

Registered number: 00992831
Charity number: 502259

Tyne North Training Limited
(A company limited by guarantee)
Annual report
Year ended 31 July 2023

Tyne North Training Limited

(A company limited by guarantee)

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Tyne North Training Limited

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Reference and administrative details Year ended 31 July 2023

Trustees

T I Selkirk, Chairman
C Pratt, Vice Chairman
S Armstrong
G Longstaff (appointed 8 October 2024)

Key management personnel

Michael Needham, Chief Executive Officer (resigned 30 September 2024)
Geoff Moore, Quality Manager

Company registered number

00992831

Charity registered number

502259

Registered office

Embleton Avenue
Wallsend
Newcastle upon Tyne
Tyne and Wear
NE28 9NJ

Company secretary

Michael Needham (resigned 30 September 2024)

Independent auditor

UNW LLP
Chartered Accountants
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

Bankers

Barclays Bank Plc
49/51 Northumberland Street
Newcastle upon Tyne
Tyne and Wear
NE1 7AF

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Reference and administrative details (continued) **Year ended 31 July 2023**

Solicitors

Hay & Kilner
Helix, The Lumen
St James' Boulevard
Newcastle upon Tyne
NE4 5BZ

Investment managers

Brewin Dolphin
Time Central
Gallowgate
Newcastle upon Tyne
NE1 4SR

Rathbone Investment Management Limited
Earl Grey House
75-85 Grey Street
Newcastle upon Tyne
NE1 6EF

Tyne North Training Limited

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Trustees' report Year ended 31 July 2023

The trustees, who act as directors for the purposes of company law, are pleased to present their annual report together with the financial statements for the year ended 31 July 2023.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and the 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.

OBJECTIVES AND ACTIVITIES

The charity's objects are specific towards the advancement of learning and education for the public benefit of persons employed or intending to be employed in industry and commerce.

Core Business Objectives

- Maintain apprenticeship recruitment levels and the number of new employers
- Maintain or improve overall apprenticeship completion rates
- Achieve a financial operational surplus
- Continually enhance the quality of learning delivery

The overall aim of Tyne North Training Limited remains to increase the skills, knowledge and understanding of those involved in engineering and business-related activities and to deliver high quality services to an increasing number of apprentices and employers within the region.

Contracts with the Education and Skills Funding Agency (ESFA) and employers provide the charity with funding to deliver accredited advanced apprenticeship standards within the engineering manufacturing and business sectors benefitting young people, the majority of which begin their apprenticeships between the ages of 16-18 years old. The total number of apprentices on-programme during 2022 – 2023 was 396 (2021 – 2022: 428).

The policy of the trustees continues to be to utilise charity reserves to support business growth and manage risk with any additional surpluses used to enhance the skills and learning of existing apprentices; support employer engagement; design and implement business model changes in response to ESFA funding rule changes; and be available as contingency funding in the event of apprentices being made redundant and/or the loss of government funded contracts.

The main activities of the charity are to:

- Deliver high quality, sustainable engineering manufacturing and business administration apprenticeships;
- Continue to align business operations to ESFA funding rules and regulations;
- Finance, plan, resource, implement, and manage business change projects in response to market opportunities and to mitigate charity risk;
- Maximise the availability of high quality apprenticeship candidates;
- Drive and sustain employer engagement and business development activities; and
- Deliver support to apprentices made redundant and identify alternative apprenticeship employment opportunities for the continuation of the apprenticeship

The charities main activities and funding levels are reviewed on an annual basis by the trustees. Grant making is not a material part of the charity's activities.

Public Benefit

Tyne North Training Limited offer a wide range of advanced apprenticeships within the local engineering manufacturing and business sectors, as well as delivering functional skills to relevant apprentices.

We are committed to delivering a high level of quality which will ensure all users of our service are completely satisfied and have the opportunity to make comments, suggestions and complaints if necessary. Our service provides information, advice and guidance to support young people in making appropriate apprenticeship decisions, whilst helping companies understand and comply with apprenticeship standards; commercial contractual arrangements and the apprenticeship levy system.

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Trustees' report (continued) Year ended 31 July 2023

We support all our apprentices, many from disadvantaged backgrounds, to achieve their full potential successfully progressing them through a level 3 apprenticeship whilst providing encouragement and further support onto higher education courses. Tyne North Training also facilitates the smooth transition from one employer to another for apprentices facing the prospect of redundancy.

ACHIEVEMENTS AND PERFORMANCE

Achievements and Quality Control

Achievements of the charity are assessed internally and externally, both qualitatively and quantifiably. Internal assessment is against company operating procedures contained within our continually updated quality management system, along with yearly performance management against business objectives. External assessments are through Ofsted assessing apprenticeship delivery against the Education Inspection Framework (EIF); ESFA Provider Financial Assurance Teams assessing performance against contractual funding requirements and performance management against contractual obligations and national quality measures. The charity has continually maintained its Ofsted Good inspection status, the most recent being March 2020, demonstrating high standards of delivery, highlighting overall Leadership and Management as a particular strength.

The charity achieved its core apprenticeship completion objective by matching the low target set for unsuccessful apprenticeship completions specific to both engineering and business administration. The overall qualification achievement rate (QAR) for apprenticeships was 70.3% (2022: 66.4%). This is an improvement on the previous year's results from those apprentices whose progression was impacted and delayed with COVID successfully completing their apprenticeships. We did not achieve the core objective for apprenticeship recruitment targets which was mainly due to a fall in the number of suitable candidates applying for an apprenticeship combined with lower-than-expected employer demand for new apprentices.

Both strategic objectives were achieved. The human resource's objective was to recruit and train human resources to meet functional and business requirements. This was achieved by recruiting new staff and supporting them to become effective additions to the organisation to replace those who departed during the financial year. The second objective was to minimise external risks and ensure high levels of compliance through enhanced process standardisation. This was achieved by focusing on three key areas of compliance and introducing operational an audit processes to ensure compliance with the ESFA funding rules applicable to those three key areas.

The ESFA subcontracting funding rules prohibits any more than 25% of a main providers apprenticeship funding being subcontracted. This requires Tyne North Training to secure and maintain its contractor cap exemption status, which was in place for 2022/23, and a successful application has already been granted for the forthcoming year 2023/24.

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Trustees' report (continued) Year ended 31 July 2023

Staff Matters

After the loss of employees during 2022, staffing levels have stabilised with the company continuing to promote a good working relationship with personnel. Despite the strain, staff have continued to work well, completing all the required procedures and keeping sufficient and appropriate records to allow the company to maintain its high standards.

As disclosed in note 9, during the year the company reached a settlement agreement with the Chief Executive Officer. The settlement was to agree early termination of their employment contract. The agreement was reached in May 2023. Subsequent to the settlement agreement, the Chief Executive Officer stayed on under a new, short term employment contract to ensure a smooth transition.

External Factors Impacting Achievement

The main external factors effecting the achievement of business objectives during 2022 - 2023 were:

- Excessive workload of staff for those learners due for completion in 2022/23 backed up from those learners with completion dates from 2021/22 who were impacted by the coronavirus pandemic;
- Timely completion of subcontracted delivery of qualifications enabling learners to proceed to End Point Assessment;
- The introduction of the new level 3 Machining Technician Standard. Extensive work undertaken by relevant staff to develop an appropriate deliverable programme; and
- Extensive management resource required to recruit and train incoming staff to replace those who had departed the business. These areas were specifically centred around engineering operations, administration and apprenticeship recruitment.

FINANCIAL REVIEW

Investment Policy

The investment policy of the trustees remains one of caution and with continuing cost rises across the board, close monitoring to ensure it achieves the best return is required. An initial £600,000 was invested with two investment managers during July 2018 which during 2022-23 returned a net unrealised loss of £6,579 (2021-22: £47,093 loss).

Financial Performance

Income has decreased to £1,697,366 (2022: £1,741,225), the key movements being a reduction in learners that result in less funding from the ESFA offset by Investment income increasing due to the interest rates. The charitable activities expenditure has increased significantly to £2,058,798 (2022: £1,641,751) largely as a result of the settlement agreement payable to the former CEO (see staff matters section above). The charitable company achieved a deficit of £374,196 (2022: surplus of £45,805) on unrestricted funds, including a loss on investments.

Reserves Policy

The level of unrestricted reserves at 31 July 2023 is £1,076,904. Charity reserves are held for a number of important reasons:

1. Fund business development and growth to remain competitive and to offer the charities services to a wider business community;
2. Support apprentices made redundant to continue to complete their apprenticeships with alternative employers;
3. Enable the charity to discharge all its commitments to existing apprentices and companies should government funding diminish or cease; and
4. Fund necessary activities to minimise risk to the charities ability to operate as a going concern.

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Trustees' report (continued) Year ended 31 July 2023

A designated capital fund of £348,796 was held at 31 July 2023 which is equal to the net book value of the property. The free reserves held at 31 July 2023 was £728,801.

Principle Funding Sources

Principle funding sources and associated activities during 2022-23:

- ESFA – 100% government funding up to the apprenticeship standard funding cap for 16-18 apprentices to cover training costs when employed within a small company employing less than 50 employees with a payroll of less than £3 million, however there is a 5% employer funding contribution should they recruit a 19+ apprentice; 95% funding from the ESFA and 5% funding cost for an employer recruiting an apprentice who employs more than 50 employees but has a payroll of less than £3 million;
- Employers – large companies who employ more than 50 employees with a payroll in excess of £3 million fund Tyne North Training apprenticeships direct through their employer levy accounts; and
- Commercial income, investment income and interest – a small proportion of income is generated through the delivery of NVQs to existing adult employees working within apprenticeship employing companies, plus investment income held by two investment managers and interest received on reserves held.

Going Concern

The board are in ongoing discussions over the future ownership and management structure of the entity. Although the board does not see any impact to the employees or apprentices, it is currently uncertain as to the future structure of the business and consequently its future funding streams. At the time of approval of these financial statements, the board considers that the going concern basis of accounting remains appropriate and therefore continue to prepare these financial statements on such basis. However given the inherent uncertainty over the current position and its potential impact on funding and delivery of training beyond July 2025, there is acknowledgement that the longer term future of the entity is in question.

PLANS FOR FUTURE PERIODS

The company will continue to effectively manage external changes and challenging targets contained within the core objectives agreed each year, effectively capitalise on future growth opportunities and enhance quality delivery. The company is in the early stages of considering a form of partnership with other companies to improve the levels of training.

The charity will continue to focus on achieving its core objectives to:

- Continue to meet ESFA contractual obligations and maintain EAL and Pearson assessment centre status.
- Improve the quality of learning underpinned by effective training officer CPD.
- Focus on sustaining an improvement apprenticeship completion rate.
- Continue to be active in seeking to increase the number of apprenticeships and new employers through proactive business development supported with quality candidate attraction.
- Ensuring the curriculum design and delivery meets or exceeds both employer and apprentice needs and expectations.

