
Total	**678,441**	**342,368**

3. Income from Charitable Activities

	2026 £	As restated 2025 £
School based mentoring programme fees	2,093,551	3,915,718
Grants	738,667	1,654,025
Direct school income (unrestricted)	53,684	-
Total	**2,885,902**	**5,569,743**

Grants received are as follows:

Grant Source	2026 £	As restated 2025 £
The Findlay Charitable Trust	-	20,000
Life Changes Trust – National Leadership Network	-	50,000
English Schools	438,495	1,231,245
Impetus – The Private Equity Foundation	180,000	240,000
The Gannochy Trust	49,331	94,395
Foundation Scotland	5,000	-
The Highland Council	10,000	-
Oracle Corporation UK Limited	6,380	-
Aberdeen City Council	37,204	-
The Rank Foundation Limited	12,257	18,385
Total	**738,667**	**1,654,025**

Included in income from Charitable activities is restricted income of £2,832,218 (2025: £3,876,681).

4. Investment Income

	2026 £	2025 £
Bank Interest – unrestricted	153,143	117,743

5. Charitable Activities Costs

	2026 £	2025 £
Expenditure on school based mentoring programme (note 6)	3,058,296	2,766,987
Support Costs (note 7)	796,455	546,651
Total	**3,854,751**	**3,313,638**

Included in expenditure from charitable activities is restricted expenditure of £2,694,875 (2025: £3,111,360).

6. Expenditure on School Based Mentoring Programme

	2026 £	2025 £
Central Departments - Staff salaries, consultancy fees & pension	950,787	1,067,202
Central Departments - Travel	29,530	19,762
School Teams - Staff salaries, consultancy fees & pension (less Employment allowance SMP recovered)	2,004,948	1,598,839
School Teams - Travel	73,031	81,184
Total	**3,058,296**	**2,766,987**

7. Support Costs

	2026 £	2025 £
Digital Platforms, Support & CPD:		
Staff salaries, consultancy fees & pension	232,776	160,666
Software, hardware, IT equipment and website costs	47,435	54,096
Salesforce	19,814	25,368
General Operational Costs:		
Programme materials and marketing	155,433	126,048
Office running costs	65,648	72,018
Governance, admin, payroll and redundancy	127,788	68,243
Insurances	17,473	24,728
Grants to support schools/non schools	88,898	-
Bank charges	691	785
Miscellaneous bank costs	169	-
Depreciation charge	215	-
Staff training and other costs	11,053	-
Staff and trustee gifts/ hospitality	559	-
Audit Fees	28,503	14,699
Total	**796,455**	**546,651**

8. Trustees' Remuneration and Benefits

There was no trustees' remuneration for the period ended 31st March 2026 (2025: Nil). There were trustees' expenses paid in the period. During the year, travel expenses of £667 (2025: £Nil) were reimbursed to 3 trustees in connection with the performance of their duties as trustees.

9. Staff Costs

	2026 £	2025 £
Wages & Salaries	2,712,289	2,499,034
Social Security Costs	321,324	241,739
Other pension costs	156,116	85,936
Total	**3,189,729**	**2,826,709**
Average employees (FTE)	**2026**	**2025**
Office and Project Staff	82	78

Key management personnel includes all Trustees and a number of senior management personnel who together have authority and responsibility for planning, directing and controlling the activities of the charity. Total key management personnel comprised 3 employees being namely the Chief Executive Officer, Delivery Director and Development Director whose total remuneration was £222,480 (2025 -£218,690)

During the course of the period, as part of an organisational restructure a settlement payment was paid to a former employee to the value of £8,000.

The number of employees whose annual employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2026 £	2025 £
In the band £60,000 - £70,000	2	2
In the band £70,000 - £80,000	-	1
In the band £80,000 - £90,000	1	-

10. Tangible Fixed Assets

	2026 £	Total £
	Computer Equipment	
Cost or Valuation		
At 6 April 2025	-	-
Additions	4,020	4,020
At 31 March 2026	**4,020**	**4,020**
Depreciation		
At 6 April 2025	-	-
Charge for the year	215	215
At 31 March 2026	**215**	**215**
Net book value		
At 31 March 2026	**3,805**	**3,805**
At 6 April 2025	**-**	**-**

11. Debtors: Amounts Falling Due Within One Year

	2026 £	2025 £
Trade Debtors	624	315,612
Accrued Income	152,759	609,000
Prepayments	51,867	35,148
Total	**205,250**	**959,760**

12. Short term investments

Within this financial period £5,163,754 of funds not immediately required for the charity's activities were invested in short term investments to yield higher returns. In the prior period this was £0.

