

**REGISTERED COMPANY NUMBER: 00971293 (England and Wales)**  
**REGISTERED CHARITY NUMBER: 307299**

**REPORT OF THE TRUSTEES AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021  
FOR  
SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

Hopper Williams & Bell Limited  
Statutory Auditor  
Highland House  
Mayflower Close  
Chandler's Ford  
Eastleigh  
Hampshire  
SO53 4AR

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

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FOR THE YEAR ENDED 31 AUGUST 2021**

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**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2021**

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The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2021. The trustees have adopted the provisions of 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).

**OBJECTIVES AND ACTIVITIES**

**Objectives and aims**

Our aim is to be the first choice for local employers requiring training services for the development of their engineering staff. By offering a combination of workshop and teaching facilities, matching the requirements of local industry together with excellent customer service we have established a loyal customer base and a high level of repeat orders. Referrals by satisfied customers frequently introduce new customers and, consequently, income is not dependant on a large expenditure on sales and marketing.

SETA is positioned to provide specialist training services to the engineering and construction services sectors and strives to offer a comprehensive technical training service. New courses are introduced and existing courses are revised in response to employer requests.

We are committed to delivering apprenticeships and supporting young people to enter engineering. Vacancies are advertised on behalf of employers and applications are regularly oversubscribed by a factor of 5. Advice and guidance is offered to students applying for positions and throughout their training programmes.

Maintaining the safeguarding and wellbeing of all learners and staff is particularly important and is under constant review.

We aim to provide a supportive working environment where the contribution of our employees is valued, creativity encouraged, equality and diversity is respected and equal opportunity is promoted.

**Public benefit**

The objectives and activities undertaken by the charity are confirmed to be for public benefit and the Trustees have complied with the duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Commission.

During the year 2021: 225 (2020: 202) apprenticeships were provided and, of these, 127 (2020: 107) were aged between 16 and 18 years of age, 67 (2020: 67) were between 19 and 23 years of age and 31 (2020:28) were aged over 24 years. Overall 33 (2020: 53) candidates successfully completed their apprenticeships with 66% (2020: 55%) achieving within the planned timescale. These rates are higher than average national achievement levels for the engineering sectors.

**STRATEGIC REPORT**

**Achievement and performance**

**Fundraising activities**

The charity does not participate in any direct or funded fundraising. However, donations are made by employers and suppliers; these are mostly plant and equipment.

**Financial review**

**Principal funding sources**

The principal source of funding arises from apprenticeships funded by the Education and Skills Funding Agency (ESFA) representing 50% (2020: 52%) of income. The majority of the other income is made from commercial income from employers.

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**STRATEGIC REPORT**

**Financial review**

**Reserves policy**

The current level of unrestricted reserves (excluding the fair value reserve) is valued at £209,576 (2020: £134,344) which represents 9% (2020: 6%) of annual costs; the objective set by the board is for this to be increased to £1,000,000 representing 50% of annual costs.

The Board of Trustees has considered the adequacy of total reserves held by the company and is of the opinion that they are adequate for the furtherance of the charity's objectives.

The reserves policy is to:

- Protect the charity from the risk of insolvency or serious disruption to its charitable work.
- Provide sufficient funds to invest in equipment and services for the benefit of young people and adults undertaking training.

**Performance**

The results for the year and the financial position of the association are shown in the annexed accounts. These show a surplus for the financial year which the Trustees recommend be added to reserve.

In accordance with the requirements of the Charity Commission a revaluation was carried out on the leasehold premises used as an apprentice training centre in 2016. The building was erected in 1969 and has a floor area of 1950 sq m. It is occupied under an 84 year lease which expires 28/03/2054 leaving an unexpired term of 33 years. The estimated fair value of the lease is still included at a valuation of £335,000, less depreciation. The fair value reserve of £93,234 (2020: £96,094) can only be released by disposal of the apprentice training centre.

Overall sales revenues increased by £185,407 (9%) compared with the previous year. This is due to increased commercial sales. Also, overall funding has increased from the ESFA for the apprenticeships.

Safeguarding has continued to be an area of review. The pandemic has caused a significant increase in mental health issues with 1:4 apprentices and a similar ratio of staff affected. A dedicated Pastoral Services Team has been created.

**Fixed assets**

The principal fixed asset is the long lease for the premises at 1st Avenue and the market value was re-assessed in 2016.

**SOUTHAMPTON ENGINEERING TRAINING  
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TRADING AS SETA**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**STRATEGIC REPORT**

**Principal risks and uncertainties**

The pandemic remains one of the main risks to the training centre.

A major Government reform of apprenticeships and funding in 2017 has had a continuing impact on income received from the apprenticeship scheme. Although overall funding levels have not been reduced by the introduction of an apprenticeship levy, cash flow continues to be affected. Previously, employers were directly charged for 'off the job training' delivered in the first year of the programme, providing a substantial cash flow benefit. Our plan stated it would take three years to re-establish income levels but the pandemic has impacted this plan due to a reduction in apprenticeship starts in September 2020 and apprentices leaving the programme. There is another reform of the apprenticeship standards underway so this will cause further uncertainties for employers and training providers alike. A reduced value overdraft facility has been retained with the bank as a contingency.

Demand for hazardous area training, represents 20 % of commercial sales. Additional staff to service these courses is vital to keep continuity of supply.

Procedures and systems have been put in place to ensure that critical IT data is backed-up and stored to facilitate reinstatement. These procedures are compliant with the General Data Protection Requirements (GDPR) legislation and the system for recording student details is audited by the Provider Financial Assurance Team operating on behalf of the Education and Skills Funding Agency (ESFA).

Principal financial risks are:

- 1) Remaining on the Register of Training Providers (RoATP), is vital for ESFA income and the ability to grow the apprenticeship scheme. Similarly vital is remaining an OFSTED Grade 2 or above.
- 2) Current arrangements with the ESFA are dependent on achieving a consistent satisfactory financial health assessment and this will require achieving break-even financial performance as a minimum in the 2020/21 financial year.
- 3) Commercial courses represent 45% of the total income and are vital to supporting the apprenticeship programmes. Engineering apprenticeships are typically four years in duration and income is released on a monthly basis by the Education and Skills Funding Agency (ESFA) with 20% being retained until completion.
- 4) Completion of an apprenticeship is achieved by successful assessment of competency by an approved independent End Point Assessment Organisation (EPAO). The pandemic has caused delays to these assessments, with many being switched to a virtual assessment. Delays in completions of apprenticeships causes a negative impact on financial performance and OFSTED assessment rating.
- 5) Commercial courses are fully booked, risk to delivery is high if instructors are unavailable which poses a potential risk to income.

**SOUTHAMPTON ENGINEERING TRAINING  
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TRADING AS SETA**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**STRATEGIC REPORT**

**Future plans**

SETA has a well-established reputation for delivering high quality, value for money engineering apprenticeship training services. The creation of apprenticeship service teams encompassing recruitment, technical, funding, pastoral and end assessment were fundamental to help employers understand the reforms and extract maximum value from their Levy investment. SETA has established a package which provides a competitive edge and will help secure apprenticeship contracts with employers far and wide.

We must ensure revenue generated through apprenticeship training is sustainable whilst ensuring employers see a return on their levy investment. Nearly all new apprenticeships in 2020 were provided at Level 3. In our sector, there is further indication of 'provision shift' away from level 2 (intermediate) towards level 3 and the new level 4 (advanced) apprenticeships. SETA were one of four providers nationally accredited to deliver level 4 apprenticeships in our sector. Forging links with Universities and Professional Engineering Institutions will be crucial to transitioning apprenticeships in our sector.

SETA has a commercial facility which provides end point assessment services for electro-technical qualifications and a wide range of electrical, mechanical and hazardous area training courses. The income earned from these services represents 50% of our income and is crucial to funding the apprenticeship training services we provide. We must continue to add to our portfolio of services to enable this provision to grow to meet any future apprenticeship reforms.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing document**

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The governing document is the Memorandum and Articles of Association, dated 28th January 1970. This document is currently under review, and being updated in line with changes to the charity operating procedures.

