

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

**REPORT OF THE TRUSTEES AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022  
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 2022**

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**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2022**

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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 2022. 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 training 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, building services and construction industry sectors and strives to offer a comprehensive technical training service. New courses are continually introduced and existing courses revised in response to employer requests and market trends.

SETA is committed to delivering high quality, value for money apprenticeships and supporting young people to enter engineering. Vacancies are advertised on behalf of employers and applications are regularly oversubscribed by a factor of 4. Career information, advice and guidance is provided to candidates who have applied for vacancies and continually throughout their training programmes. SETA work closely with Professional Engineering Institutions (PEI's) and local Universities enabling seamless and continual professional development for apprentices who complete and progress through their career pathways.

The legal requirement to maintain Safeguarding, safety and wellbeing arrangements for all learners and our staff is paramount and particularly important and is under constant review through rigorous internal self-assessment. We aim to provide a supportive working environment where the contribution of our employees is valued, creativity encouraged, equality and diversity is respected and the equality of 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 academic year 2021/22: 250 (2020/21: 225) apprenticeships were in learning and, of these, 73 (2020/21: 45) finished. Overall 49 (2020/21: 33) candidates successfully completed their apprenticeships giving an overall success rate of 67% (2020/21: 73%). These rates are higher than the national average achievement for all levels and all sectors.

Of the 70 (2020/21: 35) new enrolments in year 45 (2020/21: 18) were aged between 16 and 18 years of age, 18 (2020/21: 9) were aged between 19 and 23 years of age and 7 (2020/21: 8) were aged over 24 years.

**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 47% (2021: 50%) of income. The majority of the other income is made from commercial income from employers.

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**STRATEGIC REPORT**

**Financial review**

**Reserves policy**

The current level of unrestricted reserves (excluding the fair value reserve) is valued at £246,892 (2021: £209,576) which represents 10% (2021: 9%) 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 £90,374 (2021: £93,234) can only be released by disposal of the apprentice training centre.

Overall sales revenues increased by £173,599 (7%) 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.

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**STRATEGIC REPORT**

**Principal risks and uncertainties**

In 2017, a major Government reform of apprenticeships and funding ensued. Previous legislation enabled employers to be invoiced by providers for 'off the job training' traditionally delivered 'in Centre' during the first year and this provided a substantial cash flow benefit. Reforms mean funding is now calculated against negotiated parameters; the duration of apprenticeship (typically three years), candidate prior attainment levels and end assessment costs. Consequently, funds are 'drip fed' to SETA monthly, thus reducing cash flow. Our plan identified it would take three years to re-establish income levels but the Pandemic has thwarted this plan leading to a reduction in apprenticeship starts during 2020/21 and apprentices withdrawing. The Apprenticeship Levy is subject to review and we await further announcement pending Government reform. We anticipate this may cause further uncertainty for employers and training providers. A reduced value overdraft facility has been retained with the bank as a contingency.

As we begin to move forward from Coronavirus, new challenges have emerged surrounding the Invasion of Ukraine by Russia and a potential 'cost of living crisis' within the UK. Early indication suggests we will see an increase to energy and materials charges and this may negatively affect operational costs to all businesses, including SETA; procurement is continually under review and we continue to work with all suppliers and our contractors to secure the best possible outcomes.

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).

Further risks include:

- o Our eligibility to remain on the Register of Training Providers (RoATP) - subject to the following:
  - o Management of funds received via ESFA.
  - o Financial stability of our organisation (financial health assessment).
  - o The ability to develop, maintain and grow the apprenticeship scheme in line with Sector requirements.
  - o Maintaining a HMI (OFSTED) Grade 2 (or above)
  - o Maintaining other associated kite marks akin to an educational establishment.
  - o Satisfactory safeguarding, safety and welfare arrangements.
- o Completion of an apprenticeship is achieved by successful assessment of competency by an approved independent End Point Assessment Organisation (EPAO). The pandemic has caused major delays to these assessments, with many being switched to a virtual arrangement. Delays in completion of apprenticeships negatively impact financial performance and success figures; both are measured via HM Inspectorate and can ultimately impact RoATP placement.
- o Higher number of apprenticeship starts combined with growth of commercial courses put risk to delivery; instructor availability a potential risk to income. We are also under pressure to expand existing facilities further to accommodate growth of provision and may need to consider relocation opportunities within the City.
- o Commercial courses represent 45% of the total income and are vital to supporting the apprenticeship programmes in lieu of our apprenticeships are typically 3 or 4 years in duration and income is 'drip fed' on a monthly basis by the Education and Skills Funding Agency (ESFA) with 20% being retained until completion.

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2022**

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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 providing a competitive edge against competitors and will continue to help secure apprenticeship contracts with employers far and wide.