The achievement of Tyne North Training's strategic objectives will seek to safeguard effective, high quality subcontracted delivery and embed a proactive account management system across all business functions.

Management are in the process of assessing the current ownership, board and management structure of the charitable company. They are exploring ways to continue to meet the charitable objectives while ensuring the operations of the charity can continue for the medium to long term future. See the going concern section of the trustees report and note 1.3 in the accounting policies.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

The charity is a charitable company limited by guarantee. It is governed by a Memorandum and Articles of Association.

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Trustees' report (continued) Year ended 31 July 2023

Organisational Structure and Trustee Induction Process

Prospective trustees are nominated from member companies and elected onto the Board. Prior to election, wherever possible, prospective trustees attend 'Executive Committee' meetings, in an ex-officio capacity, to familiarise themselves with the workings of the charity. They are also provided with a copy of the Memorandum and Articles of Association; the Charity Commission's 'The Essential Trustee: What you need to know'; and the current Self-Assessment Report, Strategic and Operational Business Objectives and Quality Improvement Plan.

Members eligible for election must be an ordinary or representative member. An ordinary member is any person being an individual or corporate body who carries on business in the engineering industry or commerce.

A representative member is a person nominated by the company, either a partnership or other unincorporated body which carries on business in the engineering industry or commerce.

Excluding the Chairman, the number of trustees must not exceed six nor be less than two. No external body or person is entitled to appoint a trustee to Tyne North Training Limited.

The induction includes a meeting with a member of the key management personnel during which any queries relating to the governance, structure or management of the charity and its aims and objectives would be addressed.

The trustees make strategic and policy decisions on behalf of the business and agree strategic and operational objectives with key management personnel. Financial expenditure is authorised by two signatories required, including the chairman.

Implementing the strategic and operational objectives and the day to day running of the company is delegated to the key management personnel.

Organisation structure

Until September 2024, the executive committee provided delegated authority to the Chief Executive Officer, who in turn lead the employees to operate the business and set the strategic direction. As noted in the Reference and administrative details section of the report, the Chief Executive Officer resigned on 30 September 2024. Since then, the Chair has taken on the role of the Chief Executive Officer until the future of the ownership, board, management structure is finalised.

Pay policy for senior staff

The trustees and senior management team represent the key management of the charity with the trustees being responsible for strategy and directing the charity and the senior management team having responsibility for controlling and operating the charity on a day to day basis. All trustees give their time freely throughout the year without receiving any form of financial remuneration.

The pay of senior staff is reviewed annually by the board of Tyne North Training.

Risk Management

The trustees have identified the following as major risks to which the charity is exposed: the loss or withdrawal of ESFA contracts; the removal of the charity from the ESFA Register of Apprenticeship Training Providers (RoATP) list; an inadequate Ofsted inspection; inadequate financial ESFA health grade leading to ESFA intervention; continual alignment to ESFA subcontracting rules and regulations and the successful retention of the subcontracting cap exemption status; and/or the loss of approval as an assessment centre for EAL and/or Pearson, all of which would render the business unable to deliver engineering manufacturing and business & administration apprenticeships.

The charity has put in place a number of policies, systems and procedures to mitigate these risks to ensure the quality and financial performance of the organisation does not give cause or concern for loss or withdrawal of these ESFA contracts; RoATP and/or approval centre status, as follows:

- Internal quality system designed in accordance with ESFA, Ofsted, EAL and Pearson requirements;
- Board approved strategic and operational business objectives;

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Trustees' report (continued)

Year ended 31 July 2023

- A sound financial base, exercising financial probity with a minimum financial 'satisfactory' rating from the ESFA;
- Performance figures and success rates consistently above national averages;
- Expert, highly qualified and committed staff who regularly undertake training and CPD activities;
- Continuous, close monitoring of ESFA funding rule changes, contractual requirements and minimum level performance criteria along with the need to continually align its operations to Ofsted, EIF requirements; and
- Ensuring reports are consistent and favourable from EAL external verifier and Pearson standards verifier audits

Additional to the above there are always competitive risks and pressures from other training providers as government funding, apprentice funding rate and the apprenticeship policy is continuously redefined within a financially and operationally competitive environment.

The company manages an effective working relationship with the local college, facilitated by contracts for service delivery and continues to recruit and retain a high number of apprentices whilst achieving completion rates in excess of National averages, all of which contribute towards mitigating risk.

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Trustees' report (continued)

Year ended 31 July 2023

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Tyne North Training Limited for the purpose of company law) are responsible for preparing the Trustee's Annual Report 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 the year. In preparing these financial statements, the trustees are required to:


- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 (FRS 102)
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on a 'going concern' basis, unless it is inappropriate to presume that the charitable company will continue in operation

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and 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 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 auditor is 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 charitable company's auditor is aware of that information.

Approved by order of the members of the board of trustees on 14 November 2024 and signed on their behalf by:

Signed by:

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T I Selkirk
Chairman



Independent auditor's report to the Members of Tyne North Training Limited

Opinion

We have audited the financial statements of Tyne North Training Limited (the 'charitable company') for the year ended 31 July 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2023 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 Auditor's 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.3 in the financial statements, which indicates uncertainty over the future operations of the charitable company as a result of ongoing board discussions around the ownership and management structure of the entity, which may impact future funding. As stated in note 1.3, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least 12 months from the date of this report. Our opinion is not modified in respect of this matter.

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.

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



Independent auditor's report to the Members of Tyne North Training Limited (continued)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 Trustees' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a Strategic report.



Independent auditor's report to the Members of Tyne North Training Limited (continued)

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, 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.

Auditor's 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the directors and other management (as required by Auditing Standards) and from inspection of the charity's legal correspondence and we discussed with the directors and other management the policies and procedures in place regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the charity is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, data protection, safeguarding, environmental law and certain aspects of company legislation, recognising the nature of the charity's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we did not become aware of any actual or suspected non-compliance material to the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.



Independent auditor's report to the Members of Tyne North Training Limited (continued)

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

Use of our report

This report is made solely to the charitable company's trustees, 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 trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Anne Hallowell
59C7DD6C467F49E...

Anne Hallowell BSc DChA FCA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

14 November 2024

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Statement of financial activities (incorporating income and expenditure account) Year ended 31 July 2023

	Note	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from:				
Charitable activities	2	1,681,311	1,681,311	1,726,127
Other trading activities		-	-	4,194
Investments	3	16,055	16,055	10,904
Total income		1,697,366	1,697,366	1,741,225
Expenditure on:				
Investment management costs		6,185	6,185	6,576
Charitable activities	4	2,058,798	2,058,798	1,641,751
Total expenditure		2,064,983	2,064,983	1,648,327
Net (expenditure)/income before net losses on investments				
		(367,617)	(367,617)	92,898
Net losses on investments		(6,579)	(6,579)	(47,093)
Net movement in funds		(374,196)	(374,196)	45,805
Reconciliation of funds:				
Total funds brought forward		1,451,100	1,451,100	1,405,295
Net movement in funds		(374,196)	(374,196)	45,805
Total funds carried forward		1,076,904	1,076,904	1,451,100

The statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 17 to 28 form part of these financial statements.

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Balance sheet At 31 July 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	7	348,796	358,296
Investments	8	635,363	636,340
		<u>984,159</u>	<u>994,636</u>
Current assets			
Debtors	9	194,677	190,906
Cash at bank and in hand		727,810	451,037
		<u>922,487</u>	<u>641,943</u>
Creditors: amounts falling due within one year	10	(829,742)	(185,479)
		<u>92,745</u>	<u>456,464</u>
Net current assets		<u>92,745</u>	<u>456,464</u>
Total assets less current liabilities		<u>1,076,904</u>	<u>1,451,100</u>
Total net assets		<u>1,076,904</u>	<u>1,451,100</u>
Charity funds			
Unrestricted funds	11	1,076,904	1,451,100
Total funds		<u>1,076,904</u>	<u>1,451,100</u>

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the trustees on 14 November 2024 and signed on their behalf by:

Signed by:

 T T Selkirk
 Chairman

Company registered number: 00992831

The notes on pages 17 to 28 form part of these financial statements.

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Statement of cash flows Year ended 31 July 2023

	2023 £	2022 £
Cash flows from operating activities		
Net cash used in operating activities	266,320	(266,430)
Cash flows from investing activities		
Interest and dividends received	16,055	10,904
Purchase of tangible fixed assets	-	(1,660)
Proceeds from sale of investments	46,172	94,901
Purchase of investments	(51,774)	(87,837)
Net cash provided by investing activities	10,453	16,308
Change in cash and cash equivalents in the year	276,773	(250,122)
Cash and cash equivalents at the beginning of the year	451,037	701,159
Cash and cash equivalents at the end of the year	727,810	451,037

The notes on pages 17 to 28 form part of these financial statements

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Notes to the financial statements Year ended 31 July 2023

1. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

The financial statements are prepared under the historical cost convention, are presented in pounds sterling and rounded to the nearest £1.

1.2 Company status

The company is a company limited by guarantee, incorporated and domiciled in United Kingdom and registered in England and Wales. The members of the company are the trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £20 per member of the company.

1.3 Going concern

The company has financial reserves held in cash, investments and fixed assets. The company has strong free reserves (unrestricted reserves not tied up in tangible fixed assets) of £728,108. As a consequence, the trustees believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The board are in ongoing discussions over the future ownership and management structure of the entity. Although the board does not see any impact to the employees or apprentices, it is currently uncertain as to the future structure of the business and consequently its future funding streams. At the time of approval of these financial statements, the board considers that the going concern basis of accounting remains appropriate and therefore continue to prepare these financial statements on such basis. However given the inherent uncertainty over the current position and its potential impact on funding and delivery of training beyond July 2025, there is acknowledgement that the longer term future of the entity is in question.

1.4 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2023

1. Accounting policies (continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the company to raise funds for its charitable purposes.

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

All expenditure is inclusive of irrecoverable VAT.