**Recruitment and appointment to the Council of Trustees**

Invitations are extended to the user members of the charity to nominate one person as a member and Director of the charity. The charity, having no share capital, is run by the Council of Trustees and no individual is able to exercise control of the charity.

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Organisational structure**

Day to day management of the charity is under control of the CEO, Julie Gough, who acts in accordance with the instructions of the Council of Trustees / Board of Directors.

There are three principal areas of operation:

- 1) Delivery of Engineering Apprenticeships
- 2) Commercial training
- 3) Competency assessment

All activities including support services, finance, personnel, IT, marketing, compliance, health & safety and membership are managed through the key management team. Sub-contractors are retained on annual contracts to provide specialist support in the areas of IT and Personnel Management.

Remuneration for key management personnel is governed by limits set by the Trustees. Performance is assessed by the key management.

The charity operates a defined contribution pension scheme open to all staff. The charity contributes 10% of gross salary to the scheme for each staff member employed prior to August 2021, and a minimum of 5% for staff recruited after this date. Staff will contribute a minimum of 3% to reach the 8% Government requirement.

**Induction and training of new trustees**

Potential trustees are invited to apply to become involved with the charity and learn more about the contribution they can make. A formal application must be made to the Directors for their approval. A formal explanation of responsibilities is provided before an appointment is confirmed.

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Company number**  
00971293 (England and Wales)

**Registered Charity number**  
307299

**Registered office**  
First Avenue  
Millbrook  
Southampton  
Hampshire  
SO15 0LJ

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**Trustees**

Ms J E Freemantle  
G E Mason  
T J Millard  
G Ranger  
C J Savage  
A J Thornton

Resigned 30 June 2021

**Company directors**

M D Driscoll  
Mrs J D Gough

Resigned 09 August 2021

Resigned 09 August 2021

**Company Secretary**

R W Heighington

**Auditors**

Hopper Williams & Bell Limited  
Statutory Auditor  
Highland House  
Mayflower Close  
Chandler's Ford  
Eastleigh  
Hampshire  
SO53 4AR

**Key Management:**

M D Driscoll  
Mrs J D Gough

Operations director  
CEO

**Bankers**

National Westminster Bank plc  
12 High Street  
Southampton  
Hampshire  
SO14 2NX

**GOING CONCERN**

The association operates on a daily basis using a combination of bank facilities, credit card borrowing and credit from suppliers.

The trustees have a reasonable expectation that the charity has adequate reserves to continue in operation for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also the directors of Southampton Engineering Training Association Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**SOUTHAMPTON ENGINEERING TRAINING  
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**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued**

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

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

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**AUDITORS**

The auditors, Hopper Williams & Bell Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on ..... and signed on the board's behalf by:

*24<sup>th</sup> January 2022*



.....  
R W Heighington - Secretary

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED**

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**Opinion**

We have audited the financial statements of Southampton Engineering Training Association Limited (the 'charitable company') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the 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 charitable company'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 trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED**

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**Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
SOUTHAMPTON ENGINEERING TRAINING  
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**Our responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors 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.

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 company, and the industry in which it operates. These include but are not limited to compliance with the Companies Act 2006, UK Generally Accepted Accounting Principles and the relevant tax compliance regulations for the company.
- We obtained an understanding of how the company is complying with these frameworks through discussions with management.
- We enquired with management whether there were any instances of non-compliance with laws and regulations or whether they had knowledge of actual or suspected fraud. These enquiries are corroborated through follow-up audit procedures including but not limited to a review of legal and professional costs, correspondence and a review of board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including the risk of fraud and management override of controls. We designed our audit procedures to respond to this assessment, including the identification and testing of any related party transactions and the testing of journal transactions that arise from management estimates, that are determined to be of significant value or unusual in their nature.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the company operates in, and their practical experience through training and participation with audit engagements of a similar nature.

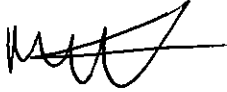
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
SOUTHAMPTON ENGINEERING TRAINING  
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**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michaela Johns FCCA (Senior Statutory Auditor)  
for and on behalf of Hopper Williams & Bell Limited  
Statutory Auditor  
Highland House  
Mayflower Close  
Chandler's Ford  
Eastleigh  
Hampshire  
SO53 4AR

Date: 25 January 2022

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
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**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 AUGUST 2021**

	Notes	2021 Unrestricted funds £	2020 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	2	74	127
<b>Charitable activities</b>	4		
Courses and training		2,357,136	2,240,143
Investment income	3	4	603
<b>Total</b>		<b>2,357,214</b>	<b>2,240,873</b>
<b>EXPENDITURE ON</b>			
Raising funds	5	165	3,483
<b>Charitable activities</b>	6		
Courses and training		460,735	398,869
Staff costs		1,454,179	1,399,711
Establishment		152,678	172,358
Plant material and equipment		85,687	73,016
General expenses		131,398	127,282
<b>Total</b>		<b>2,284,842</b>	<b>2,174,719</b>
<b>NET INCOME</b>		<b>72,372</b>	<b>66,154</b>
<b>RECONCILIATION OF FUNDS</b>			
<b>Total funds brought forward</b>		<b>230,438</b>	<b>164,284</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>302,810</b>	<b>230,438</b>

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
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**BALANCE SHEET  
31 AUGUST 2021**

	Notes	2021 Unrestricted funds £	2020 Total funds £
<b>FIXED ASSETS</b>			
Tangible assets	12	370,432	380,587
<b>CURRENT ASSETS</b>			
Debtors	13	198,973	191,311
Cash at bank and in hand		30,567	28,816
		<u>229,540</u>	<u>220,127</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	(259,084)	(320,443)
<b>NET CURRENT ASSETS</b>		<u>(29,544)</u>	<u>(100,316)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>340,888</b>	<b>280,271</b>
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(38,078)	(49,833)
<b>NET ASSETS</b>		<u>302,810</u>	<u>230,438</u>
<b>FUNDS</b>	18		
Unrestricted funds		302,810	230,438
<b>TOTAL FUNDS</b>		<u>302,810</u>	<u>230,438</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 24 January 2022 and were signed on its behalf by:

T J Millard  
T J Millard - Trustee

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2021**

	Notes	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	41,238	84,513
Interest paid		(165)	(3,483)
Net cash provided by operating activities		<u>41,073</u>	<u>81,030</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(36,826)	(20,296)
Interest received		4	3
Net cash used in investing activities		<u>(36,822)</u>	<u>(20,293)</u>
<b>Cash flows from financing activities</b>			
New loans in year		-	50,000
Loan repayments in year		(2,500)	-
Net cash (used in)/provided by financing activities		<u>(2,500)</u>	<u>50,000</u>
<b>Change in cash and cash equivalents in the reporting period</b>			
Cash and cash equivalents at the beginning of the reporting period		28,816	(81,921)
Cash and cash equivalents at the end of the reporting period		<u><u>30,567</u></u>	<u><u>28,816</u></u>

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2021**

**1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2021	2020
	£	£
Net income for the reporting period (as per the Statement of Financial Activities)	72,372	66,154
Adjustments for:		
Depreciation charges	42,247	34,730
Loss on disposal of fixed assets	4,735	162
Interest received	(4)	(3)
Interest paid	165	3,483
Increase in debtors	(7,663)	(41,495)
(Decrease)/increase in creditors	(70,614)	21,482
<b>Net cash provided by operations</b>	<b><u>41,238</u></b>	<b><u>84,513</u></b>

**2. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.9.20	Cash flow	At 31.8.21
	£	£	£
<b>Net cash</b>			
Cash at bank and in hand	28,816	1,751	30,567
	<u>28,816</u>	<u>1,751</u>	<u>30,567</u>
<b>Debt</b>			
Debts falling due within 1 year	(2,355)	(7,067)	(9,422)
Debts falling due after 1 year	(47,645)	9,567	(38,078)
	<u>(50,000)</u>	<u>2,500</u>	<u>(47,500)</u>
<b>Total</b>	<b><u>(21,184)</u></b>	<b><u>4,251</u></b>	<b><u>(16,933)</u></b>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with 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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

**Going concern**

The trustees have considered the impact and risk on the charity of COVID-19 and the charity's prospects, recognising the high degree of uncertainty. The directors have concluded that with the right management actions, the charity is a going concern for at least 12 months following the signature of the financial statements.