SETA is the largest provider of engineering training services in the South; we must continue to review funding viability on schemes and ensure apprenticeship training is sustainable to deliver whilst ensuring employers see a return on their levy investment. Nearly all new apprenticeships are provided at Level 3 or 4 and attract the highest funding band available; very few apprenticeships are provided at Level 2 which are not sustainable or popular with employers and offer candidates limited progression opportunities. We must continue with engagement services with local Schools, FE Colleges, Partners, Institutions, Award Organisations, Stakeholders and local community to promote career opportunities within our Sector as this will ensure a sustainable feeder system of potential new apprenticeship applicants. Forging links with Universities and Professional Engineering Institutions will be crucial to facilitate progression pathways and higher retention levels of the skilled employee workforce.

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.

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The governing document is the Memorandum and Articles of Association, dated 28th January 1970. This document was reviewed and updated in 2021 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.

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2022**

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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 3% for staff recruited after this date. Staff will contribute a minimum of 5% 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

**Trustees**

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

Resigned 6 December 2021

**Company Secretary**  
R W Heighington

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

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**REFERENCE AND ADMINISTRATIVE DETAILS**

**Auditors**

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

**Key Management:**

M D Driscoll	COO
Mrs J D Gough	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).

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.

REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2022

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued**

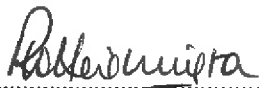
In so far as the trustees are aware:

- 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 17<sup>th</sup> February 2023 and signed on the board's behalf by:



.....  
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 2022 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 2022 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.

**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.

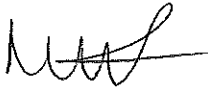
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

**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: 23 February 2023

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

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 AUGUST 2022**

	Notes	2022 Unrestricted funds £	2021 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	2	611	74
<b>Charitable activities</b>			
Courses and training		2,530,735	2,357,136
Investment income	3	31	4
<b>Total</b>		<b>2,531,377</b>	<b>2,357,214</b>
<b>EXPENDITURE ON</b>			
Raising funds	5	648	165
<b>Charitable activities</b>			
Courses and training	6	441,797	460,735
Staff costs		1,651,152	1,454,179
Establishment		163,426	152,678
Plant material and equipment		74,642	85,687
General expenses		165,256	131,398
<b>Total</b>		<b>2,496,921</b>	<b>2,284,842</b>
<b>NET INCOME</b>		<b>34,456</b>	<b>72,372</b>
<b>RECONCILIATION OF FUNDS</b>			
Total funds brought forward		302,810	230,438
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>337,266</b>	<b>302,810</b>

The notes form part of these financial statements

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

**BALANCE SHEET  
31 AUGUST 2022**

	Notes	2022 Unrestricted funds £	2021 Total funds £
<b>FIXED ASSETS</b>			
Tangible assets	12	364,374	370,432
<b>CURRENT ASSETS</b>			
Debtors	13	230,759	198,973
Cash at bank and in hand		41,779	30,567
		<u>272,538</u>	<u>229,540</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	(271,955)	(259,084)
<b>NET CURRENT ASSETS</b>		<u>583</u>	<u>(29,544)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>364,957</u>	<u>340,888</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(27,691)	(38,078)
<b>NET ASSETS</b>		<u>337,266</u>	<u>302,810</u>
<b>FUNDS</b>	18		
Unrestricted funds		<u>337,266</u>	<u>302,810</u>
<b>TOTAL FUNDS</b>		<u>337,266</u>	<u>302,810</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 17<sup>th</sup> February '23 and were signed on its behalf by:

  
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 2022**

	Notes	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	55,444	41,238
Interest paid		(648)	(165)
Net cash provided by operating activities		<u>54,796</u>	<u>41,073</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(33,615)	(36,826)
Interest received		31	4
Net cash used in investing activities		<u>(33,584)</u>	<u>(36,822)</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		(10,000)	(2,500)
Net cash used in financing activities		<u>(10,000)</u>	<u>(2,500)</u>
<b>Change in cash and cash equivalents in the reporting period</b>			
		11,212	1,751
<b>Cash and cash equivalents at the beginning of the reporting period</b>			
		<u>30,567</u>	<u>28,816</u>
<b>Cash and cash equivalents at the end of the reporting period</b>			
		<u><u>41,779</u></u>	<u><u>30,567</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 2022**

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

	2022	2021
	£	£
<b>Net income for the reporting period (as per the Statement of Financial Activities)</b>	<b>34,456</b>	<b>72,372</b>
<b>Adjustments for:</b>		
Depreciation charges	38,006	42,247
Loss on disposal of fixed assets	1,667	4,735
Interest received	(31)	(4)
Interest paid	648	165
Increase in debtors	(31,786)	(7,663)
Increase/(decrease) in creditors	12,484	(70,614)
<b>Net cash provided by operations</b>	<b>55,444</b>	<b>41,238</b>