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	over 50 years
Office equipment	-	15% straight-line

1.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the statement of financial activities.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2023

1. Accounting policies (continued)

1.10 Cash at bank and in hand

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

1.11 Liabilities and provisions

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

1.12 Financial instruments

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

1.13 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.14 Employee benefits

Short-term benefits

Short-term benefits, including other non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plan

The company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

1.15 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2023

2. Income from charitable activities

	Unrestricted funds 2023 £	Total funds 2023 £
Education and Skills Funding Agency	1,652,249	1,652,249
Employer contributions	29,062	29,062
	<u>1,681,311</u>	<u>1,681,311</u>
	Unrestricted funds 2022 £	Total funds 2022 £
Education and Skills Funding Agency	1,692,479	1,692,479
Employer contributions	26,616	26,616
Workforce development	7,032	7,032
	<u>1,726,127</u>	<u>1,726,127</u>

3. Investment income

	Unrestricted funds 2023 £	Total funds 2023 £
Income from investments	14,622	14,622
Interest receivable	1,433	1,433
	<u>16,055</u>	<u>16,055</u>

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2023

3. Investment income (continued)

	Unrestricted funds 2022 £	Total funds 2022 £
Income from investments	10,877	10,877
Interest receivable	27	27
	<u>10,904</u>	<u>10,904</u>

4. Analysis of expenditure by activities

	Activities undertaken directly 2023 £	Support costs 2023 £	Total funds 2023 £
Charitable activities	<u>1,483,690</u>	<u>575,108</u>	<u>2,058,798</u>

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £
Charitable activities	<u>1,390,273</u>	<u>251,478</u>	<u>1,641,751</u>

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2023

4. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2023 £	Total funds 2022 £
Staff costs	384,814	42,471
Premises expenses	31,344	31,481
Office costs	36,766	28,615
Motor costs	49,714	49,725
Bank charges	152	1,599
Subscriptions and professional fees (including auditors' remuneration)	49,088	62,891
Sundry costs	10,680	17,255
Depreciation	9,500	11,318
Equipment costs and repairs	3,050	6,123
	575,108	251,478

5. Auditor's remuneration

The auditor's remuneration amounts to an auditor fee of £11,000 (2022: £6,500), and bookkeeping services of £10,800 (2022: £7,258).

6. Staff costs

	2023 £	2022 £
Wages and salaries	970,355	680,168
Social security costs	116,790	80,621
Pension costs	132,321	118,303
	1,219,466	879,092

The average number of persons employed by the company during the year was as follows:

	2023 No.	2022 No.
Charitable activities	14	17

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2023

6. Staff costs (continued)

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

	2023	2022
	No.	No.
In the band £100,001 - £110,000	-	1
In the band £420,001 - £430,000	1	-

No expenses were reimbursed to any trustees during the year (2022: £nil). No trustees received any remuneration.

The key management personnel of the charity comprise the senior management team (as listed on page 1), with total employee benefits (including pension costs) of £607,979 (2022: £297,874).

During the year, the company reached a settlement agreement with the Chief Executive Officer totalling £323,269. This amount was split between a payment to the individual of £263,269 and a payment to their pension fund of £60,000. The settlement was to agree early termination of their employment contract. The agreement was reached in May 2023 and paid post year end. In accordance with the chosen accounting policies, the settlement expense has been recognised in May 2023, being the date the obligation to pay the settlement arose. The balance is carried as a liability at 31 July 2023, included within accruals and deferred income. The charity continues to have sufficient unrestricted reserves to fund the settlement payment and continue to fund operations at the balance sheet date.

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2023

7. Tangible fixed assets

	Freehold property £	Office equipment £	Total £
Cost			
At 1 August 2022	400,000	184,816	584,816
At 31 July 2023	<u>400,000</u>	<u>184,816</u>	<u>584,816</u>
Depreciation			
At 1 August 2022	43,204	183,316	226,520
Charge for the year	8,000	1,500	9,500
At 31 July 2023	<u>51,204</u>	<u>184,816</u>	<u>236,020</u>
Net book value			
At 31 July 2023	<u><u>348,796</u></u>	<u><u>-</u></u>	<u><u>348,796</u></u>
At 31 July 2022	<u><u>356,796</u></u>	<u><u>1,500</u></u>	<u><u>358,296</u></u>

8. Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 August 2022	636,340
Additions	51,774
Disposals	(46,977)
Revaluations	(5,774)
At 31 July 2023	<u><u>635,363</u></u>
Net book value	
At 31 July 2023	<u><u>635,363</u></u>
At 31 July 2022	<u><u>636,340</u></u>

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2023

9. Debtors

	2023 £	2022 £
Due within one year		
Trade debtors	148,528	156,071
Other debtors	5,000	500
Prepayments and accrued income	41,149	34,335
	<u>194,677</u>	<u>190,906</u>

10. Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	344,902	141,331
Other taxation and social security	35,549	11,845
Other creditors	6,500	7,000
Accruals and deferred income	442,791	25,303
	<u>829,742</u>	<u>185,479</u>

Tyne North Training Limited

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Notes to the financial statements Year ended 31 July 2023

11. Statement of funds

Statement of funds - current year

	Balance at 1 August 2022 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 July 2023 £
Unrestricted funds					
Designated funds					
Property Fund	356,796	-	(8,000)	-	348,796
General funds					
General Funds	1,094,304	1,697,366	(2,056,983)	(6,579)	728,108
Total Unrestricted funds	1,451,100	1,697,366	(2,064,983)	(6,579)	1,076,904

The designated property fund has a balance equal to the net book value of the freehold property which enables the non-liquid reserves to be easily identifiable.

Tyne North Training Limited

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Notes to the financial statements Year ended 31 July 2023

11. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 August 2021 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 July 2022 £
Unrestricted funds					
Designated funds					
Property Fund	364,796	-	(8,000)	-	356,796
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
General funds					
General Funds	1,040,499	1,741,225	(1,640,327)	(47,093)	1,094,304
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Unrestricted funds	<u>1,405,295</u>	<u>1,741,225</u>	<u>(1,648,327)</u>	<u>(47,093)</u>	<u>1,451,100</u>

12. Reconciliation of net movement in funds to net cash flow from operating activities

	2023 £	2022 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	<u>(374,196)</u>	<u>45,805</u>
Adjustments for:		
Depreciation charges	9,500	11,440
Losses/(gains) on investments	6,579	47,093
Dividends, interests and rents from investments	(16,055)	(10,904)
(Increase)/decrease in debtors	(3,771)	2,399
Increase/(decrease) in creditors	644,263	(362,263)
	<u> </u>	<u> </u>
Net cash provided by/(used in) operating activities	<u>266,320</u>	<u>(266,430)</u>

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements

Year ended 31 July 2023

13. Analysis of cash and cash equivalents

	2023 £	2022 £
Cash in hand	<u>727,810</u>	<u>451,037</u>

14. Analysis of changes in net debt

	At 1 August 2022 £	Cash flows £	At 31 July 2023 £
Cash at bank and in hand	<u>451,037</u>	<u>276,773</u>	<u>727,810</u>

15. Pension commitments

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charitable company which amounted to £192,321 (2022: £118,303).

16. Operating lease commitments

At 31 July 2023 the company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2023 £	2022 £
Not later than 1 year	27,763	39,568
Later than 1 year and not later than 5 years	-	26,717
	<u>27,763</u>	<u>66,285</u>

17. Related party transactions

The company has entered into a settlement agreement totaling £323,269 to the Chief Executive Officer in the year. The full amount was owing at 31 July 2023. See note 6 for further information.

Registered number: 00992831
Charity number: 502259

Tyne North Training Limited
(A company limited by guarantee)
Annual report
Year ended 31 July 2023

Tyne North Training Limited

(A company limited by guarantee)

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Tyne North Training Limited

(A company limited by guarantee)

Reference and administrative details Year ended 31 July 2023

Trustees

T I Selkirk, Chairman
C Pratt, Vice Chairman
S Armstrong
G Longstaff (appointed 8 October 2024)

Key management personnel

Michael Needham, Chief Executive Officer (resigned 30 September 2024)
Geoff Moore, Quality Manager

Company registered number

00992831

Charity registered number

502259

Registered office

Embleton Avenue
Wallsend
Newcastle upon Tyne
Tyne and Wear
NE28 9NJ

Company secretary

Michael Needham (resigned 30 September 2024)

Independent auditor

UNW LLP
Chartered Accountants
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

Bankers

Barclays Bank Plc
49/51 Northumberland Street
Newcastle upon Tyne
Tyne and Wear
NE1 7AF

Tyne North Training Limited

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Reference and administrative details (continued) **Year ended 31 July 2023**

Solicitors

Hay & Kilner
Helix, The Lumen
St James' Boulevard
Newcastle upon Tyne
NE4 5BZ

Investment managers

Brewin Dolphin
Time Central
Gallowgate
Newcastle upon Tyne
NE1 4SR

Rathbone Investment Management Limited
Earl Grey House
75-85 Grey Street
Newcastle upon Tyne
NE1 6EF

Tyne North Training Limited

(A company limited by guarantee)

Trustees' report Year ended 31 July 2023

The trustees, who act as directors for the purposes of company law, are pleased to present their annual report together with the financial statements for the year ended 31 July 2023.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and the 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.

OBJECTIVES AND ACTIVITIES

The charity's objects are specific towards the advancement of learning and education for the public benefit of persons employed or intending to be employed in industry and commerce.

Core Business Objectives

- Maintain apprenticeship recruitment levels and the number of new employers
- Maintain or improve overall apprenticeship completion rates
- Achieve a financial operational surplus
- Continually enhance the quality of learning delivery

The overall aim of Tyne North Training Limited remains to increase the skills, knowledge and understanding of those involved in engineering and business-related activities and to deliver high quality services to an increasing number of apprentices and employers within the region.

Contracts with the Education and Skills Funding Agency (ESFA) and employers provide the charity with funding to deliver accredited advanced apprenticeship standards within the engineering manufacturing and business sectors benefitting young people, the majority of which begin their apprenticeships between the ages of 16-18 years old. The total number of apprentices on-programme during 2022 – 2023 was 396 (2021 – 2022: 428).

The policy of the trustees continues to be to utilise charity reserves to support business growth and manage risk with any additional surpluses used to enhance the skills and learning of existing apprentices; support employer engagement; design and implement business model changes in response to ESFA funding rule changes; and be available as contingency funding in the event of apprentices being made redundant and/or the loss of government funded contracts.

The main activities of the charity are to:

- Deliver high quality, sustainable engineering manufacturing and business administration apprenticeships;
- Continue to align business operations to ESFA funding rules and regulations;
- Finance, plan, resource, implement, and manage business change projects in response to market opportunities and to mitigate charity risk;
- Maximise the availability of high quality apprenticeship candidates;
- Drive and sustain employer engagement and business development activities; and
- Deliver support to apprentices made redundant and identify alternative apprenticeship employment opportunities for the continuation of the apprenticeship

The charities main activities and funding levels are reviewed on an annual basis by the trustees. Grant making is not a material part of the charity's activities.

Public Benefit

Tyne North Training Limited offer a wide range of advanced apprenticeships within the local engineering manufacturing and business sectors, as well as delivering functional skills to relevant apprentices.

We are committed to delivering a high level of quality which will ensure all users of our service are completely satisfied and have the opportunity to make comments, suggestions and complaints if necessary. Our service provides information, advice and guidance to support young people in making appropriate apprenticeship decisions, whilst helping companies understand and comply with apprenticeship standards; commercial contractual arrangements and the apprenticeship levy system.