**Income**

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

**Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold premises (1st Avenue - building)	Over the remaining period of the 68 year lease
Short leasehold premises (2nd Avenue - land)	Over 10 years straight line
Plant and equipment	20% reducing balance
Computer equipment	33 1/3% straight line
Portacabin	20% reducing balance
Motor vehicle	20% reducing balance

**Taxation**

The charity is exempt from corporation tax on its charitable activities.

**Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**1. ACCOUNTING POLICIES - continued**

**Pension costs and other post-retirement benefits**

The association continues to contribute to three defined contribution schemes. Contributions are charged to the income and expenditure account as they become payable.

**Government grants**

The following government grants have been received during the year:

**Business Interruption Payment (BIP) under the Bounce Back Loan scheme:** The BIP is payable in respect of the loan interest for the first 12 months, together with any related fees. The accrual model has been used to recognise the income on a systematic basis over the periods in which the related finance costs are incurred. The company has also benefited from the UK government's provision of security for 100% of the loan.

**Coronavirus Job Retention Scheme:** the accrual model has been used to recognise the grant on a systematic basis over the periods in which the related staff costs are incurred.

**Business Support Grant Funds:** the accrual model has been used to recognise the grant when it is received or becomes receivable, as there are no future related costs or performance conditions.

**Leased assets**

Amounts paid under operating leases are charged to the income and expenditure account as incurred.

**Grants**

Grants receivable in respect of fixed assets are treated as deferred income which are credited to the income and expenditure account over the estimated economic lives of the related assets.

**2. DONATIONS AND LEGACIES**

	2021	2020
	£	£
Donations	74	127
	<u>74</u>	<u>127</u>

**3. INVESTMENT INCOME**

	2021	2020
	£	£
Investment income	-	600
Deposit account interest	4	3
	<u>4</u>	<u>603</u>

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021**

**4. INCOME FROM CHARITABLE ACTIVITIES**

	2021	2020
	Courses and training £	Total activities £
Employer contributions	29,955	21,146
Training	123,023	95,092
Welding courses	121,790	108,067
ESFA funding	1,183,311	1,166,522
Government grants	114,707	183,121
Miscellaneous income	518	3,011
Canteen sales and sundry	331	225
Commercial courses	579,679	434,260
AM2 testing	199,925	224,835
Travel recovered	3,897	3,864
	<u>2,357,136</u>	<u>2,240,143</u>

Grants received, included in the above, are as follows:

	2021	2020
	£	£
Other government grants	3,319	-
Coronavirus Job Retention Scheme Grant	111,388	170,116
Business Support Grants Fund	-	10,000
Bounce Back Loan Scheme interest	-	1,250
	<u>114,707</u>	<u>181,366</u>

**5. RAISING FUNDS**

**Other trading activities**

	2021	2020
	£	£
Interest payable and similar charges	<u>165</u>	<u>3,483</u>

**SOUTHAMPTON ENGINEERING TRAINING  
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TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021**

**6. CHARITABLE ACTIVITIES COSTS**

	Direct Costs £	Support costs (see note 7) £	Totals £
Courses and training	460,735	-	460,735
Staff costs	1,449,942	4,237	1,454,179
Establishment	152,678	-	152,678
Plant material and equipment	85,687	-	85,687
General expenses	120,030	11,368	131,398
	<u>2,269,072</u>	<u>15,605</u>	<u>2,284,677</u>

**7. SUPPORT COSTS**

	Management £	Governance costs £	Totals £
Staff costs	4,237	-	4,237
General expenses	-	11,368	11,368
	<u>4,237</u>	<u>11,368</u>	<u>15,605</u>

**8. NET INCOME/(EXPENDITURE)**

Net income/(expenditure) is stated after charging/(crediting):

	2021 £	2020 £
Auditors' remuneration	5,900	5,700
Auditors' remuneration for non audit work	5,468	2,100
Depreciation - owned assets	42,247	34,730
Other operating leases	113,022	127,622
Deficit on disposal of fixed assets	4,735	162
	<u>171,372</u>	<u>170,314</u>

**SOUTHAMPTON ENGINEERING TRAINING  
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**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021**

**9. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 31 August 2021 nor for the year ended 31 August 2020.

**Trustees' expenses**

There were no trustees' expenses paid for the year ended 31 August 2021 nor for the year ended 31 August 2020.

**10. STAFF COSTS**

	2021	2020
	£	£
Wages and salaries	1,181,392	1,171,074
Social security costs	120,395	115,235
Other pension costs	128,429	110,749
	<u>1,430,216</u>	<u>1,397,058</u>

The average monthly number of employees during the year was as follows:

	2021	2020
Employees	<u>39</u>	<u>41</u>

No employees received emoluments in excess of £60,000.

The total key management remuneration including pension and benefits as noted above is £138,662 (2020: £137,258).

**11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted funds £
<b>INCOME AND ENDOWMENTS FROM</b>	
Donations and legacies	127
<b>Charitable activities</b>	
Courses and training	2,240,143
Investment income	<u>603</u>
<b>Total</b>	<u>2,240,873</u>
<b>EXPENDITURE ON</b>	
Raising funds	3,483
<b>Charitable activities</b>	
Courses and training	398,869
Staff costs	1,399,711

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021**

**11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued**

	Unrestricted funds £
Establishment	172,358
Plant material and equipment	73,016
General expenses	127,282
<b>Total</b>	<b>2,174,719</b>
<b>NET INCOME</b>	<b>66,154</b>
<b>RECONCILIATION OF FUNDS</b>	
Total funds brought forward	164,284
<b>TOTAL FUNDS CARRIED FORWARD</b>	<b>230,438</b>

**12. TANGIBLE FIXED ASSETS**

	Short leasehold £	Long leasehold £	Plant and machinery £	Totals £
<b>COST</b>				
At 1 September 2020	74,370	335,000	950,430	1,359,800
Additions	-	-	36,826	36,826
Disposals	-	-	(149,003)	(149,003)
At 31 August 2021	<u>74,370</u>	<u>335,000</u>	<u>838,253</u>	<u>1,247,623</u>
<b>DEPRECIATION</b>				
At 1 September 2020	74,014	32,160	873,039	979,213
Charge for year	147	12,420	29,680	42,247
Eliminated on disposal	-	-	(144,269)	(144,269)
At 31 August 2021	<u>74,161</u>	<u>44,580</u>	<u>758,450</u>	<u>877,191</u>
<b>NET BOOK VALUE</b>				
At 31 August 2021	<u>209</u>	<u>290,420</u>	<u>79,803</u>	<u>370,432</u>
At 31 August 2020	<u>356</u>	<u>302,840</u>	<u>77,391</u>	<u>380,587</u>

The long term leasehold premises were re-valued to £335,000 on 9 November 2016 by Hughes Ellard Limited, an independent firm of property consultants on an open market value basis.

If the buildings had been included at valuation, they would have been included under the historical cost convention as follows:

**SOUTHAMPTON ENGINEERING TRAINING  
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**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021**

**12. TANGIBLE FIXED ASSETS - continued**

	2021	2020
	£	£
Cost	383,307	383,307
Accumulated depreciation	(184,985)	(178,587)
	<u>198,322</u>	<u>204,720</u>

There were no capital commitments outstanding at 31 August 2021 (2020: £nil).