13. Creditors: Amounts Falling Due Within One Year

	2026 £	As restated 2025 £
Trade Creditors	85,674	13,405
HM Revenue & Customs (PAYE, NIC, Pension & Student Loan)	91,327	74,669
Accruals	22,670	56,367
Deferred Income	-	-
Other Creditors	75	9,194
Total	**199,746**	**153,635**

Deferred Income Movement:

	2026 £	As restated 2025 £
At 6th April (opening balance)	-	1,178,686
Deferred in period	-	-
Released in period	-	(1,178,686)
At 31st March (closing balance)	**-**	**-**

14. Analysis of Net Assets Between Funds

	Restricted	Unrestricted	Total 2026 £	As restated 2025 £
Fixed Assets	-	3,805	3,805	
Current assets	1,601,570	6,763,474	8,365,044	8,460,003
Current liabilities	(40,516)	(159,230)	(199,746)	(153,635)
Total	**1,561,054**	**6,608,049**	**8,169,103**	**8,306,368**

15. Movement in Funds

Current Period

	At 6/4/25 £	Net Movement £	Transfers £	At 31/03/26 £
Unrestricted funds	7,242,657	(634,608)	-	6,608,049
Restricted funds	1,063,711	497,343	-	1,561,054
Total Funds	**8,306,368**	**(137,265)**	-	**8,169,103**

Movement by fund:

	As restated At 6/4/25 £	Incoming Resources £	Resources Expended £	Transfer	At 31/03/26 £
General fund	**7,242,657**	**525,268**	**(1,159,876)**	**(3,200,000)**	**3,408,049**
Designated Funds					
Scotland Growth	-	-	-	1,400,000	1,400,000
England Growth	-	-	-	1,800,000	1,800,000
Total Designated funds	**-**	**-**	**-**	**3,200,000**	**3,200,000**
Total Unrestricted	**7,242,657**	**525,268**	**(1,159,876)**	**-**	**6,608,049**
Restricted funds					
Scottish Government	-	2,093,551	(2,093,551)	-	-
English Schools	893,751	798,495	(529,925)	-	1,162,321
The Gannochy Trust	35,920	49,331	(48,253)	-	36,998
Impetus – The Private Equity Foundation	60,000	180,000	(1,035)	-	238,965
Life Changes Trust – National Leadership Network	45,650	-	(6,169)	-	39,481
MCR Holdings	28,390	-	0	-	28,390
Aberdeen City Council	-	37,204	(388)	-	36,816
The Rank Foundation Limited	-	12,257	(12,257)	-	-
The Highland Council	-	10,000	(3,296)	-	6,704
Oracle Corporation UK Limited	-	6,380	-	-	6,380
Foundation Scotland	-	5,000	-	-	5,000
Total Restricted	**1,063,711**	**3,192,218**	**(2,694,875)**	**-**	**1,561,054**
Total Funds	**8,306,368**	**3,717,486**	**(3,854,751)**	**-**	**8,169,103**

15. Movement in Funds Continued

Prior Year

	As restated At 6/4/24 £	Net Movement £	Transfers £	As restated At 31/03/25 £
Unrestricted funds	5,590,152	1,652,505	-	7,242,657
Restricted funds	-	1,063,711	-	1,063,711
Total Funds	**5,590,152**	**2,716,216**	-	**8,306,368**

Net movement by fund:

	As restated At 6/4/24 £	Incoming Resources £	Resources Expended £	As restated At 5/04/25 £
General fund	5,590,152	1,854,783	(202,278)	7,242,657
Total Unrestricted	**5,590,152**	**1,854,783**	**(202,278)**	**7,242,657**
Restricted funds				
Scottish Government Grant	-	2,247,000	(2,247,000)	-
English schools	-	1,681,251	(787,500)	893,751
Gannochy Trust	-	112,780	(76,860)	35,920
Impetus	-	60,000	-	60,000
LCT/NLN	-	45,650	-	45,650
MCR Holdings	-	28,390	-	28,390
Total Restricted	**-**	**4,175,071**	**(3,111,360)**	**1,063,711**
Total Funds	**5,590,152**	**6,029,854**	**(3,313,638)**	**8,306,368**

16. Related Party Transactions

There were no related party transactions within the period other than those disclosed within note 8.