Tyne North Training Limited

(A company limited by guarantee)

Trustees' report (continued)

Year ended 31 July 2023

We support all our apprentices, many from disadvantaged backgrounds, to achieve their full potential successfully progressing them through a level 3 apprenticeship whilst providing encouragement and further support onto higher education courses. Tyne North Training also facilitates the smooth transition from one employer to another for apprentices facing the prospect of redundancy.

ACHIEVEMENTS AND PERFORMANCE

Achievements and Quality Control

Achievements of the charity are assessed internally and externally, both qualitatively and quantifiably. Internal assessment is against company operating procedures contained within our continually updated quality management system, along with yearly performance management against business objectives. External assessments are through Ofsted assessing apprenticeship delivery against the Education Inspection Framework (EIF); ESFA Provider Financial Assurance Teams assessing performance against contractual funding requirements and performance management against contractual obligations and national quality measures. The charity has continually maintained its Ofsted Good inspection status, the most recent being March 2020, demonstrating high standards of delivery, highlighting overall Leadership and Management as a particular strength.

The charity achieved its core apprenticeship completion objective by matching the low target set for unsuccessful apprenticeship completions specific to both engineering and business administration. The overall qualification achievement rate (QAR) for apprenticeships was 70.3% (2022: 66.4%). This is an improvement on the previous year's results from those apprentices whose progression was impacted and delayed with COVID successfully completing their apprenticeships. We did not achieve the core objective for apprenticeship recruitment targets which was mainly due to a fall in the number of suitable candidates applying for an apprenticeship combined with lower-than-expected employer demand for new apprentices.

Both strategic objectives were achieved. The human resource's objective was to recruit and train human resources to meet functional and business requirements. This was achieved by recruiting new staff and supporting them to become effective additions to the organisation to replace those who departed during the financial year. The second objective was to minimise external risks and ensure high levels of compliance through enhanced process standardisation. This was achieved by focusing on three key areas of compliance and introducing operational an audit processes to ensure compliance with the ESFA funding rules applicable to those three key areas.

The ESFA subcontracting funding rules prohibits any more than 25% of a main providers apprenticeship funding being subcontracted. This requires Tyne North Training to secure and maintain its contractor cap exemption status, which was in place for 2022/23, and a successful application has already been granted for the forthcoming year 2023/24.

Tyne North Training Limited

(A company limited by guarantee)

Trustees' report (continued) Year ended 31 July 2023

Staff Matters

After the loss of employees during 2022, staffing levels have stabilised with the company continuing to promote a good working relationship with personnel. Despite the strain, staff have continued to work well, completing all the required procedures and keeping sufficient and appropriate records to allow the company to maintain its high standards.

As disclosed in note 9, during the year the company reached a settlement agreement with the Chief Executive Officer. The settlement was to agree early termination of their employment contract. The agreement was reached in May 2023. Subsequent to the settlement agreement, the Chief Executive Officer stayed on under a new, short term employment contract to ensure a smooth transition.

External Factors Impacting Achievement

The main external factors effecting the achievement of business objectives during 2022 - 2023 were:

- Excessive workload of staff for those learners due for completion in 2022/23 backed up from those learners with completion dates from 2021/22 who were impacted by the coronavirus pandemic;
- Timely completion of subcontracted delivery of qualifications enabling learners to proceed to End Point Assessment;
- The introduction of the new level 3 Machining Technician Standard. Extensive work undertaken by relevant staff to develop an appropriate deliverable programme; and
- Extensive management resource required to recruit and train incoming staff to replace those who had departed the business. These areas were specifically centred around engineering operations, administration and apprenticeship recruitment.

FINANCIAL REVIEW

Investment Policy

The investment policy of the trustees remains one of caution and with continuing cost rises across the board, close monitoring to ensure it achieves the best return is required. An initial £600,000 was invested with two investment managers during July 2018 which during 2022-23 returned a net unrealised loss of £6,579 (2021-22: £47,093 loss).

Financial Performance

Income has decreased to £1,697,366 (2022: £1,741,225), the key movements being a reduction in learners that result in less funding from the ESFA offset by Investment income increasing due to the interest rates. The charitable activities expenditure has increased significantly to £2,058,798 (2022: £1,641,751) largely as a result of the settlement agreement payable to the former CEO (see staff matters section above). The charitable company achieved a deficit of £374,196 (2022: surplus of £45,805) on unrestricted funds, including a loss on investments.

Reserves Policy

The level of unrestricted reserves at 31 July 2023 is £1,076,904. Charity reserves are held for a number of important reasons:

1. Fund business development and growth to remain competitive and to offer the charities services to a wider business community;
2. Support apprentices made redundant to continue to complete their apprenticeships with alternative employers;
3. Enable the charity to discharge all its commitments to existing apprentices and companies should government funding diminish or cease; and
4. Fund necessary activities to minimise risk to the charities ability to operate as a going concern.

Tyne North Training Limited

(A company limited by guarantee)

Trustees' report (continued) Year ended 31 July 2023

A designated capital fund of £348,796 was held at 31 July 2023 which is equal to the net book value of the property. The free reserves held at 31 July 2023 was £728,801.

Principle Funding Sources

Principle funding sources and associated activities during 2022-23:

- ESFA – 100% government funding up to the apprenticeship standard funding cap for 16-18 apprentices to cover training costs when employed within a small company employing less than 50 employees with a payroll of less than £3 million, however there is a 5% employer funding contribution should they recruit a 19+ apprentice; 95% funding from the ESFA and 5% funding cost for an employer recruiting an apprentice who employs more than 50 employees but has a payroll of less than £3 million;
- Employers – large companies who employ more than 50 employees with a payroll in excess of £3 million fund Tyne North Training apprenticeships direct through their employer levy accounts; and
- Commercial income, investment income and interest – a small proportion of income is generated through the delivery of NVQs to existing adult employees working within apprenticeship employing companies, plus investment income held by two investment managers and interest received on reserves held.

Going Concern

The board are in ongoing discussions over the future ownership and management structure of the entity. Although the board does not see any impact to the employees or apprentices, it is currently uncertain as to the future structure of the business and consequently its future funding streams. At the time of approval of these financial statements, the board considers that the going concern basis of accounting remains appropriate and therefore continue to prepare these financial statements on such basis. However given the inherent uncertainty over the current position and its potential impact on funding and delivery of training beyond July 2025, there is acknowledgement that the longer term future of the entity is in question.

PLANS FOR FUTURE PERIODS

The company will continue to effectively manage external changes and challenging targets contained within the core objectives agreed each year, effectively capitalise on future growth opportunities and enhance quality delivery. The company is in the early stages of considering a form of partnership with other companies to improve the levels of training.

The charity will continue to focus on achieving its core objectives to:

- Continue to meet ESFA contractual obligations and maintain EAL and Pearson assessment centre status.
- Improve the quality of learning underpinned by effective training officer CPD.
- Focus on sustaining an improvement apprenticeship completion rate.
- Continue to be active in seeking to increase the number of apprenticeships and new employers through proactive business development supported with quality candidate attraction.
- Ensuring the curriculum design and delivery meets or exceeds both employer and apprentice needs and expectations.

The achievement of Tyne North Training's strategic objectives will seek to safeguard effective, high quality subcontracted delivery and embed a proactive account management system across all business functions.

Management are in the process of assessing the current ownership, board and management structure of the charitable company. They are exploring ways to continue to meet the charitable objectives while ensuring the operations of the charity can continue for the medium to long term future. See the going concern section of the trustees report and note 1.3 in the accounting policies.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

The charity is a charitable company limited by guarantee. It is governed by a Memorandum and Articles of Association.

Tyne North Training Limited

(A company limited by guarantee)

Trustees' report (continued) Year ended 31 July 2023

Organisational Structure and Trustee Induction Process

Prospective trustees are nominated from member companies and elected onto the Board. Prior to election, wherever possible, prospective trustees attend 'Executive Committee' meetings, in an ex-officio capacity, to familiarise themselves with the workings of the charity. They are also provided with a copy of the Memorandum and Articles of Association; the Charity Commission's 'The Essential Trustee: What you need to know'; and the current Self-Assessment Report, Strategic and Operational Business Objectives and Quality Improvement Plan.

Members eligible for election must be an ordinary or representative member. An ordinary member is any person being an individual or corporate body who carries on business in the engineering industry or commerce.

A representative member is a person nominated by the company, either a partnership or other unincorporated body which carries on business in the engineering industry or commerce.

Excluding the Chairman, the number of trustees must not exceed six nor be less than two. No external body or person is entitled to appoint a trustee to Tyne North Training Limited.

The induction includes a meeting with a member of the key management personnel during which any queries relating to the governance, structure or management of the charity and its aims and objectives would be addressed.

The trustees make strategic and policy decisions on behalf of the business and agree strategic and operational objectives with key management personnel. Financial expenditure is authorised by two signatories required, including the chairman.

Implementing the strategic and operational objectives and the day to day running of the company is delegated to the key management personnel.

Organisation structure

Until September 2024, the executive committee provided delegated authority to the Chief Executive Officer, who in turn lead the employees to operate the business and set the strategic direction. As noted in the Reference and administrative details section of the report, the Chief Executive Officer resigned on 30 September 2024. Since then, the Chair has taken on the role of the Chief Executive Officer until the future of the ownership, board, management structure is finalised.

Pay policy for senior staff

The trustees and senior management team represent the key management of the charity with the trustees being responsible for strategy and directing the charity and the senior management team having responsibility for controlling and operating the charity on a day to day basis. All trustees give their time freely throughout the year without receiving any form of financial remuneration.

The pay of senior staff is reviewed annually by the board of Tyne North Training.

Risk Management

The trustees have identified the following as major risks to which the charity is exposed: the loss or withdrawal of ESFA contracts; the removal of the charity from the ESFA Register of Apprenticeship Training Providers (RoATP) list; an inadequate Ofsted inspection; inadequate financial ESFA health grade leading to ESFA intervention; continual alignment to ESFA subcontracting rules and regulations and the successful retention of the subcontracting cap exemption status; and/or the loss of approval as an assessment centre for EAL and/or Pearson, all of which would render the business unable to deliver engineering manufacturing and business & administration apprenticeships.

The charity has put in place a number of policies, systems and procedures to mitigate these risks to ensure the quality and financial performance of the organisation does not give cause or concern for loss or withdrawal of these ESFA contracts; RoATP and/or approval centre status, as follows:

- Internal quality system designed in accordance with ESFA, Ofsted, EAL and Pearson requirements;
- Board approved strategic and operational business objectives;

Tyne North Training Limited

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Trustees' report (continued)

Year ended 31 July 2023

- A sound financial base, exercising financial probity with a minimum financial 'satisfactory' rating from the ESFA;
- Performance figures and success rates consistently above national averages;
- Expert, highly qualified and committed staff who regularly undertake training and CPD activities;
- Continuous, close monitoring of ESFA funding rule changes, contractual requirements and minimum level performance criteria along with the need to continually align its operations to Ofsted, EIF requirements; and
- Ensuring reports are consistent and favourable from EAL external verifier and Pearson standards verifier audits

Additional to the above there are always competitive risks and pressures from other training providers as government funding, apprentice funding rate and the apprenticeship policy is continuously redefined within a financially and operationally competitive environment.