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

	2021	2020
	£	£
Trade debtors	104,564	58,632
Prepayments	94,409	132,679
	<u>198,973</u>	<u>191,311</u>

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

	2021	2020
	£	£
Bank loans and overdrafts (see note 16)	9,422	2,355
Trade creditors	67,070	31,266
Social security and other taxes	30,089	78,584
VAT	29,681	44,337
Other creditors	4,002	5,336
Accruals and deferred income	93,530	113,357
Deferred government grants	-	1,131
Income in advance	25,290	44,077
	<u>259,084</u>	<u>320,443</u>

The bank overdraft is secured on all the assets of the company.

Deferred income relates to course deposits and fees, which have been invoiced, but not performed by the year end. Deferred income is included in other creditors above.

The amount of this income is as follows:

	2021	2020
	£	£
Deferred at 31 August 2020	44,077	63,453
Release during the year	(44,077)	(63,453)
Deferred during the year	25,290	44,077
	<u>25,290</u>	<u>44,077</u>
Deferred at 31 August 2021	<u>25,290</u>	<u>44,077</u>

**SOUTHAMPTON ENGINEERING TRAINING  
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**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021**

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2021	2020
	£	£
Bank loans (see note 16)	38,078	47,645
Deferred government grants	-	2,188
	<u>38,078</u>	<u>49,833</u>

**16. LOANS**

An analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year on demand:		
Bank loans	<u>9,422</u>	<u>2,355</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	<u>9,808</u>	<u>9,566</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>28,270</u>	<u>30,175</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instal	-	7,904

**17. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021	2020
	£	£
Within one year	72,201	77,985
Between one and five years	198,915	231,117
In more than five years	1,103,600	1,143,600
	<u>1,374,716</u>	<u>1,452,702</u>

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021**

**18. MOVEMENT IN FUNDS**

	At 1.9.20 £	Net movement in funds £	Transfers between funds £	At 31.8.21 £
<b>Unrestricted funds</b>				
General fund	134,344	72,372	2,860	209,576
Fair value reserve	96,094	-	(2,860)	93,234
	<u>230,438</u>	<u>72,372</u>	<u>-</u>	<u>302,810</u>
<b>TOTAL FUNDS</b>	<u>230,438</u>	<u>72,372</u>	<u>-</u>	<u>302,810</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	2,357,214	(2,284,842)	72,372
	<u>2,357,214</u>	<u>(2,284,842)</u>	<u>72,372</u>
<b>TOTAL FUNDS</b>	<u>2,357,214</u>	<u>(2,284,842)</u>	<u>72,372</u>

**Comparatives for movement in funds**

	At 1.9.19 £	Net movement in funds £	Transfers between funds £	At 31.8.20 £
<b>Unrestricted funds</b>				
General fund	65,493	66,154	2,697	134,344
Fair value reserve	98,791	-	(2,697)	96,094
	<u>164,284</u>	<u>66,154</u>	<u>-</u>	<u>230,438</u>
<b>TOTAL FUNDS</b>	<u>164,284</u>	<u>66,154</u>	<u>-</u>	<u>230,438</u>

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021**

**18. MOVEMENT IN FUNDS - continued**

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	2,240,873	(2,174,719)	66,154
<b>TOTAL FUNDS</b>	<u>2,240,873</u>	<u>(2,174,719)</u>	<u>66,154</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.9.19 £	Net movement in funds £	Transfers between funds £	At 31.8.21 £
<b>Unrestricted funds</b>				
General fund	65,493	138,526	5,557	209,576
Fair value reserve	98,791	-	(5,557)	93,234
	<u>164,284</u>	<u>138,526</u>	<u>-</u>	<u>302,810</u>
<b>TOTAL FUNDS</b>	<u>164,284</u>	<u>138,526</u>	<u>-</u>	<u>302,810</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	4,598,087	(4,459,561)	138,526
<b>TOTAL FUNDS</b>	<u>4,598,087</u>	<u>(4,459,561)</u>	<u>138,526</u>

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**19. RELATED PARTY DISCLOSURES**

There were no related party transactions for the year ended 31 August 2021 nor for the year ended 31 August 2020.

**20. COMPANY STATUS**

The Association is limited by guarantee of the members, each of whom is due to contribute a maximum of £20 whilst a member or, within one year of ceasing to be member. The number of members, who are the trustees, in 2021 was 5 (2020: 6).

**21. TAXATION**

The association has charitable status and exemption from taxation has been granted under the Corporation Taxes Act 2010.

**REGISTERED COMPANY NUMBER: 00971293 (England and Wales)**  
**REGISTERED CHARITY NUMBER: 307299**

**REPORT OF THE TRUSTEES AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021  
FOR  
SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

Hopper Williams & Bell Limited  
Statutory Auditor  
Highland House  
Mayflower Close  
Chandler's Ford  
Eastleigh  
Hampshire  
SO53 4AR

**SOUTHAMPTON ENGINEERING TRAINING  
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**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2021**

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The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2021. The trustees have adopted the provisions of 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).

**OBJECTIVES AND ACTIVITIES**

**Objectives and aims**

Our aim is to be the first choice for local employers requiring training services for the development of their engineering staff. By offering a combination of workshop and teaching facilities, matching the requirements of local industry together with excellent customer service we have established a loyal customer base and a high level of repeat orders. Referrals by satisfied customers frequently introduce new customers and, consequently, income is not dependant on a large expenditure on sales and marketing.

SETA is positioned to provide specialist training services to the engineering and construction services sectors and strives to offer a comprehensive technical training service. New courses are introduced and existing courses are revised in response to employer requests.

We are committed to delivering apprenticeships and supporting young people to enter engineering. Vacancies are advertised on behalf of employers and applications are regularly oversubscribed by a factor of 5. Advice and guidance is offered to students applying for positions and throughout their training programmes.

Maintaining the safeguarding and wellbeing of all learners and staff is particularly important and is under constant review.

We aim to provide a supportive working environment where the contribution of our employees is valued, creativity encouraged, equality and diversity is respected and equal opportunity is promoted.

**Public benefit**

The objectives and activities undertaken by the charity are confirmed to be for public benefit and the Trustees have complied with the duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Commission.

During the year 2021: 225 (2020: 202) apprenticeships were provided and, of these, 127 (2020: 107) were aged between 16 and 18 years of age, 67 (2020: 67) were between 19 and 23 years of age and 31 (2020:28) were aged over 24 years. Overall 33 (2020: 53) candidates successfully completed their apprenticeships with 66% (2020: 55%) achieving within the planned timescale. These rates are higher than average national achievement levels for the engineering sectors.

**STRATEGIC REPORT**

**Achievement and performance**

**Fundraising activities**

The charity does not participate in any direct or funded fundraising. However, donations are made by employers and suppliers; these are mostly plant and equipment.

**Financial review**

**Principal funding sources**

The principal source of funding arises from apprenticeships funded by the Education and Skills Funding Agency (ESFA) representing 50% (2020: 52%) of income. The majority of the other income is made from commercial income from employers.

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**STRATEGIC REPORT**

**Financial review**

**Reserves policy**

The current level of unrestricted reserves (excluding the fair value reserve) is valued at £209,576 (2020: £134,344) which represents 9% (2020: 6%) of annual costs; the objective set by the board is for this to be increased to £1,000,000 representing 50% of annual costs.

The Board of Trustees has considered the adequacy of total reserves held by the company and is of the opinion that they are adequate for the furtherance of the charity's objectives.

The reserves policy is to:

- Protect the charity from the risk of insolvency or serious disruption to its charitable work.
- Provide sufficient funds to invest in equipment and services for the benefit of young people and adults undertaking training.

**Performance**

The results for the year and the financial position of the association are shown in the annexed accounts. These show a surplus for the financial year which the Trustees recommend be added to reserve.