17. Commitments

There were no outstanding commitments at 31st March 2026.

18. 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 £156,116 (2025: £85,936). Contributions totalling £22,387 were payable to the fund at the Balance Sheet date (2025: £19,118).

19. Prior Year adjustments

Prior period adjustment disclosure – deferred income

During the year, the trustees reviewed grant income previously included within deferred income and concluded that certain grants had met the Charities SORP (FRS 102) income recognition criteria when awarded. As a result, income had been deferred incorrectly in prior periods and should instead have been recognised in the Statement of Financial Activities when entitlement arose. The comparative figures have therefore been restated to correct this error. This was a technical accounting matter only and did not impact cashflow or funds available.

The adjustment resulted in a reduction in deferred income at 5 April 2025 and a corresponding increase in income recognised in prior periods and funds brought forward at 6 April 2025 of £2,080,683, comprising £1,000,000 relating to unrestricted grant income and £1,080,683 relating to restricted grant income.

A further instance of the same error was identified in relation to grant income of £1,134,167, which had been recognised in the year ended 5 April 2025 but should have been recognised in the year ended 5 April 2024. This resulted in a reduction in deferred income at 5 April 2024 and an increase in opening restricted funds at 6 April 2024 of £1,134,167.

A further instance of the same error was identified in relation to grant income of £1,176,000, which had been recognised in the year ended 5 April 2024 but should have been recognised in the year ended 5 April 2023. This resulted in a reduction in deferred income at 5 April 2023 and an increase in opening restricted funds at 6 April 2023 of £1,176,000.

The full amounts of £1,134,167 and £1,176,000 related to restricted grant income recognised within income from charitable activities.

The impact of the adjustments explained above can be summarised as follows in the table below:

	1 April 2026 £	5 April 2025 £	5 April 2024 £	5 April 2023 £
Income (increase)	-	2,080,683	1,134,167	1,176,000
Deferred income (decrease)	-	(2,080,683)	(1,134,167)	(1,176,000)
b/f reserves (increase)	2,080,683	1,134,167	1,176,000	-

Prior period adjustment disclosure – Expenditure classification

During the preparation of the financial statements for the period ended 31 March 2026, the Trustees identified that expenditure relating to restricted grants had been incorrectly allocated to unrestricted funds in prior periods. This was a technical accounting matter only and did not impact cashflow or funds available.

As a result, expenditure of £1,176,000 in the year ended 5 April 2023, £1,127,180 in the year ended 5 April 2024 and £987,267 in the year ended 5 April 2025 was incorrectly presented within unrestricted funds. The Trustees have concluded that this represents a prior period error.

Accordingly, the comparative figures have been restated to reallocate the expenditure from unrestricted funds to restricted funds. The adjustment affects the classification of net expenditure between funds only and has no impact on total expenditure, total funds, net assets or cash flows for any of the affected years.

20. Post balance sheet events

In the prior period the charity received a grant of £1,000,000, which was recognised at the time as unrestricted income within general funds. Since receipt, £227,028 of this donation has been applied to the charitable purposes for which it was given.

After the reporting date, the donor indicated a preference for the remaining funds to be spent on a specific purpose that MCR Pathways is no longer able to fulfil. Having considered the matter and taken professional advice, the Trustees have decided to return the unspent balance of £772,972 to the donor.

As the circumstances giving rise to this decision arose three months after the reporting date, this is a non-adjusting post balance sheet event under the Charities SORP (FRS 102). Accordingly, no adjustment has been made to the financial statements for the period ended 31 March 2026, and the unspent balance of £772,972 remains within unrestricted reserves at that date. Had the event been adjusting, reserves at 31 March 2026 would have been reduced by £772,972 from £8,169,103 to £7,396,131. The full value of the donation has at all times been held and applied in accordance with the charity's normal financial controls.