**2. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS**

	At 1.9.21	Cash flow	At 31.8.22
	£	£	£
<b>Net cash</b>			
Cash at bank and in hand	30,567	11,212	41,779
	<u>30,567</u>	<u>11,212</u>	<u>41,779</u>
<b>Debt</b>			
Debts falling due within 1 year	(9,422)	(387)	(9,809)
Debts falling due after 1 year	(38,078)	10,387	(27,691)
	<u>(47,500)</u>	<u>10,000</u>	<u>(37,500)</u>
<b>Total</b>	<b>(16,933)</b>	<b>21,212</b>	<b>4,279</b>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022

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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.

**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% - 33.33% 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.

**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.

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**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2022**

**1. ACCOUNTING POLICIES - continued**

**Government grants**

**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**

	2022	2021
	£	£
Donations	611	74
	<u>611</u>	<u>74</u>

**3. INVESTMENT INCOME**

	2022	2021
	£	£
Deposit account interest	31	4
	<u>31</u>	<u>4</u>

**4. INCOME FROM CHARITABLE ACTIVITIES**

	2022	2021
	Courses and training £	Total activities £
Employer contributions	34,326	29,955
Training	149,465	123,023
Welding courses	101,055	121,790
ESFA funding	1,181,842	1,183,311
Government grants	-	114,707
Miscellaneous income	2,079	518
Canteen sales and sundry	248	331
Commercial courses	826,584	579,679
AM2 testing	227,699	199,925
Travel recovered	7,437	3,897
	<u>2,530,735</u>	<u>2,357,136</u>

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

	2022	2021
	£	£
Other government grants	-	3,319
Coronavirus Job Retention Scheme Grant	-	111,388
	<u>-</u>	<u>114,707</u>

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NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2022

5. RAISING FUNDS

Other trading activities

	2022	2021
	£	£
Interest payable and similar charges	<u>648</u>	<u>165</u>

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 7) £	Totals £
Courses and training	441,797	-	441,797
Staff costs	1,646,842	4,310	1,651,152
Establishment	163,426	-	163,426
Plant material and equipment	74,642	-	74,642
General expenses	155,152	10,104	165,256
	<u>2,481,859</u>	<u>14,414</u>	<u>2,496,273</u>

7. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Staff costs	4,310	-	4,310
General expenses	-	10,104	10,104
	<u>4,310</u>	<u>10,104</u>	<u>14,414</u>

8. NET INCOME/(EXPENDITURE)

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

	2022	2021
	£	£
Auditors' remuneration	6,200	5,900
Auditors' remuneration for non audit work	3,904	5,468
Depreciation - owned assets	38,006	42,247
Other operating leases	99,022	113,022
Deficit on disposal of fixed assets	<u>1,667</u>	<u>4,735</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2022**

**9. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 31 August 2022 nor for the year ended 31 August 2021.

**Trustees' expenses**

There were no trustees' expenses paid for the year ended 31 August 2022 nor for the year ended 31 August 2021.

**10. STAFF COSTS**

	2022	2021
	£	£
Wages and salaries	1,348,488	1,181,392
Social security costs	143,122	120,395
Other pension costs	136,717	128,429
	<u>1,628,327</u>	<u>1,430,216</u>

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

	2022	2021
Employees	<u>43</u>	<u>39</u>

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

	2022	2021
£60,001 - £70,000	2	-
£70,001 - £80,000	1	-
	<u>3</u>	<u>-</u>

Contributions were made into the Pension Schemes for the higher paid employees of £18,173 (2021: £13,036).

The total key management remuneration including pension and benefits as noted above is £154,207 (2021: £138,662).

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**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2022**

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

	Unrestricted funds £
<b>INCOME AND ENDOWMENTS FROM</b>	
Donations and legacies	74
<b>Charitable activities</b>	
Courses and training	2,357,136
Investment income	4
<b>Total</b>	<u>2,357,214</u>
<b>EXPENDITURE ON</b>	
Raising funds	165
<b>Charitable activities</b>	
Courses and training	460,735
Staff costs	1,454,179
Establishment	152,678
Plant material and equipment	85,687
General expenses	131,398
<b>Total</b>	<u>2,284,842</u>
<b>NET INCOME</b>	72,372
<b>RECONCILIATION OF FUNDS</b>	
Total funds brought forward	230,438
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u><u>302,810</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2022**