In accordance with the requirements of the Charity Commission a revaluation was carried out on the leasehold premises used as an apprentice training centre in 2016. The building was erected in 1969 and has a floor area of 1950 sq m. It is occupied under an 84 year lease which expires 28/03/2054 leaving an unexpired term of 33 years. The estimated fair value of the lease is still included at a valuation of £335,000, less depreciation. The fair value reserve of £93,234 (2020: £96,094) can only be released by disposal of the apprentice training centre.

Overall sales revenues increased by £185,407 (9%) compared with the previous year. This is due to increased commercial sales. Also, overall funding has increased from the ESFA for the apprenticeships.

Safeguarding has continued to be an area of review. The pandemic has caused a significant increase in mental health issues with 1:4 apprentices and a similar ratio of staff affected. A dedicated Pastoral Services Team has been created.

**Fixed assets**

The principal fixed asset is the long lease for the premises at 1st Avenue and the market value was re-assessed in 2016.

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**STRATEGIC REPORT**

**Principal risks and uncertainties**

The pandemic remains one of the main risks to the training centre.

A major Government reform of apprenticeships and funding in 2017 has had a continuing impact on income received from the apprenticeship scheme. Although overall funding levels have not been reduced by the introduction of an apprenticeship levy, cash flow continues to be affected. Previously, employers were directly charged for 'off the job training' delivered in the first year of the programme, providing a substantial cash flow benefit. Our plan stated it would take three years to re-establish income levels but the pandemic has impacted this plan due to a reduction in apprenticeship starts in September 2020 and apprentices leaving the programme. There is another reform of the apprenticeship standards underway so this will cause further uncertainties for employers and training providers alike. A reduced value overdraft facility has been retained with the bank as a contingency.

Demand for hazardous area training, represents 20 % of commercial sales. Additional staff to service these courses is vital to keep continuity of supply.

Procedures and systems have been put in place to ensure that critical IT data is backed-up and stored to facilitate reinstatement. These procedures are compliant with the General Data Protection Requirements (GDPR) legislation and the system for recording student details is audited by the Provider Financial Assurance Team operating on behalf of the Education and Skills Funding Agency (ESFA).

Principal financial risks are:

- 1) Remaining on the Register of Training Providers (RoATP), is vital for ESFA income and the ability to grow the apprenticeship scheme. Similarly vital is remaining an OFSTED Grade 2 or above.
- 2) Current arrangements with the ESFA are dependent on achieving a consistent satisfactory financial health assessment and this will require achieving break-even financial performance as a minimum in the 2020/21 financial year.
- 3) Commercial courses represent 45% of the total income and are vital to supporting the apprenticeship programmes. Engineering apprenticeships are typically four years in duration and income is released on a monthly basis by the Education and Skills Funding Agency (ESFA) with 20% being retained until completion.
- 4) Completion of an apprenticeship is achieved by successful assessment of competency by an approved independent End Point Assessment Organisation (EPAO). The pandemic has caused delays to these assessments, with many being switched to a virtual assessment. Delays in completions of apprenticeships causes a negative impact on financial performance and OFSTED assessment rating.
- 5) Commercial courses are fully booked, risk to delivery is high if instructors are unavailable which poses a potential risk to income.

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**STRATEGIC REPORT**

**Future plans**

SETA has a well-established reputation for delivering high quality, value for money engineering apprenticeship training services. The creation of apprenticeship service teams encompassing recruitment, technical, funding, pastoral and end assessment were fundamental to help employers understand the reforms and extract maximum value from their Levy investment. SETA has established a package which provides a competitive edge and will help secure apprenticeship contracts with employers far and wide.

We must ensure revenue generated through apprenticeship training is sustainable whilst ensuring employers see a return on their levy investment. Nearly all new apprenticeships in 2020 were provided at Level 3. In our sector, there is further indication of 'provision shift' away from level 2 (intermediate) towards level 3 and the new level 4 (advanced) apprenticeships. SETA were one of four providers nationally accredited to deliver level 4 apprenticeships in our sector. Forging links with Universities and Professional Engineering Institutions will be crucial to transitioning apprenticeships in our sector.

SETA has a commercial facility which provides end point assessment services for electro-technical qualifications and a wide range of electrical, mechanical and hazardous area training courses. The income earned from these services represents 50% of our income and is crucial to funding the apprenticeship training services we provide. We must continue to add to our portfolio of services to enable this provision to grow to meet any future apprenticeship reforms.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing document**

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The governing document is the Memorandum and Articles of Association, dated 28th January 1970. This document is currently under review, and being updated in line with changes to the charity operating procedures.

**Recruitment and appointment to the Council of Trustees**

Invitations are extended to the user members of the charity to nominate one person as a member and Director of the charity. The charity, having no share capital, is run by the Council of Trustees and no individual is able to exercise control of the charity.

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Organisational structure**

Day to day management of the charity is under control of the CEO, Julie Gough, who acts in accordance with the instructions of the Council of Trustees / Board of Directors.

There are three principal areas of operation:

- 1) Delivery of Engineering Apprenticeships
- 2) Commercial training
- 3) Competency assessment

All activities including support services, finance, personnel, IT, marketing, compliance, health & safety and membership are managed through the key management team. Sub-contractors are retained on annual contracts to provide specialist support in the areas of IT and Personnel Management.

Remuneration for key management personnel is governed by limits set by the Trustees. Performance is assessed by the key management.

The charity operates a defined contribution pension scheme open to all staff. The charity contributes 10% of gross salary to the scheme for each staff member employed prior to August 2021, and a minimum of 5% for staff recruited after this date. Staff will contribute a minimum of 3% to reach the 8% Government requirement.

**Induction and training of new trustees**

Potential trustees are invited to apply to become involved with the charity and learn more about the contribution they can make. A formal application must be made to the Directors for their approval. A formal explanation of responsibilities is provided before an appointment is confirmed.

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Company number**  
00971293 (England and Wales)

**Registered Charity number**  
307299

**Registered office**  
First Avenue  
Millbrook  
Southampton  
Hampshire  
SO15 0LJ

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2021**

---

**Trustees**

Ms J E Freemantle  
G E Mason  
T J Millard  
G Ranger  
C J Savage  
A J Thornton

Resigned 30 June 2021

**Company directors**

M D Driscoll  
Mrs J D Gough

Resigned 09 August 2021

Resigned 09 August 2021

**Company Secretary**

R W Heighington

**Auditors**

Hopper Williams & Bell Limited  
Statutory Auditor  
Highland House  
Mayflower Close  
Chandler's Ford  
Eastleigh  
Hampshire  
SO53 4AR

**Key Management:**

M D Driscoll  
Mrs J D Gough

Operations director  
CEO

**Bankers**

National Westminster Bank plc  
12 High Street  
Southampton  
Hampshire  
SO14 2NX

**GOING CONCERN**

The association operates on a daily basis using a combination of bank facilities, credit card borrowing and credit from suppliers.

The trustees have a reasonable expectation that the charity has adequate reserves to continue in operation for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also the directors of Southampton Engineering Training Association Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued**

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

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

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**AUDITORS**

The auditors, Hopper Williams & Bell Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on ..... and signed on the board's behalf by:

*24<sup>th</sup> January 2022*



.....  
R W Heighington - Secretary

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED**

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**Opinion**

We have audited the financial statements of Southampton Engineering Training Association Limited (the 'charitable company') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the 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 charitable company'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 trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED**

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**Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED**

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**Our responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors 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.

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 company, and the industry in which it operates. These include but are not limited to compliance with the Companies Act 2006, UK Generally Accepted Accounting Principles and the relevant tax compliance regulations for the company.
- We obtained an understanding of how the company is complying with these frameworks through discussions with management.
- We enquired with management whether there were any instances of non-compliance with laws and regulations or whether they had knowledge of actual or suspected fraud. These enquiries are corroborated through follow-up audit procedures including but not limited to a review of legal and professional costs, correspondence and a review of board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including the risk of fraud and management override of controls. We designed our audit procedures to respond to this assessment, including the identification and testing of any related party transactions and the testing of journal transactions that arise from management estimates, that are determined to be of significant value or unusual in their nature.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the company operates in, and their practical experience through training and participation with audit engagements of a similar nature.