The company manages an effective working relationship with the local college, facilitated by contracts for service delivery and continues to recruit and retain a high number of apprentices whilst achieving completion rates in excess of National averages, all of which contribute towards mitigating risk.

Tyne North Training Limited

(A company limited by guarantee)

Trustees' report (continued)

Year ended 31 July 2023

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Tyne North Training Limited for the purpose of company law) are responsible for preparing the Trustee's Annual Report 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 the year. In preparing these financial statements, the trustees are required to:


- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 (FRS 102)
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on a 'going concern' basis, unless it is inappropriate to presume that the charitable company will continue in operation

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and 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 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 auditor is 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 charitable company's auditor is aware of that information.

Approved by order of the members of the board of trustees on 14 November 2024 and signed on their behalf by:

Signed by:

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T I Selkirk
Chairman



Independent auditor's report to the Members of Tyne North Training Limited

Opinion

We have audited the financial statements of Tyne North Training Limited (the 'charitable company') for the year ended 31 July 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2023 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 Auditor's 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.3 in the financial statements, which indicates uncertainty over the future operations of the charitable company as a result of ongoing board discussions around the ownership and management structure of the entity, which may impact future funding. As stated in note 1.3, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least 12 months from the date of this report. Our opinion is not modified in respect of this matter.

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.

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



Independent auditor's report to the Members of Tyne North Training Limited (continued)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 Trustees' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a Strategic report.



Independent auditor's report to the Members of Tyne North Training Limited (continued)

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, 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.

Auditor's 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the directors and other management (as required by Auditing Standards) and from inspection of the charity's legal correspondence and we discussed with the directors and other management the policies and procedures in place regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the charity is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, data protection, safeguarding, environmental law and certain aspects of company legislation, recognising the nature of the charity's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we did not become aware of any actual or suspected non-compliance material to the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.



Independent auditor's report to the Members of Tyne North Training Limited (continued)

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

Use of our report

This report is made solely to the charitable company's trustees, 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 trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Anne Hallowell
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Anne Hallowell BSc DChA FCA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

14 November 2024

Tyne North Training Limited

(A company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account) Year ended 31 July 2023

	Note	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from:				
Charitable activities	2	1,681,311	1,681,311	1,726,127
Other trading activities		-	-	4,194
Investments	3	16,055	16,055	10,904
Total income		1,697,366	1,697,366	1,741,225
Expenditure on:				
Investment management costs		6,185	6,185	6,576
Charitable activities	4	2,058,798	2,058,798	1,641,751
Total expenditure		2,064,983	2,064,983	1,648,327
Net (expenditure)/income before net losses on investments				
		(367,617)	(367,617)	92,898
Net losses on investments		(6,579)	(6,579)	(47,093)
Net movement in funds		(374,196)	(374,196)	45,805
Reconciliation of funds:				
Total funds brought forward		1,451,100	1,451,100	1,405,295
Net movement in funds		(374,196)	(374,196)	45,805
Total funds carried forward		1,076,904	1,076,904	1,451,100

The statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 17 to 28 form part of these financial statements.

Tyne North Training Limited

(A company limited by guarantee)


Balance sheet At 31 July 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	7	348,796	358,296
Investments	8	635,363	636,340
		<u>984,159</u>	<u>994,636</u>
Current assets			
Debtors	9	194,677	190,906
Cash at bank and in hand		727,810	451,037
		<u>922,487</u>	<u>641,943</u>
Creditors: amounts falling due within one year	10	(829,742)	(185,479)
		<u>92,745</u>	<u>456,464</u>
Net current assets		<u>92,745</u>	<u>456,464</u>
Total assets less current liabilities		<u>1,076,904</u>	<u>1,451,100</u>
Total net assets		<u>1,076,904</u>	<u>1,451,100</u>
Charity funds			
Unrestricted funds	11	1,076,904	1,451,100
Total funds		<u>1,076,904</u>	<u>1,451,100</u>

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the trustees on 14 November 2024 and signed on their behalf by:

Signed by:

 T T Selkirk
 Chairman

Company registered number: 00992831

The notes on pages 17 to 28 form part of these financial statements.

Tyne North Training Limited

(A company limited by guarantee)

Statement of cash flows Year ended 31 July 2023

	2023 £	2022 £
Cash flows from operating activities		
Net cash used in operating activities	266,320	(266,430)
Cash flows from investing activities		
Interest and dividends received	16,055	10,904
Purchase of tangible fixed assets	-	(1,660)
Proceeds from sale of investments	46,172	94,901
Purchase of investments	(51,774)	(87,837)
Net cash provided by investing activities	10,453	16,308
Change in cash and cash equivalents in the year	276,773	(250,122)
Cash and cash equivalents at the beginning of the year	451,037	701,159
Cash and cash equivalents at the end of the year	727,810	451,037

The notes on pages 17 to 28 form part of these financial statements

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2023

1. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

The financial statements are prepared under the historical cost convention, are presented in pounds sterling and rounded to the nearest £1.

1.2 Company status

The company is a company limited by guarantee, incorporated and domiciled in United Kingdom and registered in England and Wales. The members of the company are the trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £20 per member of the company.

1.3 Going concern

The company has financial reserves held in cash, investments and fixed assets. The company has strong free reserves (unrestricted reserves not tied up in tangible fixed assets) of £728,108. As a consequence, the trustees believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The board are in ongoing discussions over the future ownership and management structure of the entity. Although the board does not see any impact to the employees or apprentices, it is currently uncertain as to the future structure of the business and consequently its future funding streams. At the time of approval of these financial statements, the board considers that the going concern basis of accounting remains appropriate and therefore continue to prepare these financial statements on such basis. However given the inherent uncertainty over the current position and its potential impact on funding and delivery of training beyond July 2025, there is acknowledgement that the longer term future of the entity is in question.

1.4 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2023

1. Accounting policies (continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the company to raise funds for its charitable purposes.

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

All expenditure is inclusive of irrecoverable VAT.

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	over 50 years
Office equipment	-	15% straight-line

1.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the statement of financial activities.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2023

1. Accounting policies (continued)

1.10 Cash at bank and in hand

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

1.11 Liabilities and provisions

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

1.12 Financial instruments

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

1.13 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.14 Employee benefits

Short-term benefits

Short-term benefits, including other non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plan

The company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

1.15 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2023

2. Income from charitable activities

	Unrestricted funds 2023 £	Total funds 2023 £
Education and Skills Funding Agency	1,652,249	1,652,249
Employer contributions	29,062	29,062
	<u>1,681,311</u>	<u>1,681,311</u>
	Unrestricted funds 2022 £	Total funds 2022 £
Education and Skills Funding Agency	1,692,479	1,692,479
Employer contributions	26,616	26,616
Workforce development	7,032	7,032
	<u>1,726,127</u>	<u>1,726,127</u>

3. Investment income

	Unrestricted funds 2023 £	Total funds 2023 £
Income from investments	14,622	14,622
Interest receivable	1,433	1,433
	<u>16,055</u>	<u>16,055</u>

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2023

3. Investment income (continued)

	Unrestricted funds 2022 £	Total funds 2022 £
Income from investments	10,877	10,877
Interest receivable	27	27
	<u>10,904</u>	<u>10,904</u>

4. Analysis of expenditure by activities

	Activities undertaken directly 2023 £	Support costs 2023 £	Total funds 2023 £
Charitable activities	<u>1,483,690</u>	<u>575,108</u>	<u>2,058,798</u>

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £
Charitable activities	<u>1,390,273</u>	<u>251,478</u>	<u>1,641,751</u>

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2023

4. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2023 £	Total funds 2022 £
Staff costs	384,814	42,471
Premises expenses	31,344	31,481
Office costs	36,766	28,615
Motor costs	49,714	49,725
Bank charges	152	1,599
Subscriptions and professional fees (including auditors' remuneration)	49,088	62,891
Sundry costs	10,680	17,255
Depreciation	9,500	11,318
Equipment costs and repairs	3,050	6,123
	<u>575,108</u>	<u>251,478</u>

5. Auditor's remuneration

The auditor's remuneration amounts to an auditor fee of £11,000 (2022: £6,500), and bookkeeping services of £10,800 (2022: £7,258).

6. Staff costs

	2023 £	2022 £
Wages and salaries	970,355	680,168
Social security costs	116,790	80,621
Pension costs	132,321	118,303
	<u>1,219,466</u>	<u>879,092</u>

The average number of persons employed by the company during the year was as follows:

	2023 No.	2022 No.
Charitable activities	<u>14</u>	<u>17</u>

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2023

6. Staff costs (continued)

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

	2023	2022
	No.	No.
In the band £100,001 - £110,000	-	1
In the band £420,001 - £430,000	1	-

No expenses were reimbursed to any trustees during the year (2022: £nil). No trustees received any remuneration.

The key management personnel of the charity comprise the senior management team (as listed on page 1), with total employee benefits (including pension costs) of £607,979 (2022: £297,874).

During the year, the company reached a settlement agreement with the Chief Executive Officer totalling £323,269. This amount was split between a payment to the individual of £263,269 and a payment to their pension fund of £60,000. The settlement was to agree early termination of their employment contract. The agreement was reached in May 2023 and paid post year end. In accordance with the chosen accounting policies, the settlement expense has been recognised in May 2023, being the date the obligation to pay the settlement arose. The balance is carried as a liability at 31 July 2023, included within accruals and deferred income. The charity continues to have sufficient unrestricted reserves to fund the settlement payment and continue to fund operations at the balance sheet date.

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2023

7. Tangible fixed assets

	Freehold property £	Office equipment £	Total £
Cost			
At 1 August 2022	400,000	184,816	584,816
At 31 July 2023	<u>400,000</u>	<u>184,816</u>	<u>584,816</u>
Depreciation			
At 1 August 2022	43,204	183,316	226,520
Charge for the year	8,000	1,500	9,500
At 31 July 2023	<u>51,204</u>	<u>184,816</u>	<u>236,020</u>
Net book value			
At 31 July 2023	<u><u>348,796</u></u>	<u><u>-</u></u>	<u><u>348,796</u></u>
At 31 July 2022	<u><u>356,796</u></u>	<u><u>1,500</u></u>	<u><u>358,296</u></u>

8. Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 August 2022	636,340
Additions	51,774
Disposals	(46,977)
Revaluations	(5,774)
At 31 July 2023	<u><u>635,363</u></u>
Net book value	
At 31 July 2023	<u><u>635,363</u></u>
At 31 July 2022	<u><u>636,340</u></u>

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2023

9. Debtors

	2023 £	2022 £
Due within one year		
Trade debtors	148,528	156,071
Other debtors	5,000	500
Prepayments and accrued income	41,149	34,335
	<u>194,677</u>	<u>190,906</u>

10. Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	344,902	141,331
Other taxation and social security	35,549	11,845
Other creditors	6,500	7,000
Accruals and deferred income	442,791	25,303
	<u>829,742</u>	<u>185,479</u>

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2023

11. Statement of funds

Statement of funds - current year

	Balance at 1 August 2022 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 July 2023 £
Unrestricted funds					
Designated funds					
Property Fund	356,796	-	(8,000)	-	348,796
General funds					
General Funds	1,094,304	1,697,366	(2,056,983)	(6,579)	728,108
Total Unrestricted funds	1,451,100	1,697,366	(2,064,983)	(6,579)	1,076,904

The designated property fund has a balance equal to the net book value of the freehold property which enables the non-liquid reserves to be easily identifiable.