**12. TANGIBLE FIXED ASSETS**

	Short leasehold £	Long leasehold £	Plant and machinery £	Totals £
<b>COST</b>				
At 1 September 2021	74,370	335,000	838,253	1,247,623
Additions	-	-	33,615	33,615
Disposals	-	-	(13,000)	(13,000)
At 31 August 2022	<u>74,370</u>	<u>335,000</u>	<u>858,868</u>	<u>1,268,238</u>
<b>DEPRECIATION</b>				
At 1 September 2021	74,161	44,580	758,450	877,191
Charge for year	209	8,917	28,880	38,006
Eliminated on disposal	-	-	(11,333)	(11,333)
At 31 August 2022	<u>74,370</u>	<u>53,497</u>	<u>775,997</u>	<u>903,864</u>
<b>NET BOOK VALUE</b>				
At 31 August 2022	<u>-</u>	<u>281,503</u>	<u>82,871</u>	<u>364,374</u>
At 31 August 2021	<u>209</u>	<u>290,420</u>	<u>79,803</u>	<u>370,432</u>

The long term leasehold premises were re-valued to £335,000 on 9 November 2016 by Hughes.

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

	2022 £	2021 £
Cost	383,307	383,307
Accumulated depreciation	(191,383)	(184,985)
	<u>191,924</u>	<u>198,322</u>

There were no capital commitments outstanding at 31 August 2022 (2021: £nil).

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**NOTES TO THE FINANCIAL STATEMENTS - continued  
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**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Trade debtors	105,743	104,564
Prepayments	125,016	94,409
	<u>230,759</u>	<u>198,973</u>

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

	2022	2021
	£	£
Bank loans and overdrafts (see note 16)	9,809	9,422
Trade creditors	40,582	67,070
Social security and other taxes	36,079	30,089
VAT	29,117	29,681
Other creditors	2,431	4,002
Accruals and deferred income	101,253	93,530
Income in advance	52,684	25,290
	<u>271,955</u>	<u>259,084</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:

	2022	2021
	£	£
Deferred at 31 August 2021	25,290	44,077
Release during the year	(25,290)	(44,077)
Deferred during the year	52,684	25,290
Deferred at 31 August 2022	<u>52,684</u>	<u>25,290</u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued  
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**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2022	2021
	£	£
Bank loans (see note 16)	<u>27,691</u>	<u>38,078</u>

**16. LOANS**

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year on demand:		
Bank loans	<u>9,809</u>	<u>9,422</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	<u>10,056</u>	<u>9,808</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>17,635</u>	<u>28,270</u>

**17. LEASING AGREEMENTS**

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

	2022	2021
	£	£
Within one year	60,849	72,201
Between one and five years	178,066	198,915
In more than five years	<u>1,063,600</u>	<u>1,103,600</u>
	<u>1,302,515</u>	<u>1,374,716</u>

**18. MOVEMENT IN FUNDS**

	At 1.9.21	Net movement in funds	Transfers between funds	At 31.8.22
	£	£	£	£
<b>Unrestricted funds</b>				
General fund	209,576	34,456	2,860	246,892
Fair value reserve	93,234	-	(2,860)	90,374
	<u>302,810</u>	<u>34,456</u>	-	<u>337,266</u>
<b>TOTAL FUNDS</b>	<u>302,810</u>	<u>34,456</u>	-	<u>337,266</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2022

18. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	2,531,377	(2,496,921)	34,456
<b>TOTAL FUNDS</b>	<u>2,531,377</u>	<u>(2,496,921)</u>	<u>34,456</u>

Comparatives for 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>

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	2,357,214	(2,284,842)	72,372
<b>TOTAL FUNDS</b>	<u>2,357,214</u>	<u>(2,284,842)</u>	<u>72,372</u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued  
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**18. MOVEMENT IN FUNDS - continued**

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

	At 1.9.20 £	Net movement in funds £	Transfers between funds £	At 31.8.22 £
<b>Unrestricted funds</b>				
General fund	134,344	106,828	5,720	246,892
Fair value reserve	96,094	-	(5,720)	90,374
	<u>230,438</u>	<u>106,828</u>	<u>-</u>	<u>337,266</u>
<b>TOTAL FUNDS</b>	<u>230,438</u>	<u>106,828</u>	<u>-</u>	<u>337,266</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	4,888,591	(4,781,763)	106,828
	<u>4,888,591</u>	<u>(4,781,763)</u>	<u>106,828</u>
<b>TOTAL FUNDS</b>	<u>4,888,591</u>	<u>(4,781,763)</u>	<u>106,828</u>

**19. RELATED PARTY DISCLOSURES**

There were no related party transactions for the year ended 31 August 2022 nor for the year ended 31 August 2021.

**20. COMPANY STATUS**

The Association is limited by guarantee of the members, each of whom is due to contribute a maximum of £10 whilst a member or, within one year of ceasing to be member. The number of members, who are the trustees, in 2022 was 4 (2021: 5).

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**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**21. TAXATION**

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