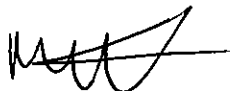
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED**

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**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michaela Johns FCCA (Senior Statutory Auditor)  
for and on behalf of Hopper Williams & Bell Limited  
Statutory Auditor  
Highland House  
Mayflower Close  
Chandler's Ford  
Eastleigh  
Hampshire  
SO53 4AR

Date: 25 January 2022

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 AUGUST 2021**

	Notes	2021 Unrestricted funds £	2020 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	2	74	127
<b>Charitable activities</b>	4		
Courses and training		2,357,136	2,240,143
Investment income	3	4	603
<b>Total</b>		<b>2,357,214</b>	<b>2,240,873</b>
<b>EXPENDITURE ON</b>			
Raising funds	5	165	3,483
<b>Charitable activities</b>	6		
Courses and training		460,735	398,869
Staff costs		1,454,179	1,399,711
Establishment		152,678	172,358
Plant material and equipment		85,687	73,016
General expenses		131,398	127,282
<b>Total</b>		<b>2,284,842</b>	<b>2,174,719</b>
<b>NET INCOME</b>		<b>72,372</b>	<b>66,154</b>
<b>RECONCILIATION OF FUNDS</b>			
<b>Total funds brought forward</b>		<b>230,438</b>	<b>164,284</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>302,810</b>	<b>230,438</b>

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**BALANCE SHEET  
31 AUGUST 2021**

	Notes	2021 Unrestricted funds £	2020 Total funds £
<b>FIXED ASSETS</b>			
Tangible assets	12	370,432	380,587
<b>CURRENT ASSETS</b>			
Debtors	13	198,973	191,311
Cash at bank and in hand		30,567	28,816
		<u>229,540</u>	<u>220,127</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	(259,084)	(320,443)
<b>NET CURRENT ASSETS</b>		<u>(29,544)</u>	<u>(100,316)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>340,888</b>	<b>280,271</b>
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(38,078)	(49,833)
<b>NET ASSETS</b>		<u>302,810</u>	<u>230,438</u>
<b>FUNDS</b>	18		
Unrestricted funds		302,810	230,438
<b>TOTAL FUNDS</b>		<u>302,810</u>	<u>230,438</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 24 January 2022 and were signed on its behalf by:

T J Millard  
T J Millard - Trustee

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2021**

	Notes	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	41,238	84,513
Interest paid		(165)	(3,483)
Net cash provided by operating activities		<u>41,073</u>	<u>81,030</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(36,826)	(20,296)
Interest received		4	3
Net cash used in investing activities		<u>(36,822)</u>	<u>(20,293)</u>
<b>Cash flows from financing activities</b>			
New loans in year		-	50,000
Loan repayments in year		(2,500)	-
Net cash (used in)/provided by financing activities		<u>(2,500)</u>	<u>50,000</u>
<b>Change in cash and cash equivalents in the reporting period</b>			
Cash and cash equivalents at the beginning of the reporting period		28,816	(81,921)
Cash and cash equivalents at the end of the reporting period		<u>30,567</u>	<u>28,816</u>

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2021**

**1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2021	2020
	£	£
Net income for the reporting period (as per the Statement of Financial Activities)	72,372	66,154
Adjustments for:		
Depreciation charges	42,247	34,730
Loss on disposal of fixed assets	4,735	162
Interest received	(4)	(3)
Interest paid	165	3,483
Increase in debtors	(7,663)	(41,495)
(Decrease)/increase in creditors	(70,614)	21,482
<b>Net cash provided by operations</b>	<b><u>41,238</u></b>	<b><u>84,513</u></b>

**2. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.9.20	Cash flow	At 31.8.21
	£	£	£
<b>Net cash</b>			
Cash at bank and in hand	28,816	1,751	30,567
	<u>28,816</u>	<u>1,751</u>	<u>30,567</u>
<b>Debt</b>			
Debts falling due within 1 year	(2,355)	(7,067)	(9,422)
Debts falling due after 1 year	(47,645)	9,567	(38,078)
	<u>(50,000)</u>	<u>2,500</u>	<u>(47,500)</u>
<b>Total</b>	<b><u>(21,184)</u></b>	<b><u>4,251</u></b>	<b><u>(16,933)</u></b>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

---

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with 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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

**Going concern**

The trustees have considered the impact and risk on the charity of COVID-19 and the charity's prospects, recognising the high degree of uncertainty. The directors have concluded that with the right management actions, the charity is a going concern for at least 12 months following the signature of the financial statements.

**Income**

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

**Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold premises (1st Avenue - building)	Over the remaining period of the 68 year lease
Short leasehold premises (2nd Avenue - land)	Over 10 years straight line
Plant and equipment	20% reducing balance
Computer equipment	33 1/3% straight line
Portacabin	20% reducing balance
Motor vehicle	20% reducing balance

**Taxation**

The charity is exempt from corporation tax on its charitable activities.

**Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021

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1. ACCOUNTING POLICIES - continued

**Pension costs and other post-retirement benefits**

The association continues to contribute to three defined contribution schemes. Contributions are charged to the income and expenditure account as they become payable.

**Government grants**

The following government grants have been received during the year:

**Business Interruption Payment (BIP) under the Bounce Back Loan scheme:** The BIP is payable in respect of the loan interest for the first 12 months, together with any related fees. The accrual model has been used to recognise the income on a systematic basis over the periods in which the related finance costs are incurred. The company has also benefited from the UK government's provision of security for 100% of the loan.

**Coronavirus Job Retention Scheme:** the accrual model has been used to recognise the grant on a systematic basis over the periods in which the related staff costs are incurred.

**Business Support Grant Funds:** the accrual model has been used to recognise the grant when it is received or becomes receivable, as there are no future related costs or performance conditions.

**Leased assets**

Amounts paid under operating leases are charged to the income and expenditure account as incurred.

**Grants**

Grants receivable in respect of fixed assets are treated as deferred income which are credited to the income and expenditure account over the estimated economic lives of the related assets.

2. DONATIONS AND LEGACIES

	2021	2020
	£	£
Donations	74	127

3. INVESTMENT INCOME

	2021	2020
	£	£
Investment income	-	600
Deposit account interest	4	3
	<u>4</u>	<u>603</u>

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021**

**4. INCOME FROM CHARITABLE ACTIVITIES**

	2021	2020
	Courses and training £	Total activities £
Employer contributions	29,955	21,146
Training	123,023	95,092
Welding courses	121,790	108,067
ESFA funding	1,183,311	1,166,522
Government grants	114,707	183,121
Miscellaneous income	518	3,011
Canteen sales and sundry	331	225
Commercial courses	579,679	434,260
AM2 testing	199,925	224,835
Travel recovered	3,897	3,864
	<u>2,357,136</u>	<u>2,240,143</u>

Grants received, included in the above, are as follows:

	2021	2020
	£	£
Other government grants	3,319	-
Coronavirus Job Retention Scheme Grant	111,388	170,116
Business Support Grants Fund	-	10,000
Bounce Back Loan Scheme interest	-	1,250
	<u>114,707</u>	<u>181,366</u>

**5. RAISING FUNDS**

**Other trading activities**

	2021	2020
	£	£
Interest payable and similar charges	<u>165</u>	<u>3,483</u>

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021**

**6. CHARITABLE ACTIVITIES COSTS**

	Direct Costs £	Support costs (see note 7) £	Totals £
Courses and training	460,735	-	460,735
Staff costs	1,449,942	4,237	1,454,179
Establishment	152,678	-	152,678
Plant material and equipment	85,687	-	85,687
General expenses	120,030	11,368	131,398
	<u>2,269,072</u>	<u>15,605</u>	<u>2,284,677</u>

**7. SUPPORT COSTS**

	Management £	Governance costs £	Totals £
Staff costs	4,237	-	4,237
General expenses	-	11,368	11,368
	<u>4,237</u>	<u>11,368</u>	<u>15,605</u>

**8. NET INCOME/(EXPENDITURE)**

Net income/(expenditure) is stated after charging/(crediting):

	2021 £	2020 £
Auditors' remuneration	5,900	5,700
Auditors' remuneration for non audit work	5,468	2,100
Depreciation - owned assets	42,247	34,730
Other operating leases	113,022	127,622
Deficit on disposal of fixed assets	4,735	162
	<u>171,372</u>	<u>170,314</u>

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021**

**9. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 31 August 2021 nor for the year ended 31 August 2020.

**Trustees' expenses**

There were no trustees' expenses paid for the year ended 31 August 2021 nor for the year ended 31 August 2020.