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2023

11. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 August 2021 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 July 2022 £
Unrestricted funds					
Designated funds					
Property Fund	364,796	-	(8,000)	-	356,796
General funds					
General Funds	1,040,499	1,741,225	(1,640,327)	(47,093)	1,094,304
Total Unrestricted funds	<u>1,405,295</u>	<u>1,741,225</u>	<u>(1,648,327)</u>	<u>(47,093)</u>	<u>1,451,100</u>

12. Reconciliation of net movement in funds to net cash flow from operating activities

	2023 £	2022 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	<u>(374,196)</u>	<u>45,805</u>
Adjustments for:		
Depreciation charges	9,500	11,440
Losses/(gains) on investments	6,579	47,093
Dividends, interests and rents from investments	(16,055)	(10,904)
(Increase)/decrease in debtors	(3,771)	2,399
Increase/(decrease) in creditors	644,263	(362,263)
Net cash provided by/(used in) operating activities	<u><u>266,320</u></u>	<u><u>(266,430)</u></u>

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2023

13. Analysis of cash and cash equivalents

	2023 £	2022 £
Cash in hand	<u>727,810</u>	<u>451,037</u>

14. Analysis of changes in net debt

	At 1 August 2022 £	Cash flows £	At 31 July 2023 £
Cash at bank and in hand	<u>451,037</u>	<u>276,773</u>	<u>727,810</u>

15. Pension commitments

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charitable company which amounted to £192,321 (2022: £118,303).

16. Operating lease commitments

At 31 July 2023 the company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2023 £	2022 £
Not later than 1 year	27,763	39,568
Later than 1 year and not later than 5 years	-	26,717
	<u>27,763</u>	<u>66,285</u>

17. Related party transactions

The company has entered into a settlement agreement totaling £323,269 to the Chief Executive Officer in the year. The full amount was owing at 31 July 2023. See note 6 for further information.

Registered number: 00992831
Charity number: 502259

Tyne North Training Limited
(A company limited by guarantee)
Annual report
Year ended 31 July 2023

Tyne North Training Limited

(A company limited by guarantee)

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Tyne North Training Limited

(A company limited by guarantee)

Reference and administrative details Year ended 31 July 2023

Trustees

T I Selkirk, Chairman
C Pratt, Vice Chairman
S Armstrong
G Longstaff (appointed 8 October 2024)

Key management personnel

Michael Needham, Chief Executive Officer (resigned 30 September 2024)
Geoff Moore, Quality Manager

Company registered number

00992831

Charity registered number

502259

Registered office

Embleton Avenue
Wallsend
Newcastle upon Tyne
Tyne and Wear
NE28 9NJ

Company secretary

Michael Needham (resigned 30 September 2024)

Independent auditor

UNW LLP
Chartered Accountants
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

Bankers

Barclays Bank Plc
49/51 Northumberland Street
Newcastle upon Tyne
Tyne and Wear
NE1 7AF

Tyne North Training Limited

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Reference and administrative details (continued) **Year ended 31 July 2023**

Solicitors

Hay & Kilner
Helix, The Lumen
St James' Boulevard
Newcastle upon Tyne
NE4 5BZ

Investment managers

Brewin Dolphin
Time Central
Gallowgate
Newcastle upon Tyne
NE1 4SR

Rathbone Investment Management Limited
Earl Grey House
75-85 Grey Street
Newcastle upon Tyne
NE1 6EF

Tyne North Training Limited

(A company limited by guarantee)

Trustees' report Year ended 31 July 2023

The trustees, who act as directors for the purposes of company law, are pleased to present their annual report together with the financial statements for the year ended 31 July 2023.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and the 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.

OBJECTIVES AND ACTIVITIES

The charity's objects are specific towards the advancement of learning and education for the public benefit of persons employed or intending to be employed in industry and commerce.

Core Business Objectives

- Maintain apprenticeship recruitment levels and the number of new employers
- Maintain or improve overall apprenticeship completion rates
- Achieve a financial operational surplus
- Continually enhance the quality of learning delivery

The overall aim of Tyne North Training Limited remains to increase the skills, knowledge and understanding of those involved in engineering and business-related activities and to deliver high quality services to an increasing number of apprentices and employers within the region.

Contracts with the Education and Skills Funding Agency (ESFA) and employers provide the charity with funding to deliver accredited advanced apprenticeship standards within the engineering manufacturing and business sectors benefitting young people, the majority of which begin their apprenticeships between the ages of 16-18 years old. The total number of apprentices on-programme during 2022 – 2023 was 396 (2021 – 2022: 428).

The policy of the trustees continues to be to utilise charity reserves to support business growth and manage risk with any additional surpluses used to enhance the skills and learning of existing apprentices; support employer engagement; design and implement business model changes in response to ESFA funding rule changes; and be available as contingency funding in the event of apprentices being made redundant and/or the loss of government funded contracts.

The main activities of the charity are to:

- Deliver high quality, sustainable engineering manufacturing and business administration apprenticeships;
- Continue to align business operations to ESFA funding rules and regulations;
- Finance, plan, resource, implement, and manage business change projects in response to market opportunities and to mitigate charity risk;
- Maximise the availability of high quality apprenticeship candidates;
- Drive and sustain employer engagement and business development activities; and
- Deliver support to apprentices made redundant and identify alternative apprenticeship employment opportunities for the continuation of the apprenticeship

The charities main activities and funding levels are reviewed on an annual basis by the trustees. Grant making is not a material part of the charity's activities.

Public Benefit

Tyne North Training Limited offer a wide range of advanced apprenticeships within the local engineering manufacturing and business sectors, as well as delivering functional skills to relevant apprentices.

We are committed to delivering a high level of quality which will ensure all users of our service are completely satisfied and have the opportunity to make comments, suggestions and complaints if necessary. Our service provides information, advice and guidance to support young people in making appropriate apprenticeship decisions, whilst helping companies understand and comply with apprenticeship standards; commercial contractual arrangements and the apprenticeship levy system.

Tyne North Training Limited

(A company limited by guarantee)

Trustees' report (continued)

Year ended 31 July 2023

We support all our apprentices, many from disadvantaged backgrounds, to achieve their full potential successfully progressing them through a level 3 apprenticeship whilst providing encouragement and further support onto higher education courses. Tyne North Training also facilitates the smooth transition from one employer to another for apprentices facing the prospect of redundancy.

ACHIEVEMENTS AND PERFORMANCE

Achievements and Quality Control

Achievements of the charity are assessed internally and externally, both qualitatively and quantifiably. Internal assessment is against company operating procedures contained within our continually updated quality management system, along with yearly performance management against business objectives. External assessments are through Ofsted assessing apprenticeship delivery against the Education Inspection Framework (EIF); ESFA Provider Financial Assurance Teams assessing performance against contractual funding requirements and performance management against contractual obligations and national quality measures. The charity has continually maintained its Ofsted Good inspection status, the most recent being March 2020, demonstrating high standards of delivery, highlighting overall Leadership and Management as a particular strength.

The charity achieved its core apprenticeship completion objective by matching the low target set for unsuccessful apprenticeship completions specific to both engineering and business administration. The overall qualification achievement rate (QAR) for apprenticeships was 70.3% (2022: 66.4%). This is an improvement on the previous year's results from those apprentices whose progression was impacted and delayed with COVID successfully completing their apprenticeships. We did not achieve the core objective for apprenticeship recruitment targets which was mainly due to a fall in the number of suitable candidates applying for an apprenticeship combined with lower-than-expected employer demand for new apprentices.

Both strategic objectives were achieved. The human resource's objective was to recruit and train human resources to meet functional and business requirements. This was achieved by recruiting new staff and supporting them to become effective additions to the organisation to replace those who departed during the financial year. The second objective was to minimise external risks and ensure high levels of compliance through enhanced process standardisation. This was achieved by focusing on three key areas of compliance and introducing operational an audit processes to ensure compliance with the ESFA funding rules applicable to those three key areas.

The ESFA subcontracting funding rules prohibits any more than 25% of a main providers apprenticeship funding being subcontracted. This requires Tyne North Training to secure and maintain its contractor cap exemption status, which was in place for 2022/23, and a successful application has already been granted for the forthcoming year 2023/24.

Tyne North Training Limited

(A company limited by guarantee)

Trustees' report (continued) Year ended 31 July 2023

Staff Matters

After the loss of employees during 2022, staffing levels have stabilised with the company continuing to promote a good working relationship with personnel. Despite the strain, staff have continued to work well, completing all the required procedures and keeping sufficient and appropriate records to allow the company to maintain its high standards.

As disclosed in note 9, during the year the company reached a settlement agreement with the Chief Executive Officer. The settlement was to agree early termination of their employment contract. The agreement was reached in May 2023. Subsequent to the settlement agreement, the Chief Executive Officer stayed on under a new, short term employment contract to ensure a smooth transition.

External Factors Impacting Achievement

The main external factors effecting the achievement of business objectives during 2022 - 2023 were:

- Excessive workload of staff for those learners due for completion in 2022/23 backed up from those learners with completion dates from 2021/22 who were impacted by the coronavirus pandemic;
- Timely completion of subcontracted delivery of qualifications enabling learners to proceed to End Point Assessment;
- The introduction of the new level 3 Machining Technician Standard. Extensive work undertaken by relevant staff to develop an appropriate deliverable programme; and
- Extensive management resource required to recruit and train incoming staff to replace those who had departed the business. These areas were specifically centred around engineering operations, administration and apprenticeship recruitment.

FINANCIAL REVIEW

Investment Policy

The investment policy of the trustees remains one of caution and with continuing cost rises across the board, close monitoring to ensure it achieves the best return is required. An initial £600,000 was invested with two investment managers during July 2018 which during 2022-23 returned a net unrealised loss of £6,579 (2021-22: £47,093 loss).