**10. STAFF COSTS**

	2021	2020
	£	£
Wages and salaries	1,181,392	1,171,074
Social security costs	120,395	115,235
Other pension costs	128,429	110,749
	<u>1,430,216</u>	<u>1,397,058</u>

The average monthly number of employees during the year was as follows:

	2021	2020
Employees	<u>39</u>	<u>41</u>

No employees received emoluments in excess of £60,000.

The total key management remuneration including pension and benefits as noted above is £138,662 (2020: £137,258).

**11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted funds £
<b>INCOME AND ENDOWMENTS FROM</b>	
Donations and legacies	127
<b>Charitable activities</b>	
Courses and training	2,240,143
Investment income	<u>603</u>
<b>Total</b>	<u>2,240,873</u>
<b>EXPENDITURE ON</b>	
Raising funds	3,483
<b>Charitable activities</b>	
Courses and training	398,869
Staff costs	1,399,711

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021**

**11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued**

	Unrestricted funds £
Establishment	172,358
Plant material and equipment	73,016
General expenses	127,282
<b>Total</b>	<b>2,174,719</b>
<b>NET INCOME</b>	<b>66,154</b>
<b>RECONCILIATION OF FUNDS</b>	
Total funds brought forward	164,284
<b>TOTAL FUNDS CARRIED FORWARD</b>	<b>230,438</b>

**12. TANGIBLE FIXED ASSETS**

	Short leasehold £	Long leasehold £	Plant and machinery £	Totals £
<b>COST</b>				
At 1 September 2020	74,370	335,000	950,430	1,359,800
Additions	-	-	36,826	36,826
Disposals	-	-	(149,003)	(149,003)
At 31 August 2021	74,370	335,000	838,253	1,247,623
<b>DEPRECIATION</b>				
At 1 September 2020	74,014	32,160	873,039	979,213
Charge for year	147	12,420	29,680	42,247
Eliminated on disposal	-	-	(144,269)	(144,269)
At 31 August 2021	74,161	44,580	758,450	877,191
<b>NET BOOK VALUE</b>				
At 31 August 2021	209	290,420	79,803	370,432
At 31 August 2020	356	302,840	77,391	380,587

The long term leasehold premises were re-valued to £335,000 on 9 November 2016 by Hughes Ellard Limited, an independent firm of property consultants on an open market value basis.

If the buildings had been included at valuation, they would have been included under the historical cost convention as follows:

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021**

**12. TANGIBLE FIXED ASSETS - continued**

	2021	2020
	£	£
Cost	383,307	383,307
Accumulated depreciation	(184,985)	(178,587)
	<u>198,322</u>	<u>204,720</u>

There were no capital commitments outstanding at 31 August 2021 (2020: £nil).

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

	2021	2020
	£	£
Trade debtors	104,564	58,632
Prepayments	94,409	132,679
	<u>198,973</u>	<u>191,311</u>

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

	2021	2020
	£	£
Bank loans and overdrafts (see note 16)	9,422	2,355
Trade creditors	67,070	31,266
Social security and other taxes	30,089	78,584
VAT	29,681	44,337
Other creditors	4,002	5,336
Accruals and deferred income	93,530	113,357
Deferred government grants	-	1,131
Income in advance	25,290	44,077
	<u>259,084</u>	<u>320,443</u>

The bank overdraft is secured on all the assets of the company.

Deferred income relates to course deposits and fees, which have been invoiced, but not performed by the year end. Deferred income is included in other creditors above.

The amount of this income is as follows:

	2021	2020
	£	£
Deferred at 31 August 2020	44,077	63,453
Release during the year	(44,077)	(63,453)
Deferred during the year	25,290	44,077
	<u>25,290</u>	<u>44,077</u>
Deferred at 31 August 2021	<u>25,290</u>	<u>44,077</u>

**SOUTHAMPTON ENGINEERING TRAINING  
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**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021**

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2021	2020
	£	£
Bank loans (see note 16)	38,078	47,645
Deferred government grants	-	2,188
	<u>38,078</u>	<u>49,833</u>

**16. LOANS**

An analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year on demand:		
Bank loans	<u>9,422</u>	<u>2,355</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	<u>9,808</u>	<u>9,566</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>28,270</u>	<u>30,175</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instal	-	7,904

**17. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021	2020
	£	£
Within one year	72,201	77,985
Between one and five years	198,915	231,117
In more than five years	1,103,600	1,143,600
	<u>1,374,716</u>	<u>1,452,702</u>

**SOUTHAMPTON ENGINEERING TRAINING  
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**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021**

**18. MOVEMENT IN FUNDS**

	At 1.9.20 £	Net movement in funds £	Transfers between funds £	At 31.8.21 £
<b>Unrestricted funds</b>				
General fund	134,344	72,372	2,860	209,576
Fair value reserve	96,094	-	(2,860)	93,234
	<u>230,438</u>	<u>72,372</u>	<u>-</u>	<u>302,810</u>
<b>TOTAL FUNDS</b>	<u>230,438</u>	<u>72,372</u>	<u>-</u>	<u>302,810</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	2,357,214	(2,284,842)	72,372
	<u>2,357,214</u>	<u>(2,284,842)</u>	<u>72,372</u>
<b>TOTAL FUNDS</b>	<u>2,357,214</u>	<u>(2,284,842)</u>	<u>72,372</u>

**Comparatives for movement in funds**

	At 1.9.19 £	Net movement in funds £	Transfers between funds £	At 31.8.20 £
<b>Unrestricted funds</b>				
General fund	65,493	66,154	2,697	134,344
Fair value reserve	98,791	-	(2,697)	96,094
	<u>164,284</u>	<u>66,154</u>	<u>-</u>	<u>230,438</u>
<b>TOTAL FUNDS</b>	<u>164,284</u>	<u>66,154</u>	<u>-</u>	<u>230,438</u>

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021**

**18. MOVEMENT IN FUNDS - continued**

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	2,240,873	(2,174,719)	66,154
<b>TOTAL FUNDS</b>	<u>2,240,873</u>	<u>(2,174,719)</u>	<u>66,154</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.9.19 £	Net movement in funds £	Transfers between funds £	At 31.8.21 £
<b>Unrestricted funds</b>				
General fund	65,493	138,526	5,557	209,576
Fair value reserve	98,791	-	(5,557)	93,234
	<u>164,284</u>	<u>138,526</u>	<u>-</u>	<u>302,810</u>
<b>TOTAL FUNDS</b>	<u>164,284</u>	<u>138,526</u>	<u>-</u>	<u>302,810</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	4,598,087	(4,459,561)	138,526
<b>TOTAL FUNDS</b>	<u>4,598,087</u>	<u>(4,459,561)</u>	<u>138,526</u>

**SOUTHAMPTON ENGINEERING TRAINING  
ASSOCIATION LIMITED  
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**19. RELATED PARTY DISCLOSURES**

There were no related party transactions for the year ended 31 August 2021 nor for the year ended 31 August 2020.