Financial Performance

Income has decreased to £1,697,366 (2022: £1,741,225), the key movements being a reduction in learners that result in less funding from the ESFA offset by Investment income increasing due to the interest rates. The charitable activities expenditure has increased significantly to £2,058,798 (2022: £1,641,751) largely as a result of the settlement agreement payable to the former CEO (see staff matters section above). The charitable company achieved a deficit of £374,196 (2022: surplus of £45,805) on unrestricted funds, including a loss on investments.

Reserves Policy

The level of unrestricted reserves at 31 July 2023 is £1,076,904. Charity reserves are held for a number of important reasons:

1. Fund business development and growth to remain competitive and to offer the charities services to a wider business community;
2. Support apprentices made redundant to continue to complete their apprenticeships with alternative employers;
3. Enable the charity to discharge all its commitments to existing apprentices and companies should government funding diminish or cease; and
4. Fund necessary activities to minimise risk to the charities ability to operate as a going concern.

Tyne North Training Limited

(A company limited by guarantee)

Trustees' report (continued) Year ended 31 July 2023

A designated capital fund of £348,796 was held at 31 July 2023 which is equal to the net book value of the property. The free reserves held at 31 July 2023 was £728,801.

Principle Funding Sources

Principle funding sources and associated activities during 2022-23:

- ESFA – 100% government funding up to the apprenticeship standard funding cap for 16-18 apprentices to cover training costs when employed within a small company employing less than 50 employees with a payroll of less than £3 million, however there is a 5% employer funding contribution should they recruit a 19+ apprentice; 95% funding from the ESFA and 5% funding cost for an employer recruiting an apprentice who employs more than 50 employees but has a payroll of less than £3 million;
- Employers – large companies who employ more than 50 employees with a payroll in excess of £3 million fund Tyne North Training apprenticeships direct through their employer levy accounts; and
- Commercial income, investment income and interest – a small proportion of income is generated through the delivery of NVQs to existing adult employees working within apprenticeship employing companies, plus investment income held by two investment managers and interest received on reserves held.

Going Concern

The board are in ongoing discussions over the future ownership and management structure of the entity. Although the board does not see any impact to the employees or apprentices, it is currently uncertain as to the future structure of the business and consequently its future funding streams. At the time of approval of these financial statements, the board considers that the going concern basis of accounting remains appropriate and therefore continue to prepare these financial statements on such basis. However given the inherent uncertainty over the current position and its potential impact on funding and delivery of training beyond July 2025, there is acknowledgement that the longer term future of the entity is in question.

PLANS FOR FUTURE PERIODS

The company will continue to effectively manage external changes and challenging targets contained within the core objectives agreed each year, effectively capitalise on future growth opportunities and enhance quality delivery. The company is in the early stages of considering a form of partnership with other companies to improve the levels of training.

The charity will continue to focus on achieving its core objectives to:

- Continue to meet ESFA contractual obligations and maintain EAL and Pearson assessment centre status.
- Improve the quality of learning underpinned by effective training officer CPD.
- Focus on sustaining an improvement apprenticeship completion rate.
- Continue to be active in seeking to increase the number of apprenticeships and new employers through proactive business development supported with quality candidate attraction.
- Ensuring the curriculum design and delivery meets or exceeds both employer and apprentice needs and expectations.

The achievement of Tyne North Training's strategic objectives will seek to safeguard effective, high quality subcontracted delivery and embed a proactive account management system across all business functions.

Management are in the process of assessing the current ownership, board and management structure of the charitable company. They are exploring ways to continue to meet the charitable objectives while ensuring the operations of the charity can continue for the medium to long term future. See the going concern section of the trustees report and note 1.3 in the accounting policies.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

The charity is a charitable company limited by guarantee. It is governed by a Memorandum and Articles of Association.

Tyne North Training Limited

(A company limited by guarantee)

Trustees' report (continued) Year ended 31 July 2023

Organisational Structure and Trustee Induction Process

Prospective trustees are nominated from member companies and elected onto the Board. Prior to election, wherever possible, prospective trustees attend 'Executive Committee' meetings, in an ex-officio capacity, to familiarise themselves with the workings of the charity. They are also provided with a copy of the Memorandum and Articles of Association; the Charity Commission's 'The Essential Trustee: What you need to know'; and the current Self-Assessment Report, Strategic and Operational Business Objectives and Quality Improvement Plan.

Members eligible for election must be an ordinary or representative member. An ordinary member is any person being an individual or corporate body who carries on business in the engineering industry or commerce.

A representative member is a person nominated by the company, either a partnership or other unincorporated body which carries on business in the engineering industry or commerce.

Excluding the Chairman, the number of trustees must not exceed six nor be less than two. No external body or person is entitled to appoint a trustee to Tyne North Training Limited.

The induction includes a meeting with a member of the key management personnel during which any queries relating to the governance, structure or management of the charity and its aims and objectives would be addressed.

The trustees make strategic and policy decisions on behalf of the business and agree strategic and operational objectives with key management personnel. Financial expenditure is authorised by two signatories required, including the chairman.

Implementing the strategic and operational objectives and the day to day running of the company is delegated to the key management personnel.

Organisation structure

Until September 2024, the executive committee provided delegated authority to the Chief Executive Officer, who in turn lead the employees to operate the business and set the strategic direction. As noted in the Reference and administrative details section of the report, the Chief Executive Officer resigned on 30 September 2024. Since then, the Chair has taken on the role of the Chief Executive Officer until the future of the ownership, board, management structure is finalised.

Pay policy for senior staff

The trustees and senior management team represent the key management of the charity with the trustees being responsible for strategy and directing the charity and the senior management team having responsibility for controlling and operating the charity on a day to day basis. All trustees give their time freely throughout the year without receiving any form of financial remuneration.

The pay of senior staff is reviewed annually by the board of Tyne North Training.

Risk Management

The trustees have identified the following as major risks to which the charity is exposed: the loss or withdrawal of ESFA contracts; the removal of the charity from the ESFA Register of Apprenticeship Training Providers (RoATP) list; an inadequate Ofsted inspection; inadequate financial ESFA health grade leading to ESFA intervention; continual alignment to ESFA subcontracting rules and regulations and the successful retention of the subcontracting cap exemption status; and/or the loss of approval as an assessment centre for EAL and/or Pearson, all of which would render the business unable to deliver engineering manufacturing and business & administration apprenticeships.

The charity has put in place a number of policies, systems and procedures to mitigate these risks to ensure the quality and financial performance of the organisation does not give cause or concern for loss or withdrawal of these ESFA contracts; RoATP and/or approval centre status, as follows:

- Internal quality system designed in accordance with ESFA, Ofsted, EAL and Pearson requirements;
- Board approved strategic and operational business objectives;

Tyne North Training Limited

(A company limited by guarantee)

Trustees' report (continued)

Year ended 31 July 2023

- A sound financial base, exercising financial probity with a minimum financial 'satisfactory' rating from the ESFA;
- Performance figures and success rates consistently above national averages;
- Expert, highly qualified and committed staff who regularly undertake training and CPD activities;
- Continuous, close monitoring of ESFA funding rule changes, contractual requirements and minimum level performance criteria along with the need to continually align its operations to Ofsted, EIF requirements; and
- Ensuring reports are consistent and favourable from EAL external verifier and Pearson standards verifier audits

Additional to the above there are always competitive risks and pressures from other training providers as government funding, apprentice funding rate and the apprenticeship policy is continuously redefined within a financially and operationally competitive environment.

The company manages an effective working relationship with the local college, facilitated by contracts for service delivery and continues to recruit and retain a high number of apprentices whilst achieving completion rates in excess of National averages, all of which contribute towards mitigating risk.

Tyne North Training Limited

(A company limited by guarantee)

Trustees' report (continued)

Year ended 31 July 2023

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Tyne North Training Limited for the purpose of company law) are responsible for preparing the Trustee's Annual Report 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 the year. In preparing these financial statements, the trustees are required to:


- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 (FRS 102)
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on a 'going concern' basis, unless it is inappropriate to presume that the charitable company will continue in operation

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and 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 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 auditor is 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 charitable company's auditor is aware of that information.

Approved by order of the members of the board of trustees on 14 November 2024 and signed on their behalf by:

Signed by:

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T I Selkirk
Chairman



Independent auditor's report to the Members of Tyne North Training Limited

Opinion

We have audited the financial statements of Tyne North Training Limited (the 'charitable company') for the year ended 31 July 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2023 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 Auditor's 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.3 in the financial statements, which indicates uncertainty over the future operations of the charitable company as a result of ongoing board discussions around the ownership and management structure of the entity, which may impact future funding. As stated in note 1.3, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least 12 months from the date of this report. Our opinion is not modified in respect of this matter.

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.

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



Independent auditor's report to the Members of Tyne North Training Limited (continued)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 Trustees' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a Strategic report.



Independent auditor's report to the Members of Tyne North Training Limited (continued)

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, 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.

Auditor's 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the directors and other management (as required by Auditing Standards) and from inspection of the charity's legal correspondence and we discussed with the directors and other management the policies and procedures in place regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the charity is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, data protection, safeguarding, environmental law and certain aspects of company legislation, recognising the nature of the charity's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we did not become aware of any actual or suspected non-compliance material to the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.



Independent auditor's report to the Members of Tyne North Training Limited (continued)

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

Use of our report

This report is made solely to the charitable company's trustees, 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 trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Anne Hallowell
59C7DD6C467F49E...

Anne Hallowell BSc DChA FCA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

14 November 2024

Tyne North Training Limited

(A company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account) Year ended 31 July 2023

	Note	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from:				
Charitable activities	2	1,681,311	1,681,311	1,726,127
Other trading activities		-	-	4,194
Investments	3	16,055	16,055	10,904
Total income		1,697,366	1,697,366	1,741,225
Expenditure on:				
Investment management costs		6,185	6,185	6,576
Charitable activities	4	2,058,798	2,058,798	1,641,751
Total expenditure		2,064,983	2,064,983	1,648,327
Net (expenditure)/income before net losses on investments				
		(367,617)	(367,617)	92,898
Net losses on investments		(6,579)	(6,579)	(47,093)
Net movement in funds		(374,196)	(374,196)	45,805
Reconciliation of funds:				
Total funds brought forward		1,451,100	1,451,100	1,405,295
Net movement in funds		(374,196)	(374,196)	45,805
Total funds carried forward		1,076,904	1,076,904	1,451,100

The statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 17 to 28 form part of these financial statements.

Tyne North Training Limited

(A company limited by guarantee)

Balance sheet At 31 July 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	7	348,796	358,296
Investments	8	635,363	636,340
		<u>984,159</u>	<u>994,636</u>
Current assets			
Debtors	9	194,677	190,906
Cash at bank and in hand		727,810	451,037
		<u>922,487</u>	<u>641,943</u>
Creditors: amounts falling due within one year	10	(829,742)	(185,479)
Net current assets		<u>92,745</u>	<u>456,464</u>
Total assets less current liabilities		<u>1,076,904</u>	<u>1,451,100</u>
Total net assets		<u>1,076,904</u>	<u>1,451,100</u>
Charity funds			
Unrestricted funds	11	1,076,904	1,451,100
Total funds		<u>1,076,904</u>	<u>1,451,100</u>

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the trustees on 14 November 2024 and signed on their behalf by:

Signed by:

 T T Selkirk
 Chairman

Company registered number: 00992831

The notes on pages 17 to 28 form part of these financial statements.

Tyne North Training Limited

(A company limited by guarantee)

Statement of cash flows Year ended 31 July 2023

	2023 £	2022 £
Cash flows from operating activities		
Net cash used in operating activities	266,320	(266,430)
Cash flows from investing activities		
Interest and dividends received	16,055	10,904
Purchase of tangible fixed assets	-	(1,660)
Proceeds from sale of investments	46,172	94,901
Purchase of investments	(51,774)	(87,837)
Net cash provided by investing activities	10,453	16,308
Change in cash and cash equivalents in the year	276,773	(250,122)
Cash and cash equivalents at the beginning of the year	451,037	701,159
Cash and cash equivalents at the end of the year	727,810	451,037

The notes on pages 17 to 28 form part of these financial statements

Tyne North Training Limited

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2023

1. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

The financial statements are prepared under the historical cost convention, are presented in pounds sterling and rounded to the nearest £1.

1.2 Company status

The company is a company limited by guarantee, incorporated and domiciled in United Kingdom and registered in England and Wales. The members of the company are the trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £20 per member of the company.

1.3 Going concern

The company has financial reserves held in cash, investments and fixed assets. The company has strong free reserves (unrestricted reserves not tied up in tangible fixed assets) of £728,108. As a consequence, the trustees believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The board are in ongoing discussions over the future ownership and management structure of the entity. Although the board does not see any impact to the employees or apprentices, it is currently uncertain as to the future structure of the business and consequently its future funding streams. At the time of approval of these financial statements, the board considers that the going concern basis of accounting remains appropriate and therefore continue to prepare these financial statements on such basis. However given the inherent uncertainty over the current position and its potential impact on funding and delivery of training beyond July 2025, there is acknowledgement that the longer term future of the entity is in question.

1.4 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Tyne North Training Limited

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Notes to the financial statements Year ended 31 July 2023

1. Accounting policies (continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the company to raise funds for its charitable purposes.

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

All expenditure is inclusive of irrecoverable VAT.

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	over 50 years
Office equipment	-	15% straight-line

1.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the statement of financial activities.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

Tyne North Training Limited

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Notes to the financial statements Year ended 31 July 2023

1. Accounting policies (continued)

1.10 Cash at bank and in hand

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

1.11 Liabilities and provisions

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

1.12 Financial instruments

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

1.13 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.14 Employee benefits

Short-term benefits

Short-term benefits, including other non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plan

The company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

1.15 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

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Notes to the financial statements Year ended 31 July 2023

2. Income from charitable activities

	Unrestricted funds 2023 £	Total funds 2023 £
Education and Skills Funding Agency	1,652,249	1,652,249
Employer contributions	29,062	29,062
	<u>1,681,311</u>	<u>1,681,311</u>
	Unrestricted funds 2022 £	Total funds 2022 £
Education and Skills Funding Agency	1,692,479	1,692,479
Employer contributions	26,616	26,616
Workforce development	7,032	7,032
	<u>1,726,127</u>	<u>1,726,127</u>

3. Investment income

	Unrestricted funds 2023 £	Total funds 2023 £
Income from investments	14,622	14,622
Interest receivable	1,433	1,433
	<u>16,055</u>	<u>16,055</u>

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Notes to the financial statements Year ended 31 July 2023

3. Investment income (continued)

	Unrestricted funds 2022 £	Total funds 2022 £
Income from investments	10,877	10,877
Interest receivable	27	27
	<u>10,904</u>	<u>10,904</u>

4. Analysis of expenditure by activities

	Activities undertaken directly 2023 £	Support costs 2023 £	Total funds 2023 £
Charitable activities	<u>1,483,690</u>	<u>575,108</u>	<u>2,058,798</u>

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £
Charitable activities	<u>1,390,273</u>	<u>251,478</u>	<u>1,641,751</u>

Tyne North Training Limited

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Notes to the financial statements Year ended 31 July 2023

4. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2023 £	Total funds 2022 £
Staff costs	384,814	42,471
Premises expenses	31,344	31,481
Office costs	36,766	28,615
Motor costs	49,714	49,725
Bank charges	152	1,599
Subscriptions and professional fees (including auditors' remuneration)	49,088	62,891
Sundry costs	10,680	17,255
Depreciation	9,500	11,318
Equipment costs and repairs	3,050	6,123
	<u>575,108</u>	<u>251,478</u>

5. Auditor's remuneration

The auditor's remuneration amounts to an auditor fee of £11,000 (2022: £6,500), and bookkeeping services of £10,800 (2022: £7,258).

6. Staff costs

	2023 £	2022 £
Wages and salaries	970,355	680,168
Social security costs	116,790	80,621
Pension costs	132,321	118,303
	<u>1,219,466</u>	<u>879,092</u>

The average number of persons employed by the company during the year was as follows:

	2023 No.	2022 No.
Charitable activities	<u>14</u>	<u>17</u>

Tyne North Training Limited

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Notes to the financial statements Year ended 31 July 2023

6. Staff costs (continued)

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

	2023	2022
	No.	No.
In the band £100,001 - £110,000	-	1
In the band £420,001 - £430,000	1	-

No expenses were reimbursed to any trustees during the year (2022: £nil). No trustees received any remuneration.

The key management personnel of the charity comprise the senior management team (as listed on page 1), with total employee benefits (including pension costs) of £607,979 (2022: £297,874).

During the year, the company reached a settlement agreement with the Chief Executive Officer totalling £323,269. This amount was split between a payment to the individual of £263,269 and a payment to their pension fund of £60,000. The settlement was to agree early termination of their employment contract. The agreement was reached in May 2023 and paid post year end. In accordance with the chosen accounting policies, the settlement expense has been recognised in May 2023, being the date the obligation to pay the settlement arose. The balance is carried as a liability at 31 July 2023, included within accruals and deferred income. The charity continues to have sufficient unrestricted reserves to fund the settlement payment and continue to fund operations at the balance sheet date.

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Notes to the financial statements Year ended 31 July 2023

7. Tangible fixed assets

	Freehold property £	Office equipment £	Total £
Cost			
At 1 August 2022	400,000	184,816	584,816
At 31 July 2023	<u>400,000</u>	<u>184,816</u>	<u>584,816</u>
Depreciation			
At 1 August 2022	43,204	183,316	226,520
Charge for the year	8,000	1,500	9,500
At 31 July 2023	<u>51,204</u>	<u>184,816</u>	<u>236,020</u>
Net book value			
At 31 July 2023	<u><u>348,796</u></u>	<u><u>-</u></u>	<u><u>348,796</u></u>
At 31 July 2022	<u><u>356,796</u></u>	<u><u>1,500</u></u>	<u><u>358,296</u></u>

8. Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 August 2022	636,340
Additions	51,774
Disposals	(46,977)
Revaluations	(5,774)
At 31 July 2023	<u><u>635,363</u></u>
Net book value	
At 31 July 2023	<u><u>635,363</u></u>
At 31 July 2022	<u><u>636,340</u></u>

Tyne North Training Limited

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Notes to the financial statements Year ended 31 July 2023

9. Debtors

	2023 £	2022 £
Due within one year		
Trade debtors	148,528	156,071
Other debtors	5,000	500
Prepayments and accrued income	41,149	34,335
	<u>194,677</u>	<u>190,906</u>

10. Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	344,902	141,331
Other taxation and social security	35,549	11,845
Other creditors	6,500	7,000
Accruals and deferred income	442,791	25,303
	<u>829,742</u>	<u>185,479</u>

Tyne North Training Limited

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Notes to the financial statements Year ended 31 July 2023

11. Statement of funds

Statement of funds - current year

	Balance at 1 August 2022 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 July 2023 £
Unrestricted funds					
Designated funds					
Property Fund	356,796	-	(8,000)	-	348,796
	<u>356,796</u>	<u>-</u>	<u>(8,000)</u>	<u>-</u>	<u>348,796</u>
General funds					
General Funds	1,094,304	1,697,366	(2,056,983)	(6,579)	728,108
	<u>1,094,304</u>	<u>1,697,366</u>	<u>(2,056,983)</u>	<u>(6,579)</u>	<u>728,108</u>
Total Unrestricted funds	<u>1,451,100</u>	<u>1,697,366</u>	<u>(2,064,983)</u>	<u>(6,579)</u>	<u>1,076,904</u>

The designated property fund has a balance equal to the net book value of the freehold property which enables the non-liquid reserves to be easily identifiable.

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Notes to the financial statements Year ended 31 July 2023

11. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 August 2021 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 July 2022 £
Unrestricted funds					
Designated funds					
Property Fund	364,796	-	(8,000)	-	356,796
General funds					
General Funds	1,040,499	1,741,225	(1,640,327)	(47,093)	1,094,304
Total Unrestricted funds	<u>1,405,295</u>	<u>1,741,225</u>	<u>(1,648,327)</u>	<u>(47,093)</u>	<u>1,451,100</u>

12. Reconciliation of net movement in funds to net cash flow from operating activities

	2023 £	2022 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	<u>(374,196)</u>	<u>45,805</u>
Adjustments for:		
Depreciation charges	9,500	11,440
Losses/(gains) on investments	6,579	47,093
Dividends, interests and rents from investments	(16,055)	(10,904)
(Increase)/decrease in debtors	(3,771)	2,399
Increase/(decrease) in creditors	644,263	(362,263)
Net cash provided by/(used in) operating activities	<u><u>266,320</u></u>	<u><u>(266,430)</u></u>

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Notes to the financial statements Year ended 31 July 2023

13. Analysis of cash and cash equivalents

	2023 £	2022 £
Cash in hand	<u>727,810</u>	<u>451,037</u>

14. Analysis of changes in net debt

	At 1 August 2022 £	Cash flows £	At 31 July 2023 £
Cash at bank and in hand	<u>451,037</u>	<u>276,773</u>	<u>727,810</u>

15. Pension commitments

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charitable company which amounted to £192,321 (2022: £118,303).

16. Operating lease commitments

At 31 July 2023 the company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2023 £	2022 £
Not later than 1 year	27,763	39,568
Later than 1 year and not later than 5 years	-	26,717
	<u>27,763</u>	<u>66,285</u>

17. Related party transactions

The company has entered into a settlement agreement totaling £323,269 to the Chief Executive Officer in the year. The full amount was owing at 31 July 2023. See note 6 for further information.