**20. COMPANY STATUS**

The Association is limited by guarantee of the members, each of whom is due to contribute a maximum of £20 whilst a member or, within one year of ceasing to be member. The number of members, who are the trustees, in 2021 was 5 (2020: 6).

**21. TAXATION**

The association has charitable status and exemption from taxation has been granted under the Corporation Taxes Act 2010.



# Southampton Engineering Training Association Limited

Audit Findings Report  
For the year ended 31 August 2021

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# Audit findings for Southampton Engineering Training Association Limited for the year ended 31 August 2021

The Trustees  
Southampton Engineering Training Association Limited  
First Avenue  
Millbrook  
Southampton  
Hampshire  
SO15 0LJ

## Audit findings for Southampton Engineering Training Association Limited for the year ended 31 August 2021

Dear Trustees

In accordance with our normal practice we are writing to draw your attention to various matters which arose during the course of our audit of the accounts for the year ended 31 August 2021.

### **Audit opinion**

There are no expected modifications to the auditors' report on the financial statements.

### **Adjusted and unadjusted misstatements**

The adjusted misstatements determined during the course of our audit, are summarised in section 2 of our audit findings report. A schedule of unadjusted misstatements over our audit triviality threshold of £2,000 is included in Section 3.

### **Letter of representation**

A draft of our letter of representation, detailing the representations which we have relied upon for our audit, will be sent separately for your consideration.

### **Internal Controls**

The control environment at the charity was good and the key financial controls that we would have expected to see were in place.

### **Improvements in the accounting and internal control systems**

As you are aware from our letter of engagement, our audit procedures were directed towards testing the accounting systems in operation upon which we have based our assessment of the accounts.

Section 1 of this report contains details of matters identified during the course of our audit and our recommendations for improvements. This may not contain all areas for improvement that are present in your system.

In making our recommendations, we have considered the size of the charity and the number of staff you employ. Responses from the Finance Manager and the Managing Director are included in the final column.

**Other relevant matters relating to the audit**

We have discussed with you the fact that we provide additional services to the charity in addition to acting as auditors. We wish to confirm to you that in our opinion the provision of such services does not affect our independence as the additional services provided are of a routine compliance nature and the Finance Manager and Trustees take any decisions where judgement is required.

**Other matters required by Auditing Standards to be communicated**

There are no other matters that we are required by auditing standards to communicate to you.

We would like to take this opportunity of expressing our thanks to all of your staff for their assistance during the course of our audit, in particular George James and Julie Gough.

Please note that this report has been prepared for Southampton Engineering Training Association Limited. It must not be disclosed, quoted or referred to third parties without prior written consent. No responsibility is assumed by us to any other person.

Yours faithfully



HWB

## Section 1: Management letter points arising from audit work

	Issue (including financial impact)	Implication/Consequence	Risk H/M/L	Recommendation	Management response	Timescale
1	The short leasehold premises have a negative net book value once worked through on the fixed asset register. This was due to the asset being over-depreciated by £7,216.	The asset was depreciated after its useful life elapsed. Management figures presented would be inaccurate.	L	Once net book value reaches zero, ensure the depreciation stops.	Miscommunication and a presumption that we were going to go back into lease immediately. This has been delayed to due to COVID-19 and a hold up with the landlords.	N/a.
2	A fixed asset register is not maintained.	Fixed assets could be misstated in the financial statements.	L	Ensure a fixed asset register is maintained and updated on a monthly basis. The register should also be agreed to the trial balance every month. HWB can supply you with the register we have set up and the required training.	The previous accountant's advised us that our asset register was incorrect. This was adjusted in 2020 however we required guidance to maintain this register going forward. Training to be provided.	Going forward.
3	Fixed asset additions have not been depreciated in the year. Depreciation for additions total £4,827.	Depreciation is understated in the financial statements.	L	Ensure fixed assets are depreciated from the point at which they are available for use.	Same response as point 2.	Going forward.
4	Accruals were not adjusted for in the year resulting in accruals being overstated by £18,160.	Accruals were overstated in the financial statements.	L	Ensure accruals are updated on a monthly basis and reconciled to the trial balance.	Schedule to be completed going forward. Additional training to be provided.	Going forward.
5	Deferred income was not adjusted for in the year resulting in deferred income being overstated by £18,787.	Deferred income was overstated in the financial statements.	L	Ensure deferred income is updated on a monthly basis and reconciled to the trial balance.	Same response as point 4.	Going forward.

## Section 2: Adjusted misstatements

Audit materiality of £58,500

	Description	Nominal	Balance sheet	SOFA	Total
			£	£	£
	Surplus/(deficit) per trial balance		-	26,928	26,928
	Audit adjustments:				
1	To reallocate ESFA's accrued income	Prepayments	63,878	-	-
		Trade debtors	(63,878)	-	-
2	To release prior year accrued income	Welding courses	-	(6,759)	(6,759)
3	To adjust for year-end accruals	Auditors remuneration	-	(250)	(250)
		Wages	-	20,677	20,677
		Social security	-	1,721	1,721
		Bank charges	-	55	55
		Light and heat	-	(1,154)	(1,154)
		Cleaning, laundry and refuse	-	(23)	(23)
		Sundries	-	135	135
4	To release prior year deferred income	Other operating leases	-	(3,000)	(3,000)
		AM2 testing income	-	17,001	17,001
5	To correct depreciation charge	Commercial courses income	-	27,076	27,076
		Plant and machinery additions	3,275	-	-
6	To reverse depreciation for second avenue	Plant and machinery depreciation	(3,275)	-	-
		Depreciation for short leasehold	-	7,217	7,217
7	To provide depreciation for additions in the year	Depreciation for plant and machinery	-	(4,827)	(4,827)
8	To correct VAT charge	Sundries	-	14,281	14,281

Description		Nominal	Balance sheet	SOFA	Total
			£	£	£
9	To dispose of assets	Loss on disposal	-	(4,735)	(4,735)
10	To release government grant	Government grants	-	3,319	3,319
11	To defer income invoiced in August 21 relating to September 21.	AM2 testing income	-	(4,730)	(4,730)
		Commercial courses income	-	(20,560)	(20,560)
	Surplus per final accounts		-	72,372	72,372

## Section 3: Unadjusted misstatements

Schedule of unadjusted misstatements above audit triviality of £2,000.

	Description	Nominal	SOFA		Balance Sheet	
			Dr	Cr	Dr	Cr
			£		£	£
1	To defer income relating to work completed in September 2021, invoiced in August 2021.	Commercial courses	11,314	-	-	-
		Income in advance	-	-	-	11,314
2	To accrue for costs relating to work completed in August 2021, invoiced in September 2021.	Course costs and accommodation	2,474	-	-	-
		Accruals	-	-	-	2,474
	Total		13,788	-	-	13,788
		Reduction on surplus	(13,788)			

## Section 4: Going Concern

### Trustees' assessment

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the charity has sufficient resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

### Work performed by HWB

- ❑ Review latest budgets to ascertain whether going concern has been correctly addressed.
- ❑ Enquire into whether there have been any material new commitments, borrowings or guarantees post year end.
- ❑ Enquire into whether there have been disposals or acquisition of material assets or any appropriation or destruction of assets.
- ❑ Consideration of any financial uncertainties regarding the charity's financial sustainability as a result of Covid-19.

### Conclusion

The charity has made a surplus of £72,372 for the year ended 31 August 2021 and the balance of funds at that date is £209,576 (excluding the Fair Value reserve).

The charity is projecting to make a surplus of £31,553 in the year ending 31 August 2021. Funds at that date are therefore forecast to be £241,129. Based on this, our assessment is that the charity continues to be a going concern and our audit report is not modified in this respect.

## Section 5: Assignment Director Contact Details



Michaela Johns (FCCA)

Audit Director

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### Address

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HWB Chartered Accountants



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